

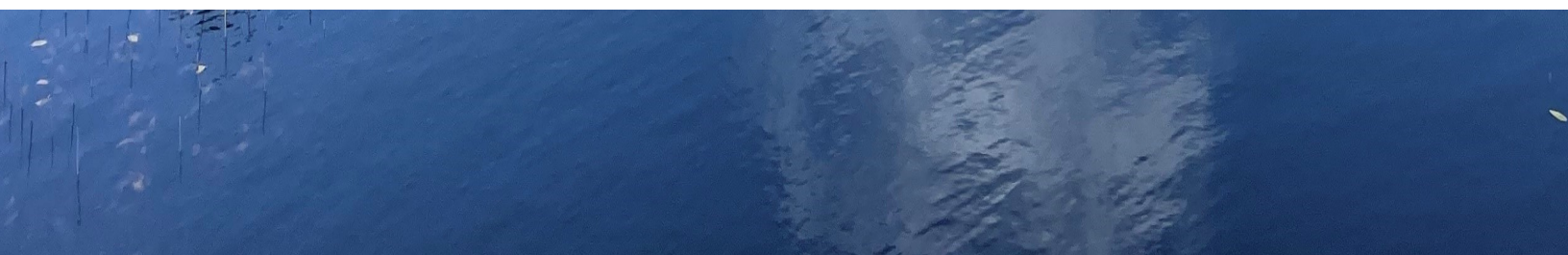


THE
LYME TIMBER
COMPANY

2022 ANNUAL REPORT

FIRM AND PORTFOLIO UPDATES, ESG INITIATIVES, AND IMPACT REPORTING

PUBLISHED MARCH 2023



ABOUT THE LYME TIMBER COMPANY

Founded in 1976, The Lyme Timber Company LLC (“Lyme”) is an employee-owned investment manager that focuses on generating attractive long-term financial returns while conserving forests, protecting biodiversity, mitigating climate change, and supporting rural communities in the US and Canada. Our portfolio includes 1.3 million acres of sustainably managed forestland in Michigan, Wisconsin, New York, Pennsylvania, West Virginia, Tennessee, and Alabama. We specialize in the management of naturally regenerating forests, including hardwood forests. Alongside our timberlands, we invest in supply chain businesses, including sawmills, forest management companies, and logging operations. Finally, we invest in mitigation banks and other ecosystem services projects that restore wetlands and rehabilitate critical habitats. Recognized as a leader in conservation, our company has protected over 1 million acres of land through conservation easements, mitigation banking instruments, and 100-year carbon sequestration projects.

OUR VALUES AND CULTURE

Our values and culture are built on integrity, fairness, and investment discipline. We embrace creative problem solving, collaboration, and continuous improvement. We recognize that trees and forests are renewable resources with multiple stakeholders. Their management requires thoughtful and careful stewardship, and a commitment to forest health and biological diversity. We seek to have a positive impact on the people who work in our businesses and on the communities where we operate.



LETTER FROM OUR CEO

Investing in natural forests has been one of the defining characteristics of The Lyme Timber Company since its founding in 1976. The Company's first timberland investment, approximately 100,000 acres scattered across Virginia and West Virginia, was made before the modern timberland asset class even existed. Since that time, we have purchased 2.5 million acres of timberland throughout the United States and Canada. While some of these forests include plantations – lands planted with a single species and managed on short rotations to maximize yield – most of the forests we've owned are naturally regenerating, with a diverse mix of species and age classes.

If you were to walk a mile through one of our Tennessee properties, for example, you would pass through forests containing a mix of yellow poplar, several oak species, sugar maple, red maple, black cherry, yellow birch, hickory, and the occasional hemlock and spruce. You would see a myriad of herbaceous plants including mountain laurel and hawthorn, and you would hear cerulean warblers, woodpeckers, and wood thrushes. Your path would take you through the habitat of black bears, flying squirrels, and wild turkeys, and you would cross dozens of streams that support aquatic life in the immediate area and in the rivers downstream.

Natural forests represent only 10% of the value of investment grade timberlands in the US. Southern pine and Pacific Northwest plantations constitute the remaining 90% of investable timberland. These plantations are managed to maximize timber productivity and typically have more limited biodiversity values than natural forests, given their monoculture, greater use of chemicals, and emphasis on timber yield.

We need both natural forests and plantations. Natural forests allow us to secure climate and biodiversity outcomes that are not possible on plantations. Plantations can produce fiber at a low cost to meet the world's need for housing, packaging, and many other goods. Indeed, intensive management of plantations arguably allows us to reduce the intensity of

management activities on natural forests.

In addition to being a small portion of the timberland asset class, natural forests also present a different risk and return profile than plantations. Hardwood log and lumber markets are more specialized, can be more volatile, and may not be as deep as softwood markets. In 2022, we experienced this volatility in spades as log prices skyrocketed in the first half of the year and then dropped in the second half. Steep terrain, wet conditions, and a lack of road and contracting infrastructure continue to create operational challenges on the natural forests we manage. On the other hand, growing carbon markets and increases in funding for conservation under the 2022 Inflation Reduction Act and Infrastructure Bill have created new opportunities for us to get paid for conservation and climate outcomes.

As you will see in the pages that follow, we continue to invest heavily in developing our capabilities – and strategic advantages – in understanding, valuing, and managing natural forests. For example, we've recently made large investments in LiDAR imagery to augment our timber inventories and refine our harvest planning tools; we have now deployed the LiDAR imagery to the handheld computers that our foresters use in the field every day, allowing them to more efficiently lay out timber harvests, plan roads, and protect important ecological features.

Natural forests require complex and nuanced approaches to management. As we enter our 48th year as an investor in natural forests, we will continue to develop the tools and expertise necessary to harness diverse sources of value and return while also delivering critical climate, biodiversity, and local economic benefits.

Jim Hourdequin, Chief Executive Officer





ABOUT THIS REPORT

The purpose of this report is to provide a high-level summary of The Lyme Timber Company's activities across all of its businesses. It is not intended to describe financial or investment performance or provide fund-specific investment information. This information is available to investors in fund-specific quarterly and annual investment reports.

Information in the first part of this report is current as of the date of publication (March 2023). Impact data reported in the appendices are based on the 2022 calendar year reporting cycle to align with our historical impact reporting.

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2022 IN BRIEF

FIRM UPDATE

Lyme became 100% employee-owned in January 2022 following our purchase of the passive minority interest held by the firm's retired founders. Deirdre Goodrich, Sarah Kitz, and Bob St. James joined the ownership group at that time, increasing the number of employee owners from five to eight. In January 2023, we further expanded ownership by welcoming Christine Tongol, Katherine Czaplicki, and Jess Phelps to the ownership group, bringing the firm's owners to eleven. We are proud of our success in managing succession from one generation to the next while remaining independent and employee-owned, and expect to continue to broaden ownership among long-standing employees of the firm. In early 2022, we added three employees to our team and later in the year, one employee left the company. As of March 2023, Lyme's corporate team included 17 employees.



Lyme leadership team (left to right): David Hoffer, Jim Hourdequin, Tom Morrow, Sarah Kitz, Peter Stein, Sean Ross

MARKET ENVIRONMENT

The market environment in 2022 was dynamic. Our timberland businesses saw record log and lumber prices during the first half of the year as the economy rebounded from the COVID-19 pandemic. Our greatest challenge during that time was finding adequate logging and trucking capacity to move our products to market

and take full advantage of the pricing environment. These trends reversed in the second half of the year as the impacts of inflation, rising interest rates, and worries of a global recession dampened prices and caused log and lumber purchasers to pull back and rationalize inventories. By the end of the year, our margins had returned to pre-pandemic levels.

Despite the pullback in margins from the unprecedented levels during the first half of the year, we believe that our supply chain is healthier now, having benefited from wage and rate increases that will remain in place even as the log and lumber markets stabilize at lower levels. Our willingness to treat suppliers and customers fairly, even as markets retreat, continues to engender loyalty and trust from suppliers across our businesses.

Climate continued to be a focus for timberland investors in 2022. Several managers launched or marketed ESG-oriented investment vehicles that emphasized timberland as a natural climate solution with the potential for additional return from expected growth in carbon offset markets. At the same time, growing scrutiny of forest carbon offsets, including some of our criticism of the voluntary carbon markets, may have caused a pullback among corporate offset buyers. Although data on voluntary market transactions are limited, there are indications that the voluntary market contracted in 2022. While carbon markets may yet develop into a significant source of investment return for timberland investors, we believe their greatest impact to date may be the interest they have created in timberland as a climate solution. We will continue to advocate for improvements in carbon offset markets while also pursuing other opportunities to deliver climate outcomes through our forestland investment strategies.

OUR WORK IN 2022

We continued our work to better understand and model how our forests grow and to analyze the potential to adjust harvest rates and rotation lengths to better achieve climate and sustainable forestry goals. We collected LiDAR imagery on our Florida and Tennessee properties, bringing our two-year effort to collect imagery on the majority of our East Coast timberlands (FL, NY, PA, WV, TN, and AL) to a close. In addition to providing detailed information about slope and terrain limitations, the LiDAR data gives us a census of all canopy trees on our land. We can use this information to identify inoperable areas and construct more robust growth and yield models. In Florida, we built an improved growth and yield model that we used to analyze how rotation extensions might increase the amount of carbon stored on the property. We ultimately concluded that the

carbon project was not a viable management strategy and sold these lands as planned at the end of 2022.

After completing our Florida growth and yield work, we turned our attention to growth and yield modelling on our Adirondack property. The LiDAR imagery, in combination with growth and yield modelling, has informed changes in where and how much we plan to harvest in coming years and decades. Over the next 2-3 years we plan to deploy our growing in-house capabilities in the use of imagery, growth and yield modelling, and harvest scheduling to inform harvest levels, carbon project compliance, and the potential for climate-positive management changes on our entire timberland portfolio.

Another area of focus in 2022 was the potential for wind and solar development on our properties. With increasing federal incentives for renewable energy, we



Photo: Waterfall on Lyme Great Lakes Timberlands property

have expanded our efforts to understand how we can support high potential projects in important energy markets. We signed two new option agreements for solar leases and worked to advance several other potential renewable projects.

We continue to focus on operational improvements in our supply chains. Early in 2022, we raised logging rates to stabilize contractor capacity and also made new supply chain investments. In West Virginia, we invested in a second winch-assist logging business to operate alongside Mountaineer Mechanized (see description on pages 15-16). We also brought winch-assist technology to Pennsylvania in partnership with one of our existing contractors. Further, we made several modest loans to loggers in Tennessee to help with equipment purchases. Finally, we made a financial commitment to a bulk fuel cooperative in Michigan to help decrease the costs of trucking for our partners in the region.

One of the highlights of the 2022 year was the convening of all the Lyme General Managers for a three-day visit to our office in Hanover, New Hampshire and our Adirondack property in New York. Our discussions centered on creative problem solving to address real challenges in the supply chain, our environmental, social, and governance (ESG) work, how to best develop talent and support our teams, and our shared passion for best-in-class forestry.

FUNDS UPDATE

The Lyme Conservation Opportunities Fund (LCOF) is in the fourth year of its investment period with 38% of committed capital called. We continue to manage investments for The Lyme Forest Fund III (Fund III), The Lyme Forest Fund IV (Fund IV), and The Lyme Forest Fund V (Fund V).



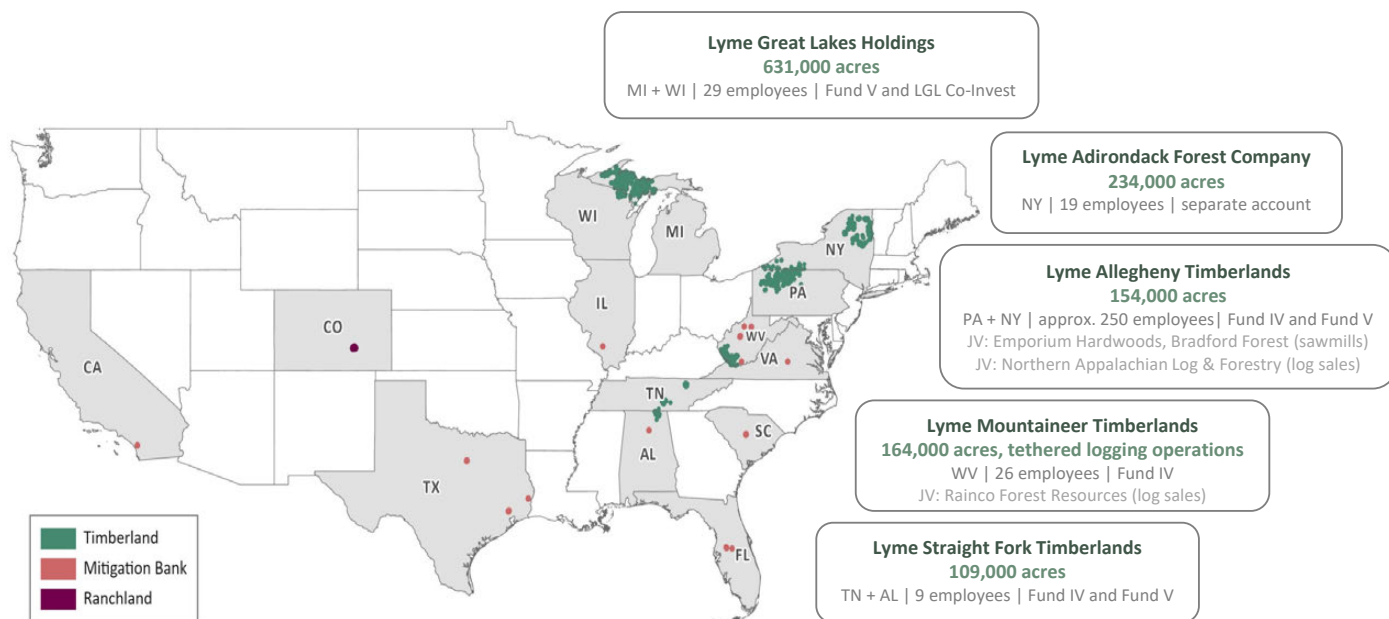
Photo: Fall foliage view along trail on Lyme Great Lakes Timberlands property

PORTFOLIO UPDATE

Lyme's current portfolio includes 5 forestland business units (each managed by a fund- or investor-owned forest management company), 5 supply chain joint ventures, 3 in-house logging/road crews, 16 mitigation investments, and a working ranch.

We made two significant sales in 2022. In January 2022, Fund IV sold its interest in 112,000 acres of coastal redwood forests in California, and in October 2022, Fund III and Fund IV sold 90,000 acres of southern pine forests in Florida.

Fund III also sold mitigation banks in Alabama and South Carolina, Fund IV sold a mitigation bank in Texas, and The Lyme Conservation Opportunities Fund (LCOF) sold its interests in a mitigation bank and a carbon investment.



1.3 MILLION ACRES

\$782M¹ ASSETS UNDER MANAGEMENT

361 TOTAL EMPLOYEES

100% FORESTLAND CERTIFIED TO SUSTAINABLE FORESTRY STANDARDS

Every acre of forestland that Lyme manages is third-party certified to the Sustainable Forestry Initiative (SFI®) and/or Forest Stewardship Council (FSC®) standards. These standards require sustainable management and compliance with laws and regulations, respect for Indigenous Peoples' rights, community relations and workers' rights considerations, minimizing environmental impacts, maintenance of high conservation value forests, and ongoing monitoring and assessment. We select the certification standard for each property based on local markets and stakeholder input.

Individual timberland properties are certified as part of multi-site certificates held by The Lyme Timber Company with annual field audits on a subset of the properties each year. We are proud of our record of achieving high marks in certification audits and view the process as an opportunity to learn and improve. In the pages that follow, we report audit results on properties where physical audits were performed.

OVERVIEW




In late 2019, Lyme purchased three properties totaling 675,000 acres in the Upper Peninsula of Michigan and northern Wisconsin. The property features high-quality northern hardwoods, dominated by sugar maple, and includes significant softwood plantations, lowland conifers, and aspen stands.

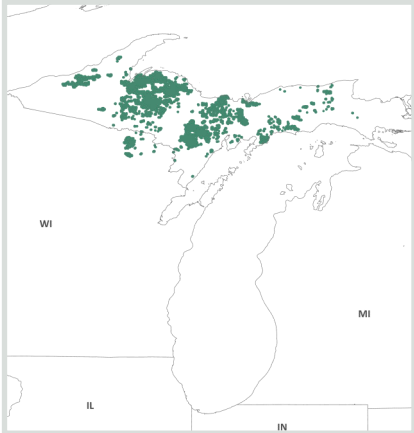
Our investment strategy is focused on income generation from sustainable forestry activities, alongside income from retail land sales, conservation sales, and recreational leasing. The

lands are managed by Lyme Great Lakes Forest Management, a Lyme portfolio company with 26 employees. We seek to build a set of long-term businesses that will thrive beyond our current investment fund’s ownership.

2022 was a strong year for Lyme Great Lakes, with excellent timber markets, robust real estate demand, good operating conditions, and great performance by the Great Lakes team. The logging rate adjustments we made early in the year were well-received by contractors, and because we made the adjustments proactively, we were able to recruit additional contractors to the property. Our two most significant pulpwood customers both announced major capital investments in their facilities, including a \$1 billion upgrade to the Billerud mill in Escanaba, Michigan. We built a new forestry office and log yard down the road from the Billerud mill in Escanaba, which has improved efficiencies for our team. We also made a strategic sale of 30,000 acres of non-core lands in Michigan. Finally, we signed an option agreement with the Michigan Department of Natural Resources (MI DNR) for the potential sale of a 73,000-acre working forest conservation easement.



LYME
GREAT LAKES
TIMBERLANDS



LOCATION UPPER PENINSULA
MICHIGAN & N. WISCONSIN

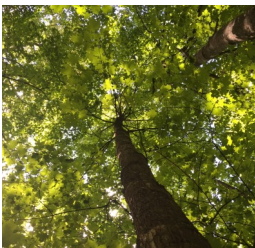
AREA 631,000 ACRES

OWNERSHIP FUND V AND LGL
CO-INVESTMENT FUND

EMPLOYEES 26

CERTIFICATION SFI

SUSTAINABLE FORESTRY



Forestry operations are conducted under SFI certification. The property did not undergo a physical audit in 2022, but we expect to have one in 2023.

We conducted multiple site visits and trainings with the field staff to ensure forest management strategies are aligned with our management philosophy. Examples of feedback provided to the team include alternative approaches to regeneration and hardwood silviculture. We also reviewed land sales processes and criteria to improve coordination with forest management activities.

LYME GREAT LAKES TIMBERLANDS (CONTINUED)

CARBON AND CLIMATE



We developed a California Air Resources Board (CARB) forest carbon project on the Wisconsin lands (30,600 acres) in 2021. The carbon project requires that standing carbon stocks be maintained or increased over the next 100 years and imposes additional management requirements. Going forward, we plan to harvest at levels equivalent to biological growth and consequently do not expect to sell additional carbon offsets from this project. We have elected not to pursue a carbon project on the Michigan lands. These are resilient timberlands that are best suited to the production of long-lived forest products.

To improve the carbon footprint of our new office in Escanaba, we invested in super-insulating the building so that it could be heated entirely with electric heat pumps rather than natural gas. In 2023, we have plans to install solar panels to generate electricity for the office.

LAND PROTECTION AND CONSERVATION



The property contains many important conservation attributes, including connectivity to public lands and trails, climate-resilient forests, and wildlife habitat. The Wisconsin lands were encumbered by a conservation easement at the time of our purchase. Over time, we will seek to sell new conservation easements over a portion of the Michigan property alongside smaller-scale fee sales to public agencies or land trusts.

In 2022, we sold 111 miles of trail easements to the MI DNR in two separate transactions, with the final phase of trail easements anticipated in 2023. We granted the MI DNR an option to purchase a conservation easement on 73,000 acres and we are exploring strategies to expand this conservation footprint. The conservation easement will provide public recreational access, restrict development, and conserve the climate resilient forests, habitats, and waterways that feed Lake Superior. We continue working on a 10,000-acre conservation easement to protect the North Country National Scenic Trail and several conservation sales to government entities, including a community forest project.

FOREST PRODUCTS SUPPLY CHAIN



The Great Lakes region stands out as having one of the healthiest supply chains within Lyme's portfolio. Logging contractors are generally better capitalized with newer equipment and responsible business practices. Similarly, the region supports many successful sawmill businesses. We supply 54 mill customers and provide steady work for 42 logging and trucking contractors.

As noted above, we implemented a logging and trucking rate increase for our contractors in 2022 and will continue to monitor our rate structures and business practices to help ensure that our supply chain remains healthy.

Lyme Great Lakes operates three log merchandising yards to sort and sell high-end hardwood logs. This approach drives value for our customers and our investors.

OVERVIEW

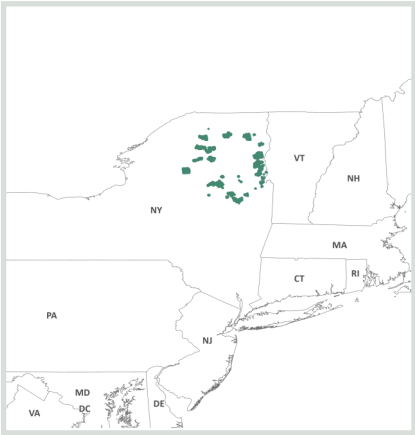


In 2006, Lyme purchased former International Paper land in New York’s Adirondack State Park on behalf of its second pooled investment fund. The lands currently comprise 234,000 acres and include a mix of quality northern hardwoods and natural softwood stands. In 2007, we sold working forest conservation easements on 211,000 acres of the property. These easements, in combination with earlier easements, extinguished development rights, opened the property to public recreational access, and set a higher standard for sustainable forest management practices.

In 2015, Fund II sold its interest in the timberland and operating businesses to an insurance company, who retained Lyme as an investment manager. The lands continue to be managed by Lyme Adirondack Forest Company (LAFCo), a 19-person investor-owned business that includes forestry and log yard staff, a company road crew, and a company logging crew.

Having transitioned the investment to a stable long-term ownership model, our strategy is focused on generating income from sustainable forestry operations and recreational leasing, addressing supply chain challenges, and leveraging the scale of our log yard operations to create accretive business opportunities.

The supply chain remains a challenge in the Adirondacks. We continue to see established contractors downsize and/or leave the business altogether due to the challenges associated with recruiting and retaining workers. We experienced the same challenges on our company logging crew which struggled to fill a key machine operator position for much of the year. Despite the supply chain challenges, 2022 was a strong year for LAFCo, taking advantage of record log markets, a new log yard in Chestertown, and the recently formed in-house road and logging crews. The team expanded its third-party log purchase program and, in partnership with New York State, improved recreational access to the property, such as building new snowmobile trails on the conservation easement.



LOCATION NE NEW YORK
AREA 234,000 ACRES
OWNERSHIP SEPARATE
ACCOUNT (FORMERLY OWNED BY FUND II)
EMPLOYEES 19
CERTIFICATION SFI & FSC

SUSTAINABLE FORESTRY

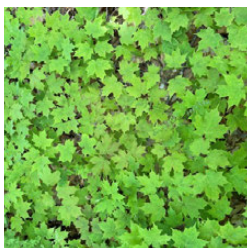


Forestry operations are managed under SFI and FSC certification. Physical audits under each standard indicated no corrective actions. In 2022, we used LiDAR imagery and a new field inventory to develop a more robust growth and yield model. This work has informed changes to where and how much we plan to harvest in coming years and decades. It also improved the data that foresters could access for everyday management.

We continue to survey and manage the property for wildlife habitat including our long running young forest initiative and demonstration area in partnership with the Wildlife Management Institute and Audubon New York.

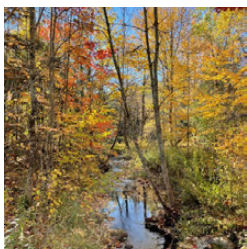
LYME ADIRONDACK FOREST COMPANY (CONTINUED)

CARBON AND CLIMATE



We continue to consider the potential of developing a forest carbon project that would compensate us for reducing harvest levels. However, we believe the current price of carbon is well below the price necessary to adequately compensate for such reductions alongside the cost of other obligations under a carbon project.

LAND PROTECTION AND CONSERVATION



The majority of the LAFCo property is subject to working forest conservation easements held by the state of New York, which prevent development and subdivision and provide public recreational access. We continue to maintain our strong working relationship with New York Department of Environmental Conservation (DEC), the agency with responsibility for monitoring compliance with the conservation easements. In 2022, we worked to improve recreational access on the property, including developing new recreational plans for three major tracts.

FOREST PRODUCTS SUPPLY CHAIN



LOG DISTRIBUTION YARD: The LAFCo log yard was built in 2021 and occupies 10 acres in Chestertown, New York. The yard employs five full-time staff who work alongside LAFCo foresters to scale, sort, store, and market logs from the LAFCo lands. The log yard also purchases logs and standing timber from third parties.



ROAD CREW: The LAFCo road crew was established in 2021 to fill the need for road work that we could not source from third-party contractors due to contractor availability. The crew helps LAFCo maintain roads, install stream crossings, and prepare access to new harvest units.



LOGGING CREW: After years of challenges securing contractors for the northern portion of the LAFCo ownership, we decided to invest in an in-house/company-owned logging crew in 2021. We purchased all-new cut-to-length equipment which has proven better suited to wetter conditions and smaller jobs than more common conventional tree-length logging systems. After initially struggling to recruit the right team of equipment operators, the crew was fully staffed and showing productivity gains by the end of the year.

OVERVIEW



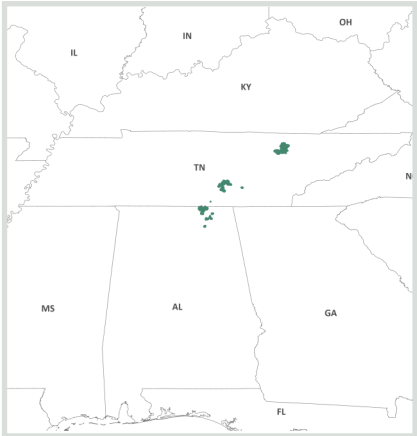
Between 2016 and 2019, Lyme made three investments totaling 109,000 acres in Tennessee and Alabama. The properties include well stocked, natural hardwood forests with quality white oak, red oak, and tulip poplar. The terrain is mountainous with generally good access and road infrastructure. We developed forest carbon projects on approximately 40,000 acres of the land and manage an existing forest carbon project on an additional 5,000 acres. Approximately 42,000 acres of the land is subject to working forest conservation easements. Local log markets are strong, but the logging infrastructure is generally undercapitalized and struggling.

Our strategy is to manage the lands for a combination of timber harvesting, carbon, and recreational leasing cash flows. The investments are managed by Straight Fork Forest Management, a Lyme portfolio company with 9 employees. We seek to build a set of long-term businesses that will thrive beyond the term of our current investment fund’s ownership.

The Tennessee businesses benefited from excellent log markets in 2022. However, logging contractors on our property and in the region struggled with excessively wet weather and higher than expected operating costs. To address this issue and our broader objective to improve safety and job quality in the logging sector, we expanded our efforts to stabilize the local logging force, extending modest loans to contractors who struggled with rising fuel costs, parts shortages, and challenges in hiring and retaining workers. We also invested in LiDAR mapping projects to improve planning and better evaluate operability and access constraints.



STRAIGHT FORK
FOREST
MANAGEMENT
LLC



LOCATION TENNESSEE & NE
ALABAMA

AREA 109,000 ACRES

OWNERSHIP FUND IV & V

EMPLOYEES 9

CERTIFICATION SFI & FSC

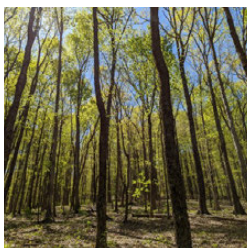
SUSTAINABLE FORESTRY



Forestry operations on the northern Tennessee properties are conducted under FSC certification while the remaining property is managed under SFI certification. The northern properties successfully completed an FSC audit this past summer. Our team focused on improving water quality protection to standards above business-as-usual practice in the region. We also implemented forest management strategies to improve habitat for golden-winged and cerulean warblers, both species of high conservation priority in the region.

LYME TENNESSEE TIMBERLANDS (CONTINUED)

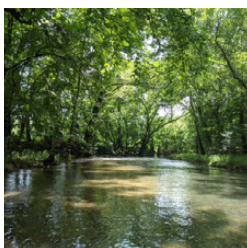
CARBON AND CLIMATE



There are three forest carbon projects on the Lyme Tennessee properties, covering a total of 44,800 acres and enrolled under the California Air Resources Board compliance market protocol.

We sold 79,644 carbon offsets in 2022. We are evaluating our approach to future sales of offsets given compliance obligations and required trade-offs with timber harvesting.

LAND PROTECTION AND CONSERVATION

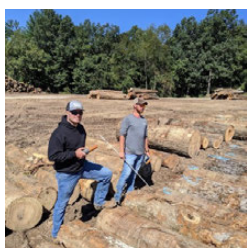


There are two conservation easements within the Tennessee portfolio – encumbering 38% of the property – which restrict development and subdivision but allow for ongoing forest management. We are interested in selling additional conservation easements and continue to seek local, state, and federal partners on these efforts.

FOREST PRODUCTS SUPPLY CHAIN

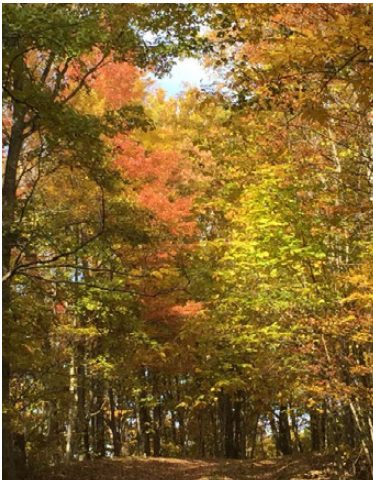


STRAIGHT FORK LENDER: We established Straight Fork Lender in 2019 to make loans to logging contractors and truckers whose businesses required capital. We have made loans to three key logging contractors. The loan terms provide repayment flexibility based on production levels. While the loans have succeeded in supporting our contractors' operations, they have required more capital, time, and risk than anticipated. We have concluded that they are nevertheless necessary right now, but hope that in time these and other contractors will have strong enough businesses to secure their own conventional financing.



COMPANY LOG YARDS: Straight Fork Forest Management operates two company-owned log yards where Lyme and third-party logs are concentrated, remerchandised, and sold. The scale advantages of these yards have enabled Straight Fork to pursue opportunities on third-party lands, including timber harvesting and log marketing for a large, FSC-certified landowner in the region and the purchase of standing timber from a mix of private and state landowners.

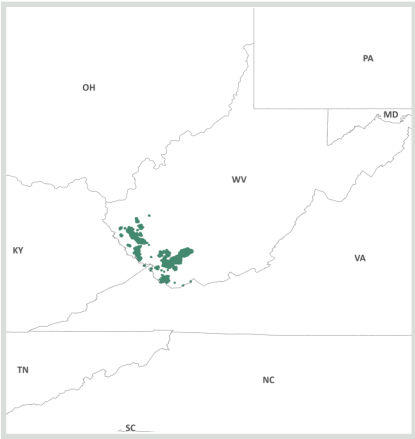
OVERVIEW



In December 2017, Lyme purchased 164,000 acres in southern West Virginia. The lands are steep and difficult to access, but the rich soils support a mix of quality hardwoods, including red oak, white oak, and tulip poplar. We inherited two forest carbon offset projects that were initiated by the former owner. These projects cover the majority of our land base and require us to maintain carbon stocking for 100 years.

Our investment strategy is to manage the lands for a combination of timber harvesting and carbon cash flows, recognizing that particularly steep and difficult (though not impossible) to access portions of the property may generate higher returns from carbon sequestration than commercial timber management. The lands are managed by Mountaineer Forest Management, a Lyme portfolio company with 4 employees. We seek to build a set of long-term businesses that will thrive beyond the term of our current investment fund's ownership.

One of the most significant challenges to our strategy is logging capacity, especially among logging contractors that meet our insurance, safety, and work quality standards. To begin to address these issues, we established Mountaineer Mechanized in 2019, an in-house logging crew that brought the first winch-assist ("tethered") logging system to the Eastern US. In 2022, we invested in a second logging crew, EB Logging II, with the goal of bringing leadership and greater scale to our company crew.



LOCATION SOUTHERN WEST VIRGINIA

AREA 164,000 ACRES

OWNERSHIP FUND IV

EMPLOYEES 9

CERTIFICATION SFI

SUSTAINABLE FORESTRY

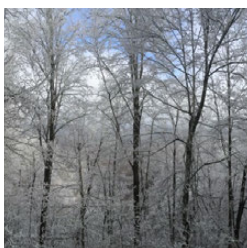


In 2022, we elected to transition the entire property to SFI certification (previously 65% of the property was certified under FSC and 35% was certified under SFI). This decision was based on our not realizing a premium for FSC certified logs while having to comply with FSC management guidelines, including a 10-acre clearcut size restriction, that created significant operational challenges for our winch-assist crews. The property and team completed an SFI audit in late 2022 with zero non-conformances.

Our recent investment in a new LiDAR inventory on a large portion of the property has enabled us to update forest stand typing and incorporate operability constraints into our harvest planning. The investment has proven quite valuable for our foresters given the property's challenging topography, difficult access, extensive road networks, and the need to protect water quality and other conservation attributes.

LYME MOUNTAINEER TIMBERLANDS (CONTINUED)

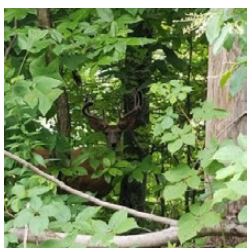
CARBON AND CLIMATE



There are two forest carbon sequestration projects covering a total of 144,829 acres of the property, each developed for the California Air Resources Board compliance market.

We sold 184,843 carbon offsets in 2022. We continue to adapt our management of the properties to align with the carbon protocols.

LAND PROTECTION AND CONSERVATION



Conservation opportunities in West Virginia are minimal due to limited development or land conversion pressure and limited state funding for traditional conservation strategies. Despite these constraints, we sold a 2,263-acre conservation easement to the State of West Virginia in 2022 focused on supporting elk habitat and continue to pursue additional conservation outcomes on the land base.

FOREST PRODUCTS SUPPLY CHAIN



MOUNTAINEER MECHANIZED: In 2018, Lyme established Mountaineer Mechanized (MM) to improve logging safety and job quality while reducing the environmental impacts of steep-slope logging in southern West Virginia. MM established the first tethered harvesting system in the Eastern US. This investment reduces soil erosion and stream sedimentation on logging jobs and allowed us to provide attractive wages and benefits to the five workers on this crew.

MM has largely achieved its safety and job quality objectives, but is still a long way from achieving its production and profitability goals. We understand that establishing a new business model and harvesting system takes time and plan to continue to invest time and capital in helping the business achieve its potential. Indeed, we face even greater challenges with our third-party logging force, which continues to shrink and present challenges for our foresters.



EB LOGGING II: In 2022, Lyme entered into a joint venture with, and established a 51% interest in, an existing logging contractor in the region. This contractor had deployed similar winch-assist harvesting technology on third party lands, and we pursued the opportunity to partner given strong alignment on vision and the need for more on-the-ground expertise and leadership for MM. EB Logging II, which has five employees, is currently coordinating with MM on their logging efforts, with plans to expand into two separate crews as production improves.



RAINCO: In 2018, Lyme made a 49.9% equity investment in Rainco Forest Resources (“Rainco”), an existing small business that operates pulpwood concentration yards and markets high-grade logs. We contract with Rainco to market sawlogs and veneer from our timberlands and have supported its growth into new business areas, including additional log yards and a road building crew.

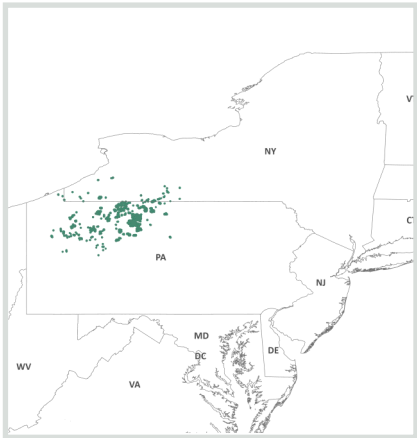
OVERVIEW



Between 2017 and 2020, Lyme made three investments totaling 167,000 acres in northwestern Pennsylvania and southwestern New York. The lands grow some of the finest quality hardwood sawtimber in the world, including black cherry, sugar maple, red maple, and red oak. We also invested in two local hardwood sawmills and a log marketing business.

Our investment strategy is to establish a set of long-term timberland and forest products businesses that will thrive beyond the term of our current investment funds' ownership. The timberlands are managed by Three Rivers Forest Management, a Lyme portfolio company with 8 employees.

2022 was a strong year for Lyme Allegheny with excellent log markets, an active land sales program, and operational improvements in our supply chain businesses. We began engaging on several potential solar and wind projects across the property and will balance those opportunities with a more targeted conservation strategy.



LOCATION PENNSYLVANIA & SW NEW YORK

AREA 154,000 ACRES

OWNERSHIP FUND IV & V

EMPLOYEES 8

CERTIFICATION SFI & FSC

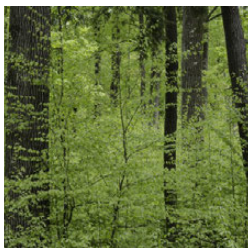
SUSTAINABLE FORESTRY



The property is managed under SFI and FSC certification. A physical audit in 2022 for FSC found that we were in full compliance with the standard.

To help us integrate the Seneca lands (acquired in late 2020) and develop more robust long-term growth and yield modelling, we invested in LiDAR imagery, new forest typing, and field-based information technology. We continue to explore ways to work with the Wildlife Management Institute, Ruffed Grouse Society, and Pennsylvania Audubon on various projects to integrate wildlife habitat goals into our harvest plans.

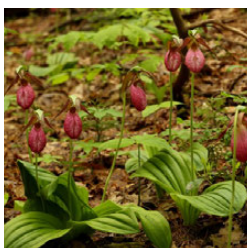
CARBON AND CLIMATE



Because of the high unit value of timber on our Pennsylvania lands, we do not consider carbon development to be a viable opportunity. Our climate-related efforts will instead focus on making our supply chain more efficient. We believe that our investment in a second log yard location in 2020 has helped to shorten haul distances, and in years to come we expect to look for other ways to increase trucking efficiency and thereby reduce emissions.

LYME ALLEGHENY TIMBERLANDS (CONTINUED)

LAND PROTECTION AND CONSERVATION



At the time of our initial investment in 2018, we secured attractive financing through the Pennsylvania clean water revolving loan fund administered by PENNVEST. As part of the transaction, we: (i) donated a working forest conservation easement on 9,400 acres known as the Sterling Run tract; (ii) optioned the right for future conservation easements to Pennsylvania Department of Conservation and Natural Resources (DCNR); and (iii) committed to \$750,000 of acid mine drainage (AMD) remediation on the property.

A lack of state funding and political opposition have stymied our efforts to convey additional conservation easements. However, we continue to work with community groups, legislators, and state agencies to explore a conservation strategy that is responsive to public concerns. Our AMD work has come in under budget, and we recently agreed to undertake an additional AMD project to fulfill our financial commitment to PENNVEST.

In 2022, we sold a 140-acre property in Pennsylvania to the Western Pennsylvania Conservancy (WPC), which was one of their highest priorities given the adjacent 13,000 acres WPC has protected along the Clarion River since the 1970s.

FOREST PRODUCTS SUPPLY CHAIN

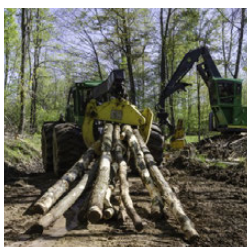


SAWMILL INVESTMENTS: Lyme now owns a majority interest in two sawmills located in the center of our Pennsylvania timberlands – Emporium Hardwoods and Bradford Forest. The mills are operated and managed by a capable sawmill operating partner, Rossi Group, which maintains a significant investment in the operations. The mills performed well in 2022, with exceptionally strong lumber markets during the first half of the year. We invested in several capital projects in 2022, including a new dry line at the Emporium mill.

The two mills currently employ 241 people in the region, and our investment in the Bradford mill added over 40 jobs beyond its former workforce.



NORTHERN APPALACHIAN LOG AND FORESTRY: In 2019, Lyme purchased a non-controlling investment in Northern Appalachian Log & Forestry (“NALF”), an existing, log distribution business that markets and exports high-grade logs harvested from Lyme’s and adjacent lands. Our investment enabled continued local management and control while creating alignment with our timberland investment objectives.



INVESTMENTS IN LOGGING INFRASTRUCTURE: In 2021, we began exploring ways to reduce logging accident rates and minimize the environmental impacts of logging on steep slopes through the deployment of tethered logging systems, similar to the one we established in West Virginia. In 2022, we purchased a tethering system and began leasing it to a trusted contractor on our timberlands. This was the first winch-assist system to be deployed in Pennsylvania. We are still in the early stages of the pilot, but believe the system has strong potential for wider adoption on our timberlands and in the region.

OVERVIEW



2022 marked the conclusion of Lyme’s ownership of its Florida property when we sold it to another timberland investor in October.

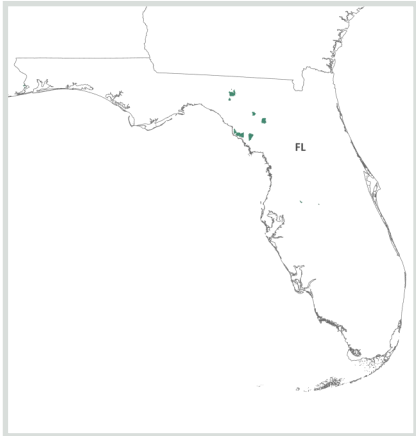
Between 2013 and 2015, Lyme made four investments totaling 91,000 acres in the Big Bend region of Florida, and the properties were sold in the fall of 2022. The lands included a mix of slash pine plantations and natural bottomland hardwood and, during the tenure of Lyme’s ownership, were managed by Cross City Forest Management, a Lyme portfolio company that

employed 2 people. Forestry operations were managed under SFI certification and benefited from a strong local forest products industry with access to deep markets and a healthy contractor force.

Our investment strategy in Florida focused on plantation management, conservation of the core forestland holdings, and retail land sales. We secured funding for working forest conservation easements on 46,500 acres of the property that extinguished the development and subdivision rights, expanded public recreational access, and restricted harvesting in bottomland hardwoods while accommodating conventional forest management in the upland plantations. We are grateful to The Conservation Fund for its hard work and partnership for more than seven years in pursuing this outcome.

In 2022, we leveraged our in-house growth and yield modelling to explore the potential to extend plantation rotations (e.g. increase the average age of harvest), and thereby increase the amount of carbon stored on the property. Ultimately, we concluded that the carbon markets would not support this strategy.

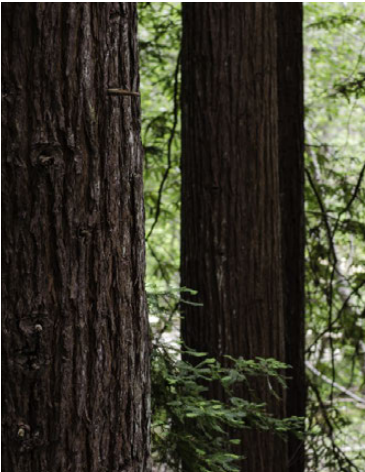
Upon the sale of the property, the 2 employees of Cross City Forest Management were hired by the new owner and continue to work on the property.



LOCATION NW FLORIDA
AREA 91,000 ACRES
OWNERSHIP FUND III & IV
EMPLOYEES 2
CERTIFICATION SFI



OVERVIEW



2022 marked the conclusion of Lyme’s ownership of its California property when we sold Fund IV’s 75% interest in the property to our 25% co-investor.

In December 2015, Lyme purchased 112,000 acres in coastal California and established the Lyme Redwood Forest Company to manage the property. The lands feature coastal redwood and Douglas fir forests, and include the Ten Mile River and Noyo River, two significant waterways that include habitat for salmon and steelhead

populations. At our purchase, we partnered with a local sawmill owner with the intention of ultimately selling our interests to them at the end of our ownership tenure.

At the end of the 2021, we agreed to sell the property to our joint-venture partner, a local family with existing timberland and sawmill operations. The transaction closed in January 2022. Consistent with our goal of building a business that would thrive beyond the term of Fund IV’s ownership, the new owner acquired the operating business, and the 19-person Lyme Redwood Forest Company team continues to manage the property.

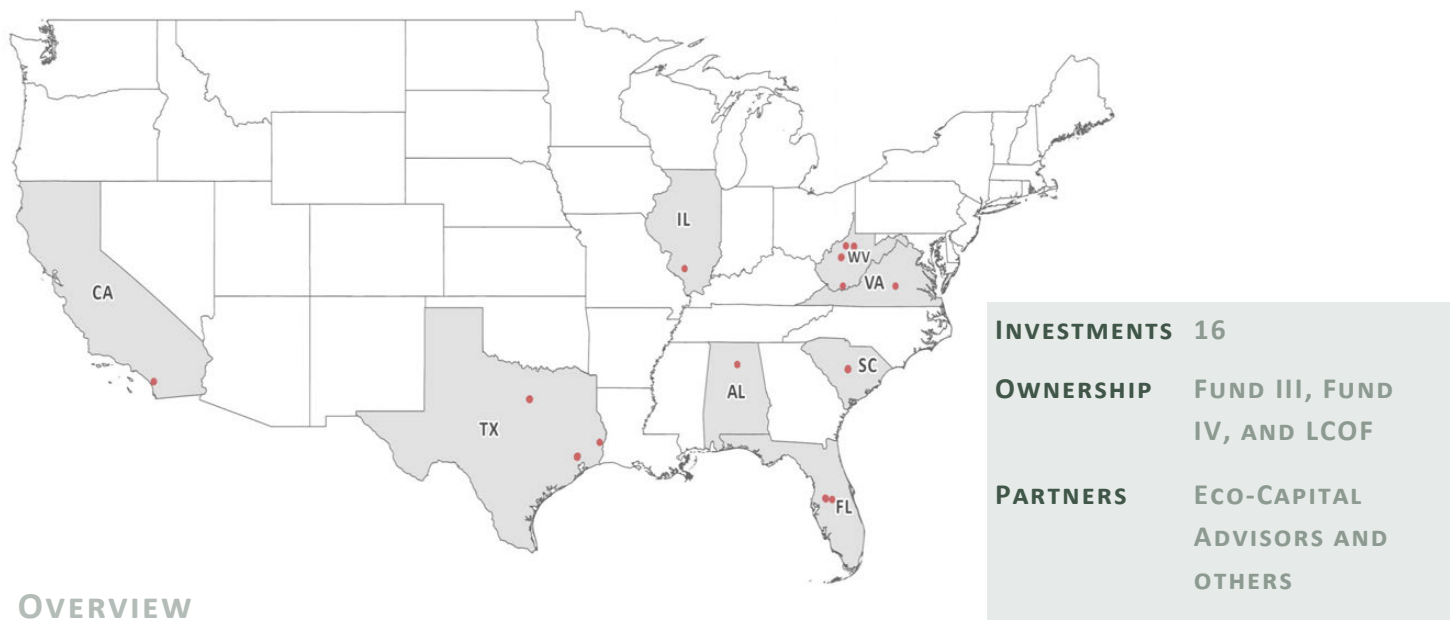


LOCATION NW CALIFORNIA
AREA 112,000 ACRES
OWNERSHIP FUND IV
EMPLOYEES 19
CERTIFICATION SFI



Photo: New growth on redwoods on the Lyme Redwood Forest Company property

Mitigation Banks



OVERVIEW

Lyme develops and manages wetland and stream mitigation banks, where restoration of damaged ecosystems generates credits that can be sold to developers (both public and private) to mitigate their ecological impacts. Our current mitigation portfolio comprises 16 wetland and stream banks or sites in eight states. The banks are in various stages of the permitting process—some have been fully or partially restored and are actively generating and selling credits, while others are working their way through the permitting process. Permitting, restoration, monitoring, and credit sales are done in partnership with local teams. Credits are purchased by state highway departments, residential and commercial real estate developers, natural resource extraction businesses, and others whose activities cause adverse impacts to wetlands or streams.

In 2022, we undertook restoration efforts on one mitigation bank, and restoration is now complete on nine banks. Across the portfolio, we generated \$5.6 million in revenue from the sale of mitigation credits in 2022. We also sold our interests in four mitigation banks.

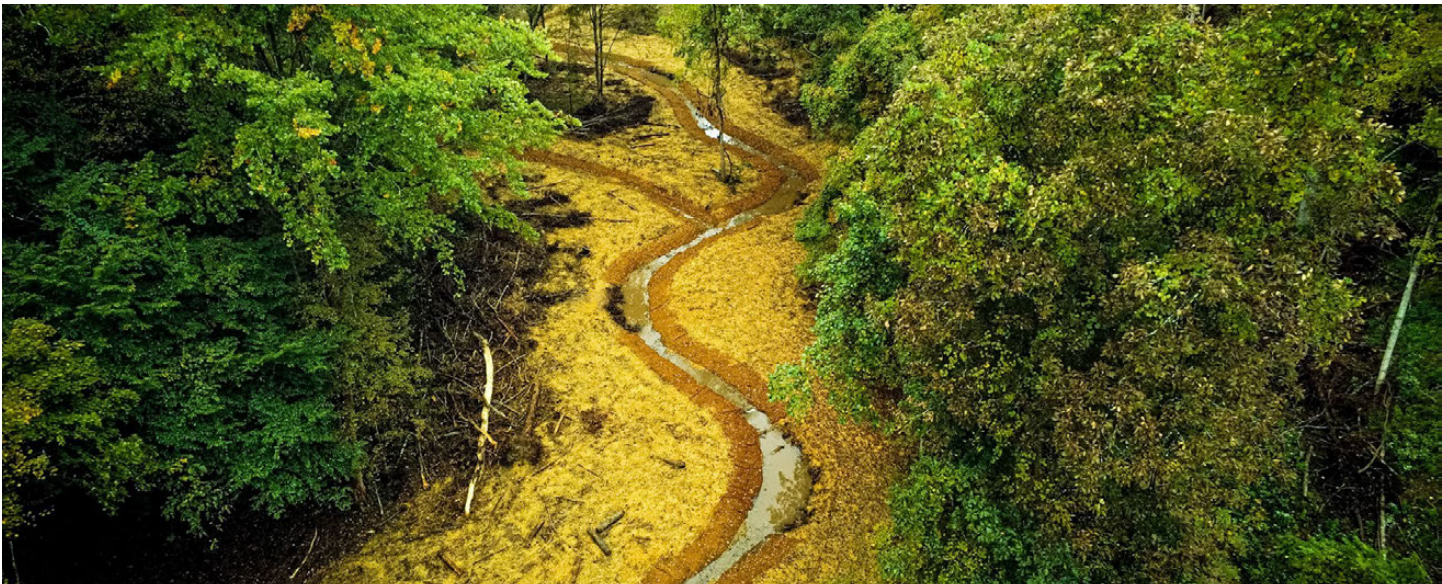
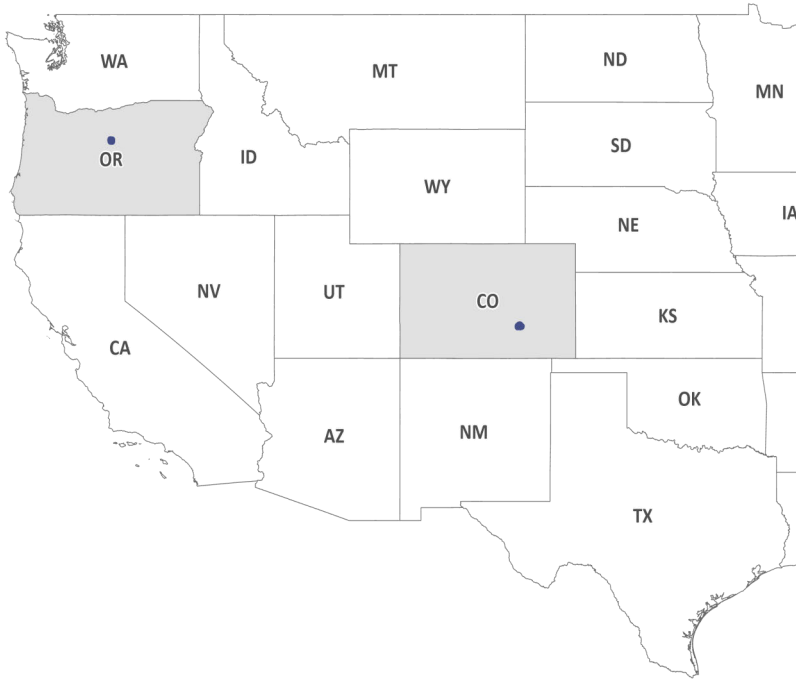


Photo: View of restored stream channel on Hayes Run II mitigation bank in West Virginia

OTHER ECOSYSTEM SERVICES INVESTMENTS

INVESTMENTS	2
OWNERSHIP	FUND III AND LCOF
PARTNERS	FINITE CARBON, SAVORY INSTITUTE, THE NATURE CONSERVANCY, PALMER LAND TRUST



CARBON INVESTMENT

Lyme has made one carbon-focused timberland investment, where the sale of carbon offsets, rather than timber harvesting, was the primary driver of returns. In 2020, Lyme purchased a 17,000-acre timberland property in Oregon to pursue a forest carbon sequestration project in partnership with Finite Carbon. The carbon project generated 327,085 offsets, which were sold in the California compliance market. We also sold the underlying real estate to a recreational buyer who will assume the 100-year restrictions on timber harvesting associated with the carbon project. All interests in the property were sold prior to the end of 2022.



RANCLAND INVESTMENT

The BX Ranch in Colorado is Lyme’s only ranchland investment. Purchased in 2014, this 25,000-acre property was selected for its conservation values. We sold a conservation easement to the Palmer Land Trust and undertook a significant grassland restoration project in collaboration with the Savory Institute and the Colorado Chapter of The Nature Conservancy. A new cattle watering system and extensive fencing were completed and allow the ranch to be managed using vastly improved grazing practices, increased herd size, and better grassland utilization.

LYME BY THE NUMBERS

	2022	2021
INVESTMENT MANAGER PROFILE		
Acres under management	1,324,122	1,664,718
Assets under management ¹	\$781,594,290	\$ 1,018,910,991
Currently active investment funds/accounts ²	6	6
Investors across all funds	478	478
Lyme Timber employees	17	15
Average years employed	13	12
Ownership by employees	100%	100%
Employee owners	11	8
FORESTLAND INVESTMENTS		
Forestland portfolio companies	5	7
Annual revenue	\$132,374,288	\$171,368,895
Log sales	\$119,624,908	\$128,511,311
Conservation and carbon sales on core forestlands	\$6,501,290	\$35,715,065
Other revenue	\$6,248,089	\$7,142,519
Forestland employees	62	86
Contractors engaged in forestry operations	130	119
Disbursements to contractors	\$69,326,099	\$70,652,254
Mill customers supplied	251	223
Truckloads of wood products harvested	47,658	52,944
SUPPLY CHAIN INVESTMENTS		
Sawmill investments	2	2
Logging and log marketing business investments	6	5
Annual lumber sales, log sales, and contract revenue	\$115,014,961	\$87,449,381
Employees in supply chain investments	282	264
ECOSYSTEM SERVICES INVESTMENTS		
Ecosystem services investments—mitigation banks and carbon	16	21
Revenues from ecosystem services	\$11,060,739	\$ 4,223,955
CLIMATE AND CONSERVATION		
Forestland certified by third party sustainable forestry standards (% of overall) ³	100%	100%
Acres protected in year	2,725	18,098
Lands subject to conservation restrictions ⁴	651,995	644,164

Data reported as of December 31, 2022 and December 31, 2021

See notes in Appendix 4

LYME’S 5-YEAR ESG GOALS

BACKGROUND ON LYME’S ESG FRAMEWORK

2022 marked our first full year implementing the environmental, social, and governance (ESG) goals that we established for ourselves in 2021. Our approach to ESG is to: (1) set 5-year goals in areas where we believe we can have the most impact; (2) measure and report on our progress against these goals each year in this report; and (3) continually revise and update our goals (and measures) to reflect what we learn along the way.

Our 2021 Annual Report described the intent, process, and design of our ESG initiative. This year, we focus our report on updates of our accomplishments in the past year and an assessment of the areas that need more attention.

In 2022, our internal ESG work groups each prioritized one or two specific projects for the year and worked to advance those while recognizing that progress in other areas could be pursued in future years. In the process, we wrestled with the tradeoff between spending resources on setting baselines against which to measure progress and making immediate efforts to improve.

E

ENVIRONMENTAL

FOREST SUSTAINABILITY, CONSERVATION,
CLIMATE CHANGE, AND ECOSYSTEM SERVICES

S

SOCIAL

RURAL ECONOMIES, JOBS, SAFETY,
COMMUNITY ENGAGEMENT, AND THE
FOREST PRODUCTS SUPPLY CHAIN

G

GOVERNANCE

ORGANIZATION & CULTURE
DIVERSITY, EQUITY & INCLUSION



NOTE ABOUT EXTERNALLY DEVELOPED METRICS



While Lyme’s 5-year ESG goals align with the UNPRI Sustainable Development Goals and the Global Impact Investing Network’s IRIS metrics, and tracking third-party metrics is important for industry standardization, doing so was not the driver for our ESG goal-setting process. Still, Lyme has reported on SDG goals and IRIS metrics for many years and is continuing to do so. You can find more information on our alignment with these frameworks in Appendices 1 and 2 of this report.

ENVIRONMENTAL GOALS

Our 1.3 million-acre forestland portfolio and history of partnership with conservation organizations and public agencies positions us to improve sustainable forest management and to deliver conservation and climate benefits at scale. These priorities are built into the fabric of everyday work at Lyme, and we made progress on several fronts this year.

In 2022, we focused additional effort on opportunities to improve fuel efficiency, including research on how to upgrade our truck fleet and decrease emissions related to harvesting and hauling.



1. INCREASE FOREST CARBON SEQUESTRATION TO HELP MITIGATE CLIMATE CHANGE AND DELIVER OTHER CONSERVATION BENEFITS
2. REDUCE THE CARBON FOOTPRINT OF OUR CORPORATE AND PORTFOLIO COMPANY OPERATIONS
3. PERMANENTLY PROTECT HIGH CONSERVATION VALUE WORKING FORESTS AND OTHER UNIQUE CONSERVATION LANDS



Photo: Hardwood stand in the fall on Lyme Great Lakes Timberlands in Michigan

ENVIRONMENTAL GOAL #1

INCREASE FOREST CARBON SEQUESTRATION TO HELP MITIGATE CLIMATE CHANGE AND DELIVER OTHER CONSERVATION BENEFITS

We manage our forests to deliver both environmental benefits and quality forest products. While we have been active in carbon markets for the past 11 years, we recognize that many early forest carbon offset projects, including projects on our lands, did not require immediate changes in management to increase carbon storage. We continue to track the evolution of carbon markets and are approaching our analysis for new opportunities through a more rigorous lens of additionality and offset quality.

5-YEAR MEASURES



300,000 new acres of forestland enrolled in carbon protocols that ensure 40 + years of carbon storage

UPDATE: In 2022, we analyzed forest carbon projects on our Florida lands and continued to test our assumptions related to a project in Michigan to determine if we could design high-quality projects. We concluded that we could not given the current price for carbon offsets. We have no plans to develop new projects on our portfolio.

ASSESSMENT: May reevaluate goal due to evolution of carbon markets.



Sequester 30,000 additional tons of carbon per year through modified management plans and harvest reductions

UPDATE: We do not have plans to develop new offset projects and therefore do not have plans to reduce harvests.

ASSESSMENT: May reevaluate goal due to evolution of carbon markets.



Photo: View of undeveloped lake on Lyme's Adirondack timberlands

ENVIRONMENTAL GOAL #2

REDUCE THE CARBON FOOTPRINT OF CORPORATE AND PORTFOLIO COMPANY OPERATIONS

Carbon emissions are generated from the harvest, transport, and manufacturing of logs from our forestlands. Our corporate activities – driving, airplane travel, and our office space – also generate emissions. While timber harvesting and travel-related activities will continue to depend on fossil fuel combustion, we are working to find ways to reduce our fossil fuel consumption and associated emissions, especially in our harvesting operations.

5-YEAR MEASURES



Reduce or offset travel-related net carbon emissions by 30%

UPDATE: Based on our initial work, we believe that improving fuel efficiency in company-owned vehicles is the best area of focus in the near term. In 2022, we prioritized fuel efficiency in new vehicle purchases for our forestry teams and began evaluating how to phase in fuel efficient vehicles more comprehensively throughout our operations.

ASSESSMENT: Needs Attention



Reduce carbon emissions from harvesting and hauling by 15% through supply chain efficiency improvements and investments in lower emission technologies

UPDATE: In 2022, we focused on identifying inefficiencies in hauling and harvesting in order to reduce carbon emissions generated from operations. We started work on the development of a pilot program to incentivize contractors to install tire pressure gauges on log trucks. We are also looking for ways to reduce truck idle time and to optimize delivery routes to increase backhauls and truck efficiency. We are in the early stages of this work.

ASSESSMENT: Needs Attention



Photo: View of mountains from Lyme Tennessee Timberlands

ENVIRONMENTAL GOAL #3

PERMANENTLY PROTECT HIGH CONSERVATION VALUE WORKING FORESTS AND OTHER UNIQUE CONSERVATION LANDS

We have been an industry leader in the sale of working forest conservation easements and have used this strategy to permanently protect approximately 850,000 acres during Lyme's 47-year history. We will continue to seek conservation outcomes by working closely with conservation partners and public agencies to protect working forestlands.

5-YEAR MEASURES



**Protect an additional 150,000 acres
through conservation buyers**

UPDATE: In 2022, we advanced a potential conservation easement on 73,000 acres in Michigan in partnership with Michigan Department of Natural Resources for public access, climate resiliency, and wildlife habitat. We also sold a 2,263-acre conservation easement in West Virginia to the state Department of Natural Resources for elk habitat improvement, and 140 acres in fee to the Western Pennsylvania Conservancy to assist with completion of a 13,000 acre project to protect the Clarion River.

We continued to advance other conservation projects in Michigan and Pennsylvania and engaged in conversations with many state and local partners regarding the increased funding available for conservation through recent legislation.

ASSESSMENT: On Track



Photo: Cypress swamp on Lyme Florida Timberlands property protected by a working forest conservation easement

ENVIRONMENTAL GOAL #4

CONTINUOUS IMPROVEMENT IN FOREST MANAGEMENT PRACTICES AND PROTECTION OF WATER QUALITY, SOIL, WETLANDS, AND HABITAT ON OUR LANDS

Lyme's forestland operations are all third-party certified to sustainable forestry standards. Lyme has a long history of being an industry leader in sustainable forest management and has always achieved high marks on the annual third-party audits. We realize great value in managing to these standards, but also see an opportunity to formalize our internal audit process to collect baseline information and set a higher internal standard for ourselves, with greater emphasis on continuous improvement.

5-YEAR MEASURES



Establish internal forest management audit process and baseline performance measures

UPDATE: In 2022, we created a system to improve documentation of internal audits and site visits where we evaluate forest management practices, use of new technology, creative approaches to sustainable forestry, and safety considerations. We implemented this tool in all five of our portfolio companies this year.

ASSESSMENT: On Track



Portfolio companies demonstrate continuous improvement in internal forestry audit performance

UPDATE: We began using the tracking system discussed above to measure improvement in subsequent site visits. We anticipate rolling this out more comprehensively in 2023.

ASSESSMENT: On Track



Reduce chemical use in forestry operations by 20%

UPDATE: In 2022, we redesigned our criteria for establishing plantations in Michigan to move toward natural regeneration and to avoid the need for intensive chemical applications. We are reevaluating our herbicide use in Pennsylvania and are working to apply a more targeted approach for those situations where there is a regeneration or invasive species problem. Nevertheless, an increase in spongy moth activity and the associated defoliation prompted us to increase use of pesticides in some locations in Pennsylvania and New York.

ASSESSMENT: On Track

SOCIAL GOALS

Lyme is unique among US forestland investment managers because we establish and invest in locally managed businesses that supply, purchase from, or provide services to our forestland holdings. Through five forest management companies, two sawmills, four logging/road businesses, and two log marketing joint ventures, we employ almost 350 people in rural communities across the US. Our lands also support thousands of additional jobs in logging, trucking, and manufacturing. We have an opportunity to strengthen the rural communities where we own land by supporting good paying jobs, investing in safety and innovation, and responding to the interests of local stakeholders.

As outlined below, efforts to advance goals in the Social portion of our ESG work in 2022 were focused on safety and community engagement. We created a system to track safety incidents and launched a corporate giving program at fund-owned portfolio companies.

S

1. REDUCE ACCIDENT RATES AND IMPROVE SAFETY IN LOGGING, FORESTRY, AND LOG TRUCKING
2. INCREASE ENGAGEMENT WITH COMMUNITY MEMBERS IN THE REGIONS WHERE WE OWN LAND
3. CREATE AND MAINTAIN HIGH-QUALITY JOBS IN RURAL COMMUNITIES
4. INNOVATE AND INVEST IN THE FOREST PRODUCTS SUPPLY CHAIN



Photo: The Three Rivers Forest Management team (Pennsylvania portfolio company) inspecting a landing

SOCIAL GOAL #1

REDUCE ACCIDENT RATES AND IMPROVE SAFETY IN LOGGING, FORESTRY, AND TRUCKING

Many hundreds of logging, trucking, and forestry professionals work on our lands every day – laying out harvests, felling trees, manufacturing logs, and transporting products to market. Historically, the logging industry has had the highest fatality rate of any industrial occupation. Mechanization in logging has started to improve safety outcomes, but there is still a long way to go. As a large landowner and the owner of several logging and related businesses, we can help to set a higher standard for safety, save lives, and make the forest products industry a more attractive profession.

5-YEAR MEASURES



Zero logging and forestry fatalities on Lyme lands

UPDATE: There were no logging or work-related fatalities on Lyme lands in 2022.

ASSESSMENT: On Track



25% reduction in reportable accidents on Lyme lands

UPDATE: In 2022, we and our General Managers created a system to track accidents on our properties. As we collect more data on safety incidents, we will consider ways that we can support improvements in safety and accident reduction.

ASSESSMENT: Needs Attention



100% of workers on Lyme lands covered by workers' compensation insurance

UPDATE: We provide workers' compensation insurance for all portfolio company employees and require that contractors provide us proof of coverage on their employees. As we recruit new contractors, we will work to provide support and financial incentives to contractors seeking to obtain coverage for their employees and subcontractors.

ASSESSMENT: On Track

SOCIAL GOAL #2

INCREASE ENGAGEMENT WITH COMMUNITY MEMBERS IN THE REGIONS WHERE LYME OWNS LAND

Much of our forestland is open to the public and used by communities for recreation. Our lands are adjacent to and within the viewshed of towns, homes, and businesses. Our activities – timber harvesting, log trucking, and vegetation management – can impact our neighbors. We also directly employ people and engage many businesses in the communities where we own forestland. For these reasons, it is important that we engage with community members, hear concerns, and work collaboratively to improve outcomes. We also believe that good corporate citizenship involves giving back to communities and doing so is important to our staff members.

5-YEAR MEASURES



**Achieve \$1,000/
employee level of
community contribution
by Lyme and all portfolio
forest management
companies**

UPDATE: In 2022, Lyme and its portfolio companies contributed over \$69,000 to community organizations. We formalized an annual giving program that engaged portfolio company employees in corporate giving. In 2023, we will expand this program to our corporate office.

ASSESSMENT: On Track



**Establish or enhance
programs to incentivize
employee engagement
in their local community
(board participation,
events, forums, and
volunteering)**

UPDATE: In 2022, we added a volunteer component to the annual giving program to encourage portfolio company employees to engage in volunteer activities in their local communities. We will continue to develop this program in 2023.

ASSESSMENT: On Track



**Pilot a program for
portfolio companies to
host stakeholder forums
(or local community
advisory boards) to
better integrate
community input into
land management and
public access plans**

UPDATE: We did not conduct any pilots in 2022 and may not begin work in this area until 2024.

ASSESSMENT: Needs Attention

SOCIAL GOAL #3

CREATE AND MAINTAIN HIGH-QUALITY JOBS IN RURAL COMMUNITIES

Our forest management and logging companies directly employ 71 people in the rural communities where we own land. We are responsible for designing the wage and bonus structures, benefits, and employment policies at these companies. We do this work in collaboration with our General Managers to whom portfolio company employees report.

Our five joint venture investments employ an additional 273 people. These employment arrangements are designed by our joint venture partners who also serve as the operating partners for the businesses. In these relationships, we primarily play an advisory role.

In both our employer and advisory roles, we can support some of the best paying and highest quality jobs in the rural communities where our lands are located. We take this responsibility seriously and have worked hard to be the employer of choice and thereby raise the bar for employment in the forest products industry.

5-YEAR MEASURE



\$15/hour minimum wage (2021 dollars), benefits, and company retirement contributions for full-time employees of companies in which Lyme has an ownership interest

UPDATE: In 2022, 100% of all full-time employees at Lyme-managed portfolio company employees were paid a minimum of \$15 per hour and were eligible for health insurance and other benefits. We continue to encourage our operating partners to evaluate pay scales for fairness and to raise wages, particularly at the bottom of the pay scale, to fill positions and support a higher standard of living for hourly workers.

ASSESSMENT: On Track



Photo: Aerial view of a landing where logs are processed and loaded onto trucks in Tennessee

SOCIAL GOAL #4

INNOVATE AND INVEST IN THE FOREST PRODUCTS SUPPLY CHAIN

The long-term success of our timberland investments depends on healthy supply chains: logging contractors, truckers, log export businesses, sawmills, and secondary manufacturers. In the predominantly hardwood regions where we operate, the forest products supply chain has suffered from low profitability and under-investment in technology and innovation. This makes recruiting new workers to these industries more challenging and presents risk for future forestry operations. As a large timberland owner, we can support supply chain innovation in a variety of ways: through financing arrangements, direct investments in supply chain businesses, long-term commitments to suppliers and customers, and through fair and transparent business practices.

5-YEAR MEASURE



Invest \$5 million in businesses, joint ventures, loans, and capital projects that address challenges and opportunities in the forestry supply chain and the communities where we operate, including job quality, worker safety, environmental protection, and/or forestry practices

UPDATE: In 2022, we invested \$3.0 million in EB Logging II, a joint venture with a West Virginia logging entrepreneur to expand our winch-assist logging initiative in West Virginia. We invested \$600,000 in a winch-assist system that was deployed in partnership with one of our logging contractors in Pennsylvania (the first such system in the state). We also invested \$800,000 in loans to logging contractors in Tennessee and West Virginia. Finally, we invested over \$5.0 million in capital improvements at our sawmills. Given these investments, and our earlier supply chain investments in 2021, we have substantially exceeded the original goal.

ASSESSMENT: Ahead of Plan



Photo: Conversation on a bridge in the Adirondacks during our General Manager tour regarding safety policies and protocols

GOVERNANCE GOALS

Open and honest communication, collegiality, respect, and a genuine interest in understanding each person's point of view have been hallmarks of Lyme's culture. Our leadership has always included a combination of backgrounds, including foresters, MBAs, lawyers, and small business owners. While Lyme has benefited from the diversity of its leaders' educational, personal, and professional backgrounds, we understand that it takes work to maintain a respectful and inclusive culture, create a path to broader diversity in leadership, and to ensure that all employees can achieve their professional goals.

In 2022, efforts to advance our Governance goals centered on the expansion of our internship programs and modifications to our employee handbook. We expanded the Lyme Great Lakes internship program to include a GIS-focused intern and hired an intern in Pennsylvania for the first time. We formed a committee of Lyme and portfolio company employees to consider changes to our employee handbooks that would help to foster a more inclusive and respectful culture.



1. AN INCLUSIVE AND RESPECTFUL CULTURE
2. CREATE CAREER DEVELOPMENT OPPORTUNITIES FOR PEOPLE WITH DIVERSE BACKGROUNDS AND EXPERIENCE
3. GREATER DIVERSITY IN OUR BUSINESSES AND LEADERSHIP



Photo: Members of the Lyme Great Lakes Forest Management team at the inaugural Women's Forest Congress in Minneapolis

GOVERNANCE GOAL #1

FOSTER AN INCLUSIVE AND RESPECTFUL CULTURE

We believe that an inclusive and respectful culture is the foundation upon which to build a great organization. Historically, we prided ourselves on having relatively few corporate policies, instead relying on our leadership and managers to engage on matters of concern and use good judgment to answer questions and resolve conflicts. While in the past that approach worked reasonably well for our small team, it is not the right approach for our current business and growth of our team. Over the past few years, we have recognized the need to document policies to ensure fairness and understanding across the organization. Updating and modifying these policies is a continuous process, and one that benefits from engagement by people at all levels of our organizations. These policies lead to practices that support the culture we want to maintain and improve.

5-YEAR MEASURES



Review employee handbooks annually with input from a diverse cross-section of employees to ensure policies that are equitable and which support an inclusive and respectful culture

UPDATE: In 2022, we updated and standardized employee handbooks to make them consistent across all Lyme portfolio companies. We also created a standing committee comprising employees across the Lyme portfolio, and from different positions within the companies, to provide feedback and suggestions as we work to continuously improve our employment policies through a lens of equity and inclusion. Several of the recommendations from this committee, including enhancements to our parental leave policies, have been incorporated in the 2023 version of the employee handbook.

ASSESSMENT: On Track



Implement new employee orientation and ongoing employee training in cultural understanding, conflict resolution, and practices that support an inclusive and respectful culture

UPDATE: We assessed potential training and orientation programs in 2022 and anticipate beginning this work in 2023.

ASSESSMENT: Needs Attention



Collect and analyze data on hiring, employment and retention within Lyme and its portfolio companies to better evaluate policies and practices

UPDATE: We are evaluating what kinds of data are appropriate and useful to better evaluate our policies and practices. One area of focus is enhancing our employee review process to encourage open communication and feedback.

ASSESSMENT: Needs Attention

GOVERNANCE GOAL #2

CREATE CAREER DEVELOPMENT OPPORTUNITIES FOR PEOPLE WITH DIVERSE BACKGROUNDS AND EXPERIENCE

We want to ensure that we have a diverse pipeline of future leaders. We have seen first-hand the success of an internship program that was established by the former owner of our Michigan lands; many of the current employees at Lyme Great Lakes started their career as interns, and it has proven to be an effective program for recruiting a talented cohort of young foresters and increasing gender diversity. We also recognize the need to create opportunities for all team members to grow and develop to their potential.

5-YEAR MEASURES



Expand internship programs to identify and develop employees from diverse backgrounds

UPDATE: Our Michigan internship program continued to thrive in 2022, with six interns, including one who focused on GIS and one who came from outside the region. We also expanded the internship program to include one intern at our Pennsylvania property. We anticipate expanding to one additional portfolio in 2023 and continuing to share best practices across portfolio companies.

ASSESSMENT: On Track



Provide mentorship to new and less experienced employees

UPDATE: In Michigan, we developed a tool to help foresters understand the skills and experiences they need to develop to advance in their careers. We did not establish any other formal programs.

ASSESSMENT: Needs Attention



Ensure ongoing professional development opportunities for all employees

UPDATE: In 2022, we brought together the General Managers and other senior leadership from each of the portfolio companies to tour one of our properties and participate in meetings with the Lyme corporate team. These meetings provided a valuable opportunity to learn together and deepen relationships. Additionally, several employees participated in the inaugural Women's Forestry Congress, which yielded valuable insights and a supportive network for our female foresters and management team members. We continue to support professional development for all team members and are exploring opportunities for more structured activities.

ASSESSMENT: On Track

GOVERNANCE GOAL #3

GREATER DIVERSITY IN OUR BUSINESSES AND LEADERSHIP

We recognize the benefits of diversity in our businesses and leadership teams. We seek to maintain an inclusive and respectful culture that will accommodate growth and leadership opportunities for people from all backgrounds. As a relatively flat organization, we encourage collaboration and ongoing learning opportunities for staff at all levels of the organization.

5-YEAR MEASURES



Increase the diversity of our investment committee members and firm owners

UPDATE: As of January 2022, Lyme became 100% employee owned after buying out the passive minority interest held by former partners. We added three new employee-owners, including two women, bringing the total number of employee-owners to eight. In addition, we added a female employee to our corporate leadership team and investment committee. In January 2023, three additional employees became owners, two of whom are women.

ASSESSMENT: On Track



Increase the diversity of our portfolio company leaders

UPDATE: We believe this goal will be achieved gradually over time as we recruit and support the professional growth of newer employees.

ASSESSMENT: On Track



Photo: Visit to our logyard in the Adirondacks during our General Manager tour

APPENDIX 1: THIRD-PARTY FRAMEWORKS

Although our internal ESG strategies and goals discussed in the body of the report offer a robust description of our efforts and progress on many impact related metrics, Lyme also acknowledges the importance of recognizing the alignment with the available impact reporting frameworks.

We have been reporting on the impact of our investments since 2012 using the Impact Reporting and Investment Standards (IRIS) metrics developed by the Global Impact Investing Network (GIIN). This report includes fund-level impact metrics and background information on our investment strategies. We remain committed to reporting on these metrics.



Lyme's impact themes align with the Impact Management Project and GIIN's IRIS+ and Navigating Impact Project frameworks that were developed with stakeholder input and have been widely used to evaluate impact.

IMPACT THEMES	LYME ACTIVITIES IN SUPPORT
SUSTAINABLE FORESTRY AND LAND MANAGEMENT	<ul style="list-style-type: none">- Conserving forests and forest resources- Increasing the sustainability of wood, wood-based and non-wood forest products- Increasing the sustainability of rural economies through forestry and land use
BIODIVERSITY, ECOSYSTEM, AND NATURAL RESOURCE CONSERVATION	<ul style="list-style-type: none">- Conserving wetlands and river flows- Improving water quality and sustainability through water source protection- Providing wildlife habitat- Connecting conserved lands to achieve landscape scale
CLIMATE CHANGE MITIGATION, RESILIENCE, AND ADAPTATION	<ul style="list-style-type: none">- Removing carbon from the atmosphere- Keeping forests intact to sequester carbon- Delivering valued wood-products that continue to store carbon in their biomass

TARGET BENEFICIARIES

1) OUR PLANET AND THE PEOPLE THAT DEPEND ON IT

Ecosystem services support planetary health

Sustainably sourced products increase global natural resource efficiency

2) PEOPLE IN RURAL COMMUNITIES, INCLUDING LOW-INCOME COMMUNITIES, IN THE FORESTED REGIONS IN WHICH WE INVEST

Primary benefits derived by the people we employ, the jobs we support, and the economic activity we enable in the regions where we own land

IRIS metrics reporting appears in fund-specific tables in Appendix 2

APPENDIX 1: THIRD-PARTY FRAMEWORKS (CONT.)



Lyme is a signatory to the UN Principles for Responsible Investment (UN PRI). Under this globally-recognized framework, we maintain a responsible investment policy and annual public reporting. Lyme's investment strategies contribute to accomplishing the UN's Sustainable Development Goals (SDGs).

PRIMARY

15
LIFE
ON LAND



PROTECT, RESTORE, AND PROMOTE SUSTAINABLE USE OF TERRESTRIAL ECOSYSTEMS, SUSTAINABLY MANAGE FORESTS, COMBAT DESERTIFICATION, HALT AND REVERSE LAND DEGRADATION, AND HALT BIODIVERSITY LOSS

Lyme's forestland and ecosystem services investments protect ecologically important land; reverse land degradation; promote biodiversity, air quality and soil health; and sustain livelihoods and quality of life.

SECONDARY

13
CLIMATE
ACTION



TAKE URGENT ACTION TO COMBAT CLIMATE CHANGE AND ITS IMPACTS

Lyme's forests sequester carbon at scale and mitigate the impact of natural disasters caused by climate change with naturally occurring flood control, soil health, and air quality maintenance. Scientific research led by The Nature Conservancy indicates that natural climate solutions, including sustainable forestry and land conservation, have the potential to reduce global emissions by over 30% by 2030.

5
GENDER
EQUALITY



ACHIEVE GENDER EQUALITY AND EMPOWER ALL WOMEN AND GIRLS

Community outreach initiatives to engage stakeholders with our work and the range of forestry related jobs open doors to a historically non-diverse industry. Lyme's growing internship program successfully prioritizes gender diversity and creates a path to good jobs and leadership positions for women entering the industry.

8
DECENT WORK AND
ECONOMIC GROWTH



PROMOTE SUSTAINED, INCLUSIVE, AND SUSTAINABLE FULL AND PRODUCTIVE EMPLOYMENT AND DECENT WORK FOR ALL

Sustainable forest management creates and maintains quality jobs in rural communities that depend on forests for livelihoods. The protection of high conservation value lands with public access for recreation supports tourism economies.

ALSO LINKED

9
INDUSTRY, INNOVATION
AND INFRASTRUCTURE



BUILD RESILIENT INFRASTRUCTURE, PROMOTE INCLUSIVE AND SUSTAINABLE INDUSTRIALIZATION AND FOSTER INNOVATION

Innovative supply chain investments in forestry and logging operations in rural communities improve safety, increase economic stability, and allow for testing of different technologies and approaches.

6
CLEAN WATER
AND SANITATION



ENSURE AVAILABILITY AND SUSTAINABLE MANAGEMENT OF WATER AND SANITATION FOR ALL

Lyme's forestlands protect watersheds, which supply clean water. Stream and wetland mitigation bank projects restore degraded natural aquatic resources.

12
RESPONSIBLE
CONSUMPTION
AND PRODUCTION

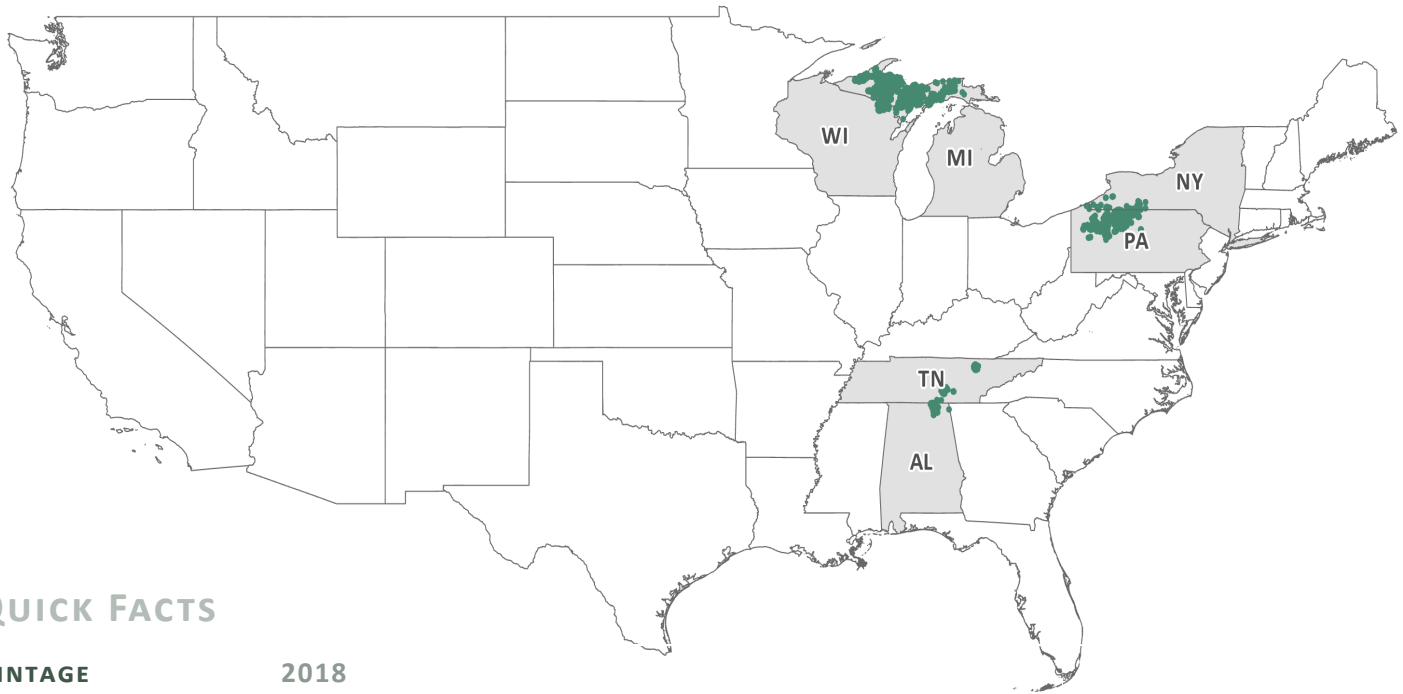


SUSTAINABLE CONSUMPTION AND PRODUCTION PATTERNS

Sustainable timber production provides renewable resources at scale for critical human needs. Long-lived forest products store carbon in their biomass. Forest products can help facilitate the transition to less carbon-intensive building materials and packaging, and forest products markets can support long-term forest management objectives.

APPENDIX 2: FUND V DETAILS & IMPACT METRICS

PORTFOLIO



QUICK FACTS

VINTAGE	2018
INVESTMENTS	5
INVESTED CAPITAL	\$270M (90% OF COMMITTED CAPITAL)
ACRES AS OF YE 2022	873,766
STRATEGIES	92% WORKING LANDS 8% SUPPLY CHAIN⁵

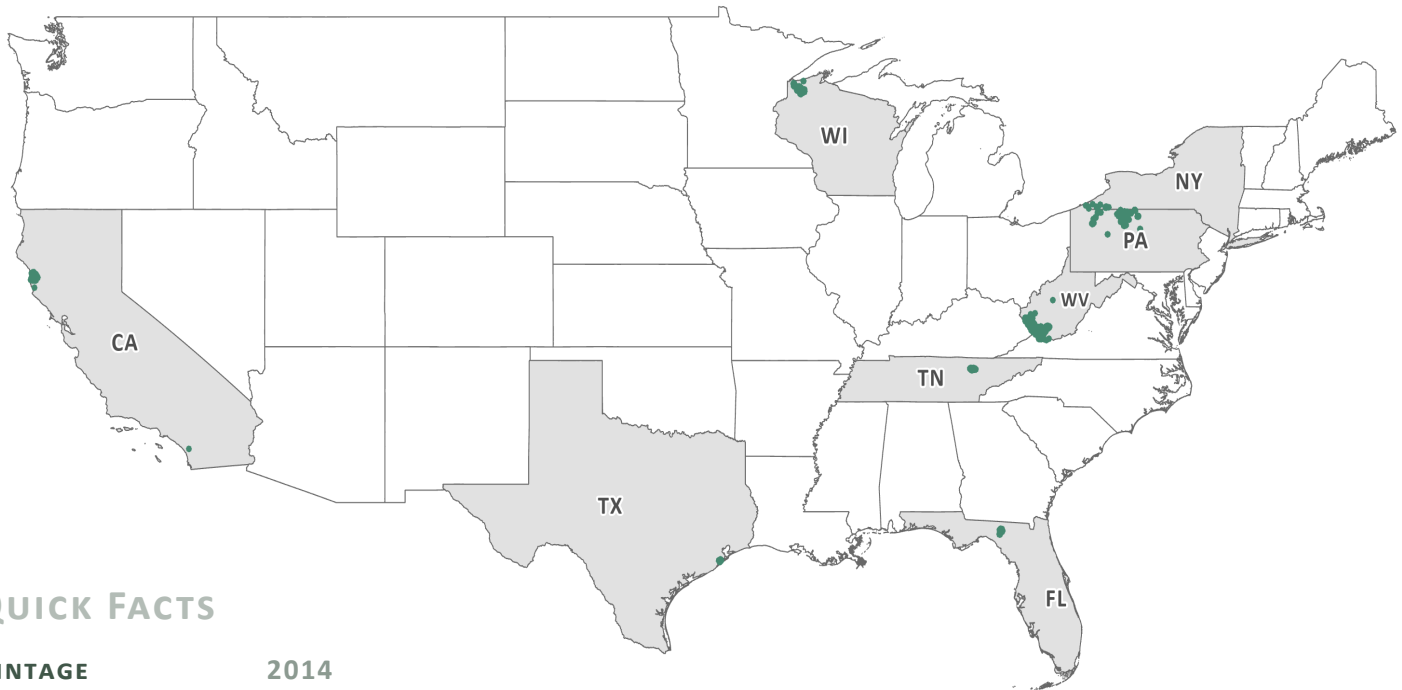
IMPACT DETAIL

Impact Metric	IRIS ID	Unit	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Cumulative
Land area directly controlled: sustainably managed	OI6912	Acres	-	-	-	-	-	52,296	109,876	833,391	921,628	913,691	873,766	-
Operational certification	OI1120	Acres	-	-	-	-	-	-	-	833,391	921,628	913,691	873,766	-
Area of adjacent protected land	PI5750	Acres	-	-	-	-	-	-	1,427,938	2,670,371	3,943,983	3,943,983	3,943,983	-
Area of fresh water bodies present	PI7170	Acres	-	-	-	-	-	27	72	32,126	32,134	32,072	30,322	-
Length of streams present	PI3239	Kilometers	-	-	-	-	-	230	536	3,225	3,500	3,474	3,326	-
Ecological restoration management area	PI9556	Acres	-	-	-	-	-	-	-	-	-	-	-	-
Jobs maintained at directly supported/ financed enterprises	PI5691	FTEs	-	-	-	-	-	-	99	146	156	282	294	-
Protected land area: permanent	PI3924	Acres	-	-	-	-	-	-	9,362	-	-	1,321	500	63,179
Units/ volume of sustainably harvested wood products sold	PI1263	Metric tons	-	-	-	-	-	-	40,775	166,480	832,942	951,150	976,708	2,968,056
Native trees planted	PI3848	Acres	-	-	-	-	-	-	-	-	4,747	2,811	1,653	9,211
Ecosystem services provided by land	PD8494	Biological raw material, regulation of climate, habitat, erosion control, recreation and ecotourism												

See notes on impact data provided in Appendix 4

APPENDIX 2: FUND IV DETAILS & IMPACT METRICS

PORTFOLIO



QUICK FACTS

VINTAGE	2014
INVESTMENTS	11
INVESTED CAPITAL	\$250M (100% OF COMMITTED CAPITAL)
ACRES AS OF YE 2022	250,245
STRATEGIES	87% WORKING LANDS 5% SUPPLY CHAIN 8% ECOSYSTEM SERVICES ⁵

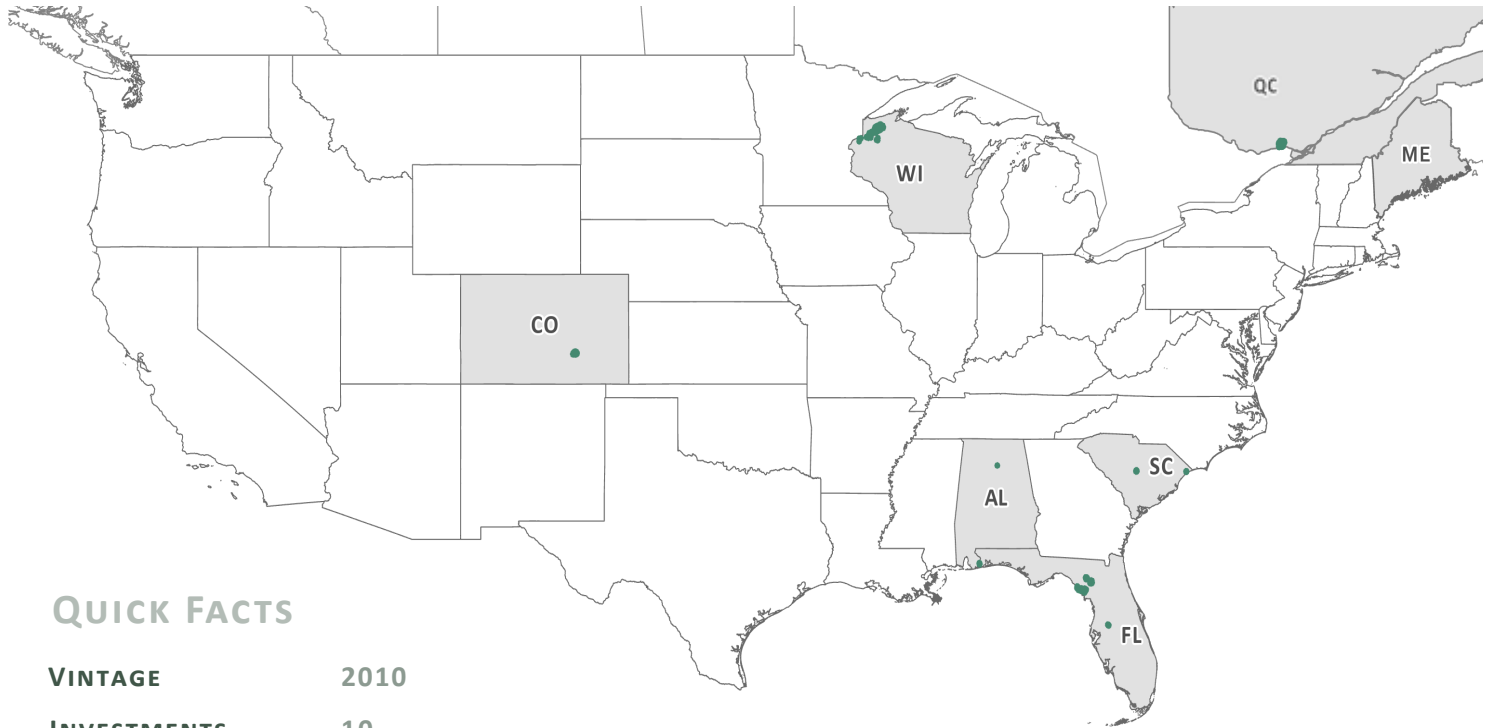
IMPACT DETAIL

Impact Metric	IRIS ID	Unit	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Cumulative
Land area directly controlled: sustainably managed	OI6912	Acres	-	-	-	136,695	169,591	372,773	397,533	397,055	395,568	389,744	250,245	-
Operational certification	OI1120	Acres	-	-	-	22,779	55,627	318,409	318,409	385,425	383,883	383,148	248,526	-
Area of adjacent protected land	PI5750	Acres	-	-	-	-	3,132,566	3,277,611	4,518,549	4,623,840	4,623,840	4,623,840	4,623,840	-
Area of fresh water bodies present	PI7170	Acres	-	-	-	13,258	13,860	13,476	18,107	17,924	17,924	13,481	232	-
Length of streams present	PI3239	Kilometers	-	-	-	1,872	1,994	3,024	3,124	3,113	3,117	3,089	1,221	-
Ecological restoration management area	PI9556	Acres	-	-	-	20	63	184	2,298	2,298	2,332	2,332	253	-
Jobs maintained at directly supported/financed enterprises	PI5691	FTEs	-	-	-	15	15	23	135	166	175	305	299	-
Protected land area: permanent	PI3924	Acres	-	-	-	826	7,090	-	9,362	382	-	4,714	2,225	43,437
Units/ volume of sustainably harvested wood products sold	PI1263	Metric tons	-	-	-	-	164,421	193,659	305,860	448,163	463,137	414,253	199,223	2,188,715
Native trees planted	PI3848	Acres	-	-	-	-	1,642	964	938	-	734	1,020	282	5,581
Ecosystem services provided by land	PD8494	Biological raw material, regulation of climate, habitat, erosion control, recreation and ecotourism												

See notes on impact data provided in Appendix 4

APPENDIX 2: FUND III DETAILS & IMPACT METRICS

PORTFOLIO



QUICK FACTS

VINTAGE	2010
INVESTMENTS	10
INVESTED CAPITAL	\$107.5M (67% OF COMMITTED CAPITAL)
ACRES AS OF YE 2022	28,796
STRATEGIES	80% WORKING LANDS 8% HIGH PRIORITY CONSERVATION 12% ECOSYSTEM SERVICES ⁵

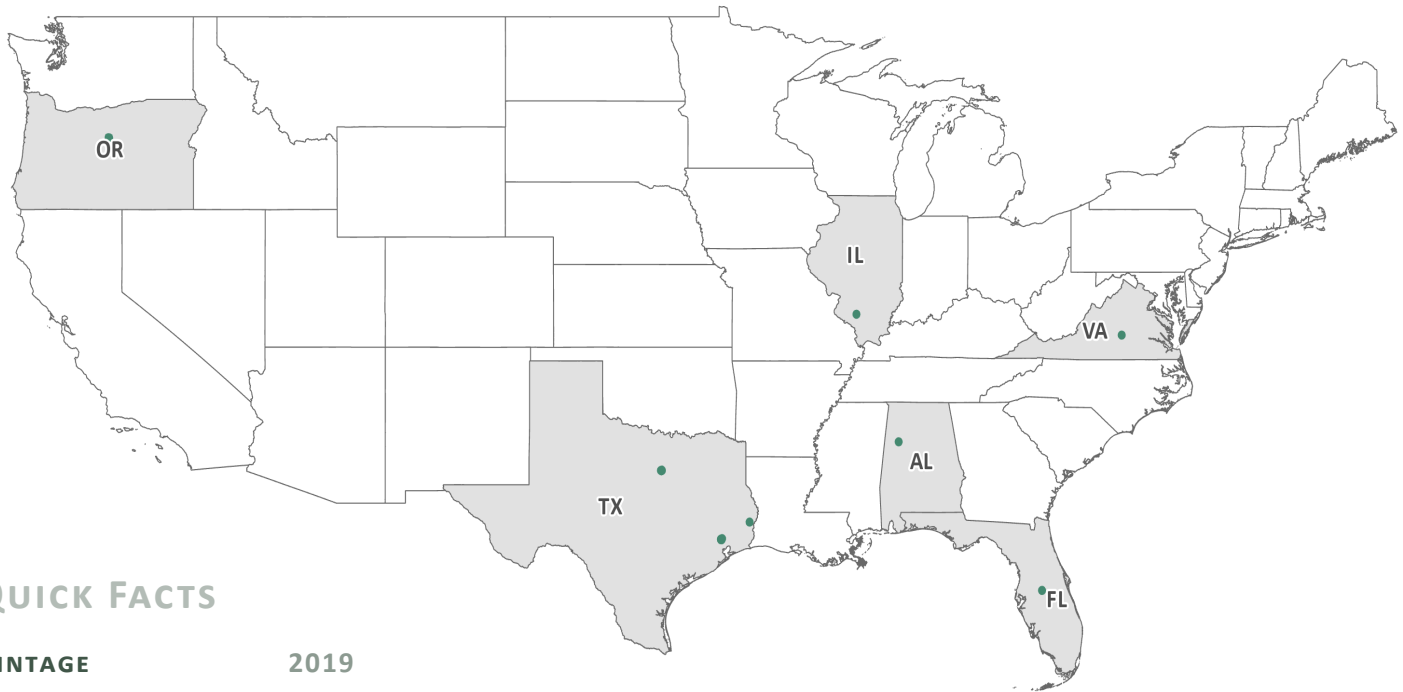
IMPACT DETAIL

Impact Metric	IRIS ID	Unit	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Cumulative
Land area directly controlled: sustainably managed	OI6912	Acres	72,783	169,709	223,580	170,502	169,604	102,119	101,131	99,572	97,899	99,299	28,796	-
Operational certification	OI1120	Acres	72,783	69,060	192,945	139,867	139,794	72,253	71,265	69,864	69,463	68,591	-	-
Area of adjacent protected land	PI5750	Acres	2,929,116	2,942,484	2,944,270	3,027,813	3,051,832	3,051,832	3,301,724	3,500,915	3,500,915	3,500,915	3,500,915	-
Area of fresh water bodies present	PI7170	Acres	405	31,546	42,397	37,521	37,521	37,116	36,727	35,169	34,567	34,253	676	-
Length of streams present	PI3239	Kilometers	34	352	508	219	218	184	184	170	169	169	85	-
Ecological restoration management area	PI9556	Acres	-	150	164	781	967	1,296	1,708	1,709	1,649	1,649	763	-
Jobs maintained at directly supported/ financed enterprises	PI5691	FTEs	-	-	1	1	2	2	2	2	2	2	-	-
Protected land area: permanent	PI3924	Acres	49,036	15,355	1,927	45,966	8,138	-	1,027	19,225	5,835	13,384	-	159,893
Units/ volume of sustainably harvested wood products sold	PI1263	Metric tons	57,200	91,098	160,224	158,033	125,842	98,999	126,209	139,301	174,759	147,510	91,676	1,370,851
Native trees planted	PI3848	Acres	1,201	1,250	4,686	2,245	2,825	1,299	707	2,261	1,112	2,148	1,534	21,267
Ecosystem services provided by land	PD8494	Biological raw material, regulation of climate, habitat, erosion control, recreation and ecotourism												

See notes on impact data provided in Appendix 4

APPENDIX 2: LCOF DETAILS & IMPACT METRICS

PORTFOLIO



QUICK FACTS

VINTAGE	2019
INVESTMENTS	8
INVESTED CAPITAL	\$19.1M (38% OF COMMITTED CAPITAL)
ACRES AS OF YE 2022	2,463 ACRES
STRATEGIES	80% MITIGATION BANKS 20% FOREST CARBON⁵

IMPACT DETAIL

Impact Metric	IRIS ID	Unit	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Cumulative
Land area directly controlled: sustainably managed	OI6912	Acres	-	-	-	-	-	-	-	477	19,457	19,639	2,463	-
Operational certification	OI1120	Acres	-	-	-	-	-	-	-	-	-	-	-	-
Area of adjacent protected land	PI5750	Acres	-	-	-	-	-	-	-	6,714	152,167,759	152,167,759	152,167,759	-
Units/ volume of sustainably harvested wood products sold	PI1263	Metric tons	-	-	-	-	-	-	-	-	-	-	-	-
Area of fresh water bodies present	PI7170	Acres	-	-	-	-	-	-	-	246	246	486	486	-
Length of streams present	PI3239	Kilometers	-	-	-	-	-	-	-	3	60	76	26	-
Native trees planted	PI3848	Acres	-	-	-	-	-	-	-	-	-	-	-	-
Ecological restoration management area	PI9556	Acres	-	-	-	-	-	-	-	280	847	2,283	2,213	-
Jobs maintained at directly supported/ financed enterprises	PI5691	FTEs	-	-	-	-	-	-	-	-	-	-	-	-
Protected land area: permanent	PI3924	Acres	-	-	-	-	-	-	-	322	-	-	-	322
Ecosystem services provided by land	PD8494	Biological raw material, regulation of climate, habitat, erosion control, recreation and ecotourism												

See notes on impact data provided in Appendix 4

APPENDIX 3: KEY TERMS AND CONCEPTS

FOREST CARBON SEQUESTRATION

Trees, through natural biological processes, absorb carbon dioxide from the atmosphere and store it in biomass and soils. Voluntary and regulatory carbon markets enable forestland owners to secure the carbon sink and generate revenue through the sale of carbon offsets.

Many companies that emit carbon and have a regulatory obligation or voluntary commitment to offset emissions can buy carbon offsets to help achieve targets. Forest owners can generate offsets by committing to maintain or increase a forest's absorptive capacity or protect forestland at risk of development or degradation. In 2013, California implemented a statewide cap on greenhouse gas emissions, imposing annual emissions reduction obligations to meet its targets for reducing statewide emissions. Utilities, oil refineries, and heavy manufacturers inside the state are required to comply.

California's carbon market is administered by California's Air Resources Board. California's offset protocols ensure the maintenance of an enrolled property's carbon stock for over 100 years. Commitments under voluntary market protocols are typically for a period of 40 years. Voluntary carbon markets, in which companies purchase carbon offsets to meet voluntary climate and net-zero commitments, continue to develop.

FOREST CERTIFICATION

Forest certification promotes and confirms the sustainable use and management of forests for biological diversity, local economies, and economic viability, and identifies sustainably produced products for consumers. Certification includes a set of standards and periodic audits to ensure environmentally and socially responsible sources of forest products. Forests in the United States are commonly certified under one or both of the leading standards - the Forest Stewardship Council (FSC)[®] and the Sustainable Forestry Initiative (SFI)[®].

IRIS METRICS

The Impact Reporting and Investment Standards ("IRIS") metrics were developed by the Global Impact Investing Network ("GIIN") to standardize the way investors communicate and report their social and environmental performance. In 2019, GIIN released the IRIS+ system to increase data clarity and comparability by providing guidance and core metrics to be used in impact reporting. IRIS+ is now a generally accepted impact reporting system used by leading impact investors to measure, manage, and optimize their impact.

LIDAR

LiDAR, which stands for Light Detection and Ranging, is a remote sensing method that uses light in the form of a pulsed laser to measure ranges (variable distances) to the Earth. These light pulses—combined with other data recorded by the airborne system—generate precise, three-dimensional information about the shape of the Earth and its surface characteristics. This technology is useful in creating accurate inventory of forestlands by providing information on the location of all of the overstory trees and the total height of each tree.

APPENDIX 3: KEY TERMS AND CONCEPTS (CONT.)

MITIGATION BANK

A mitigation bank is a degraded property restored to its original ecological function and then permanently protected. The owner of an approved mitigation bank can sell credits to public and private developers who need to mitigate their nearby impacts to streams, wetlands, and endangered species habitats.

Federal laws (the Clean Water Act and the Endangered Species Act) and certain state laws require public and private developers to mitigate ecosystem impacts by restoring ecosystems similar to those damaged. Projects that require mitigation include draining, filling, or damaging wetlands for highway construction, real estate development, energy infrastructure, or other development. Mitigation is also required to offset the impact of channelizing or rerouting streams and of adversely affecting endangered species habitat.

Under 2008 guidance from the US Army Corps of Engineers, the preferred mitigation mechanism is the project developer's purchase of credits from nearby mitigation banks that proactively restore degraded lands at a larger scale and ensure their preservation in perpetuity. Rather than undertake their own restoration efforts, developers are encouraged to buy mitigation credits from approved mitigation banks. Regulators oversee these banks and release "credits" for sale based on the bank's achievement of predetermined ecological success factors.

SDG - SUSTAINABLE DEVELOPMENT GOALS

The Sustainable Development Goals ("SDGs") were adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity. The 17 SDGs are integrated—they recognize that action in one area will affect outcomes in others, and that development must balance social, economic, and environmental sustainability.

WORKING FOREST CONSERVATION EASEMENTS (WFCEs)

A WFCE is a legal agreement that permanently restricts development and other activities on a piece of property in order to protect specific conservation values, while allowing sustainable timber harvesting. It is binding on all future landowners but does not change the ownership of the underlying property. WFCEs can enable conservation NGOs or government agencies to conserve working forests for a fraction of the cost of purchasing the land outright, while enabling the property to be managed for timber production.

APPENDIX 4: NOTES

ENDNOTES

1. Assets under management reported as equity NAV plus uncalled capital commitments. Assets under management are unaudited and subject to change upon completion of fund audits.
2. Includes four active pooled funds, one separate account, and one co-investment fund. Multiple sleeves of the same investment fund are not counted as separate funds.
3. Does not include mitigation banks or non-forested properties.
4. Conservation restrictions include conservation easements, conservation option agreements, carbon encumbrances, and mitigation banking instruments.
5. Percentage allocation across strategies in each fund is based on contributed capital.

NOTES ON IMPACT DATA

- IRIS (Impact Reporting and Investment Standards) metrics were developed by the Global Impact Investing Network.
- Area of adjacent protected land includes lands adjacent to properties that the Fund owned, conserved, and has since sold. Protected lands include those that have been permanently conserved or are subject to long-term restrictions pursuant to carbon sequestration projects.
- Jobs maintained includes all jobs at Fund-owned portfolio companies, including businesses where Lyme has made minority, non-controlling investments and businesses jointly owned with joint venture partners, including other Lyme funds. Interests in Straight Fork Forest Management, Three Rivers Forest Management, Northern Appalachian Log & Forestry, and the Emporium Hardwoods and Bradford Forest sawmills are jointly owned by Fund IV and Fund V.
- “Jobs maintained” data does not include logging, road, and trucking contractors that our forest management activities consistently support.
- Cumulative Protected land area: permanent includes acres that were purchased subject to a preexisting conservation easement; annual reporting shows acres conserved during Lyme’s ownership.
- Selections for “Ecosystem Services Provided” are informed by types of investments we make and the activities undertaken within our investment portfolios. *Biological raw materials* are produced by Lyme’s timber harvesting activities to supply fiber for sawmills and pulp mills in the region. Our 1.3 million-acre forestland portfolio, and the sustainable forest practices we employ, sequester carbon dioxide, provide wildlife habitat, provide erosion control, and afford public access for recreation, providing ecosystem services such as *Regulation of climate*, *Habitat*, *Erosion control*, and *Recreation and ecotourism*. Erosion control is also provided by restoration activities undertaken within Lyme’s mitigation banking portfolio.
- Maps include current portfolio and sold investments

APPENDIX 4: NOTES

DISCLAIMERS

This report may contain information relating to potential investment opportunities (each an “Investment”) presented by The Lyme Timber Company LLC (“Lyme”) and does not constitute an offer to sell or a solicitation of offers to buy securities, nor does it represent an assurance of investment returns. Past performance is not necessarily indicative of future results. An offer of interests in one or more vehicles constituting an Investment will only be made through separate documents and will require interested parties to make certain representations and agree to certain restrictions as set forth in those documents. The statements in this report are the opinions of Lyme, which are subject to change at any time and without notice. Lyme further reserves the right to modify the information in this report at any time without providing notice, but does not undertake any obligation, either express or implied, to update the information in this Report as additional data become available or circumstances change.

Descriptions of ESG or impact-related initiatives in this report related to Lyme, its portfolio companies, and its joint venture investments (collectively, “portfolio companies”) are not guarantees or promises that all or any such initiatives will be successful or achieve their stated goals or objectives. Statements about ESG or impact-related initiatives or practices related to portfolio companies do not apply in every instance and depend on factors including, but not limited to, the relevance or implementation status of an ESG or impact-related initiative to or within the portfolio company; the nature and/or extent of investment in, ownership of or, control or influence exercised by Lyme with respect to the portfolio company; and other factors as determined by Lyme and/or the management teams of individual portfolio companies on a case-by-case basis. In particular, certain ESG or impact-related initiatives or practices described in this report are less applicable to or may not be implemented at all with respect to Lyme’s joint venture investments. While Lyme believes that its investment and management strategies, including ESG or impact-related initiatives, can generate attractive investment returns, Lyme makes no representations as to the level of incremental returns, if any, attributable to its ESG or impact-related initiatives.



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