

# UB TIMBERLAND FUND (AIF) – FUND PROSPECTUS



UB Fund Management Company Ltd – 9.4.2026

This Fund Prospectus is complemented by the Fund Rules. This is a translation. If there are any discrepancies between this translation and the original Finnish document, the Finnish document shall prevail.  
Before making an investment decision, investors must also read the fund's KID and the Fund Rules.

## The Fund

UB Timberland Fund (AIF) (in Finnish Erikoissijoitusrahasto UB Metsä and in Swedish Specialplaceringsfond UB Skog) is a special investment fund compliant with the Act on Alternative Investment Fund Managers (the "Fund").

The rules of the Fund were furnished to the Finnish Financial Supervisory Authority for information purposes in accordance with chapter 12 section 1 of the Act on Alternative Investment Fund Managers (162/2014). The Fund is managed by UB Fund Management Company Ltd, presented in the next paragraph. The Fund has been registered in Finland. The financial period of the Fund is the calendar year. The key information document, annual report, latest semi-annual report and the rules of the Fund are available from the Management Company or from its website at <https://www.unitedbankers.com>. The Fund Prospectus shall be delivered to investors in written form and free of charge upon request.

## Management Company

UB Fund Management Company Ltd (Business ID 2118101-5) was founded on 26 April 2007 and it is domiciled in Helsinki. The company's share capital amounts to EUR 200 000, and its line of business comprises common funds activities. Furthermore, the Management Company is licensed by the Finnish Financial Supervisory Authority to carry on activities related to alternative investment funds. The financial period of the Management Company and of each fund is 1 January through 31 December, unless otherwise set forth in the rules of the relevant fund.

The Management Company has outsourced the portfolio management, marketing and sales of the mutual funds managed by it to UB Asset Management Ltd, a company belonging to the United Bankers group (hereinafter, "UB", "UB Group").

The Management Company's compliance function and risk management assessment function is handled by the parent company United Bankers Plc. The internal audit function has been outsourced to KPMG Oy Ab.

The Management Company treats the unitholders of the mutual funds and special investment funds managed by it equally. In its activities, the Management Company strives towards identifying and managing conflicts of interest and endeavours to prevent the emergence of same.

The Management Company is registered in the FATCA register maintained by the United States tax authority IRS. The Management Company acts as the sponsor of the funds it manages for the purpose of FATCA reporting. The Management Company's GIIN identifier is C83N57.00004.ME.246 and as a sponsor, MA27AS.00000.SP.246.

The Management Company possesses the sufficient additional assets or third-party liability insurance referred to under Chapter 6, Section 4 of the Act on Alternative Investment Fund Managers (162/2014) to compensate for any damage that an alternative investment fund manager is liable for under the law.

The Board of Directors of the company:

**John Ojanperä, CEO, United Bankers Oyj**  
Chairman of the Board

**Rainer Häggblom, Chairman of the Board of Häggblom & Partners Ltd, The Forest Company Ltd and Dovre Plc**  
Member of the Board

**Ulla Paajanen, SVP, Investor Relations & Strategic Advisory, Outokumpi Plc**  
Member of the Board

Managing Director:  
**Timo Ronkainen**

## Portfolio Manager

The Fund's portfolio management has been outsourced to: UB Asset Management Ltd (the "Portfolio Manager")  
Address: Aleksanterinkatu 21 A, 00100 Helsinki, Finland  
Business ID: 1071069-8

The Portfolio Manager is a member of the same United Bankers Group as the Management Company. The line of business of the Portfolio Manager is to engage in investment advisory services within the constraints of the authorization granted to it. In addition, the company may also engage in insurance brokerage activities. The Financial Supervisory Authority has last confirmed the Portfolio Manager's authorization to act as an investment services company in compliance with the Act on Investment Services on 6 March 2006.

## Custodian

Skandinaviska Enskilda Banken AB (publ), Helsinki branch ("SEB") acts as the Fund's Custodian. Business ID: 0985469-4. The principal line of business of the Custodian comprises deposit bank operations, and it is domiciled in Stockholm. The address of the Helsinki Branch is Eteläesplanadi 18, 00130 Helsinki. The assets of the Fund are retained separately from the

assets of other funds, of the Management Company and of the Custodian. The Custodian may retain one or more sub-custodians for safekeeping securities. The Custodian shall exert its best efforts to ensure that the Fund's assets are separated from the assets of the Custodian or its possible sub-custodians in the case of any insolvency. Up-to-date information concerning sub-custodians is available from the Management Company.

The Custodian has not assigned any other Custodian duties or responsibilities to third parties. Should the Custodian assign these activities to a reliable third party, the assignment of Custodian activities will not affect the liability of the Custodian unless it has been discharged from liability in accordance with the applicable regulation.

The Custodian, the Custodian's sub-Custodian or the party to which the Custodian would assign its duties must not re-use the assets given by the Fund to the Custodian for safekeeping, unless this is separately agreed upon with the Management Company. The Management Company may grant separate permission for lending its assets in custody, for example.

## Information concerning investing in the Fund

The Fund has four unit classes: A class, I class, SEK class and POP class. Units entitle their holders to a portion of the Fund's assets distributed in proportion to the number of units, taking into account the relative values of the different unit classes and categories. Fund units are available for subscription and redemption at the Fund Management Company and in other subscription venues specified in the Fund Prospectus. Subscription and redemption orders may be submitted any day, but the orders will be executed in accordance with the below rules. Information on the value of the fund units and the subscription and redemption fees provided for in Section 8 of the Fund Rules, are available at the Management Company and at other Fund subscription venues each day when banks are open in Finland ("Banking day") and on the Management Company's website every day. The Board of Directors of the Management Company may resolve upon the minimum number of units that must be described for or redeemed at one time or the minimum sum to be used for the subscription or redemption of units at one time.

Units entitle their holders to a portion of the Fund's assets distributed in proportion to the number of units, taking into account the relative values of the different unit classes and categories.

## Subscription

In connection with making a subscription, the subscriber must state what classes of units he or she is subscribing for. The subscription order is deemed received by the Management Company when the Management Company has been provided with the appropriate and sufficient information on the person making the subscription, the identity of said person and the amount of the subscription. Subscription orders shall be binding on unitholders. The subscription order shall be paid in conjunction with the subscription or, with the Management Company's permission, no later than prior to the confirmation of the subscription.

Fund order subscriptions may be executed quarterly at the value of the 15th day of March, June, September and December, or in the event the said day is not a Banking Day, at the value of the following Banking Day (the "Subscription Date"). Subscription orders must be submitted for each Subscription Date no later than by 4 p.m. (Finnish time) on the Subscription Date in order for them to be executed at the value of the Subscription Date in question. In the event a subscription order is received after this time, the subscription will be executed at the value of the following Subscription Date. The Board of Directors of the Management Company may resolve to temporarily deviate from the above restriction concerning the time when Fund subscriptions can be made and execute subscriptions at other times, provided this is justified considering the operation of the Fund.

The subscription of units in the Fund may be paid for not only with cash, but also with assets given as a contribution in kind (hereinafter "Subscription in Kind"), each time subject to separate approval of the Board of Directors. For the approval of the Management Company's Board of Directors, the Management Company reserves the right to inspect and evaluate the technical, financial and legal aspects of the contribution in kind to ensure that the contribution is in line with the Fund's investment policy and objectives. The assets to be contributed in kind shall be valued in accordance with the principles of the value calculation of the Fund, as referred to in section 10 of the Fund Rules. A Subscription in Kind shall be deemed paid as soon as title to the contribution in kind has transferred to the Fund.

The Management Company shall be entitled to accept or reject subscriptions or subscription orders. If the Management Company has not been provided sufficient information for executing the subscription, the subscription may be rejected. The number of units subscribed for will be calculated in the Management Company by dividing the subscription price received, less the subscription fee, by the value of a unit.

The number of units subscribed for will be calculated to the accuracy of one-ten thousandth (1/10,000) of a unit, rounding the number of units down. The remainder will be added to the Fund's capital.

## Redemption

A fund unitholder has the right to have their fund units redeemed by the Management Company. Equally, the Management Company has the obligation to redeem the Fund unit in question. In connection with the redemption, the unitholder must hand over any unit certificate issued for the subscription. The redemption takes place from the assets of the Fund.

Fund units may be redeemed semi-annually on the 15th day of June and December, or, if the day in question is not a Banking Day, at the value of the following Banking Day (hereinafter, the "Redemption Day"). For a redemption order to be carried out at the value of the desired Redemption Day, the redemption order must be received by the Management Company on the Redemption Day preceding the desired Redemption Day by 4 Finnish time.

If, due to a weakened market situation or another substantial reason, the forest real estate market has lower-than-usual liquidity, the Management Company may, if required in the interest of the unitholders, decide that a redemption notice must be submitted no more than twelve months before the desired Redemption Date. The new notice period will apply to those redemptions that are submitted after the extension of the notice period has been communicated to the unitholders in the manner described in these rules.

The redemption payment shall be remitted to the client within sixteen Banking Days of the Redemption Day at the value of which the redemption is carried out. Alternative payment arrangements may be agreed upon with the Client. In case the assets for the redemption must be obtained by selling assets of the Fund, the sale must take place without any undue delay. In such cases, the redemption value of the fund unit is determined based on the fund unit value on the Valuation Day (see definition below in section 10) that is the next closest to the time of realization of the investments. Special conditions may be agreed upon in connection with a Subscription In Kind to the effect of temporarily restricting the subscriber's redemption right.

Redemption orders are carried out in the order they are received and a redemption order may only be retracted upon the Management Company's permission. However, the Management Company may decide that redemptions received by the same Redemption Day are executed simultaneously and, if necessary, paid out in instalments in proportion to the redemption amounts.

If the total amount of redemption orders on a Redemption Date exceeds 5 % of the Fund's net asset value, the Management Company may decide to defer the portion exceeding 5 % to be executed on the next Redemption Date, if this is in the interest of the unitholders. Redemptions will be carried out in proportion to the redemption amounts up to the applicable redemption limit. A decision to defer may also be made after the redemption orders have been submitted to the Management Company. Deferred redemption orders will take priority over redemption orders received later. A deferred redemption will be executed at the fund unit value calculated for the date to which the Management Company has decided to defer it.

The Management Company and the unitholder may agree that alternatively, fund units may be redeemed by giving the unitholder investment objects referred to under Section 5 of the Fund rules in an amount corresponding to the redemption price in proportion in which the redeemer owns units in the Fund.

Subject to the separate resolution of the Management Company's Board of Directors, the Management Company shall have the right to pay out all of the redemptions received by the Redemption Day immediately, in case the aggregate amount of subscriptions received by the same Subscription Day exceeds the aggregate amount of all redemption orders.

## **Swaps**

Swapping fund units in this Fund for units in another fund managed by the Management Company may only be effected by redeeming units in this Fund and subscribing for new units in another fund managed by the Management Company with the amount of money received from the redemption. In case a fund unitholder swaps fund units for units in another fund being simultaneously managed by the Management Company, following the same subscription and redemption practices, the Redemption and Subscription Day shall be deemed to be the Banking Day on which the swap orders were received and registered by the Management Company by 4 p.m. (Finnish time). An additional requirement for same is that the fund being redeemed possesses the cash funds necessary for the swap. Otherwise, a swap for another fund managed by the Management Company shall be executed in the same timetable as any normal redemption of owned fund units and subscription for the fund units of another fund.

## **General**

In Finland, subscriptions and redemptions may be paid in euros, and in other countries where the Fund has marketing authorization, in the currencies mentioned in this Fund Prospectus from time to time.

In case the unitholder's holding on account of a new subscription or a fund swap in any one fund unit class increases above the minimum subscription amount of another fund unit class, the Management Company shall upon the unitholder's request convert the holding to relate to the fund unit class, the magnitude of the minimum subscription of which the new holding corresponds to at the time of conversion. In case during the holding period, the unitholder's holding on account of redemptions or fund swaps decreases in any single fund unit class below the minimum subscription amount of the relevant fund unit class at the time of subscription, the Management Company shall have the right to convert the holding, taking into account the equal treatment of unitholders, to apply to the fund unit class, whose minimum subscription amounts are determined on the basis of the market area in which the fund units were subscribed for, and conversion is only possible into the fund unit classes of the market area in question.

### Fund's foreign exchange-hedged SEK-denominated unit class

In addition to the euro-denominated fund unit classes, the Fund also has a SEK-denominated EUR/SEK foreign exchange-hedged unit class ("SEK class"). The unit class is aimed primarily towards Swedish institutional investors, intending to invest their assets in forest assets, without any foreign exchange risk. Owing to the specific nature of the fund unit class, it is important for investors to familiarize themselves with the Fund Prospectus in order to gain an understanding of how the SEK-denominated foreign exchange class works. The SEK class may also have an indirect impact upon the unitholders of the Fund's euro-denominated fund unit classes, for instance as set forth in the last paragraph of this chapter. For this reason, it is recommended that all unitholders familiarize themselves with the content of this paragraph, regardless of which unit class their own investment pertains to.

The Fund seeks to hedge investments in the SEK class in full, but full hedging cannot be guaranteed. The foreign exchange hedging of the SEK class is always carried out on the basis of the market values of the latest value calculation. Therefore, for instance, up until the value calculation of March, the fund's foreign exchange hedging has been carried out on the basis of the value calculation of the preceding December. The Management Company will not update the foreign exchange hedging of the SEK class in the middle of the value calculation period. An exception to the aforementioned is the profit distribution payable to the unitholders from the Fund's asset annually. In connection with the profit distribution, foreign exchange hedging is dismantled in accordance with the profit distribution carried out from time to time.

Subscriptions made into the SEK class may only be effected in Swedish krona, into the Fund's SEK-denominated subscription account. An exception to this are swap orders from the Fund's euro-denominated unit classes. The euros payable in the redemption of any swap orders shall not be separately converted into Swedish krona, but, rather, subscriptions into the SEK class are handled in the Management Company as euros. As a point of departure, investments made into the SEK class are hedged at the foreign exchange rate prevailing on the relevant Subscription Date (15 March, 15 June or 15 December). The Management Company shall hedge investments into the SEK class up until the payment of the redemptions.

Investments of the Fund's SEK class are made in euros. For this reason, the clients' SEK-denominated subscription payments are exchanged into euros, and the cost (or profit) incurred from this currency exchange shall be borne by the unitholders of the SEK class. The cost (or income) arises, because the foreign exchange rate used in the Fund's valuation (the close rate) is not the same as the one the currency transaction was effected in. Respectively, when the client redeems their investment, the euro-denominated investments are exchanged into Swedish krona for the purposes of the redemption payment. Also the costs incurred from this currency exchange are borne in full by the SEK class. Depending on the direction of the currency rate fluctuation, the client may win or lose in the above-mentioned transaction.

The costs incurred from all of the hedging of the foreign exchange-hedged SEK class shall be borne in full by the SEK class. Any collateral payment to be remitted to the counterparty of the foreign exchange hedging shall be covered by the Fund's joint cash assets, but the final cost shall be allocated in full to the SEK class unitholders. This means that the joint cash assets of the Fund are used as collateral for the foreign-exchange hedging, but once the derivatives position employed in the hedging matures, the value of the SEK class is adjusted down (up) to correspond to the loss (profit) of the hedging position, which entails that the collateral paid out of the joint assets of the Fund (received into the joint assets) is allocated in full to the SEK class. As a result of this arrangement, the cash weighting of the Fund's investment portfolio may, depending on the market situation, be slightly higher than in circumstances where no collateral payments are effected between the parties. The Management Company shall have the right to close the foreign exchange hedging immediately by notifying the unitholders of same, in case the Fund's cash assets are insufficient to cover the collateral payments required by the hedging.

## FEES

Subscription fee	subscription amount EUR 5 000–49 999, fee 2 % subscription amount EUR 50 000–199 999, fee 1.5 % subscription amount EUR 200 000 or more, fee 1 %  No subscription fee is charged when profit distributions are reinvested in the Fund.
Redemption fee	investment period under 2 years, fee 3 % investment period 2-4 years, fee 2 % investment period over 4 years, fee 1 %
Management fee	1.35 % of GAV* (A class minimum subscription amount EUR 5 000) 1.35 % of GAV* (POP class minimum subscription amount EUR 1 000) 1.10 % of GAV* (I class, minimum subscription amount EUR 1 000 000) 1.10 % of GAV* (SEK class, minimum subscription amount SEK 10 000 000) *GAV - Gross Asset Value of the Fund, refers to the aggregate value of the following terms: <ul style="list-style-type: none"> <li>• Fund's net assets (NAV)</li> <li>• Fund's credit</li> <li>• More than 50% of the owned companies credit financing (taken into account in proportion to ownership)</li> <li>• Loss-bearing derivatives are taken into account as part of credit financing (taken into account in proportion to ownership)</li> <li>• Profitable derivatives are excluded from net assets (taken into account in proportion to ownership)</li> </ul>

Performance fee	<p>Alongside the fixed management fee, the Management Company charges from the Fund a performance-linked management fee amounting to no more than 20% of the profit generated by the Fund in excess of the annual reference yield of five per cent (5%). For the purposes of calculating the performance-linked management fee, the Fund's profit shall be based on the performance of the Fund's units before charging the performance-linked management fee, if any. The profit distributed to the unitholders annually shall be taken into account in calculating the performance-linked management fee.</p> <p><b>The performance-linked management fee is calculated for each unit class for each Value Calculation Day as follows:</b></p> <p>Performance-linked management fee = 20 % times (x-y) times z, where</p> <p>x stands for the value of the Fund unit before charging the performance-linked management fee, taking into account the effected profit distributions.  y stands for the value of the reference yield at the time of calculation  z stands for the number of fund units at the time of the calculation</p> <p>The performance-linked management fee will be charged to the Fund only if the following conditions are met:</p> <ul style="list-style-type: none"> <li>• the development of the Fund unit must exceed the reference yield accrued after the commencement of the Fund's operations;</li> <li>• the value of the Fund unit must exceed its previous highest value, <i>i.e.</i> the Fund follows the so-called High Water Mark principle.</li> </ul> <p>If the previous highest value of the Fund unit exceeds the reference yield at the time of calculating the performance-linked management fee, the High Water Mark principle set forth under item 2 above shall be applicable. In such circumstances, when comparing the value of the Fund to the value of the reference yield, the previous development of the fund unit is only taken into account to the extent the fund unit value exceeds its previous highest value.</p> <p>Any profit-linked management fee has been deducted from the unit's value published on the Value Calculation Day. The profit-linked management fee will be paid to the Management Company retrospectively during the month following each Value Calculation Day.</p>
Custody fee	The amount of the custody fee is determined based on the agreement between the Custodian and the Management Company, in accordance with the actual costs.
Subscription accounts	OP FI96 5789 5420 0694 81, Nordea FI27 1805 3000 0155 44

If required in the interest of the other unitholders of the Fund, the Management Company's Board of Directors may decide to charge a dilution levy from a unitholder in connection with a subscription or redemption. The dilution levy may be up to 10 % of the subscription or redemption amount. The dilution levy is not a fee; it is always allocated in full to the Fund's assets to cover costs incurred by the Fund as a result of subscriptions or redemptions. The introduction of the dilution levy may be related, for example, to market conditions with increased volatility, in which case portfolio management may trade at valuation levels that differ significantly from those used in the Fund's daily valuation. The purpose of the dilution levy is to ensure that, in exceptional market conditions, unitholders cannot enter into or exit the Fund at a price more favorable to themselves at the expense of other unitholders.

### **Suspension of subscriptions and redemptions, Management Company's right to refuse to execute orders and Management Company's right to redeem the client's fund units**

Upon the resolution of the Board of Directors of the Management Company, the Management Company may on a temporary basis suspend subscriptions for the Fund's units, if in the assessment of the Board of Directors of the Management Company the equality of the Fund's unitholders or another weighty interest specifically necessitates same. Such reasons may, for instance, comprise the following: 1) it is not expedient from the point of view of the unitholders already owning units in the Fund to accept additional investments into the Fund, 2) owing to the circumstances prevailing in forest property market, investing assets received by the Fund from subscriptions has become increasingly cumbersome, 3) the value calculation of the Fund has been impeded or become increasingly complicated owing to reasons beyond the Management Company's control, or 4) there is an exceptional event interfering with the functioning of the financial or forest property market.

The Board of Directors of the Management Company may under exceptional circumstances determine to temporarily suspend or restrict redemptions of the units of the Fund if the Board of Directors of the Management Company determines it to be necessary due to the interests of unitholders. Such reasons may, for instance, comprise the following: 1) the value calculation of the Fund has been impeded or become increasingly complicated owing to reasons beyond the Management Company's control, or 2) there is an exceptional event interfering with the functioning of the financial or forest property market. If the Management Company suspends redemptions of the Fund's units for a fixed period, subscriptions to the Fund

will also be suspended simultaneously.

The Management Company shall have the right, upon the resolution of the Management Company's Board of Directors, to redeem the Fund units of any individual unitholder without a redemption order received from the unitholder or the unitholder's consent, owing to a weighty cause relating to the unitholder. A weighty cause may, for instance, be that the client is listed on an international sanctions list, and the sanctioned activities are likely to cause considerable detriment to the Management Company's operations. The Management Company monitors the sanctions lists imposed by the EU, UN, OFAC and the National Bureau of Investigation.

## General description of the Fund and investment policy

The long-term objective of the Fund's investment activities is to increase the value of the Fund unit by investing the Fund's assets primarily in forest properties and interests in jointly owned forest units located in Finland. The Fund's strategy is to diversify its investments geographically in forests located in different parts of Finland. The Fund's assets may also be invested primarily in deposits, funds, structured bonds and fixed-income investments as set forth in the Fund Rules.

The generation of the return on the Fund is primarily sought from the sale of timber from the forest properties owned by it. For this reason, in the selection of investments, emphasis is placed on objects with value appreciation potential as a result of the growing trees and a steady cash flow from harvesting. The Fund may also seek to generate return from refining, parcelling, zoning and utilising the soil of the properties, as well as their potential recreational values.

The Fund is a special common fund, because it may deviate from the restrictions of the Act on Common Funds generally applicable to common funds concerning, for example, the Fund's investment objects and diversification of assets, Fund's value calculation, opening period of the Fund and borrowing.

A minimum of 75 % of the Fund's annual profit for the financial period shall be distributed to the Fund's unitholders. When calculating the Fund's profit for the financial period, non-actualized value fluctuations shall not be taken into account.

### Investing the Fund's assets:

Assets of the Fund are primarily invested in the following objects:

1. Forest properties and jointly owned forests located in Finland.
2. Publicly traded securities, such as shares and equity-linked securities, for instance convertible bonds, option certificates, employee stock options, subscription rights, depositary receipts and warrants of companies operating primarily within forestry.
3. Euro-denominated bonds as well as other interest-bearing securities and money market instruments and structured bonds issued or guaranteed by European states, public entities and other entities. The yield of the structured bonds referred to herein may be pegged, for instance, to an interest rate, stock price, credit risk or a share, interest rate or credit index or a combination thereof.
4. Deposits in credit institutions, provided that the deposit is repayable or withdrawable on demand and matures no later than within twelve (12) months and that the domicile of the credit institution is in a member state of the European Economic Area. No more than 20 per cent of the Fund's assets may be invested in deposits received by the same credit institution.
5. Units of common funds licensed in Finland or another EEA member state that satisfy the prerequisites of the UCITS Directive pursuant to the legislation of their home state and units in Finnish alternative investment funds (AIF) and units of undertakings for collective investment in transferable securities. No more than twenty (20) per cent of the Fund's assets may be invested in the units of the common funds, alternative investment funds and undertakings for collective investment in transferable securities referred to herein. The Fund's investments in alternative funds may also be directed to so-called closed-end alternative funds.
6. Shares or units or other comparable securities of unlisted Finnish companies operating within the forestry business. A total of no more than one fifth (20 per cent) of the Fund's assets may be invested in the objects referred to herein.
7. Timber trade accounts offered by forestry companies to their customers or members.
8. Derivatives contracts traded on a regulated market referred to under the Finnish Act on Trading in Financial Instruments or in another regulated, recognized market place that operates regularly and is open to the public and in other comparable contracts settled in cash, as well as in OTC derivatives contracts in accordance with the Common Funds Act.

The securities and money market instruments referred to under items 2 and 3 must be subject to public trading on the stock exchange list of a securities exchange or traded in another regulated, regularly operating, recognized market place open to the public in Europe. The Management Company maintains a list of the market places used by the Fund. The list is available from the Management Company upon request. No more than one fifth (20 per cent) of the Fund's assets may be invested in the same issuer's securities or money market instruments referred to under items 2 and 3 above. In calculating the investment restrictions, entities belonging to the same corporate group pursuant to the Finnish Accounting Act (1336/1997) shall be deemed to comprise one whole. This notwithstanding, no more than one fifth (20 per cent) of the Fund's total assets may, however, be invested in securities issued by different entities belonging to the same corporate group. Investments in the securities or money market instruments of the same issuer exceeding one tenth (10 per cent) of the Fund's total assets may amount to no more than two tenths (40 per cent) of the Fund's total assets. At any one time, a minimum of two fifths (60 per cent) of the Fund's total assets must be invested in forest properties located in Finland. The Fund may temporarily deviate

from this requirement, for instance when establishing the Fund and when it sells or acquires forest properties, interests in jointly owned forest units, units in forest funds or securities of forestry companies. The Fund must possess the cash funds required by its operations.

### **Possibility to take out credit for the Fund's investment activities**

For the purposes of the Fund's common fund activities, the Fund and for the purposes of asset management, the Management Company may take out credit on behalf of the Fund in an amount equivalent to no more than 100 % of the Fund's Net Asset Value ("NAV").

For special reasons, the Management Company may additionally take out credit on behalf of the Fund for temporary purposes for fund operations in an amount corresponding to no more than one third (1/3) of the Fund's Net Asset Value. A special reason may be comprise, for instance, a financing need for the purposes of acquiring a forest property or an interest in a jointly owned forest unit, for modifying a financial arrangement pertaining to the assets already included in the Fund or for covering a liquidity need in conjunction with the redemption of fund units.

Credit financing shall be deemed to include, for instance, any bank loans taken out by the Fund for the purposes of its investment operations, as well as any overdraft facility agreed by the Fund. In calculating the credit financing restrictions, the aggregate amount of both the aforementioned and any other forms of credit must be taken into account as a whole. The credit may be taken out both as a fixed-interest and a floating rate loan.

The Fund may pledge its assets as security for its loans. If necessary, all of the Fund's property may be pledged as security for its loans.

In case the Fund takes full advantage of its possibility to obtain long-term credit financing, this means in theory that the Fund's investment ratio is 200 per cent, calculated from the investors' capital investment into the Fund. This means that the Fund may effectively generate return for an investment portfolio that in theory is double compared to the capital that the investors have invested in the Fund. The use of borrowed financing substantially increases the Fund's return potential, but simultaneously raises the Fund's risk level, because it increased the Fund's exposure to the market development.

### **Investor target group and recommended minimum investment period**

The objective of the Fund's investment activities is to achieve an appreciation in value in the long term. The Fund is suitable for investors wishing to invest in Finnish forest properties and seeking steady return from tree felling income and through the value appreciation of growing stock.

Real estate investment is essentially long-term in nature, and for this reason alone, the recommended minimum investment period is five (5) years, taking, however, the market situation into account.

The investors are responsible for the suitability of the Fund for their own investment purposes, and must, therefore, carefully familiarise themselves with this Fund Prospectus, the Fund's Key Information Document and the Fund Rules. The Management Company does not provide asset management or other investment services.

The value of an investment in the Fund may increase or decrease, and when redeeming their investment, investors may not be able to recoup the full amount they originally invested in the Fund.

### **Fund's profit distribution**

The unitholders shall receive an annual profit distribution of the actualised profit of the Fund for each full financial year in an amount (no less than 75 per cent) stipulated in the legislation applicable to the Fund. The final amount of profit distribution shall be resolved at the Management Company's Annual General Meeting of Shareholders in connection with the adoption of the Fund's financial statements. Unrealized value appreciations are not taken into account when calculating the Fund's actualised profit for the financial period.

Profit is payable to a unitholder who is entered in the fund unit register of the Management Company on a date designated by the Annual General Meeting of Shareholders of the Management Company (hereinafter, the "Record Date"). The profit is paid to the fund unit owner on the payment date designated by the Annual General Meeting of Shareholders, latest one month after the Record Date. Unless the unitholder separately informs the Management Company otherwise, new fund units will be subscribed to the value of the fund unit on the Record Date or on the next Valuation Day following it with the profit distribution to be paid (minus any withholding tax).

### **Calculation and publication of the value of the Fund and principles and methods of value calculation**

#### **Calculation of value of the Fund**

The Fund's value will be calculated for the fifteenth day of March, June, September and December or, if the date in question is not a Banking Day, for the following Banking Day (hereinafter, the "Value Calculation Day") by deducting the Fund's liabilities from the Fund's assets. In Finland, the Fund's value will be indicated in euros. In the other countries where the Fund has marketing authorisation, the currencies set forth in this Fund Prospectus from time to time shall be applied. When calculating

these foreign currency-denominated values, the currency exchange rates applied shall be the same as those used in calculating the value of the Fund's assets.

The real estate in the Fund and the real estate securities that are not subject to public trading will be valued at their fair value by a property valuer approved by the Finland Chamber of Commerce in accordance with good property valuation practice on a quarterly basis.

The real estate and real estate securities will also be valued in connection with their sale and purchase, when subscriptions are paid with contributions in kind or when the Fund's investment objects are transferred in consideration for redemption.

The market value of the forest objects included in the Fund is primarily established by an independent external expert, at the investment value based upon the discounted cash flows. In case the market value cannot be reliably established using the investment value method, the purchase price of same may be used as the market value of a forest object for a maximum period of one year from the date of the sale and purchase transaction. The value of a forest object valued at the amount of the purchase price shall be determined at the investment value latest one year after the date of the sale and purchase transaction. Furthermore, also values other than the forestry values of a forest property may be taken into account, if they are of material relevance for the valuation of the forest property in question. Forest properties for which only a down payment has been paid are valued at the amount of the down payment.

The shares included in the Fund are valued at the closing rate of the Value Calculation Day prevailing in a public price monitoring system.

Money market instruments are valued on the Value Calculation Day at the market value corresponding to the residual maturity, adjusted with the security-specific risk surcharge, or at the fair market value at the time of closing of the market, which as a general rule is the average of the buy and sale quotations or the closing rate obtained from a public price monitoring system or other reliable source on the Value Calculation Day.

Bonds are valued at the market value of the closing time of the market on the Value Calculation Day, which as a general rule is the average of the buy and sale quotations or the closing rate obtained from a public price monitoring system or other reliable source on the Value Calculation Day.

Units in common funds are valued at the latest available fund unit value of each fund on the Value Calculation Day.

Shares or units or comparable securities in unlisted Finnish forestry entities are valued at the latest available value on the Value Calculation Day.

The shares and listed derivatives included in the Fund are valued at the closing rate prevailing in a public price monitoring system on the Value Calculation Day. OTC derivatives contracts are valued making use of generally accepted valuation models.

Deposits and the timber trade accounts offered by forestry companies to their customers or members are valued on the Value Calculation Day taking into account their principal and the interest rate amortised for the principal. Any loans taken out by the Fund are valued in accordance with the same principles.

The values of the Fund's foreign currency-denominated assets and liabilities are converted to euros using as a general rule the latest published foreign exchange rates on the Value Calculation Day.

In case the reliable fair value referred to above cannot be obtained for one of the Fund's investment objects or in the case of an investment object other than those mentioned above, the investment object will be valued at acquisition cost if it has been acquired less than a year ago. Otherwise, the object will be valued based on the objective principles adopted by the Management Company's Board of Directors.

### **Calculation of the value of a Fund unit**

The Management Company will calculate the value of a Fund unit on each Value Calculation Day. The Management Company will publish the value of a unit within fifteen (15) Banking Days from the Value Calculation Day. The unit value will be indicated in euros. The value of a Fund unit is the Fund's NAV divided by the number of issued and outstanding units.

The value of a unit will be calculated to the accuracy of four (4) decimal places.

### **Processing any errors made in calculating the value of the Fund**

The Management Company maintains a list of possible errors made in calculating the value of the Fund. The list is available for viewing at the Management Company. Any errors occurred in value calculation shall be rectified in accordance with the, the procedural guidelines of the Financial Supervisory Authority and the internal procedural guidelines of the Management Company.

The Fund's limit for material errors is 0.1% or more of the Fund capital.

## Costs and fees

### Subscription and redemption fees

The investor will be charged, as separate charges, the subscription fee and redemption fee which are deducted directly from the value of the subscription for Fund units or from the redemption price payable for the fund units. The amounts of such fees have been indicated above in this Fund Prospectus under "Information concerning investing in the Fund".

### Fixed management fee

The Management Company is paid a fixed management fee from the assets of the Fund as remuneration for managing the Fund. The fixed management fee shall be deducted directly from the value of the Fund. The magnitude of the fixed management fee amount has been indicated above in this Fund Prospectus under "Information concerning investing in the Fund". The fee amount shall be calculated on each Value Calculation Day and paid to the Management Company in arrears.

The costs payable directly by the Fund are addressed below in this Fund Prospectus.

### Performance-linked management fee

In addition, the Management Company shall charge from the Fund a profit-linked management fee, the determination of which has been set forth above in this Fund Prospectus under "Information concerning investing in the Fund".

### Custody fee

The Custodian is paid a fee out of the Fund's assets as remuneration for retention of the Fund's securities and for the other statutory duties of the Custodian, based on the custodian agreement between the Custodian and Management Company. The actualised costs incurred from the safekeeping of the Fund's assets, invoiced by the Custodian monthly, shall be payable by way of the custody fee.

### Other allocation of costs, operative functions and trading costs as well as costs incurred for evaluating contributions in kind

In addition to the Fund's fixed management fee and performance fee, if any, and the custody fee, costs customarily incurred from the Fund's forest investments and common fund operations may be charged from the Fund's assets. Such costs may include, for instance, costs pertaining to the management and possession of forests, transfer tax, accounting costs, costs incurred from procured services, such as services related to the valuation of forest, legal services and consultancy services, along with any litigation costs.

The Fund shall pay all interest and other financial costs related to investments financed with a loan. In case the Fund accepts property as Subscription in Kind, the Fund shall pay all the costs pertaining to same, such as the appraisal of the property given as Subscription in Kind.

The Fund will pay the interest and other financial expenses related to investments financed by loans. If the Fund receives payments in kind, the Fund will pay the related expenses, such as the valuation expenses related to the assets received as payment in kind.

Any costs incurred from the sales or acquisitions of real estate and real estate securities shall be charged to the Fund irrespective of whether the transaction process results in the actual execution of the transaction. Such expenses comprise, *inter alia*, the fees of all financial and commercial advisors, technical and environmental experts, legal counsels and other experts and advisers retained for any real estate transaction or real estate security transaction, as well as any separate costs incurred by the Management Company in the acquisition process. The costs incurred from the transaction process shall be allocated to the Fund after the Portfolio Manager has decided to proceed with the transaction process regarding a real estate or real estate securities. The costs incurred from the valuations of the property valuers approved by the Finland Chamber of Commerce (KHK) related to real estate objects, required in connection with the transactions, shall be allocated to the Fund.

To the extent that the Fund is engaged in property development activities, all costs incurred for property development projects shall be allocated to the Fund in a manner equivalent to that described above for acquisition processes.

The fees of accountants, advisers, agents, auditors and experts of the Fund retained in the course of the Fund's operations, including, *inter alia*, the costs incurred from all financial reporting of the Fund, planning of the development of real estate properties held by the Fund and other equivalent costs shall be charged to the Fund.

In addition, the interest expenses, transaction charges and transaction fees incurred from financing the Fund, as well as any costs incurred from the use of the retained experts for arranging financing shall be charged to the Fund.

The costs incurred from evaluating the Fund's real estate investments (including the valuations by real estate valuers approved by the Central Chamber of Commerce) as well as the costs incurred for establishing the qualities and value of assets received as payment in kind will be borne by the Fund.

## **Other charges**

The Management Company shall charge a transaction fee in accordance with its price list for the following actions: delivery of unit certificate, registration of a change of ownership in case the units are transferred to a third party, and an pledge entry into the unit register.

## **RISKS OF THE FUND**

### **General risks associated with fund investments**

Investments are always associated with risk. The expression "risk" refers to the fact that there is uncertainty associated with the yield of the investment. This signifies the possibility that the return on the investment is not as good as expected and also the possibility that the invested assets are lost in their entirety.

The value of the Fund may increase or decrease, even considerably. This means that when redeeming fund units, the investor may receive less money than they originally invested in the Fund.

### **Industry risk**

The value development of funds concentrating on certain fields of business or sectors may significantly differ from other investment funds and forms of investment distributed across different fields of business.

The development of the real estate sector may have a significant impact on the value of the Fund. The aim is to mitigate the industry risk associated with the real estate sector by the selection of investment objects and by active management of the Fund's investment assets.

The risk of the Fund is also affected the fact that the Fund's investment activities focus on forest properties. When making their investment decision, investors must acknowledge that focusing on certain types of real estate tends to increase the risk of fluctuations in the value of the Fund.

### **Risk associated with stock market developments**

Investing in the stock market is not the main purpose of the Fund. However, it is possible that the Fund's assets are invested in the stock market in Finland and in other European stock exchanges. Even in these cases, the investments shall be made in shares of companies operating in the forestry sector.

Stock market investments are always associated with the risk that the market value of the investments may fluctuate. The risk is affected by the general development of stock markets, the economic development, the development of the target industry, as well as the risk that the investment strategy followed by the Fund fails. In these cases, the value of the Fund's investments in shares and units may fluctuate. The objective is to mitigate the risks by careful selection of investment objects and by diversifying the stock market investments, as well as investments in other listed units across several target companies to the extent possible.

### **Exchange rate risk**

Investments in countries outside of the euro zone may be associated with an exchange rate risk that may affect the return of the Fund in euro. No undertaking is given regarding any hedging against the foreign currency risk.

### **Liquidity risk and risks associated with the functioning of the markets**

The Fund's liquidity risk refers to a situation where the Fund's assets cannot be liquidated within the timeframe required by the fund unit redemption order submitted by the unitholder, or where the pricing of such liquidation would not be reasonable.

The liquidity risk is increased by the fact that the Fund's assets are primarily invested in forest properties which may take a long time to sell. The same is true for a situation where trading in the securities held by the Fund is very limited.

Trading in circumstances of poor liquidity may have a strong effect on the price which means that the liquidity risk may materialise. The liquidity risk may also materialise if there are interruptions or other technical problems in the operation of the market place.

The objective is to mitigate the liquidity risk by retaining, when necessary, part of the Fund's assets in the form of liquid assets, such as bank deposits, and by retaining the Fund's gearing ratio such that the Fund can increase the amount of borrowed capital and thus protect its liquidity.

However, the Management Company shall not commit itself to any specific amount of cash assets or to limiting the gearing ratio in any other way than stipulated in the legislation governing the Fund and in the Fund Rules.

When making the investment decision, the investor must take into account the fact that the Fund follows a long-term investment policy, that the Fund is intended for long-term investments and that there is a liquidity risk associated with a redemption of the Fund units that may affect the time it takes to redeem the Fund units and possibly also the return obtainable from the Fund.

The investor must understand that the liquidity of the investor's investment in the Fund is mainly comparable to a direct investment in real estate. Real estate investments have the inherent quality of a certain degree of lack of liquidity which must be accepted as part of real estate investing.

Redemptions of Fund units may take a long time, and redemptions may also be suspended in certain situations.

### **Geographical risk**

The investments of a fund investing in a specific geographical area are associated with a geographical risk. This risk refers to the fact that the economic conditions in the geographical area being the object of investment may have a material and unexpected effect on the return and liquidity of the Fund's investments.

The future outlook for the geographical area being the object of investment, as well as any changes in the outlook may have a rapid and unpredictable impact on the return of the Fund. In such a case, the return of the Fund may significantly deviate from the general global economic development and from the development of another geographical area.

The Fund's direct investments in real estate pertain to Finland. The investments may also be made in areas where liquidation of real estate assets may be a challenge, the changes in value may be unpredictable and liquidation of real estate assets may take a relatively long time. This may even have a material effect on the return and liquidity of the Fund's investments.

Together with the industry risk, the geographical risk may cause even significant risks and fluctuations in the return of the Fund, particularly in the short term.

The Fund's investments are made on the basis of the Portfolio Manager's views, which means that geographical risks cannot necessarily be avoided. Furthermore, geographical risks may be intentionally taken if it is in keeping with the Portfolio Manager's views.

### **General operational risks**

Operational risk refers to the risk that is caused by, for example, external factors, technology, or the deficient operation of personnel, organisation or processes. Operational risks also include any changes in personnel or organisation. The operational risks also include the risk of the Fund's service provider's operations being in some respect deficient or disrupted so that the Fund or its investment object cannot be provided with the agreed product or service. Operational risks may impede the Fund's operations and thus affect the development of the Fund's value. Operational risks are prepared for by deputation arrangements, back-up systems and by continuity planning of operations.

### **Operational risks associated with real estate investments**

The risk related to the technical, financial and other physical properties of the investment object is an inherent feature of real estate investments. The value of real estate investment objects is also affected by other factors which cannot be identified in advance but which can even have a substantial effect on the value of investment objects. For instance, amendments in legislation governing building activities and other authority regulations regarding real estate may have a significant impact on the value and return of investment objects. Real estate investments are also exposed to environmental impacts, such as weather phenomena and elements. In addition, wars, terrorism, natural disasters and other extreme conditions, for example, may affect the Fund's real estate investments in such a manner that value impairment cannot be excluded. Vandalism, malicious damage and other unforeseen human activity with potential impact on the functionality and availability of the real estate may also affect the return of the Fund, even considerably.

The objective is to prepare for these risks by sufficiently diversifying the investments and by striving to anticipate forthcoming changes in the overall operational environment of real estate investments in line with the Portfolio Manager's views.

However, operational risks associated with real estate investments cannot be totally avoided. In the case of their materialisation, operational risks may have a considerable impact on the value and return of the Fund.

### **Risk associated with the use of borrowed capital**

In the course of its operations, the Fund may have the opportunity to use borrowed capital and pledge its assets as collateral for its debts. There are always risks associated with debt financing; they may affect the investment activities or return of the Fund or the execution of redemptions.

### **Force majeure risks and other risks**

Force Majeure risks refer to factors that are independent of agreements, unforeseen and have consequences that cannot be overcome. Such risks may include wars, natural disasters, mutinies and industrial action. The materialisation of force majeure risks may affect the value of the Fund's investments, the possibilities of trading in the investment objects and the redemption schedules of fund units, for example.

The Fund's operations and investments may face unidentifiable risks. Such risks may even have a considerable effect on the valuation of the Fund's assets and on its return. All investment activities are associated with the risk of losing assets partially or in full.

### **Sustainability risks**

Sustainability risks refer to an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment. The realization of material sustainability risks may impact the return performance of the investment objects and, hence, the fund returns.

The consideration of sustainability risks in this fund has been elaborated upon below under section "Responsible investment and consideration of sustainability risks and factors", under the heading of "Consideration of sustainability risks".

### **Risk management principles observed by the Management Company**

The Management Company has adopted risk management principles approved by its Board of Directors, setting forth the procedures for the continuous monitoring and management of risks present in the operations of the company and the funds managed by it.

## **RESPONSIBLE INVESTMENT AND CONSIDERATION OF SUSTAINABILITY RISKS AND SUSTAINABILITY FACTORS**

In its funds, United Bankers considers societal, good governance-related and environmental aspects. United Bankers signed the United Nations Principles of Responsible Investment (UNPRI) in 2012. Consequently, matters related to the environment, social responsibility and corporate governance are embedded in the funds' investment activities.

The selection of the investment objects of United Bankers' funds is based on both economic factors, and on an analysis of how the companies monitor and manage their environmental, societal and good governance-related risks and opportunities. The analysis abides by the United Bankers Group's Principles of Sustainable Investment: <https://www.unitedbankers.com/esg-and-sustainability/>. To the extent the funds apply criteria that are stricter than the United Bankers' Principles of Sustainable Investment, this is stated in the fund-specific information and in this fund prospectus.

Information related to the SFDR is to the extent applicable presented as part of the Fund Prospectus as well as on the United Bankers website at <https://www.unitedbankers.com/esg-and-sustainability/>

Key terminology:

#### **ESG**

ESG is an abbreviation of the words Environmental, Social and Governance.

#### **Sustainability risk**

Sustainability risks refer to an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment. The realization of material sustainability risks may impact the return performance of the investment objects and, hence, the fund returns.

#### **Sustainability factor**

Sustainability factors refer to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

#### **Principal adverse impacts**

Principal adverse impacts on sustainability factors refer to any negative impacts on the environment, society or social factors directly or indirectly caused by the operations of our investment objects.

#### **SFDR**

Means the EU Regulation 2019/2088 on sustainability-related disclosures in the financial services sector.

### **Promotion of sustainability factors**

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

*The Fund makes investments in environmentally sustainable economic activities meeting the criteria of the EU taxonomy regulation, in transition activities or in enabling economic activities. The Fund's annual reporting details the proportion of the Fund's investments made in activities meeting the EU Taxonomy criteria<sup>1</sup>.*

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<sup>1</sup> For economic activity to be deemed environmentally sustainable in accordance with the EU Taxonomy Regulation, it must substantially contribute to one or more of the environmental goals determined in the EU Taxonomy Regulation, and the activities must not, alongside the promotion of one or more environmental goals, cause any significant harm to any of the other environmental goals mentioned in the

The objective of the Fund is to make sustainable investments and to promote climate change mitigation. In addition, the Fund's activities are expected to have positive impacts on human wellbeing. The timber produced in the Fund's forests also facilitates transition to circular economy.

The Fund invests in timberland and endeavours through its timberland investments to absorb carbon dioxide from the atmosphere into the trees growing in the forests and timberland, as well as in sustainable timber products. Furthermore, the use of the timber grown in the forests of the Fund can partially replace fossil fuels and fossil-intensive materials. When the forest fellings fall short of the forest growth, forests function as so-called carbon sinks. Sustainable forestry is an effective solution for the removal of already released carbon from the atmosphere and a vital means of attaining the goals set in the Paris Agreement. The Fund strategy supports climate change mitigation and promotes several of the UN sustainable development goals, particularly goal 13: Climate action, goal 15: Life on land and goal 9: Industry, innovation and infrastructure. In addition to forestry and the sale of timber obtained from forests, the Fund may in its activities develop and zone forest properties, utilise the soil materials of the forest properties, as well as their potential recreational values.

The Fund adheres to the principles of sustainable forestry and all of the Fund's forest properties located in Finland are to the extent possible certified through the FSC and PEFC forestry certificates<sup>2</sup>. The objective of the certifications is, *inter alia*, to secure biodiversity, because in connection with the FSC certification, 5 % of the forest area is excluded from economic use. The "Do No Significant Harm" -principles are considered in the forestry operations of the Fund, endeavouring to ensure that forestry does not cause any harm to biodiversity and ecosystems, pollution prevention, transitioning to the circular economy, water and sea areas or climate change adaptation.

The attainment of the Fund's sustainability goals and carbon absorption is monitored through regular carbon balance accounting, and the results are included in the Fund's reporting. The calculation and reporting are conducted in accordance with best international practices that are constantly evolving. The Fund reports annually, *inter alia*, the size of the Fund's carbon sink, the surface area of FSC and PEFC-certified forests, and areas excluded from economic use.

## Consideration of sustainability risks

The assets of the UB Timberland Fund (AIF) are invested directly or indirectly primarily in forest properties located in Finland. The primary means for generating returns is the sales of timber from the forest properties being invested in. For this reason, the investment activities focus on properties with potential for value appreciation as a result of tree growth, as well as steady cash flow from the felling income. The Fund may also invest in units of jointly owned forests, other timberland funds as well as securities of forest companies, or otherwise indirectly in forest properties. Revenue may additionally be generated through developing and zoning forest properties as well as by utilising the soil materials and potential recreational values. For further information concerning the investment strategy, please refer to: <https://www.unitedbankers.se/fonder/valj-fond/ub-skog/>

In the investment process, portfolio management assesses the sustainability risks of the investment object as part of the investment decision in accordance with the United Bankers Principles of Responsible Investment as well as the Fund's own sustainability principles. Additionally, the Fund considers sustainability risks in its investment strategy and activities as follows:

- The Fund considers, for instance, sustainability risks related to biodiversity and climate resilience in the selection of investment objects by analysing prior to the investment decision, *inter alia*, habitats valuable for biodiversity, proportion of deciduous trees at the site, as well as through analysing the sustainability of the site from the perspective of storm and climate damage. Any sustainability risks detected are considered in the forest management plan to be devised for each site.
- Under the Fund's investment criteria, certain types of sites particularly susceptible to forest damage have been excluded from the investment objects.
- The Fund endeavours to avoid investment objects in which forestry would be likely to cause particularly significant damage to the landscape.
- The Fund adheres to the sustainable forestry principles provided for by the FSC and PEFC certifications and other best industry practices that seek to ensure the wellbeing of forest nature and profitable forest management activities also in the long term. All of the forest properties owned by the Fund in Finland

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regulation. The 'Do No Significant Harm' -principle is only applied to the investments that consider the EU criteria for environmentally sustainable activities.

<sup>2</sup> There are two large certification systems in use internationally: FSC and PEFC. FSC is a system often preferred by environmental and nature organisations. PEFC, in turn, is a system endorsed by forest owners' organisations and the forest industry. There are no significant differences between the criteria employed by the systems, albeit FSC places a slightly higher emphasis on factors related to the environment and environmental protection. Approximately 85 % of Finnish forests are PEFC-certified and just under 10 % are FSC-certified.

are certified with FSC and PEFC certificates. Forests in other countries are certified either with FSC or PEFC certificates or both.

- In an effort to manage sustainability risks, the Fund has also outlined as its longer-term objectives 1) to double the proportion of deciduous trees in the forests it owns in Finland to a total of 20 per cent, and 2) to favour continuous-cover forestry in lush peatlands. Increasing the proportion of deciduous trees serves to improve biodiversity, enhance the wood production capacity of the forests, and as well as to improve their climate-resilience. Continuous-cover forestry also contributes to making a positive impact on biodiversity. Furthermore, the water management capacity of peatland remains in better condition, entailing less leaching into the environment and an increase in the total carbon balance of forests.
- The Fund endeavours to actively monitor forest damage caused by environmental or other causes and the sustainability risks pertaining to same. The hunting clubs utilising the Fund's forestland are under a contractual obligation to inform the Fund of any forest damage they discover.
- When investing in the securities of forest companies, an ESG analysis is conducted on all investment objects. The ESG analysis takes account of the most material risks and opportunities for the ESG factors. The analysis makes use of the databases of global ESG service providers.
- When investing in forest funds, a comprehensive due diligence is devised of the investment object. The due diligence assessment to be devised prior to making the investment decision entails an analysis of the opportunities and risks of the investment from the good governance, economic, technical, social and environmental perspective.
- Pursuant to the investment strategy, the Fund's investments focus primarily on Finnish commercial forests. Owing to this, also the Fund's sustainability risks relate primarily to the Finnish forestry sector. Within the target focus of the Fund, investments have, however, been diversified over different parts of Finland. Furthermore, sustainability risks are to the extent possible also diversified over other geographical areas, such as the Baltics, via the indirect investments of the Fund.

The due diligence review to be conducted prior to making the investment decision entails an assessment of the opportunities and risks of the investments, as well as opportunities for improvement measures from the good governance, economic, technical and environmental perspective. A site-specific forestry plan is devised in relation to the risks and development areas identified in this process, considering the particular sustainability risks of the object. In case the assessment reveals a considerable sustainability risk that cannot be resolved within the confines of an action plan, the investment will not be made.

Material sustainability risks may impact the financial success of the investment objects and, hence, the Fund return. The consideration of sustainability risks in the Fund's investment activities is expected to decrease the sustainability risk and, hence, also the overall risk of the Fund investment and to have a positive impact on the Fund's prerequisites for generating return.

The analysis and monitoring are conducted by the Fund's portfolio managers specialised in the forestry sector, with the support of the United Bankers' responsible investment team. Data generated by third parties and specialised experts is also utilised in the analyses and the monitoring.

## Good governance

The Fund requires its collaboration partners to act responsibly, in accordance with good governance practices, such as the due execution of their social and employer obligations and transparent operations, as well as respect for human rights (UN Global Compact compliance). In order to ensure good governance practices, the Fund, *inter alia*, devices counterparty reports of its collaboration partners prior to commencing any co-operation.

The Fund's sustainability risks are reported through regularly updated fund-specific reports. The reporting complies with the framework of the UN Principles of Responsible Investment (UN PRI). Furthermore, the Fund will be reporting on the materialisation of the promotion of sustainability factors and on the principal adverse impacts in accordance with the SFDR.

The Fund does not utilise any benchmark index.

For further information concerning the Fund, please visit: <https://www.unitedbankers.se/fonder/valj-fond/ub-skog/>

The United Bankers Principles of Responsible Investment are available for review at <https://www.unitedbankers.com/esg-and-sustainability/>

## TAXATION

### General

In Finnish legislation, special investment funds are entities exempt from income taxes that, therefore, do not pay any taxes, for instance, on their capital gains, their dividends received in Finland or their interest income. As regards its income from

abroad, such as, for instance, its dividend income, a mutual fund may be liable to pay tax at source in the relevant country, the magnitude of which is determined in accordance with the local legislation and tax treaty.

## **Unitholder's taxation**

Information concerning taxation is based on the tax legislation in force in Finland, as well as case law and taxation praxis.

### **Taxation of fund investments by persons with unlimited tax liability in Finland**

The annual return payable on distribution units of funds, along with any capital gains arising in connection with the redemption of fund units, constitutes capital income, subject to capital income tax of 30 %. To the extent the taxable capital income exceeds EUR 30 000 in any tax year, the amount of capital income tax is 34 %. Swapping of fund units for the units of another fund are in taxation treated as a redemption and a new subscription that, therefore, materializes the capital gains or losses. In case distribution units of the fund are swapped for the accumulation units of the same fund, or vice versa, no taxable capital gains (or losses) actualize.

As regards the annual return payable on the distribution units, the Management Company shall withhold tax in connection with the payment of the returns, in the form of a tax withholding. The Management Company shall notify the tax authorities of the fund unit holdings at the end of the year, and of any redemptions of fund units carried out in the course of the year, along with the returns paid out to the unitholders, as well as the tax withholdings made in relation to same. No tax withholding shall be made of any capital losses incurred in connection with redeeming fund units, but, rather, the unitholders must themselves declare the capital gains arisen in the form of a supplementation of the tax return. Capital gains are calculated either by deducting from the redemption price the subscription price and the costs incurred from obtaining the profit (subscription and redemption fees, if any), or, alternatively the acquisition cost calculated applying the acquisition cost method. As concerns fund units owned for a minimum of 10 years, when applying the acquisition cost method, the acquisition cost deductible from the fund units is 40 %, and for units owned for a shorter period of time, 20 % of the redemption price.

Any capital loss arising in conjunction with a redemption (or swap) may be deducted in taxation primarily from capital gains, and if there are none, the deduction is made from other capital income. In case the capital income is not sufficient to deduct the capital losses, the remainder is affirmed as the capital losses for the tax year in question. The remainder shall not be taken into account when calculating the deficit reimbursement to be carried out for income taxes. The affirmed capital losses for the tax year may become deductible from capital gains or other capital income in the next five years.

However, capital gains shall not constitute taxable income, if the combined sales prices of the assets disposed of during a tax year amount to no more than EUR 1000. Capital losses arising in any tax year, in turn, are not deductible if both the combined acquisition costs of the assets disposed of in a tax year and the combined sales prices are no more than EUR 1000. When calculating the said thresholds of EUR 1000, account shall be taken also of transfers other than the redemptions of fund units, with the exception, however, of transfers intended to be tax-exempt, and transfers of customary household movables, or other comparable property intended for personal use.

When only a portion of fund units are redeemed, the fund units shall be deemed redeemed in the order of their acquisition, so that the first acquired fund units are redeemed first. The investor may, however, in connection with the redemption decide, which fund units they wish to redeem, and so the acquisition cost is determined based on such units.

Investors should note that the tax treatment is determined in accordance with the individual circumstances and that the tax rates and other taxation-related factors are subject to change. The Management Company shall not be liable for any changes in tax legislation, case law or taxation praxis, or for taking any changes in same into account. Further information is available from the Finnish Tax Administration's address <https://www.vero.fi>. Also tax offices provide further information.

### **Natural persons with limited tax liability in Finland**

The annual return payable on distribution units, received by a natural person with limited tax liability in Finland is subject to the Finnish Act on Tax at Source (Finnish Act on the Income and Assets of Persons with Limited Tax Liability 11.8.1978/627). The amount of tax at source is 30 %, unless a lower tax rate has been agreed upon in the tax treaty between Finland and the relevant state. In certain cases, the Act on Tax at Source stipulates, for instance in relation to persons residing in EU member states, that no tax at source is levied. The Management Company is obligated to charge the source at tax, if any. The Management Company shall submit an annual declaration of the profits paid by it, of the tax at source withheld and of the redemptions of fund units to the tax authorities. The final taxation of persons with limited tax liability in Finland is dependent not only on the tax regulations of Finland and of the taxpayer's country of residence, but also on the content of any tax treaty concluded between Finland and the relevant person's country of residence for the purposes of taxation, and, consequently, varies depending on the taxpayer's country of residence.

In case the investor is uncertain about their tax status, they should contact the local tax authorities or other tax experts.

## OTHER INFORMATION

### Auditors

Oy Tuokko Ltd, an audit firm approved by the Finland Chamber of Commerce, has been elected as the auditor of UB Fund Management Company Ltd and the investment funds it manages.

### Real estate valuer approved by the Central Chamber of Commerce

The Fund only retains real estate valuers approved by the Central Chamber of Commerce for valuing the real estate objects.

### Unitholders' meeting

A meeting of unitholders must be convened when the Board of Directors of the Management Company considers there to be cause for same, or if the auditor, independent member of the Board of Directors or fund unitholders holding in total no less than one twentieth of all the issued fund units so demand in writing for the purpose of addressing an issue raised by them.

The Management Company is obligated to inform the unitholders in the manner stipulated in Section 16 of the Fund Rules of any initiative received by it to convene a meeting, as referred to under Chapter 26, Section 9 of the Alternative Investment Funds Act, or of another meeting initiative by a unitholder, in case the unitholder proposing the convening of a meeting does not have the minimum holding mentioned above. For a justified reason, the Management Company may refuse to effect notification to such an effect, if it deems that there are no grounds for convening a meeting. The Management Company must inform the unitholder who proposed the convening of a meeting of its refusal and of the grounds for such a refusal.

### Agents used by the Fund and outsourcing of functions

The Management Company has outsourced the portfolio management as well as sales and marketing functions of the Fund to UB Omaisuudenhoito Oy, a company in the same Group. The Management Company is itself responsible for the risk management of the funds it manages.

The Management Company uses external services related to compliance, internal audits, information technology, accounting, financial management as well as sales and marketing. In addition, the Fund may use external service providers for its duties related to the administration and maintenance of real estate assets.

### Objectives of corporate governance

The objective of the Management Company's corporate governance is first and foremost the monitoring of the common interests of unitholders, so that the corporate governance aims at increasing the value of fund holdings in the long term. The common interest of unitholders means that the fund holdings develop as favourably as possible relative to the investment policies and risk levels defined in the rules of the funds.

The Management Company shall publish details of how voting rights were exercised during the respective review periods in the semi-annual interim reports and annual reports of the funds.

### Charges or fees paid to third parties

The Management Company may pay fees based on fund sales to its agents receiving subscription or redemption orders. The amount of fees may be based on the value of the fund subscriptions and/or redemptions, or on the existing fund base. The purpose of the fees is to cover the expenses possibly incurred by the agent for the subscriptions, redemptions and administration of funds. The fees also seek to promote customer service and to enable the agent to act as the Management Company's agent. The charges or fees paid to third parties shall not reduce the return accumulated by the client from the Fund which means that payment of the fee is not contrary to the client's interests.

### Order execution policy

The Management Company has implemented a policy governing the diligent execution of orders, setting forth the principles describing the procedures the Management Company abides by in handling orders concerning financial instruments on behalf of the mutual funds managed by it. The Management Company does not execute orders relating to the trading in the funds itself. The portfolio management of the funds managed by the Management Company has been outsourced to UB's group company UB Asset Management Ltd. The Management Company has authorized the above-mentioned portfolio managers to execute and intermediate orders on behalf of the funds it manages. The outsourced portfolio manager does not necessarily execute the fund's orders itself, but, rather, it may let an external broker execute the orders so as to ensure best execution. A list of the brokers retained is available, when necessary, from <https://www.unitedbankers.fi/oj/asiakasinformaatio>.

In executing and intermediating orders on behalf the funds, portfolio managers strive to attain the best possible outcome for the mutual fund, taking into account the price, costs, speed, probability of execution and settlement of the transaction, magnitude and nature of the order, along with any other factors pertinent for the execution of the order. The relative significance of these factors is determined on the following basis:

- mutual fund's objectives, investment policy and specific risks
- special characteristics of the order

- special characteristics of the financial instruments underlying the order
- special characteristics of the execution venues to which the order may be directed.

The securities intermediary receiving the order shall execute the orders in accordance with its own execution policy and in the best possible manner. In case portfolio management intermediates the order, it endeavours to transmit it to a party that offers the best possibility of guaranteeing best execution.

Fund orders may be executed on a regulated market place or outside of same. As a general rule, fund orders are not aggregated. Nevertheless, orders may be aggregated, provided this is not likely to cause any detriment to any of the parties whose orders are to be aggregated, and that the aggregation is carried out in accordance with the adopted order allocation principles. A company belonging to the same corporate group as the Management Company, or a client may act as the counterparty of an order being executed on behalf of the fund.

The Management Company regularly monitors the efficacy of its operational principles and of the quality of orders intermediated or executed by its outsourced partners, and remedies any shortcomings as needed.

### **Management Company's remuneration system**

The remuneration systems applied at UB Fund Management Company Ltd are based on the remuneration principles of the United Bankers Group. They align with the Group's business strategy, objectives, and values, and serve the company's long-term interests while complying with legislation and ensuring sound and effective risk management. A key principle of the remuneration system is to promote responsibility-related matters. Furthermore, according to the principles, the setting of employee goals and performance evaluation must support the consideration of sustainability risks (environmental, social, and governance factors, known as ESG factors) and the proper management of sustainability risks. The remuneration system has been approved by the Board of Directors of UB Fund Management Company Ltd, and additional information on the remuneration system is available on the website: <https://www.unitedbankers.com/united-bankers/corporate-governance/remuneration/>

### **Distance sales**

The fund orders cannot be cancelled. Such orders include Fund subscriptions, swaps and redemptions. The client may redeem the Fund units owned by it in accordance with the procedure described above under "Information concerning investing in the Fund", as set forth in the Fund Rules.

The advance information, agreement terms and conditions and customer service pertaining to distance sales shall be provided in compliance with the Finnish legislation in the Finnish language.

### **Supervising authority**

The Management Company and the Fund are supervised by the Finnish Financial Supervisory Authority, PO BOX 103, 00101 Helsinki, Tel. +358 10 831 51, fax +358 10 831 5328 and e-mail [kirjaamo@finanssivalvonta.fi](mailto:kirjaamo@finanssivalvonta.fi).

### **Dispute resolution**

In matters related to the operations and service of and agreements with the Management Company, the client should primarily contact the Management Company. The Management Company must be immediately notified of any defect in the service and of any claim related to same. If case no amicable solution can be reached in negotiations, the client may turn to the Finnish Financial Ombudsman Bureau in order to obtain information related to the services and, when necessary, the client may refer the dispute to the Securities Complaints Board.

The contact details of the Financial Ombudsman Bureau are as follows:

The Financial Ombudsman Bureau, Porkkalankatu 1, 00180 Helsinki. E-mail [info@fine.fi](mailto:info@fine.fi), Tel. +358 96850 120.

Further information and a contact form are available at <https://www.fine.fi>.

The Management Company and the Fund are subject to the laws of Finland.

**Template pre-contractual disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/852**

**Product name:** UB Timberland Fund (AIF)

**Legal entity identifier:** 743700QLCQ0OKSRUXQ59

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



## Sustainable investment objective

### Does this financial product have a sustainable investment objective ?

**Yes**

**No**

It will make a minimum of **sustainable investments with an environmental objective: 95 %**

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective: \_\_\_%**

It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of \_\_\_% of sustainable investment

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

promotes E/S characteristics, but **will not make any sustainable investments**

### What is the sustainable investment objective of this financial product?

**The UB Timberland** fund aims to mitigate climate change by making sustainable forest investments. Additionally, the timber growing in the fund's forests can support the transition toward a circular economy.

The fund invests in forests and, through its forest holdings, seeks to sequester carbon dioxide from the atmosphere into growing trees, forest soil, and sustainable wood products. Furthermore, the use of timber harvested from the fund's forests can partially replace fossil fuels and carbon-intensive materials. When the amount of timber harvested is less than the forest growth, the forests act as carbon sinks. The fund's objective is to manage its forests in a way that enables them to function as long-term carbon sinks.

Sustainable forest management is an effective solution for removing already-emitted carbon from the atmosphere and plays an important role in achieving the goals of the Paris Agreement. The fund's forest management practices are designed based on 30-year carbon balance modeling, with the goal of sequestering more carbon dioxide than conventional forestry methods. The management strategy complies with the EU taxonomy criteria for forest management and climate change mitigation.

No EU Climate Transition Benchmark or Paris-Aligned Benchmark, as defined under Regulation (EU) 2016/1011, is currently available for the fund.

The fund's strategy supports climate change mitigation and promotes several UN Sustainable Development Goals (SDGs), especially Goal 13: Climate Action, Goal 15: Life on Land, and Goal 9: Industry, Innovation, and Infrastructure.

In addition to forest management and the sale of timber, the fund may also engage in the development and zoning of forest properties and utilize land resources or potential recreational value associated with its forest holdings. The fund can also invest in forests and sustainable forestry indirectly, for example through holdings in forest partnerships, other forest funds, or the securities of forestry companies. All such investments are aligned with the fund's sustainability objectives.

● ***What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?***

The achievement of the fund's sustainability objectives and carbon sequestration targets is regularly monitored through carbon balance calculations, the results of which are disclosed in the fund's reporting. Forest management is planned based on 30-year carbon balance modeling to ensure that the forests sequester more carbon dioxide than conventionally managed forests.

The carbon balance calculations, modeling, and reporting follow industry best practices, which are continuously evolving. The fund reports annually on forest carbon sinks (annual carbon sequestration in tCO<sub>2</sub>/ha/year), total forest carbon stock (tCO<sub>2</sub>), the area and share of FSC and PEFC-certified forests, and the area of protected forest. In addition, biodiversity-related indicators may also be reported.

There are no predefined thresholds for the sustainability indicators used by the fund. No threshold values exist for land area-related indicators or for biodiversity indicators. However, the following criteria apply to the interpretation of the sustainability indicators:

1) Carbon sinks: The fund's forest management practices are designed to meet the EU taxonomy criteria for sustainable forestry and climate change mitigation. Based on 30-year carbon balance calculations and modeling, the forests are managed to sequester more carbon dioxide than equivalent conventionally managed forests.

2) Forest certification: All of the fund's forest holdings located in Finland will be certified under the FSC and/or PEFC standards. Given the fund's ongoing forest acquisition process, the certification coverage is expected to exceed 80 % during the fund's operational period. While the ultimate goal is 100 % certification, this may not

**Sustainability indicators** measure how the sustainable objectives of this financial product are attained.

be achieved during the fund's active investment phase, as newly acquired forest properties will be in the process of certification.

● ***How do sustainable investments not cause significant harm to any environmental or social sustainable investment objective?***

The fund's forest management practices adhere to the "Do No Significant Harm" (DNSH) principle. The objective is to ensure that forest management does not cause significant harm to biodiversity, pollution prevention, the transition to a circular economy, the sustainable use of water and marine resources, or climate change adaptation. This is pursued through practical forestry measures based on industry best practices and the latest research.

In forest investments, compliance with the DNSH principle is ensured by following the DNSH criteria defined in the EU Taxonomy for sustainable forest management and climate change mitigation. The fund also complies with applicable environmental and forestry legislation and regulation, which aim to minimize the environmental impacts of forest management.

Additionally, the fund is committed to voluntary sustainable forestry principles and practices. All forest holdings are certified under FSC and/or PEFC sustainable forest management standards. These certifications aim to ensure environmental, social, and economic sustainability in forest management and to safeguard, among other things, biodiversity. For example, FSC certification requires that at least 5 % of the forest area be excluded from commercial use to protect biodiversity.

When investing in listed assets, compliance with the DNSH principle is primarily assessed using data from global ESG databases (Sustainalytics and Morningstar). Depending on the characteristics of the investment, either information on the fulfillment of DNSH criteria under the EU Taxonomy, or data on principal adverse impacts on sustainability factors may be used.

— — ***How have the indicators for adverse impacts on sustainability factors been taken into account?***

Principal adverse impacts on sustainability factors are analyzed as part of the sustainability risk assessment during the due diligence process prior to investment decision. These impacts are also monitored throughout the investment period and reported regularly as part of the fund's ongoing reporting.

United Bankers applies a risk-based approach to assessing principal adverse impacts, relying on data from sustainability databases as well as other information gathered on the investment targets. For listed investments, data is sourced primarily from the Sustainalytics and Morningstar ESG databases. For unlisted investments and forest properties, the necessary information is collected during the due diligence process prior to investment.

For forest properties, principal adverse impacts are assessed using relevant indicators where data is available and where the indicators are applicable to for-

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

estry assets (Indicators 3–14, as well as 4 and 9, are defined in a way that primarily pertains to corporate investments.) Since most indicators are not applicable to forest properties, no threshold values have been set—except for indicators 10 and 14, for which the threshold is zero. The fund aims to consider the following indicators to the extent that they are relevant and applicable to each type of investment:

Indicator		Unit	Applicability to different types of investments and threshold values
1.	GHG emissions	Total GHG emissions	Only emissions are considered by this indicator, carbon sequestration in forests is not included. For forest properties, the focus is on greenhouse gas emissions resulting from forest management activities. No threshold value has been set for this indicator.
2.	Carbon footprint	Carbon footprint	Only emissions are considered by this indicator, carbon sequestration in forests is not included. For forest properties, the focus is on greenhouse gas emissions resulting from forest management activities. No threshold value has been set for this indicator.
3.	GHG intensity of investee companies	GHG intensity of investee companies	The indicator is intended for investing in companies and does not apply to forest properties. The indicator will be considered when investing in companies. No threshold value has been set for this indicator.
4.	Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	The indicator is intended for investing in companies and does not apply to forest properties. The indicator will be considered when investing in companies. No threshold value has been set for this indicator.
5.	Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	The indicator is intended for investing in companies and does not apply to forest properties. The indicator will be considered when investing in companies. No threshold value has been set for this indicator.
6.	Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	The indicator is intended for investing in companies and does not apply to forest properties. The indicator will be considered when investing in companies. No threshold value has been set for this indicator.

7.	Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	<p>The indicator is intended for investing in companies and does not apply to forest properties. The indicator will be considered when investing in companies. No threshold value has been set for this indicator.</p> <p>The fund's operations may impact biodiversity. These impacts on biodiversity are managed, among other measures, through forest certifications (FSC and PEFC), as their criteria and audits focus on biodiversity and the protection of sensitive natural areas.</p>
8.	Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	<p>The indicator is intended for investing in companies and does not apply to forest properties. The indicator will be considered when investing in companies. No threshold value has been set for this indicator.</p> <p>The fund's operations may have an impact on natural water bodies. These water-related impacts are managed, among other measures, through forest certifications (FSC and PEFC), as their criteria and audits focus on preventing water-related impacts in forest management.</p>
9.	Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	<p>The indicator is intended for investing in companies and does not apply to forest properties. The indicator will be considered when investing in companies. No threshold value has been set for this indicator.</p>
10.	Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	<p>The indicator is intended for investing in companies and does not apply to forest properties. The indicator will be considered when investing in companies.</p> <p>Threshold value 0.</p> <p>The fund requires its partners to adhere to good governance practices and international standards. Forest certification audits also monitor compliance with these principles.</p>
11.	Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	<p>The indicator is intended for investing in companies and does not apply to forest properties. The indicator will be considered when investing in companies. No threshold value has been set for this indicator.</p>

			The fund requires its partners to adhere to good governance practices and international standards. Forest certification audits also monitor compliance with these principles.
12.	Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	The indicator is intended for investing in companies and does not apply to forest properties. The indicator will be considered when investing in companies. No threshold value has been set for this indicator.
13.	Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	The indicator is intended for investing in companies and does not apply to forest properties. The indicator will be considered when investing in companies. No threshold value has been set for this indicator.
14.	Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	The indicator is intended for investing in companies and does not apply to forest properties. The indicator will be considered when investing in companies. Threshold value 0.

Table 2: Indicators applicable to investments in investee companies

4.	Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	<p>The indicator is intended for investing in companies and does not apply to forest properties. The indicator will be considered when investing in companies. No threshold value has been set for this indicator.</p> <p>The fund's objective is to mitigate climate change, and it aims to act in line with the EU Taxonomy by investing in accordance with the goals of the Paris Agreement.</p>
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Table 3: Indicators applicable to investments in investee companies

9.	Lack of a human rights policy	Share of investments in entities without a human rights policy	<p>The indicator is intended for investing in companies and does not apply to forest properties. The indicator will be considered for investments in companies. Companies being considered for investment are required to respect human rights.</p> <p>The fund requires its partners to adhere to good governance practices, international standards, and respect for human rights.</p>
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**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

— — **How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?**

Compliance with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights is analyzed as part of the due diligence process before making an investment decision. Compliance is monitored throughout the investment period and reported regularly in the fund's ongoing reporting.

For listed assets, analysis, monitoring, and reporting are based on data from the Sustainalytics and Morningstar ESG databases (Global Standards Screening). For unlisted assets and forest properties, analysis is based on information collected during the due diligence process. The fund also requires its partners to adhere to good governance practices and the aforementioned standards.

The fund will not invest in companies or assets that violate the aforementioned norms and conventions. If a violation occurs during the investment period, the fund will seek to influence the investee to correct the situation within a reasonable time frame. If the situation cannot be rectified within a reasonable time, the investment will be divested.



**Does this financial product consider principal adverse impacts on sustainability factors?**

Yes

Principal adverse impacts on sustainability factors are analyzed as part of the sustainability risk assessment during the due diligence process before making an investment decision. These impacts are also monitored throughout the investment period and reported regularly in the fund's ongoing reporting.

United Bankers' approach to principal adverse impacts is risk-based and relies on data from sustainability databases, as well as other information collected on the investment targets. For listed assets, data from the Sustainalytics and Morningstar ESG databases are used. For unlisted investment targets and forest properties, the necessary information is collected during the due diligence process before making an investment.

For forest properties, principal adverse impacts are assessed and considered to the extent that data is available, and the indicators are applicable to forestry assets. The indicators related to principal adverse impacts are designed for corporate investments, meaning the majority of the indicators do not apply to forest properties. The fund aims to consider the following indicators where applicable to each type of investment:

- Table 1 Indicators applicable to investments in investee companies
1. GHG emissions
  2. Carbon footprint
  3. GHG intensity of investee companies
  4. Exposure to companies active in the fossil fuel sector

5. Share of non-renewable energy consumption and production
6. Energy consumption intensity per high impact climate sector
7. Activities negatively affecting biodiversity-sensitive areas
8. Emissions to water
9. Hazardous waste and radioactive waste ratio
10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises
12. Unadjusted gender pay gap
13. Board gender diversity
14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)

Table 2 Indicators applicable to investments in investee companies  
 4. Investments in companies without carbon emission reduction initiatives

Table 3 Indicators applicable to investments in investee companies  
 9. Lack of human rights policy

More detailed indicator-specific information can be found in the table under the section "*How have the indicators for adverse impacts on sustainability factors been taken into account?*" above.

No



### What investment strategy does this financial product follow?

The assets of UB Timberland are invested directly or indirectly primarily in forest estates located in Finland. The fund aims to generate returns mainly through the sale of timber harvested from the forest properties it invests in. Therefore, the investment strategy focuses on properties with potential for value appreciation through forest growth, as well as those capable of providing a steady cash flow from timber revenues.

The fund may also invest in joint forest ownerships, other forest funds, as well as in securities of forestry companies or otherwise indirectly in forest estates. Additional returns may be generated by developing and rezoning forest properties, as well as by utilizing their soil resources and potential recreational values.

For more information about the investment strategy, please visit: <https://www.unitedbankers.com/funds/ub-timberland-fund/>

### ● **What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?**

Alignment with the EU taxonomy criteria for forest forest management and climate change mitigation is a binding element of the fund's investment strategy. The fund manages forests in a manner that ensures compliance with the EU taxonomy criteria related to climate change mitigation and sustainable forest management.

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

The fund does not invest in assets that are included on United Bankers' exclusion list. The exclusion list is available at: <https://www.unitedbankers.com/esg-and-sustainability/responsible-investing/>

● ***What is the policy to assess good governance practices of the investee companies?***

Good governance is assessed in accordance with United Bankers' principles for responsible investing.

Compliance with the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, as well as the conventions and declarations underlying both frameworks, is analyzed as part of the due diligence process prior to any investment decision.

Compliance with the abovementioned norms is monitored throughout the investment period and reported as part of the fund's regular reporting. For listed investments, analysis, monitoring, and reporting are based on data from the Sustainalytics & Morningstar ESG database (Global Standards Screening). For unlisted assets and forest properties, the analysis is based on information gathered during the due diligence process.

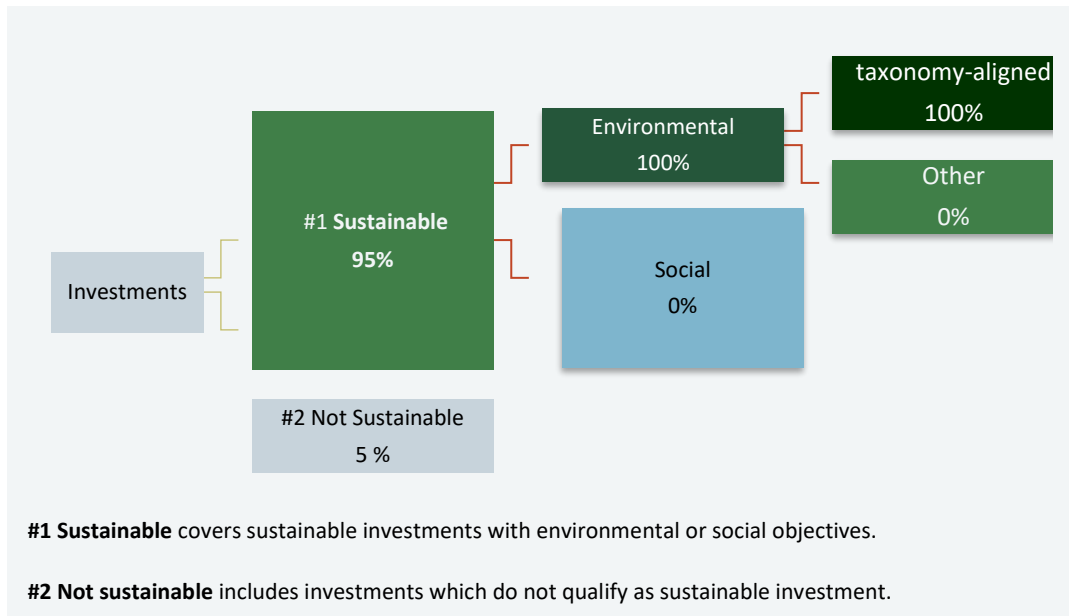
The fund does not invest in assets that violate the aforementioned norms and conventions. If a violation occurs during the investment period, the fund seeks to engage with the company to resolve the issue within a reasonable timeframe. If the issue cannot be resolved within that time, the investment will be divested.



**What is the asset allocation and the minimum share of sustainable investments?**

In the planned asset allocation, 95 % of investments are allocated to sustainable forestry investments that meet the EU taxonomy criteria for sustainable forest management. The majority of UB Metsä's assets are invested directly or indirectly in forest properties located in Finland. In addition, the fund may make sustainable forestry investments by allocating capital to other forest funds. The fund may also invest in joint forest ownerships, other forest funds, securities of forestry companies, or otherwise indirectly in forest properties.

Additional returns may be generated through the development and rezoning of forest properties, as well as through the utilization of soil resources and potential recreational values. Under normal market conditions, these activities represent less than 5% of the fund's investments and may not meet the sustainability criteria set out in the EU taxonomy.



Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

● **How does the use of derivatives attain the sustainable investment objective?**

The fund does not use derivatives to attain its sustainable investment objective.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

At least 95% of the fund’s sustainable investments are aligned with the criteria of the EU taxonomy. The fund invests in sustainable forest management that meets the EU taxonomy criteria for sustainable forestry and climate change mitigation.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

Yes:

In fossil gas       In nuclear energy

**No**, the fund is not committed to making this kind of investments

*The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*

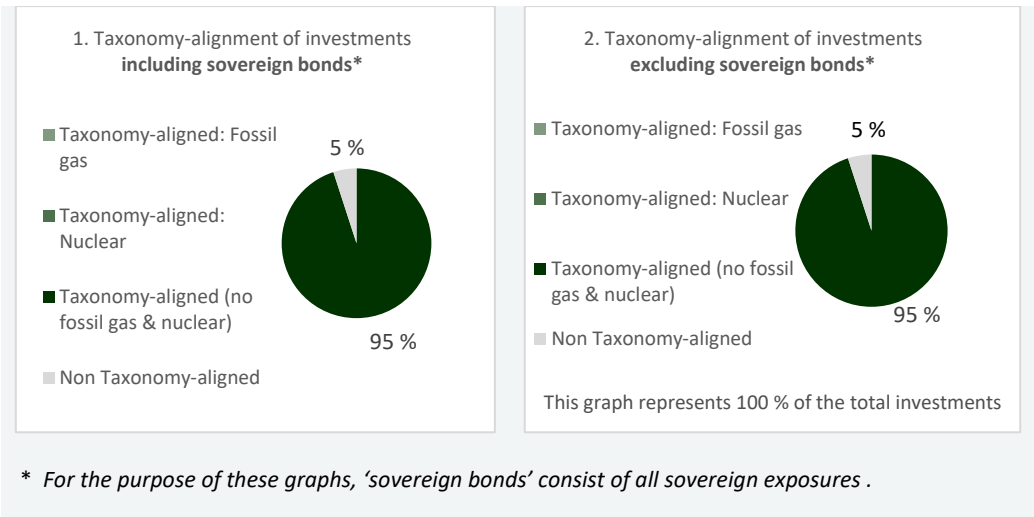
<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objectives - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



● **What is the minimum share of investments in transitional and enabling activities?**

The fund is not committed to a minimum allocation to transitional or enabling activities.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The fund has not defined a minimum allocation to environmentally sustainable investments that are not aligned with the EU taxonomy.



**What is the minimum share of sustainable investments with a social objective?**

The fund has not defined a minimum allocation to socially sustainable investments.



**What investments are included under “#2 Not sustainable”, what is their purpose and are there any minimum environmental or social safeguards?**

The fund may also invest in joint forest ownerships, other forest funds, securities of forestry companies, or otherwise indirectly in forest properties. Additional returns may be generated through the development and rezoning of forest properties, leasing them, as well as utilizing their soil resources and potential recreational values. Under normal market conditions, these activities represent less than 5% of the fund’s investments and may not meet the sustainability criteria set out in the EU taxonomy. Depending on the activity, compliance with the "do no significant harm" principle and the implementation of good governance practices are ensured through appropriate environmental and other permits, as well as, if necessary, separate assessments. These investments may not be subject to the primary indicators describing significant adverse impacts.



### **Is a specific index designated as a reference benchmark to meet the sustainable investment objective?**

There is no EU Climate Transition Benchmark or Paris-aligned Benchmark in accordance to (EU) 2016/1011 available for the fund. Forest management carried out in the fund fulfils the EU Taxonomy criteria for climate change mitigation and forest management.



### **Where can I find more product specific information online?**

**More product-specific information can be found on the website:**

<https://www.unitedbankers.com/funds/ub-timberland-fund/>

**Reference benchmarks** are indexes to measure whether the financial product attains the sustainable investment objective.