Sustainability-related disclosure

Website disclosure under Article 10 of Regulation (EU) 2019/2088 (SFDR)

Financial product promoting environmental and/or social characteristics under Article 8 of the SFDR

Product name	**Stafford International Timberland XI Fund SCSp** ("SIT XI" or the "Fund")
Legal entity identifier (LEI)	N/A
SFDR product classification	Article 8 – promotes environmental and/or social characteristics
Alternative investment fund manager (AIFM)	IQ-EQ Fund Management (Luxembourg) S.A.
Portfolio manager (delegate)	Stafford Capital Partners Limited ("Stafford")
Date of publication	09/11/2026
Version	November 2026
Date of last update	Not applicable – first publication

Version history

Version	Date	Summary of changes
1.0	November 2026	First publication of the SIT XI sustainability-related website disclosure.

How this disclosure is organised

This document brings together the sustainability-related information published in respect of SIT XI under the SFDR and Commission Delegated Regulation (EU) 2022/1288 (the "RTS"):

- **Part A** – the policy on the integration of sustainability risks in investment decisions (Article 3(1) SFDR).
- **Part B** – the reasons why principal adverse impacts of investment decisions on sustainability factors are not currently considered (Article 4(1) SFDR).
- **Part C** – the product-level sustainability-related disclosures for SIT XI (Article 10 SFDR; RTS Articles 24 to 36), and the periodic reporting required under Article 11 SFDR.

Part A – Integration of sustainability risks in investment decisions (Article 3(1) SFDR)

Sustainability risks, as defined under the SFDR, mean an environmental, social or governance event or condition that, if it occurs, could cause an actual or potential material negative impact on the value of the investment.

Stafford integrates ESG considerations at all stages of its investment process. This means that the AIFM, in consultation with the portfolio manager, assesses the sustainability risks that could have an actual or potential material negative impact on the value of the Fund's investments both before and after investment decisions are made. In addition, Stafford assesses the potential negative impacts of investment decisions,

and the impacts of underlying assets and investee companies on environmental, social and employee matters, respect for human rights, and anti-corruption and anti-bribery matters.

As an investor in third-party funds, Stafford undertakes detailed pre-investment due diligence of potential funds, their managers and the underlying assets (where these are known) before making an investment decision. The assessment of sustainability risks and potential negative externalities is an important component of this due diligence. Stafford's investment teams identify the material sustainability risks associated with a specific investment opportunity and the measures that can be taken to mitigate them. The outcome of this assessment is documented in due diligence reports and reviewed by the Stafford Investment Committee and the Sustainability Committee (where a sensitive business-case risk has been identified), prior to an investment decision being approved.

In line with the notion of materiality specified in Recitals 12 and 15 and Article 2 of the SFDR, Stafford has identified the following key sustainability risks as relevant to the Fund:

- Climate change vulnerability;
- Biodiversity;
- Impact on local communities;
- Local infrastructure development;
- Compliance with recognised labour standards;
- Country / political stability; and
- Integrity and ethical behaviour, including the risk of "greenwashing".

The AIFM remains responsible for the integration and assessment of sustainability risks for the Fund and relies, where appropriate, on information and analysis provided by the portfolio manager acting under delegation.

Part B – No consideration of adverse impacts of investment decisions on sustainability factors (Article 4(1) SFDR)

At present, the portfolio manager does not consider, within the meaning of Article 4(1)(a) of the SFDR, the adverse impacts of its investment decisions on sustainability factors. Whilst the portfolio manager integrates sustainability risks into its investment process (as set out in Part A above), it has limited control over, and access to, data related to any such impacts, and cannot provide the information in relation to its consideration of the adverse impacts of its investment decisions on sustainability factors in the manner set out in Commission Delegated Regulation (EU) 2022/1288.

The AIFM does not consider, in the manner prescribed by Article 4 of the SFDR, the principal adverse impacts (PAI) of investment decisions on sustainability factors reported on behalf of its AIFs under management, including compartments of AIFs.

After consideration of the sustainability adverse impacts, the AIFM has determined that the PAI framework brings no value to its stakeholders due to the vast range of investment strategies and approaches to sustainability risk. In addition, the AIFM considers that non-financial data is still not available in satisfactory quality and quantity to allow it to adequately assess the potential adverse impact of its investment decisions on sustainability factors.

The AIFM will formally re-evaluate this decision on a periodic basis.

Part C – Sustainability-related disclosures (Article 10 SFDR; RTS Articles 24 to 36)

The following product-level disclosures for SIT XI are made in accordance with Article 10 of the SFDR and Articles 24 to 36 of the RTS.

1. Summary

SIT XI promotes environmental or social characteristics but does not have sustainable investment as its objective. It is classified as an Article 8 product under the SFDR.

The Fund promotes the following environmental and social characteristics (the "E/S Characteristics"):

- Sustainable forest management; and
- Responsible Investment.

The Fund promotes these characteristics through a robust ESG assessment during the pre-investment phase and active monitoring and engagement with the managers of the underlying funds in the post-investment phase. The following actions and strategies are implemented to ensure the Fund meets the promoted characteristics: forest certification audits, sustainability monitoring and manager benchmarking, annual ESG engagement with managers and measuring Sustainable Development Goal (SDG) contribution.

The Fund aims to have **at least 80% of its investments** (category #1 Aligned with E/S characteristics) aligned with the environmental and social characteristics it promotes. The remaining portion (less than 20%, category #2 Other) comprises cash balances held for working capital and cash management, and may include a limited proportion of investments that are not aligned with the E/S characteristics. The Fund does not commit to making sustainable investments.

Once a timberland investment is made, it becomes part of the following ESG monitoring and engagement programme: forest certification audits; sustainability monitoring and manager benchmarking; manager engagement; and assessment of the underlying assets' contribution to the UN Sustainable Development Goals (SDGs) through Stafford's SIRF tool. The Fund monitors and reports annually, at fund level, on the following indicators: gross forest area; percentage of forest area certified for sustainable forest management; area under permanent conservation; manager PRI status; carbon-related metrics; and fund contribution to the SDGs.

All data sources used to measure the environmental and social characteristics of the Fund are internally sourced, relying on direct due diligence on, and engagement with, the underlying timberland fund managers. Estimations may be used where there is a lack of available data or guidance. There are usually no publicly available data that can be used directly for reporting on the Fund's investment activities, and a high degree of manual data collection and processing is therefore necessary.

As an investor in third-party funds, Stafford undertakes detailed pre-investment due diligence of potential funds, the fund managers and the underlying assets before making an investment decision. Given the indirect nature of the Fund's investments, Stafford engages on ESG integration and sustainability with the managers of the timberland funds in which the Fund invests or commits, and supports the improvement of those managers' ESG policies, reporting frameworks and overall ESG performance.

No index has been designated as a reference benchmark to attain the environmental or social characteristics promoted by the Fund.

2. No sustainable investment objective

This financial product promotes environmental or social characteristics, but does not have as its objective sustainable investment.

SIT XI is classified as an Article 8 product under the SFDR. It promotes environmental or social characteristics but does not have sustainable investment as its objective and does not commit to making any sustainable investments.

3. Environmental or social characteristics of the financial product

SIT XI promotes the following environmental and/or social (E/S) characteristics:

- Sustainable forest management;
- Responsible investment.

The foundation for positive environmental and social characteristics across the Fund's portfolio is established during the investment phase by adhering to the following principles:

- **Avoidance of high-risk forest types** – the underlying assets consist of commercially managed plantation forests and semi-natural commercially manged forests. Investments into natural forests, which present a significantly higher risk of non-conformance with environmental or social best practice, are avoided.
- **Avoidance of high-risk countries** – the Fund's timberland investments are expected to be located in countries with established and well-regulated plantation forest industries, including (but not limited to) Australia, Canada, New Zealand, the United States, Chile, Uruguay, Brazil and the Scandinavian countries.
- **Manager selection** – Stafford has a long history of working with many of the best-known international timberland managers. Where an investment opportunity arises with a new, unknown manager, a full manager review is conducted as part of the due diligence phase, covering financial track record, environmental track record, experience and governance.
- **Focus on established assets** – Stafford focuses on established timberland assets with a proven financial, operational and environmental track record.
- **Forest certification** – wherever possible, Stafford aims to have forest certification in place across the timberland portfolio. Third-party accreditation schemes such as the Forest Stewardship Council (FSC) and the Programme for the Endorsement of Forest Certification (PEFC) are a fundamental tool in assessing and monitoring ESG compliance.

4. Investment strategy

SIT XI promotes its environmental or social characteristics through a robust ESG assessment during the pre-investment phase and active monitoring and engagement with the managers of underlying funds in the post-investment phase. The Fund will build a diversified portfolio of timberland assets, predominantly through secondary investments in funds and through co-investments, with a focus on investments in sustainably managed timberland assets.

The underlying timberland assets are typically planted forests rather than natural forests. Planted forests play a key role in alleviating pressure on natural forests to meet growing global wood demand: according to United Nations Food & Agriculture Organisation (FAO) data, planted forests make up only 7% of the world's total forest area yet supply over half of the world's industrial roundwood demand. Wood products such as paper, cardboard, lumber and wood-based panels are low-carbon, biodegradable and renewable materials,

and as trees grow they provide a significant source of carbon sequestration. Forests also provide extensive ecosystem services such as biodiversity and habitat conservation and watershed management, and the forest industry is frequently a significant provider of employment in rural areas.

Policy to assess good governance practices of the investee companies

Stafford's Fund Operations team undertakes an Operations and Governance Review (OGR) to ascertain the integrity, existence and robustness of the managers, and the compliance and legal framework and prudence or controls of the manager of the investments. An OGR includes the assessment of the following key risk areas, their levels and mitigants: firm governance and structure; human capital; finance, cash controls, risk and internal controls; regulation and compliance; technology and cyber security; and business continuity and outsourcing. OGRs are undertaken during due diligence for managers that are new to Stafford and periodically (approximately every three years) for all managers. During the holding period, the investments are periodically reviewed from an OGR perspective and included in the ESG engagement framework. Good governance considerations – covering sound management structures, employee relations, remuneration of staff and tax compliance – are assessed as part of this process.

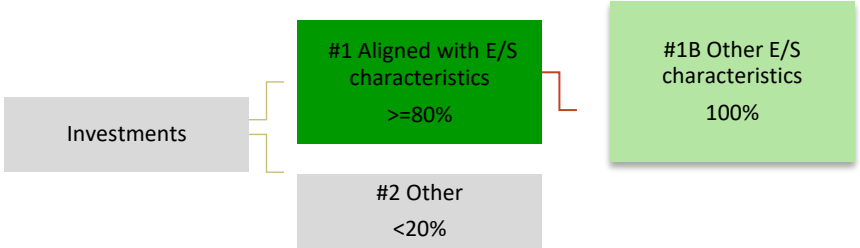
5. Proportion of investments

SIT XI is an Article 8 product that promotes environmental or social characteristics but does not commit to making sustainable investments. The Fund invests predominantly on an indirect basis, through secondary interests in, and commitments to, underlying timberland funds and through co-investments; it does not, in general, hold direct exposures in investee entities.

The Fund aims to have **at least 80%** of its investments aligned with the environmental or social characteristics it promotes (category #1 Aligned with E/S characteristics). The remaining portion, representing **less than 20%** of investments (category #2 Other), comprises cash balances maintained for working capital and cash management, together with any limited exposures that are not aligned with the E/S characteristics.

- **#1 Aligned with E/S characteristics** includes the investments used to attain the environmental or social characteristics promoted by the Fund. Within this category, the sub-category **#1B Other E/S characteristics** covers investments that are aligned with the environmental or social characteristics but do not qualify as sustainable investments. The Fund does not commit to a minimum proportion of sustainable investments.
- **#2 Other** includes the remaining investments, which are neither aligned with the environmental or social characteristics nor qualify as sustainable investments, together with cash held for working capital and cash management.

While forest management can implicitly be a sustainable activity, none of the underlying managers have to date reported the alignment of their funds with the EU Taxonomy. Accordingly, the Fund does not commit to a minimum proportion of investments aligned with the EU Taxonomy (0%).



6. Monitoring of environmental or social characteristics

Once a timberland investment is made, it becomes part of, and is subject to, the following ESG monitoring and engagement programme:

- **Forest certification audits** – surveillance audits are expected to be undertaken on an annual basis by independent third parties for assets certified for sustainable forest management. Stafford reviews the certification status for invested certified assets annually.
- **Sustainability monitoring and manager benchmarking** – annual monitoring of investments against a suite of ESG metrics selected from relevant sustainability disclosure standards, covering a broad base of ESG topics; assessment of the managers' UN PRI reporting (if undertaken); and periodic operations and governance reviews. Results are benchmarked to ascertain the managers' ESG reporting and ESG performance.
- **Manager engagement** – dedicated annual ESG engagement with the managers, including feedback on reporting and ESG performance as benchmarked from Stafford's monitoring.
- **Sustainable Development Goal contribution** – Stafford assesses the contribution of the underlying assets to the 17 SDGs and their corresponding targets, using all relevant information provided by the underlying fund managers and any publicly available information, and applies its proprietary model to calculate scores for the underlying portfolio.

The Fund will monitor and report on the following sustainability indicators annually, at fund level:

- gross forest area;
- percentage of forest area certified for sustainable forest management;
- area under permanent conservation (e.g. conservation easement);
- manager PRI status;
- carbon-related metrics; and
- fund contribution to the SDGs and their respective targets (via Stafford's internal tool).

7. Methodologies

Stafford will use the following methodologies to measure how the environmental or social characteristics promoted by the Fund are met:

- **Sustainable forest management** is measured by the proportion of forest area under management that is certified under a recognised third-party sustainable forest management standard (such as FSC or PEFC), drawing on annual third-party surveillance audits and Stafford's annual review of certification status, including any refusals or suspensions.
- **Responsible investment** is measured through annual monitoring of the underlying managers against a suite of ESG metrics selected from relevant sustainability disclosure standards, including an assessment of each manager's UN PRI reporting (covering ESG strategy, stewardship policy and ESG integration across the investment process), with results benchmarked across managers.
- **Contribution to the E/S characteristics** is further assessed through Stafford's SIRF tool, which scores the contribution of the underlying assets to the UN SDGs and their corresponding targets.

8. Data sources and processing

- **Data sources** – all data used to measure the environmental and social characteristics of the Fund are internally sourced, relying on direct due diligence on, and engagement with the underlying timberland fund managers. Sources include responses to Stafford's sustainability monitoring, managers' PRI reporting (if available), third-party certification bodies and third part valuation reports.
- **Measures to ensure data quality** – data quality is supported through Stafford's ongoing manager engagement and benchmarking and periodic operations and governance reviews. Stafford provides feedback on the quality and consistency of sustainability reporting across its manager base, and requests sustainability reporting in side-letters placed during transactions (where possible).
- **How data are processed** – there are usually no publicly available data that can be used directly for reporting on the Fund's investment activities, and a high degree of manual data collection and processing is therefore necessary. Data is processed by the Funds investment team which includes members with experience of forestry data analysis from prior education and work experience.
- **Proportion of estimated data** – estimations may be used where there is a lack of available data or guidance.

9. Limitations to methodologies and data

Because the Fund invests indirectly, through third-party managed funds, Stafford depends on the underlying managers to provide the relevant data. There are usually no publicly available data that can be used directly, and a high degree of manual collection and processing is required. Information received could be incomplete, delayed or inaccurate.

These limitations are not expected to affect how the environmental or social characteristics promoted by the Fund are met, because estimations may affect only a limited proportion of the data disclosed in periodic reporting, and because Stafford's due diligence, ongoing engagement, benchmarking and use of multiple data sources mitigate the impact of any individual data limitation.

10. Due diligence

The foundation for positive environmental and social characteristics across the Fund's portfolio is established during the investment phase by adhering to the following principles in the due diligence process:

- **Avoidance of high-risk forest types** – the underlying assets will consist of commercially managed plantation forests and semi-natural commercially manged forests. Investments into natural forests, which present a significantly higher risk of non-conformance with environmental or social best practice, are avoided.
- **Avoidance of high-risk countries** – the Fund's timberland investments are expected to be located in countries with established and well-regulated plantation forest industries, including (but not limited to) Australia, Canada, New Zealand, the United States, Chile, Uruguay, Brazil and the Scandinavian countries.
- **Manager selection** – Stafford has a long history of working with many of the best-known international timberland managers. Where an investment opportunity arises with a new, unknown manager, a full manager review is conducted as part of the due diligence phase, covering financial track record, environmental track record, experience and governance.
- **Focus on established assets** – Stafford focuses on established timberland assets with a proven financial, operational and environmental track record.
- **Forest certification** – wherever possible, Stafford aims to have forest certification in place across the timberland portfolio. Third-party accreditation schemes such as the Forest Stewardship Council (FSC)

and the Programme for the Endorsement of Forest Certification (PEFC) are a fundamental tool in assessing and monitoring ESG compliance.

11. Engagement policies

Given the indirect nature of the Fund's investments, Stafford engages on ESG integration and sustainability with the managers of the timberland funds in which the Fund invests or commits. Engagement is incorporated into the Fund's investment strategy. Through ESG engagement, Stafford supports the improvement of the managers' ESG policies, reporting frameworks and overall ESG performance, and undertakes dedicated annual ESG engagement including feedback on reporting and ESG performance as benchmarked from Stafford's monitoring.

12. Designated reference benchmark

No index has been designated as a reference benchmark to determine whether SIT XI is aligned with the environmental or social characteristics that it promotes.

13. Periodic reporting (Article 11(1)(a) SFDR)

The extent to which the environmental or social characteristics promoted by SIT XI are met will be reported periodically, in accordance with Article 11(1)(a) of the SFDR and Article 50 of the RTS, in an annex to the Fund's annual report using the template set out in Annex IV to the RTS. The annual report will contain a prominent statement that information on the environmental or social characteristics is available in that annex.

Where can I find more product-specific information online?

Further disclosures relating to the AIFM under Article 10 of the SFDR can be found at https://iqeq.com/luxembourg-sfdr-disclosures.