

## Annex III

### Pre-contractual disclosures for financial products referred in article 9, paragraph 1 through 4-A of the Regulation (EU) 2019/2088 and in article 5, first paragraph, of Regulation (EU) 2020/852

**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

**Name of the Product:** Iberis Greentech II Fund – (“Fund”)  
**Identifier of legal entity:** N/A

#### Sustainable investment objective

Does this financial product have a sustainable investment objective? <small>[tick and fill in as relevant, the percentage figure represents the minimum commitment to sustainable investments]</small>	
<input checked="" type="radio"/> <input checked="" type="radio"/> <input checked="" type="checkbox"/> <b>Yes</b>	<input type="radio"/> <input type="radio"/> <input type="checkbox"/> <b>No</b>
<input checked="" type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: <b>80%</b> <input checked="" type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy  <input type="checkbox"/> It will make a minimum of sustainable investments with a social objective: ___%	<input type="checkbox"/> 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 investments  <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with a social objective  <input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>



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

This financial product has the environmental goal centred around mitigating climate change, primarily through the reduction of Greenhouse Gases (“GHG”) emissions. This objective is pursued by means such as forest recovery, deforestation avoidance and degradation prevention.

The Fund will pursue this objective by strategically investing in initiatives aimed at expanding the forest planted area within Portugal. This strategic expansion is expected to result in increased removal of GHGs from the atmosphere, achieved through the absorption and capture of these gases by newly planted trees. This concerted effort is anticipated to play a pivotal role in mitigating climate changes in the coming decades.

Furthermore, the Fund will actively contribute to climate change mitigation by endorsing more sustainable forest management systems. This endorsement will encompass investments in rural infrastructure and advancements in forest research. By fostering job creation and facilitating comprehensive training for human resources in rural areas this approach will simultaneously contribute to community development and encourage people to live in these areas. Consequently, the Fund aims for its investments to foster to a more resilient and sustainable forestry system.

To provide further clarify, it is essential to emphasize that the fundamental environmental objective of the Fund is centred around the capture and absorption of Greenhouse Gas (“GHG”) emissions. Notably, the Fund’s objective is not geared

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



towards the direct reduction of GHG emissions. It's important to highlight that no specific reference index has been alluded to in this context.

Furthermore, the investment objectives of the Fund are fully aligned with the Sustainable Development Goals ("SDG") established by the United Nations. Specifically, these objectives are congruent with SDG 13, Climate Action (13.2), and SDG 15, Life on Land. SDG 15 pertains to safeguarding, revitalization, and advancement of the sustainable management of forests. This alignment is particularly focused on realizing the aspirations outlined in paragraph 15.2 of the SDGs.

● ***What are the sustainability indicators used to evaluate the achievement of the sustainable investment goal of this financial product?***

To ensure the alignment of investments with the sustainable investment objectives, particularly the objective of mitigating climate change through the capture and absorption of Greenhouse Gases ("GHG") via forest reforestation (including deforestation avoidance and forest degradation prevention), the Fund employs the following sustainability indicators:

Promotion of Sustainable Forest Systems:

- Analysis of Forest growth;
- Evolution of Forest Area and Density;
- Number of Cultivated Hectares under a Sustainable Forest Model;
- Utilization of Probes and Drones for Forest Monitoring;
- Capture of insects to predict and anticipate potential plagues;
- Capability to generate biomass through Tree Pruning, ensuring 100% Reuse of Vegetative Residue,
- Integration of green roofs within the existing structures and creation of aromatic perimeters;
- Maintenance of beehives;
- Assessment of Carbon Sequestration Capacity of the Forest Plantation, as per guidelines established by the Portuguese Agency for the Environment or other recognized authority;
- Evaluation of initial soil conditions and composition;
- Microprobe Analysis of Emerging Contaminants;
- Implementation of herbaceous cultivation along plantation roads.

1. Environmental practices:

- Prohibition of Logging Activities;
- Preservation of Biodiversity, Ensuring no Reduction;
- Protection of Water Resources from Misuse and Deterioration.

2. Analysis of facilities:

- Assessment of Investments in Facility Modernization;
- Integration of fire detection and fire prevention systems;
- Implementation of capability for photovoltaic installations, enabling renewable energy self-consumption;
- Efficiency in utilizing water resources through natural rainwater retention in lakes, facilitating reuse in forest development;
- Digital supervision of the irrigation systems, facilitation leak detection and identifying underground water accumulation, consequently mitigating traditional irrigation practises;
- Utilisation of water resources for forest development, particularly when having natural sources as their origin (Note: the Managing Company does not intend to build wells that could adversely impact groundwater flow).

3. Evaluation of GHG emission, capture, and absorption:



- Measurement of GHG emissions avoided and certification of the starting point of the carbon footprint of each of the Fund's investments;
- Measurement of GHG reserves arising from forest plantations utilizing guidelines set by the Portuguese Agency for the Environment ("APA") or other recognised authority;
- Assessment of the total capacities of each operation at its starting stage.

4. Establishment of populations in rural areas:

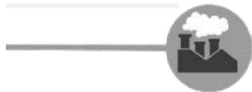
- Utilization of public statistical data to gauge the promotion of employment and training in rural regions, facilitating an evaluation of the Fund's contribution in the following aspects:
  - ✓ Overall and sector-specific employment;
  - ✓ Level of training and education;
  - ✓ Implementation of training systems aimed at enhancing employee skillsets.

**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.

● ***Why sustainable investments do not significantly undermine any sustainable investment goals from an environment or social perspective?***

The sustainable investments the Fund intends to undertake are not poised to substantially compromise its overarching objective of mitigating climate change. This assertion is rooted in the fact that the activities associated with forest recovery, halting deforestation, and preventing forest degradation are not associated with significant GHG emissions.

Conversely, the act of tree planting is poised to effectively capture and absorb GHGs, safeguard and regenerate biodiversity and forest ecosystems, preserve water and soil quality, as well as stimulate employment opportunities and elevate the financial well-being of local communities. This integrated approach to sustainable investments ultimately reinforces the Fund's overarching environmental and social objectives.



**Does this financial product account for the main negative impacts of sustainable factors?**

Yes

No

The Fund recognises the importance of evaluating and monitoring the main negative impacts arising from its investment decisions in relation to environment, social, and governance concerns.

In this regard, the implementation of comprehensive social and environmental safeguards, the Fund systematically tracks and addresses the Principles of Adverse Impacts ("PAIs") that may arise from its management activities. This is achieved through the utilization of the subsequent metrics:

<b>Negative Sustainability Indicators</b>
GHG emissions
Intensity of GHG emissions of companies that benefit from the investments
Carbon footprint



Water footprint
Activities with detrimental effects on biodiversity-sensitive areas
Exposition to companies operating in the fossil fuel sector
Fair share of non-renewable energies consumption and production
Energy consumption intensity across high-impact climate sectors
Emissions impacting aquatic environments



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

### **What is the investment strategy adopted by this financial product?**

The Fund's core strategy consists of acquiring majority shareholding, or alternatively, strong minority shareholdings with management rights in companies within the forest sector. These companies may be in the start-up, expansion, or restructuring phases.

The fund will favour entities working in the domain of personal forest assets, particularly forest plantation, and projects with high profitability and growth potential.

The Fund aims to create a diversified portfolio comprised of equity stakes in companies within the forest industry or related sectors. This diversification approach is instrumental in mitigating risk exposure. A notable preference is given to companies operating within Portugal.

To ensure the successful execution of its strategy, the Fund applies its ESG policies. These policies encompass thorough analysis and management of ESG factors for the development of management of the Fund's assets. The Fund's involvement policy further ensures that its investments are executed in a responsible and sustainable manner, underpinned by principles of responsible environment and social management.

The Fund commits to conducting regular evaluations and assessments of the environmental and social impacts generated by its activities. These assessments will be conducted using internationally recognized standardised methods and indicators. Additionally, the Fund will actively employ measures that ensure the protection of local biodiversity, which includes identifying and protecting critical species and habitats.

Incorporating financial models integral to the investment process, the Fund ensures the proper allocation of resources required for the successful execution of forest plantation and associated projects. These financial models are meticulously designed to account for project valuation while remaining aligned with sustainable objectives, such as maximising CO2 absorption from the atmosphere.

Crucially, the strategy also prioritizes the efficient utilisation of water resources within the cultivated fields, even if profitability considerations may appear to oppose such measures.

In making strategic decisions and subsequent investment choices, the Fund ensures harmonization between sustainability criteria and profitability criteria. Adverse situations between these considerations are diligently avoided, thereby reinforcing the Fund's dedication to maintaining a balance between sustainable and profitable investments.

### **Which mandatory elements of the investment strategy were utilized to select the investments intended for the accomplishment of sustainable investment objectives?**

When analysing and selecting companies with investment potential, the Fund will consider the following elements initially:



- The possibility of acquiring effective control of the affiliated company or signing agreements that confer management rights, thereby ensuring control over the effective management of the affiliated company and the attainment of environment objectives;
- The ability to implement methodologies for evaluating the positive or negative impacts of the affiliated company's activities;
- The alignment of the business plan of the affiliated company with the Fund's environmental strategy;
- Assessment of adverse impacts on the sustainability of the affiliated company and its corresponding forest activities;
- Integration of sustainability principles in the forest assets of the affiliated company, consistent with the Fund's environmental objectives;
- The Affiliated Company does not engage in any non-sustainable activities.

To assess the forest assets within the affiliated company, the Fund will consider, where applicable, the following factors and utilize the subsequent methods:

- Measurement of direct and estimated CO2 emissions, using software designed to analyse the overall CO2 footprint of each potential forest asset;
- The presence of an existing international certification from a recognised authority (e.g.: Verra or Gold Standard) or the potential for such certification;
- Quantification of the water footprint through the utilization of probes and microprobes;
- Chromatographic analysis conducted via drones and satellite imagery;
- Implementation of flow systems to precisely gauge water usage by hectare;
- Examination of soil conductivity maps to determine the most suitable distribution of tree types and corresponding surface areas;
- Assessment of systems designed to prevent and promptly identify deficits in conductivity and losses on the irrigation system;
- Measurement of water quality;
- Measurement of fertilisation practices;
- Evaluation of soil quality, pollutants and emerging pollutants;
- Analysis of insects to mitigate potential infestations.

Preference will be given to companies involved in sustainable forest projects, particularly those focused on cork-oak and stone pines.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

● ***What policy is implemented to access the practices of good governance of companies benefiting from this investment?***

The assessment of corporate governance within companies in which the Fund invests will rely on an analysis conducted by the Managing Company itself. The latter will ensure alignment between corporate governance, remuneration policies, business ethics, and fiscal transparency with its engagement policy, aimed at enhancing practices that may be deemed less appropriate in this regard.



**What is the assignment of assets and the minimum percentage for sustainable investments?**

**Asset allocation** describes the share of investments in specific assets.

The Fund will allocate 80% of its capital towards sustainable investments and 20% towards non-sustainable investments. This allocation takes into account potential situations and periods during which the Fund might hold liquidity that should not be classified as a sustainable investment.

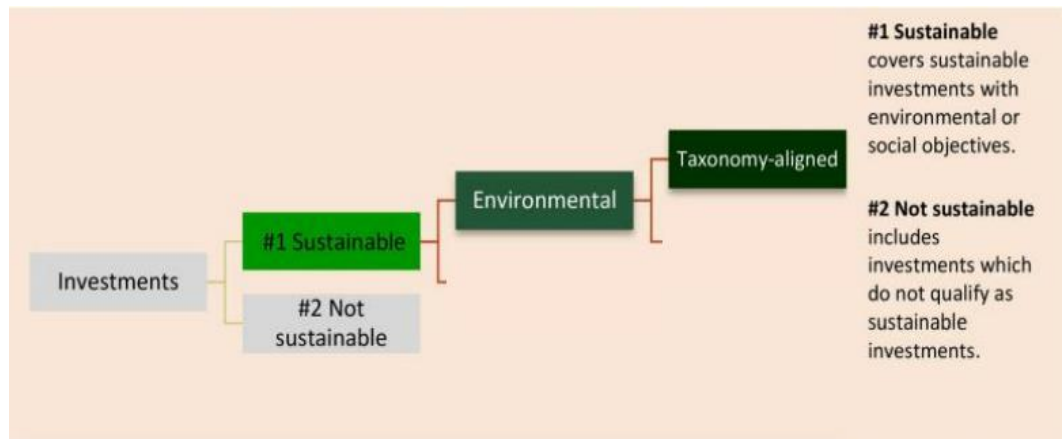


Taxonomy-aligned activities are expressed as a share of:

- **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.

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.



● **How does the utilization of derivatives contribute to attaining the objective of sustainable investment?**

Not applicable. The involved product is not anticipated to invest in derivative financial products.



**To what extent, at minimum, do the sustainable investments with an environmental goal align with EU's taxonomy?**

The investments promoted by the Fund align with the EU's Taxonomy. In pursuit of sustainable objectives – such as climate changes mitigation through forest reforestation - the Fund will consider the sustainable utilization and management of the area, encompassing both positive and negative effects that forest projects might exert on those areas, when impacts the forest projects may imply for those fields, will be taken into account when selecting affiliated companies in forest projects.

The Fund will implement sustainable forest practices aimed at safeguarding biodiversity and ecosystem integrity, preventing soil degradation, deforestation, and loss of natural habitats.

Technical evaluation criteria for forest assets will be established prior to investments, as previously mentioned. As an example, the Fund aims for affiliated companies to certify their ability to absorb CO2 from the atmosphere as a result of new tree plantations within owned forest assets. The quantification of the forest project's CO2 absorption capacity will be certified and monitored by European authorities and regulations.

The assessment criteria are rooted in the sustainability principle underpinning the promotion of investments with climate change impact, targeting the reduction of global warming caused by historical GHG emission escalation over past decades.

Consequently, whether stemming from forest-related activity, capital expenditures (predominantly in plantation), or operating costs (mainly associated with forest exploitation residue management), the financial outcomes of companies benefitting from these investments will derive from environmentally conscious endeavours.

The Fund commits to adopting transparent practices and disclosing information to ensure its investments align with EU's taxonomy, enabling investors to appraise the environmental efficacy of their undertakings.



● **Does the financial product invest in activities related to fossil gas and/or nuclear energy which comply with EU's taxonomy?**

Yes:  
 In fossil gas  In nuclear energy  
 No

**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.

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.



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

The Fund does not contemplate investments in sovereign bonds. Consequently, it is anticipated that 100% of its investments align with the EU's taxonomy.

● **What is the minimum percentage of investments in transition and enabling activities?**

The Fund does not have a minimum percentage for investments in transition and enabling activities (i.e. 0%).

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 percentage for sustainable investments with an environmental goal that does not align with EU's taxonomy?**

All of the fund's investments are oriented towards environmental objectives as outlined in article 9 of regulation 2020/852.



**What is the minimum proportion of sustainable investments with social goals?**

Not applicable. The Fund will not directly undertake sustainable investments with social objectives.

However, the Fund seeks to ensure that its investments yield indirect social benefits, such as promoting employment and providing training opportunities for population in rural areas, aiming to counteract the rural depopulation observed over the past decades.





**Which investments fall under the "#2 Non-sustainable" category, what are their objectives, and have any minimum safeguards been established in terms of environmental and social considerations?**

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

Investments categorized as #2 pertain to the Fund's liquidity holdings. While the primary focus and strategy of the Fund entail investments in companies with forest assets, the possibility exists that certain portions of the Fund's liquidity may not qualify as environmentally oriented investments. Additionally, when the Fund divests shares held by the affiliated companies, liquidity may arise that is not aligned with environmental investment criteria.

With the exception of the mentioned liquidity cases, the Fund will not engage in any other "non-sustainable" investments.

As a result, no additional minimum safeguards are deemed necessary.



**Is there a specific index designated as the reference index to assess the fulfilment of the sustainable investment objectives?**

There has been no selection of a reference index specifically intended for evaluating the environmental and social characteristics advanced by the Fund.



**Where can I get more specific information regarding the product on the Internet?**

It is possible to get more specific information regarding the product on the websites:

[www.iberiscapital.com](http://www.iberiscapital.com)

[www.cmvm.pt](http://www.cmvm.pt)

