

HNRG ZERO-DEFORESTATION POLICY

Hancock Natural Resource Group (“HNRG”) acquires and manages forest and agricultural land on behalf of its clients. Consistent with its commitment to Sustainability and Responsible Investing (“SRI”), HNRG is committed to halting global deforestation and will not engage in deforestation or purchase land on which deforestation has occurred, consistent with the criteria below.

*Deforestation*¹ is the conversion of *forest* to other land use or the permanent reduction of the tree canopy cover below the minimum 10 percent threshold. Deforestation due to human activity has grown into a global concern. Less forest cover can have wide-reaching implications for the health of the planet, including (1) soil erosion, (2) water cycle disruption, (3) greenhouse gas emissions, and (4) biodiversity loss. Combined, these four issues affect not only nature, but human beings and society as well.

In fulfilling its zero-deforestation policy, HNRG:

- Will ensure that investments it makes do not directly or indirectly contribute to deforestation (for example, by encouraging the clearing of forested areas in anticipation of a land transaction to which HNRG is a party).
- Will not acquire land on behalf of its clients that violates relevant laws and regulations.
- Will not acquire land that, at the time of the cutoff dates specified below by the most relevant biome- or geography-specific deforestation protocol(s), was forested with indigenous forest vegetation and has subsequently been converted to a *planted forest* or non-forested land use:

Country	Forest Type	Region / Biome	Cutoff Date	Criteria
Brazil	<i>Natural</i>	Amazon	July 2008	Soy Moratorium Protocol, Graos Verde Protocol, Roundtable for Responsible Soy, Other agreements and international protocols that seek to curb deforestation in Brazil
		Atlantic Forest	Dec 2006	
		Caatinga	Sept 2017	
		Cerrado	May 2009*	
		Pantanal	Jan 2008	
Chile	<i>Natural</i>	All	2003	Joint Solutions Project
Australia	<i>Natural</i>	All	2012	Global Roundtable for Sustainable Beef ²
New Zealand	<i>Natural</i>	All	2012	Global Roundtable for Sustainable Beef ²
Northern Hemisphere	<i>Primary</i>	All	Dec 2003	Canadian Boreal Forest Conservation Framework ³

*May 2009 or later in accordance with criteria set forth by the Roundtable for Responsible Soy.

For forested land in the above countries or regions in which the forest type or biome is scientifically unclear or ambiguous, HNRG will not engage in conversion of forests to non-forested land use unless appropriate stakeholder outreach and consultation, combined with legal due diligence deems it acceptable.

- Will ensure that investments made in countries or regions not explicitly listed above will be treated similarly, with appropriate cutoff dates determined in the due diligence process.

HNRG pledges to maintain and update its zero-deforestation policy as informed by international laws, best practices, and generally accepted frameworks and / or protocols designed to curb deforestation.

DEFINITIONS

All the following definitions are borrowed from the 2015 Forest Resources Assessment (FRA) prepared by the Food and Agricultural Organization of the United Nations (FAO),⁴ with the exception of the term *Natural Forest*, which is not defined in the 2015 FRA and is therefore borrowed from the 2004 FRA.⁵

Deforestation – The conversion of forest to other land use or the permanent reduction of the tree canopy cover below the minimum 10 percent threshold.

Explanatory notes

1. Deforestation implies the long-term or permanent loss of forest cover and implies transformation into another land use.
2. It includes areas of forest converted to agriculture, pasture, water reservoirs and urban areas. The term specifically excludes areas where the trees have been removed as a result of harvesting or logging, and where the forest is expected to regenerate naturally or with the aid of silvicultural measures, unless logging is followed by the clearing of the remaining logged-over forest for the introduction of alternative land uses. Deforestation also includes areas where, for example, the impact of disturbance, over-utilization or changing environmental conditions affects the forest to an extent that it cannot sustain a canopy cover above the 10 percent threshold.

Forest – Land spanning more than 0.5 hectares with trees higher than 5 meters and a canopy cover of more than 10 percent, or trees able to reach these thresholds in situ. It does not include land that is predominantly under agricultural or urban land use.

Natural Forest – A forest composed of indigenous trees and not classified as a planted forest.

Planted Forest – Forest predominantly composed of trees established through planting and/or deliberate seeding.

Primary Forest – Naturally regenerated forest of native species, where there are no clearly visible indications of human activities and the ecological processes are not significantly disturbed.

¹ All italicized terms are defined on page 3.

² Global Roundtable for Sustainable Beef, 2018 Sustainability Report.

https://grsbeef.org/resources/Documents/WhoWeAre/GRSB_Sustainability_Report_2018.pdf (Accessed 9/9/2019)

³ Boreal Leadership Council, 2003. Canadian Boreal Forest Conservation Framework.

<https://www.borealbirds.org/publications/boreal-forest-conservation-framework> (Accessed 9/9/2019)

⁴ Food and Agricultural Organization of the United Nations (FAO), 2015. Forest Resources Assessment Working Paper 180: Terms and Definitions. <http://www.fao.org/3/ap862e/ap862e00.pdf> (Accessed 9/9/2019)

⁵ Food and Agricultural Organization of the United Nations (FAO), 2004. Forest Resources Assessment Working Paper 83E: 2005 Terms and Definitions. <http://www.fao.org/forestry/7797-0f7ba44a281b061b9c964d3633d8bf325.pdf> (Accessed 9/9/2019)