

Article 10 (SFDR)

Website disclosure for an article 9 fund

**STAFFORD CARBON OFFSET OPPORTUNITY FUND**

A	<p><u>SUMMARY</u></p>
	<p>This statement is published by Stafford Carbon Offset Opportunity Fund (the “Fund”), a Luxembourg private limited liability company (société à responsabilité limitée or S.à r.l.), in accordance with Article 10 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (the “SFDR”).</p> <p>The Fund will invest into existing timberland or into the establishment of new forests on unforested land. In all cases these investments will be made with the objective of developing forest carbon projects and an associated reduction in carbon emissions. The Fund will therefore have the following sustainable investment objectives:</p> <ol style="list-style-type: none"> <li>1) Climate change mitigation</li> <li>2) Climate change adaptation</li> </ol> <p>100% of the Fund’s investments will be aligned with the EU Taxonomy and will be subject to the technical screening criteria – including those for DNSH (do no significant harm) – provided under the regulation.</p> <p>No EU Climate Transition Benchmark or EU Paris-aligned Benchmark relevant to the Fund is currently available and therefore no reference benchmark has been selected.</p> <p>The Fund will invest directly or indirectly into assets that meet the criteria for developing carbon projects. A rigorous screening and due-diligence process will be followed when selecting assets that meet the Fund’s investment objectives. This process is aided by Stafford’s significant internal technical forestry expertise and 20-year experience of investing into the sector.</p> <p>The environmental sustainability characteristics of the investments will be monitored and reported on throughout the term of the Fund. Reporting will be based on several indicators selected from the Global Impact Investing Network’s (GIIN) IRIS+ reporting framework. IRIS+ is a widely accepted and robust impact assessment methodology and its metrics are aligned with the UN’s Sustainable Development Goals (SDGs).</p> <p>There is usually no publicly available data that can be used directly for reporting on the Fund’s investment activities and such data will therefore be internally sourced by Stafford and/or the managers acting on our behalf. The reliance on non-public data may pose limitations in certain situations, however the relatively high level of control and influence that we have over the investments provides good access to data and those limitations are not expected to affect the attainment of the Fund’s sustainable investment objectives.</p>
B	<p><u>NO SIGNIFICANT HARM TO THE SUSTAINABLE INVESTMENT OBJECTIVE</u></p>
	<p>The Fund plans for 100% of its assets to be aligned with the EU Taxonomy regulation delegated act C(2021) 2800. The regulation identifies a number of DNSH (do no significant harm) criteria relevant to afforestation, rehabilitation and restoration of forests, and forest management. These are listed below, along with measures taken by the Fund to ensure compliance.</p> <ul style="list-style-type: none"> <li>• Climate change adaptation</li> </ul>

	<p><i>In line with the guidance provided the Fund will carry out a climate risk and vulnerability assessment for each investment.</i></p> <ul style="list-style-type: none"> <li>• Sustainable use and protection of water and marine resources <i>The risks related to water quality degradation and water stress will be identified and addressed within the forest management plans for each property. Regular testing of water quality at points entering and leaving properties will form part of the ongoing monitoring activities carried out on the Fund's assets.</i></li> <li>• Transition to a circular economy <i>The Fund's investment activities are expected to increase the supply of sustainably managed wood raw material over time as newly established forests mature. This will play a role in alleviating pressure on natural forest resources to meet wood demand, and thus facilitate them being managed primarily for environmental objectives. Wood products can be reused and recycled multiple times and are instrumental to the circular economy, particularly in the sustainable packaging and construction industries.</i></li> <li>• Pollution prevention and control <i>The investment activities will seek to minimise the use of fertilisers and chemicals wherever practical. Only chemicals approved within each applicable national jurisdiction will be utilised.</i></li> <li>• Protection and restoration of biodiversity and ecosystems <i>No conversion of habitats specifically sensitive to biodiversity loss or with high conservation value will occur. As is commonly accepted good practice in the forest industry, not all land on assets invested into by the Fund will be afforested, and certain areas will be set aside for habitat conservation and restoration.</i></li> </ul>
C	<p><b><u>SUSTAINABLE INVESTMENT OBJECTIVE OF THE FINANCIAL PRODUCT</u></b></p>
	<p>The Fund will invest into activities which reduce carbon emissions, specifically afforestation, natural forest restoration and improved forest management. The development of carbon projects on investment properties will allow for the climate impact of these activities to be monitored and quantified. The Fund will therefore have the following sustainable investment objectives:</p> <ol style="list-style-type: none"> <li>1) Climate change mitigation</li> <li>2) Climate change adaptation</li> </ol> <p>Once the relevant technical screening criteria under EU Taxonomy become available, we may include a third sustainable investment objective, namely:</p> <ol style="list-style-type: none"> <li>3) Protection and restoration of biodiversity and ecosystems</li> </ol> <p>The Fund will pursue a global investment strategy and we note that no EU Climate Transition Benchmark or EU Paris-aligned Benchmark relevant to the Fund is currently available. However, regular reporting will include metrics on net emissions across the portfolio, along with GHG emissions intensity. These will allow investors to assess how the sustainable investment objectives are achieved over the term of the Fund.</p> <p>The Fund will distribute carbon offsets to investors which they can use towards achieving their own climate goals or which can be sold to other organisations.</p>
D	<p><b><u>INVESTMENT STRATEGY</u></b></p>

	<p>The Fund will invest directly or indirectly into assets that meet the criteria for developing carbon projects. The Fund will employ a largely greenfield strategy in developing new forest areas on these assets. The extended timeframe associated with managing forest assets from planting through to maturity means that a long-term hold position will be applied to portfolio assets.</p> <p>Afforestation activities will include restoration of natural forest as well as plantations managed for commercial use. The combination provides for positive environmental impact as well as the development of a sustainable source of industrial wood. Future demand for such assets will grow significantly given that macro-level supply-demand fundamentals point to an increasingly tight market developing.</p> <p>A rigorous screening and due-diligence process will be followed when selecting assets that meet the Fund's investment objectives. This will build on Stafford's technical forestry expertise and 20-year experience of investing into the sector. The due diligence includes an assessment of climate and ESG-related risk factors aimed at minimising the risk profile of the Fund. It also includes a manager review in which the governance practices, procedures and track record of underlying management organisations are scrutinized.</p> <p>The Manager's experience within the timberland sector has demonstrated that a strong emphasis on global diversification is highly effective in mitigating potential risk factors. This approach therefore remains a core part of the investment strategy for the Fund.</p> <p>The combined return drivers of carbon, wood sales and asset appreciation from tree growth provides a high level of resilience to the expected performance of the Fund.</p> <p>As a signatory of the UN Principles for Responsible Investment, Stafford have publicly committed to incorporating ESG issues into our ownership policies and practices, investment analysis and decision-making processes and seek appropriate disclosures on ESG issues.</p>
E	<p><b><u>PROPORTION OF INVESTMENTS</u></b></p>
	<p>100% of the investments made by the Fund are expected to be into activities that qualify as sustainable under the EU Taxonomy. The Fund may make investments into underlying funds or directly into companies that meet these criteria.</p> <p>The Fund aims to provide investors with a globally diversified asset portfolio that will offer access to a wide range of end-markets for harvested wood products. Investment regions will be limited to North America, Latin America, Europe, and Oceania.</p>
F	<p><b><u>MONITORING OF THE SUSTAINABLE INVESTMENT OBJECTIVE</u></b></p>
	<p>Environmental and social characteristics are monitored throughout the term of the Fund, using regular reporting from portfolio companies against a range of sustainability indicators. Most ESG KPIs are monitored on an annual basis (such as carbon sequestration, biodiversity assessment, water quality, forest area certified, and employee data).</p> <p>Data for calculating carbon emissions across scope 1, 2 and 3 as well as share of renewable energy consumption are reported annually.</p>

	<p>The sustainability reporting from the portfolio companies is reviewed by the ESG team at Stafford on a regular basis. Stafford publish an annual Responsible Investment Report which is publicly available on the website and will also disclose any material ESG incidents to the Advisory Committee, the Limited Partners, and Stafford’s Sustainability Committee.</p>
G	<p><u>METHODOLOGIES</u></p>
	<p>The Fund will utilise the Global Impact Investing Network’s (GIIN) IRIS+ reporting framework. IRIS+ is a widely accepted and robust impact assessment methodology and its metrics are aligned with the UN’s Sustainable Development Goals (SDGs). The following 8 indicators as viewed as being particularly relevant to the Fund’s activities and will be included in regular periodic reporting.</p> <ul style="list-style-type: none"> <li>• Land Directly Controlled: Total (OI5408) <i>Area of land directly controlled by the organization during the reporting period. Measured in hectares.</i></li> <li>• Land Directly Controlled: Sustainably Managed (OI6912) <i>Area of land directly controlled by the organization and under sustainable cultivation or sustainable stewardship. Measured in hectares.</i></li> <li>• Forest Management Plan (OI2622) <i>Indicates whether the organization implements a forest management plan. A forest management plan (FMP) delineates the application of appropriate technical forestry principles, practices, and business techniques for the management of a forest to achieve the landowner’s objectives. Measured qualitatively (yes/no).</i></li> <li>• Area of Trees Planted: Total (PI4127) <i>Area of land on which trees were planted by the organization during the reporting period. Measured in hectares.</i></li> <li>• Greenhouse Gas Emissions Avoided Due to Carbon Offsets Sold (PI2787) <i>Amount of greenhouse gas (GHG) emissions avoided through carbon credits. A carbon credit, or a carbon offset, is a financial unit of measurement that represents the removal of one metric ton of carbon dioxide equivalent (tCO<sub>2</sub>e) from the atmosphere. Carbon credits, also known as Certified Emission Reductions (CERs), enable businesses to compensate for their emissions, meet their carbon reduction goals, and support the move to a low carbon economy. Carbon offsetting markets were created as a mechanism to achieve the targets set within the Kyoto Protocol, adopted by the United Nations Framework Convention on Climate Change (UNFCC). Measured as Number of Metric Tons of CO<sub>2</sub> Equivalent.</i></li> <li>• Operational Certifications (OI1120) <i>Describes the third-party certifications held by the organization that are related to its business processes and practices and that are valid as of the end of the reporting period</i></li> <li>• Biodiversity Assessment (OI5929) <i>Indicates whether the organization has undertaken biodiversity-related assessments to evaluate the biological diversity present on the land that is directly or indirectly controlled by the organization. Measured qualitatively (yes/no).</i></li> <li>• Employees Earning a Living Wage or Higher (OI4724) <i>Number of full-time, part-time, and temporary employees of the organization that are earning a local living wage or higher as of the end of the reporting period.</i></li> </ul>
H	<p><u>DATA SOURCES AND PROCESSING</u></p>

	<p>All data sources used to measure the achievement of the sustainable investment objective of the Fund are internally sourced, relying on direct due diligence on and engagement with the investee companies. Where applicable, data sourcing may be extended to specialized external service providers, e.g. environmental consultants with the expertise necessary to carry out biodiversity assessments.</p> <p>Some of the data pertaining to environmental and social characteristics is gathered annually, with the remaining data collected monthly or quarterly as an integrated part of the management reporting. This data is reviewed by the Stafford investment team and where necessary reconciled or validated with the underlying manager.</p> <p>Estimations may be used where there is a lack of available data or guidance, however, this is expected to affect only a limited proportion of the data disclosed in periodic reporting.</p>
I	<p><b><u>LIMITATIONS TO METHODOLOGIES AND DATA</u></b></p>
	<p>There are usually no publicly available data that can be used directly for reporting on the Fund's investment activities. A high degree of manual data collection and processing will therefore be necessary to source such data. The limitations to this approach can be that information received could be incomplete, delayed or inaccurate so that (i) investor reports may consequently be less rigorous (ii) engagement activities based on such information might not be as efficient as if the information had been timely and comprehensive.</p> <p>Stafford acknowledges the risks involved in manual data collection/processing and will focus on enhancing data quality standards. This will reflect in the due diligence carried out on underlying managers and/or service providers and the assurance that can be obtained regarding their processes, methodologies and controls. Given the relatively high level of control and influence that we have over the investments, these limitations are not expected to affect the attainment of the sustainable investment objective.</p>
J	<p><b><u>DUE DILIGENCE</u></b></p>
	<p>The Stafford Group applies an overarching Responsible Investment Policy<sup>1</sup> to all of its investment products. This summarises our core investment beliefs, including our commitment to the UN-backed Principles for Responsible Investment. It also highlights how these are integrated into our investment process.</p> <p>Stafford seeks to identify sustainability risk and opportunities already during the initial screening of investment opportunities. The consideration of current and historic land use on target assets, together with the use of tools created to support carbon project development, allow us to ensure that target have the potential to contribute successfully towards the Fund's objectives.</p> <p>Investment targets that pass through this initial screening may be put to the Fund's investment committee (IC) for a first review and assessment. The proposal must receive IC approval to move forward into the next phase where a more thorough due diligence process is completed.</p>

<sup>1</sup> <https://www.staffordcp.com/sustainability/our-approach>

	<p>The due diligence will typically see an extensive review of documentation, investment models and supplementary materials shared directly or via data rooms. Particular attention is also paid to discussions with the team who will be responsible for managing the asset, specifically their experience, track record, resources (including software, databases, etc), and capacity for investor support (reporting) and administration.</p> <p>Wherever possible the due diligence will include a site visit to assess the physical characteristics of the asset as well as to meet the management team and relevant stakeholders. This generally allows for a better understanding of key topics that may be relevant to specific investments.</p> <p>Stafford has considerable internal resources available when it comes to technical forestry matters and a well-established track record in investing into forestry assets. This expertise will typically be complemented by external resources such as legal advisors, financial and tax advisors, technical expert teams, external ESG consultants and/or other well-reputed management consultancy firms as needed during this due diligence process.</p> <p>At the end of the due diligence process a detailed investment recommendation report is presented to the IC. If this is approved, then the investment documentation package is considered at a formal Board meeting.</p>
K	<p><u>ENGAGEMENT POLICIES</u></p>
	<p>Engagement with the Fund’s property managers or portfolio companies on sustainability matters is key for properly identifying and managing investment risks, monitoring assets across the portfolio and ensuring long-term sustainability.</p> <p>This engagement will be effected primarily through active dialogue and at least once per quarter, in line with the regular reporting cycle.</p> <p>In certain cases, the Investment Manager, if it deems necessary, may exercise its voting rights in accordance with its sustainability standards, or engage with the portfolio company when (1) the company is not acting in line with the sustainability objectives; or (2) the company is found to be involved in material ESG controversies that have arisen.</p>
L	<p><u>ATTAINMENT OF THE SUSTAINABLE INVESTMENT OBJECTIVE</u></p>
	<p>No index has been designated as a reference benchmark for the purpose of attaining the sustainable investment objective of the fund.</p>

M	<p><b><u>SUMMARY (GERMAN)</u></b></p> <p>Diese Erklärung wird veröffentlicht vom Stafford Carbon Offset Opportunity Fund (der „Fonds“), einer luxemburgischen Gesellschaft mit beschränkter Haftung (société à responsabilité limitée oder S.à r.l.), gemäß Artikel 10 der Verordnung (EU) 2019/2088 des Europäischen Parlament und Rat vom 27. November 2019 über nachhaltigkeitsbezogene Offenlegungen im Finanzdienstleistungssektor (der „SFDR“).</p> <p>Der Fonds investiert in bestehende Waldgebiete oder in die Schaffung neuer Wälder auf unbewaldeten Flächen. In allen Fällen werden diese Investitionen mit dem Ziel getätigt, Waldkohlenstoffprojekte und eine damit verbundene Reduzierung der Kohlenstoffemissionen zu entwickeln. Der Fonds verfolgt daher die folgenden nachhaltigen Anlageziele:</p> <ol style="list-style-type: none"> <li>1) Klimaschutz</li> <li>2) Anpassung an den Klimawandel</li> </ol> <p>100% der Anlagen des Fonds werden an der EU-Taxonomie ausgerichtet und unterliegen den technischen Prüfkriterien – einschließlich denen für DNSH (do no significant harm, keinen erheblichen Schaden anrichten) –, die in der Verordnung vorgesehen sind.</p> <p>Derzeit ist keine für den Fonds relevante EU-Klimawandel-Benchmark oder an Paris ausgerichtete EU-Benchmark verfügbar, und daher wurde keine Referenzbenchmark ausgewählt.</p> <p>Der Fonds investiert direkt oder indirekt in Vermögenswerte, welche die Kriterien für die Entwicklung von Kohlenstoffprojekten erfüllen. Bei der Auswahl von Vermögenswerten, die den Anlagezielen des Fonds entsprechen, wird ein strenges Screening- und Due-Diligence-Verfahren durchgeführt. Dieser Prozess wird durch Staffords umfangreiches internes technisches Fachwissen in der Forstwirtschaft und seine 20-jährige Erfahrung mit Investitionen in den Sektor unterstützt.</p> <p>Die ökologischen Nachhaltigkeitsmerkmale der Anlagen werden während der gesamten Laufzeit des Fonds überwacht und entsprechend berichtet. Die Berichterstattung basiert auf mehreren Indikatoren, die aus dem IRIS+-Berichtsrahmen des Global Impact Investing Network (GIIN) ausgewählt wurden. IRIS+ ist eine weithin akzeptierte und robuste Methodik zur Folgenabschätzung und ihre Metriken sind auf die Ziele der Vereinten Nationen für nachhaltige Entwicklung (Sustainable Development Goals, SDGs) ausgerichtet.</p> <p>Normalerweise gibt es keine öffentlich verfügbaren Daten, die direkt für die Berichterstattung über die Anlagetätigkeit des Fonds verwendet werden können, und solche Daten werden daher intern von Stafford und/oder den in unserem Auftrag handelnden Managern bezogen. Der Rückgriff auf nicht öffentliche Daten kann in bestimmten Situationen zu Einschränkungen führen, aber das relativ hohe Maß an Kontrolle und Einfluss, das wir über die Anlagen haben, bietet einen guten Zugang zu Daten, und diese Einschränkungen werden sich voraussichtlich nicht auf das Erreichen der nachhaltigen Anlageziele des Fonds auswirken.</p>
N	<p><b><u>SUMMARY (FRENCH)</u></b></p>
	<p>Cette déclaration est publiée par Stafford Carbon Offset Opportunity Fund (le " Fonds "), une société à responsabilité limitée (S.à r.l.) luxembourgeoise, conformément à l'article 10 du règlement (UE) 2019/2088 du Parlement européen et du Conseil du 27 novembre 2019 concernant les informations relatives à la durabilité dans le secteur des services financiers (le " SFDR ").</p> <p>Le Fonds investira dans des terrains forestiers existants ou dans l'établissement de nouvelles forêts sur des terrains non boisés. Dans tous les cas, ces investissements seront réalisés dans le but de développer des projets carbonés forestier et ainsi, une réduction associée des émissions de carbone. Le Fonds aura donc les objectifs d'investissement durable suivants :</p>



- 1) L'atténuation du changement climatique
- 2) L'adaptation au changement climatique

100 % des investissements du Fonds seront alignés sur la taxonomie de l'UE et seront soumis aux critères de sélection techniques - y compris ceux relatifs à l'approche "Do no significant harm" (DNSH - ne pas causer de préjudice important) - prévus par le règlement.

Aucun indice de référence de l'UE pour la transition climatique ou de l'UE aligné sur la déclaration de Paris pertinent pour le Fonds n'est actuellement disponible et aucun indice de référence n'a donc été sélectionné.

Le Fonds investira directement ou indirectement dans des actifs qui répondent aux critères de développement de projets carbone. Un processus rigoureux de sélection et de "due diligence" sera suivi lors de la sélection des actifs qui répondent aux objectifs d'investissement du Fonds. Ce processus est facilité par l'importante expertise technique interne de Stafford en matière de foresterie et par ses 20 ans d'expérience en matière d'investissement dans ce secteur.

Les caractéristiques de durabilité environnementale des investissements seront contrôlées et feront l'objet de rapports pendant toute la durée du Fonds. Les rapports seront basés sur plusieurs indicateurs sélectionnés dans le cadre de rapports IRIS+ du Global Impact Investing Network (GIIN). IRIS+ est une méthodologie d'évaluation d'impact robuste et largement acceptée, et ses paramètres sont alignés sur les objectifs de développement durable (ODD) des Nations unies.

Il n'existe généralement pas de données publiques pouvant être utilisées directement pour rendre compte des activités d'investissement du Fonds, et ces données seront donc obtenues en interne par Stafford et/ou les gestionnaires agissant en notre nom. Le recours à des données non publiques peut poser des limites dans certaines situations, mais le niveau relativement élevé de contrôle et d'influence que nous exerçons sur les investissements permet un bon accès aux données et ces limites ne devraient pas affecter la réalisation des objectifs d'investissement durable du Fonds.