



European Investment Bank (EIB)

Luxembourg, 05/07/2022

Environmental and Social Completion Sheet (ESCS)¹

Overview

Project Name:	Dasos Timberland Fund II
Project Number:	2011-0147
Country:	Luxembourg
Project Description:	The operation was a minority equity participation in the Dasos Timberland Fund II, a Fund targeting sustainable forestry investments in Europe.

Summary of Environmental and Social Assessment at Completion

EIB notes the following Environmental and Social performance and key outcomes at Project Completion.

Through its investments, the Fund has been improving the quality of existing forests through enhanced application of sustainable forest management (SFM) practices, including forest certification. The current investment portfolio consists of eight forest assets in six EU countries²,

The Fund has adopted a comprehensive Forest Investment Policy, which incorporates environmental and social governance (ESG) principles and forest-specific environmental and social policies and guidelines. Through its ESG policy in place, the fund manager ensures that portfolio companies and projects operate in accordance with EU and national laws and, in particular with respect to EIA Directive 2011/92/EEC, Habitats Directive 92/43/EEC and Birds Directive 79/409/EEC (applicable at the time of appraisal). The investments were made in alignment with EIB's Environmental and Social Standards, and the environmental and social safeguard principles adopted by European Union and International Finance Corporation (IFC). In addition, Dasos adopted a policy of investing only in forests that were certified or were certifiable. In line with the latter, all projects have received Forest Stewardship Council (FSC) or Programme for Endorsement of Forest Certification (PEFC) certification, or both. FSC and PEFC certification are credible benchmarks for ensuring the implementation of sustainable forest management practices and compliance with legal requirements and authorizations for conducting forestry activities.

The Fund investments have successfully contributed to climate change mitigation and adaptation through carbon sequestration in forests, enhanced resilience of forest ecosystems and the provision of sustainable raw wood material for the forest value chain. The Fund's forestry assets sequester about 1 100 kt CO₂ equivalent annually. The Fund's investments have also contributed to soil and freshwater conservation and have helped to combat biodiversity loss by protecting habitats and setting aside areas for conservation.

Sustainably produced wood placed by the Fund on the market has also contributed to the development of green buildings, further reducing greenhouse gas emissions through carbon sequestration in wood products and replacing carbon-intensive materials (e.g. concrete, steel).

The total realized employment by the project is estimated at 1 200 full time equivalent (FTE) jobs in the forestry value chain (i.e. including forestry, logging and transport). No significant environment issues were noted during implementation. Likewise, no physical, nor economic population displacement arose during the project implementation.

¹ The template is for ILs and FLs

² No investment concerned tropical and sub-tropical natural forests.



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Summary opinion of Environmental and Social aspects at completion:

EIB opinion is based on quarterly reports received from the Fund Manager. The conclusion is that the Fund's investments on forest assets and their sustainable management have been implemented in line with EIB Environmental and Social Standards applicable at the time of appraisal.