

SFDR Article 9 (Sub-)Funds – Website Disclosures **Sections based on Articles 23 and 37 to 49 [SFDR](#)** **[Delegated Regulation \(EU\) 2022/1288](#)**

Full name of the Article 9 (sub-) fund: Tectona Syndicate 41

Legal entity identifier: 635400ICUMGVL1CG2K35

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Disclaimer: The present document may be subject to further regulatory changes.

This disclosure serves as the sustainability-related website disclosure for the Fund as required by 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 (known as the Sustainable Finance Disclosure Regulation or "SFDR").

Terms not otherwise defined in this Annex shall have the meaning assigned to them in the Tectona Syndicates Information Memorandum (the "IM").

The financial product has sustainable investment as its objective and has been classified as an Article 9 financial product for the purposes of SFDR.

Summary

The Tectona Syndicates are unincorporated associations. They are registered under the United Kingdom's ("UK") National Private Placement Regime ("NPPR") as Alternative Investment Funds ("AIFs"). The Tectona Syndicates are closed-ended long-term investments. The Tectona series of syndicates (the "Syndicates" or a "Syndicate") each constitutes an "unregulated collective investment scheme" as defined by the United Kingdom Financial Services & Markets Act 2000 (the "Act").

The Tectona Syndicates consists of a number of unincorporated associations each operating through a general agent and contracting with a Syndicate Manager. Each Syndicate is managed collectively and the group of Syndicates are managed each according to their individual needs but in a similar fashion. The Syndicate Manager is Quayside Fund Management Limited ("Quayside"), an alternative investment fund manager ("AIFM") regulated by the Central Bank of Ireland.

Each syndicate will be established to enter a new plantation business of growing and harvesting teak wood in a sustainable manner in the Afram Headwaters area of Ghana, with a view to creating a profitable business.

This financial product has sustainable investment as its objective. The sustainable investment objective of this financial product is the growth of hardwood teak wood (*tectona grandis*) on an additive basis on degraded forest land. The investment objective contributes to climate mitigation and contributes to climate adaptation. Through the Plantation Manager's (Mere Plantations Limited) documentation and practices, it has been confirmed by Ghana Forestry Commission as being fully compliant under its Forestry Forest Law Enforcement, Governance and Trade Voluntary Partnership Agreement ("FLEGT VPA"), which promotes the sustainable management of all types of forest.

This financial product will make a minimum of 100% sustainable investments with environmental objectives in economic activities that qualify as environmentally sustainable under the EU Taxonomy. The

commercial growth of teak is regarded as an economic activity contributing substantially to climate change mitigation through the increase of greenhouse gas removals by strengthening land carbon sinks (which includes restoration of forests and afforestation). The life of the investment is anticipated to be up to fifteen years.

No significant harm to the sustainable investment objective

This financial product has sustainable investment as its objective. The sustainable investment objective of this financial product is the growth of hardwood *tectona grandis* on an additive basis on degraded forest land. The investment objective contributes to climate mitigation and contributes to climate adaptation. This financial product will make a minimum of 100% sustainable investments with environmental objectives in economic activities that qualify as environmentally sustainable under the EU Taxonomy.

As the financial product is focused on sustainable forestry and land use, the activities of the financial product are generally at low risk of causing significant harm to other sustainable investment objectives.

CLIMATE AND OTHER ENVIRONMENT RELATED INDICATORS

- Greenhouse Gas Emissions: While the agricultural machinery used on the plantation will emit some greenhouse gases when in use, these emissions are significantly dwarfed by the greenhouse gas capture of the trees under cultivation which absorb carbon dioxide and emit oxygen as their normal respiratory cycle.
- Biodiversity: The Benefit Sharing Agreement between the Forestry Commission and the Plantation Manager explicitly requires a 5% set-aside of cultivated lands aside for cultivation of other native species of plant. In practice this requirement is satisfied by rewilding riparian areas which would otherwise be only marginally suitable for intensive teak planting. Ready access to the water table encourages dense and varied plant growth which in turn provides habitat and cover for native animal species.

SOCIAL AND EMPLOYEE INDICATORS, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS

- The Plantation Manager's operations are subject to a benefit-sharing agreement with the Forestry Commission and the Offinso traditional area landowner. Among its various provisions, it requires the Plantation Manager to recruit unskilled labour locally. A proportion of the standing tree value of timber grown is payable on harvest to the Forestry Commission, to the traditional area landowner and to the local community.
- The Plantation Manager offers equal rates of pay regardless of gender for any given job, which is unusual in the Ghanaian agriculture sector.
- There is a high degree of female participation in the largely casual local Ghanaian workforce.

Sustainable investment objective of the financial product

The sustainable investment objective of this financial product is the growth of hardwood *tectona grandis* on an additive basis on degraded forest land while achieving a return for investors through capital appreciation.

The financial product invests directly in timber without the use of any intermediate investment entity.

The volume of grown timber is the sustainability indicator used to measure the attainment of the sustainable investment analysis of this financial product. The financial product aims at investing only in sustainable investments as defined in article 2(17) SFDR, with the exception of holdings in cash used for fund risk, liquidity and currency management [to be confirmed]. The financial product contributes to the following environmental objectives as set out in Article 9 of EU Taxonomy Regulation (EU/2020/852)

- Climate change mitigation
- Climate change adaptation

Investment strategy

The investment strategy of this financial product is the planting and growth for profit of tropical hardwood *tectona grandis* (teak). There is no investee company, the Syndicate invests directly into a silvicultural product. The financial product aims at investing only in sustainable investments as defined in article 2(17) SFDR, with the exception of holdings in cash used for fund risk, liquidity and currency management.

Proportion of investments

This financial product will make a minimum of 100% sustainable investments with environmental objectives in economic activities that qualify as environmentally sustainable under the EU Taxonomy. The commercial growth of teak is regarded as an economic activity contributing substantially to climate change mitigation through the increase of greenhouse gas removals by strengthening land carbon sinks (which includes restoration of forests and afforestation). The investment proposal – the planting and growth of a number of teak trees in a pre-determined location is set out in the Tectona Syndicates Information Memorandum. There are no investments in the “#2 Other” category, which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

Monitoring of the sustainable investment objective

The financial product invests directly in timber without the use of any intermediate investment entity. The volume of grown timber is the sustainability indicator used to measure the attainment of the sustainable investment analysis of this financial product. The growth of teak trees in the forests is inspected by the Plantation Manager on a regular basis to ensure the requisite quality of woodland management. The Syndicate Manager will perform on-site reviews on a periodic basis. These internal checks will assess for adherence to the criteria relevant to achievement of the sustainable investment objective of this financial product.

Methodologies

The volume of grown timber is the sustainability indicator used to measure the attainment of the sustainable investment analysis of this financial product. The growth of teak trees in the forests is inspected by the Plantation Manager on a regular basis to ensure the requisite quality of woodland management. Permanent sample plots have been established to enumerate an inventory of standing tree volume and growth. The cumulative permanent sample plot area is at least 1% of the teak plantation. Measures on tree volume and growth are corroborated through the destructive sampling of individual trees to give accurate measures of tree volumes, including accurate measures of tree form for the purposes of accurately calculating sample plot volume(s). Stratified sampling of trees is carried out as this provides a better cross section of the population than the procedure of simple random sampling. The inspection of trees considers; stratified random sampling design, plot size and location, the counting of trees per plot area and data to be collected from the sample plots. Data to be collected from sample plots include; top tree height and diameter at breast height. The data collected from sample plots is used to calculate a number of timber volume measures including; mean diameter at breast height, basal area per hectare, percent mortality, mean annual increment and current annual increment. This information is made available to the Syndicate Manager.

Data sources and processing

The primary source of data used to measure the attainment of sustainable investment objectives is through regular inspection of permanent sample plots by the Plantation Manager, as outlined in the previous section.

Given the scale of forestry under management, assumptions are made to ensure that data collation and measurement is done in a way that is appropriate to the Syndicate's mandate and objectives.

All data is calculated using science-based and reputed approaches however these often apply estimates (the proportion of which estimates will vary) and assumptions to account for the scale of the forest in which the Syndicates are invested.

The work of the Plantation Manager is reviewed on a periodic basis by the Syndicate Manager.

Limitations to methodologies and data

Given the scale of forestry under management, assumptions are made to ensure that data collation and measurement is done in a way that is appropriate and relevant to the Syndicate's mandate and objectives.

All data is calculated using science-based and reputed approaches however these often apply estimates (the proportion of which estimates will vary) and assumptions to account for the scale of the forest in which the Syndicates are invested.

Due Diligence

The Syndicate Manager has access to the Plantation Manager's books and records including commercially sensitive transactional, operational and contractual information. The Syndicate Manager performs periodic on-site visits of the planted areas and reviews the work undertaken by the Plantation Manager.

Engagement policies

The Syndicate does not hold investments in investee companies and therefore has no related engagement policies or activities. The commercial arrangements include participation in a benefit sharing agreement which contractually gives a proportion of harvested timber value to the Forestry Commission, the local native area landowner and the local community.

Attainment of the sustainable investment objective

The financial product invests directly in timber without the use of any intermediate investment entity. The volume of grown timber is the sustainability indicator used to measure the attainment of the sustainable investment analysis of this financial product, as set out under the "Methodologies" section above. The financial product does not have an index designated as a reference benchmark.

The financial product does not have the objective of a reduction in carbon credits, but the product invests directly into a silvicultural product which actively absorbs carbon dioxide directly from the atmosphere. The specific investment objectives of the Syndicate are such that no EU Climate Transition Benchmark or EU Paris-aligned Benchmark is available which is in accordance with Regulation (EU) 2016/1011 of the European Parliament and of the Council.