



THE
LYME TIMBER
COMPANY

2023 ANNUAL REPORT

FIRM AND PORTFOLIO UPDATES, ESG INITIATIVES, AND IMPACT REPORTING

PUBLISHED MARCH 2024



ABOUT THE LYME TIMBER COMPANY

Founded in 1976, The Lyme Timber Company LLC (“Lyme”) is an employee-owned investment manager that focuses on generating long-term financial returns while sustainably managing and conserving forests, protecting biodiversity, mitigating climate change, creating quality forest-sector jobs, 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 natural systems, including naturally regenerating hardwood forests, unique softwood plantations, and wetland ecosystems. Alongside the lands we manage, we invest in supply chain businesses, including sawmills, forest management companies, and innovative 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 one 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

25 years ago, I got my start in the logging business. A logger I got to know in college recruited me to help start a workers' compensation safety group to reduce logging accident rates and thereby lower the cost of workers' compensation insurance (which hovered around 40% of wages). Our safety group had some limited success, and a friend and I joined him in business. I felled trees with a chainsaw during the day and spent many nights and weekends figuring out the sometimes brutal economics of a small contracting business.

When felling trees with a chainsaw, you become acutely aware of the danger inherent in logging. You're dealing with massive and sometimes unpredictable forces: trees with big tops that don't always go where you want them to go, trees that can spring back on you, and dead limbs known as "widow makers" that can be knocked loose when trees fall to the ground.

While I only worked in the woods for a few years, I was fortunate to have avoided injury. Ask any logger who spent their career working on the ground, and they will tell you about a serious injury they survived or a fatality of someone they knew in logging. For decades, the logging industry had one of the highest fatality rates of any industrial occupation in the US.

The good news is that logging has gotten a lot safer over the past 25 years. Some of this is due to the professionalization of the industry: certification programs, Master Logger training, and a push by industry leaders like Weyerhaeuser to improve safety.

But the biggest contributor to lower accident rates in the woods has been mechanization: getting loggers off the ground and into enclosed and protected cabs. Across the US South and other major wood producing regions, trees are now cut down almost entirely with mechanical harvesters. The transition to mechanization has been slower in some hardwood regions because of steep ground and larger trees. Where mechanization has taken hold, workplace injuries have become much less severe. Slips and falls are now one of the main causes of injury.

At Lyme, we've made a push for mechanization in the Appalachian region through investments in winch

assist systems that allow mechanical harvesters to operate on steep slopes. We invested in two winch systems in West Virginia and one in Pennsylvania. These were among the first such investments in the eastern US, and now their adoption is becoming more widespread.



The systems are showing real promise. Our company crew in West Virginia has logged over 50,000 person-hours with only one workplace injury in the past four years: a minor back injury when an operator slipped while getting off a machine. In 2023, we had no reportable injuries across all three of our company crews, which logged over 16,000 hours of work in the year.

Safety is as much about culture as it is about investment in technology. We've tried to shine a light on safety across all our businesses, with initiatives to improve driving safety, standards for high visibility clothing and personal protective equipment, and near miss and accident evaluations. Because worker safety does not get the attention we think it deserves in forest certification and ESG reporting, we have defined our own goals for accident reduction, which we report on here.

One of the great benefits of safety improvement is that it goes hand in hand with environmental standards and productivity. A safe business is a controlled business, one that pays attention to the details and avoids taking shortcuts for expediency.

Ever since my days working in the woods with the chainsaw, I have appreciated that safety cannot be taken for granted and requires a commitment to continuous improvement. Through investments in safety, we can strengthen our businesses, attract the best people, and most importantly ensure that everyone goes home safely to their families each night.

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 its many 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 2024). Impact data reported in the appendices are based on the 2023 calendar year.

TABLE OF CONTENTS

2023 IN BRIEF	6
PORTFOLIO UPDATE	9
TIMBERLAND PORTFOLIOS	10
MITIGATION BANKS	20
OTHER ECOSYSTEM SERVICES INVESTMENTS	21
LYME BY THE NUMBERS	22
LYME'S ESG INITIATIVE	23
ENVIRONMENTAL	24
SOCIAL	29
GOVERNANCE	34
APPENDICES	38
APPENDIX 1: THIRD-PARTY FRAMEWORKS	38
APPENDIX 2: FUND DETAILS AND IMPACT METRICS	40
APPENDIX 3: KEY TERMS AND CONCEPTS	44
APPENDIX 4: NOTES	46

2023 IN BRIEF

FIRM UPDATE

As reported previously, Lyme became 100% employee-owned in January 2022 following our purchase of the passive minority interest held by the firm's retired founders. As part of our long-term succession planning, Peter Stein and Tom Morrow have gradually reduced their ownership while Sarah Kitz and other employees have increased their ownership. Eleven of our eighteen employees are now owners of the firm. We are proud of our success in managing succession from one generation to the next while remaining independent and employee-owned. We will continue to broaden ownership among long-standing employees of the firm over the coming years.

In 2023 we hired Paul Cousar, our Senior Manager of Forest Analytics, who is responsible for long-term planning, growth and yield modeling, and forest carbon analysis. Paul's hiring brought Lyme's total team to 18 employees.

MARKET ENVIRONMENT

2023 proved to be a challenging year for log markets, lumber markets, and forestry operations. Following record-high log and lumber prices in early 2022, the market began correcting in late 2022 and fell hard during the first half of 2023 amid supply chain concerns about inventory levels, inflation, rising interest rates, and worries of a global recession. On several of our properties, we experienced sawtimber margins at their lowest levels since our ownership. Pulp and paper markets were also under pressure, resulting in mill closures, production quotas, and price reductions.

Despite these challenges, we continued to operate at planned harvest levels, as our pulling back could have dire consequences for the logging and trucking contractors that rely on us for steady work and impede our ability to ramp operations back up when markets rebound. As has occurred during previous cycles, our commitment to the supply chain engenders loyalty and

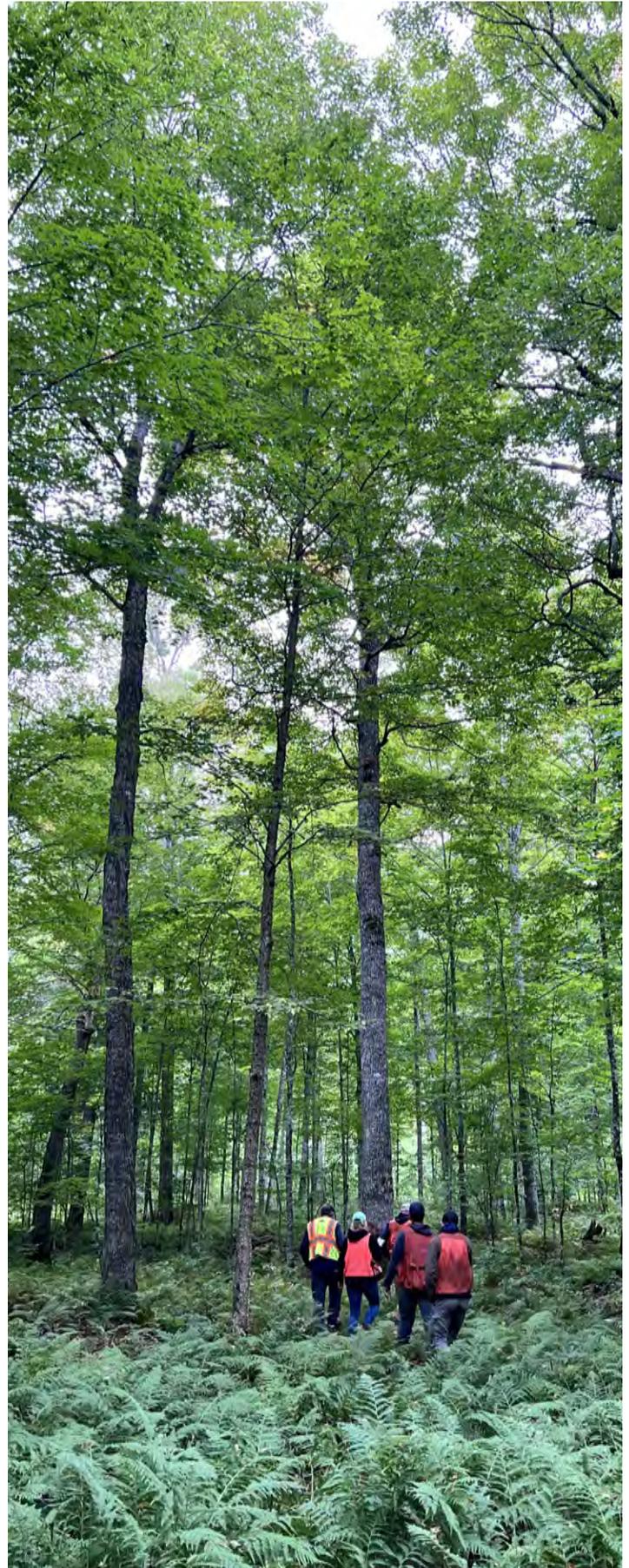


Photo: Foresters on Lyme Great Lakes Timberlands property

trust from our partners and positions us well when markets recover. During the fourth quarter, we began to see some recovery in log markets, and this continued in the first quarter of 2024.

There were few large-scale timberland investments focused on natural forest assets in 2023. Most of the US transaction activity occurred in southern pine or Pacific Northwest markets. While there appears to be significant capital available for investment in US timberland, including capital from investors who view timberland as a natural climate solution, the supply of timberland for sale continues to be limited. It is unclear how investors' focus on climate and forest carbon markets impacted valuations among the 2023 transactions, especially as scrutiny of forest carbon offsets continued to mount and caused a pullback among corporate offset buyers. We will continue to advocate for improvements in carbon offset markets while also pursuing other opportunities to deliver conservation and climate outcomes.

OUR WORK IN 2023

We continued our initiative to use LiDAR and advanced growth and yield modeling to better understand our forests and model their future condition at varying levels

of harvest. This work allows us to adjust harvest rates and rotation lengths to implement sustainable forestry practices and achieve better climate outcomes on our timberlands. Our investments in LiDAR imagery have greatly improved our ability to identify inoperable and sensitive areas and enabled us to improve the design of harvest units. Our investment in in-house growth and yield modeling has enabled us to design more robust forecasts and improve long-term planning.

We are excited to participate in the US energy transformation through the advancement of several potential solar and wind projects on our land. In 2023, we continued to partner with a select group of sophisticated and experienced renewable energy developers to move projects forward. While the development process can be slow and cumbersome, we are confident that some of the projects will be constructed, resulting in attractive financial outcomes for our timberlands and critical decarbonization benefits for our society.

We also prioritized safety and community engagement. We have a long history of safe operations and for many years have fostered a safety culture, but we recently began tracking safety incidents on our properties to inform future improvements and training opportunities,



Photo: Northern Hardwood stand on the Lyme Great Lakes property after a fresh snowfall

and ultimately to reduce the number of accidents in the woods. We are pleased to report that our in-house logging, road crew, and log-yard crews, which accumulated over 31,500 hours of work in 2023, saw no workplace injuries, and had no workers' compensation claims.

We scaled our engagement activities through volunteer efforts with community organizations, corporate giving in the communities where we operate, and hosting field tours for school and community groups to share information on our approach to sustainable forest management.

Finally, we focused on defining a long-term strategy for Lyme and the core assets in our portfolio. We believe capital structures that enable longer-term holds are a prudent shift for natural forest assets. As investors in our funds know, we made progress on this front in 2023.

FUNDS UPDATE

We are pleased to report that our third timberland investment fund, The Lyme Forest Fund III (Fund III), wound down at the end of 2023. The Lyme Conservation Opportunities Fund (LCOF) ended its investment period in 2023 with 68% of committed capital called. We continue to manage investments for LCOF, The Lyme Forest Fund IV (Fund IV) and The Lyme Forest Fund V (Fund V).

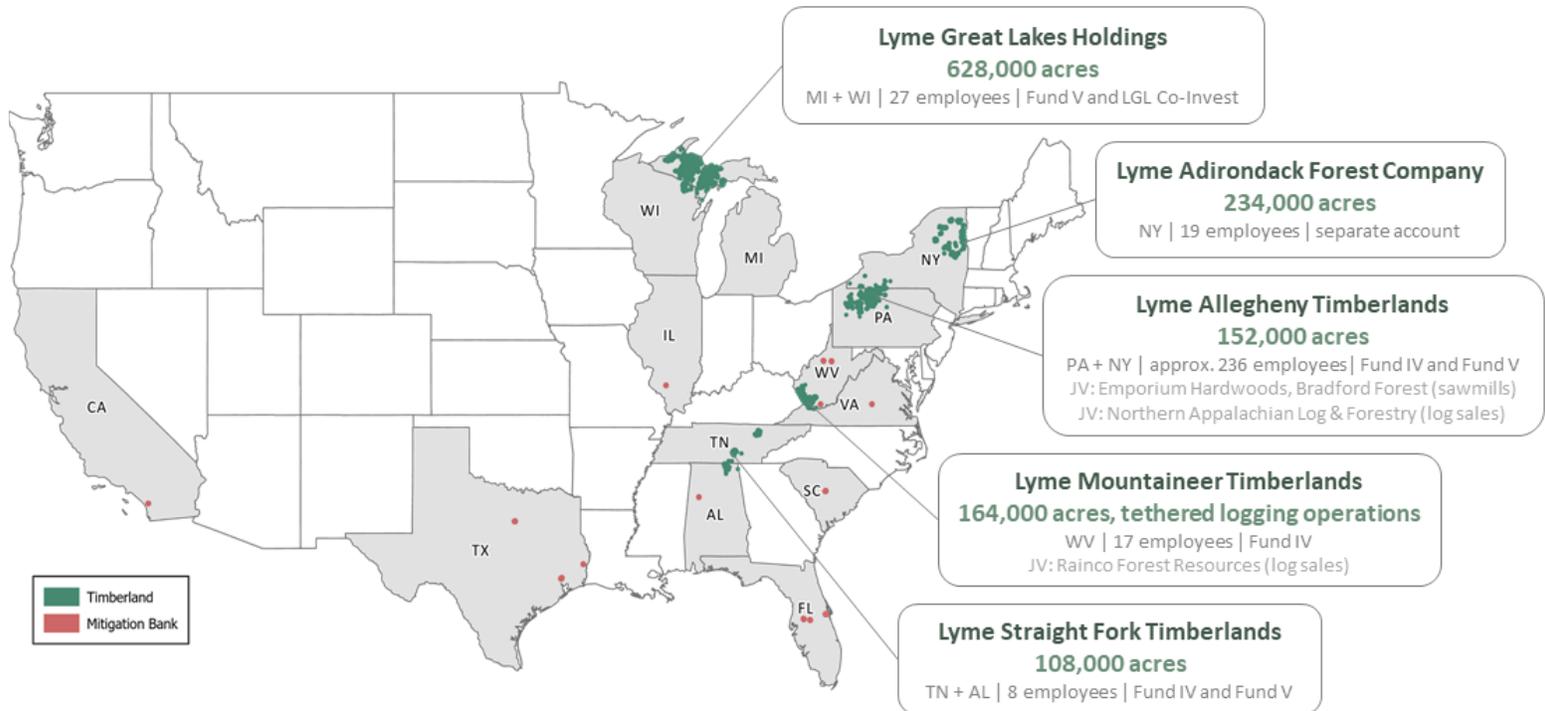


Photo: Fungi from below on a Sugar Maple tree in Michigan

PORTFOLIO UPDATE

Lyme’s current portfolio includes five forestland business units (each managed by a fund or investor-owned forest management company), five supply chain joint ventures, three in-house logging/road crews, and 18 mitigation bank investments.

In 2023, we purchased two new mitigation banks on behalf of LCOF. We sold our working ranch and four mitigation bank investments on behalf of Fund III as part of the process of winding down this fund.



1.3 MILLION ACRES

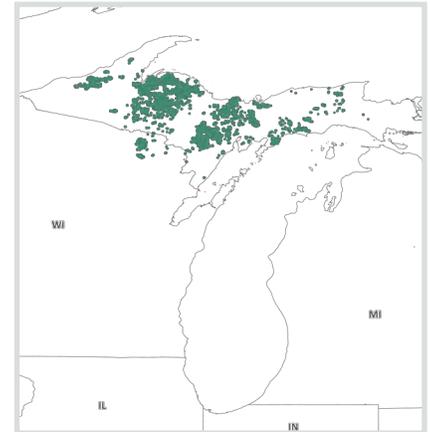
\$739M¹ ASSETS UNDER MANAGEMENT

326 TOTAL EMPLOYEES

100% FORESTLAND CERTIFIED TO SUSTAINABLE FORESTRY STANDARDS

All the forestland that Lyme manages is third-party certified to the Sustainable Forestry Initiative (SFI®) and/or Forest Stewardship Council (FSC®) sustainable forestry standards. These standards require sustainable forest management, respect for Indigenous Peoples’ rights, community relations and workers’ rights considerations, minimized environmental impacts, maintenance of high conservation value forests, ongoing monitoring and assessment, and compliance with laws and regulations. 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 Lyme with field audits on a subset of the properties each year. Once again, we achieved high marks in our certification audits, which consistently prove to be a valuable opportunity for us and our forest management teams to learn and improve. In the pages that follow, we report audit results on properties where physical audits were performed.



LOCATION UPPER PENINSULA MICHIGAN & N. WISCONSIN
AREA 628,000 ACRES
OWNERSHIP FUND V AND LGL CO-INVESTMENT FUND
EMPLOYEES 27
CERTIFICATION SFI & FSC

OVERVIEW



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

Our investment strategy is focused on income generation from sustainable forestry activities, alongside income from the sale of non-strategic retail parcels, conservation sales, and recreational

leasing. The lands are managed by Lyme Great Lakes Forest Management, a Lyme portfolio company with 27 full-time employees. One of our long-term goals is to demonstrate that an integrated and well-run land and forest management business can grow and thrive beyond our current investment fund's ownership.

2023 was a strong year for Lyme Great Lakes. Despite challenging timber markets, we harvested at planned levels to ensure that our contractors remained viable. We realized value from strong real estate sales, including the sale of the final phase of a permanent trail easement to the State of Michigan. We also made significant progress advancing a 73,000-acre working forest conservation easement in partnership with Michigan Department of Natural Resources (DNR), with the project ranking second in the country for Federal Forest Legacy funding. Finally, at the end of the year, we made the decision to seek FSC certification to support one of our key customers, with whom we negotiated an extended pulpwood supply agreement that includes dual certification under FSC and SFI.

SUSTAINABLE FORESTRY



Forestry operations were conducted under SFI certification in 2023, with FSC added in January of 2024. The property had a physical dual audit (SFI and FSC) in January of 2024 to enroll in FSC. Lyme received high marks on the audit, achieving full compliance with the SFI standard and passing the FSC audit with only one minor corrective action.

We conducted three site visits and several virtual trainings with the field staff to ensure that forest management practices are aligned with our management philosophy. As a result, we developed alternative silvicultural prescriptions in stands with poor natural hardwood regeneration to continue to manage these sites as a natural forest as opposed to converting to pine plantations, which had been the norm historically. This shift allowed us to reduce chemical use and promote greater age class diversity in our natural forest while achieving our long-term investment goals. In addition, we made changes to our criteria and processes for retail land sales, which improved our coordination with the forest management team.

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 on the property. Going forward, we plan to harvest at levels equivalent to biological growth and consequently do not expect to sell additional carbon offsets. We have elected not to pursue a carbon project on the remainder of the Lyme Great Lakes Timberlands. These are resilient timberlands that we believe are best suited to the production of long-lived forest products.

We have an option in place for a potential solar project, and we are exploring other potential solar and wind projects.

To reduce the carbon footprint of our new office in Escanaba, we installed solar panels to generate electricity for the facility, which is heated and cooled with air-exchange heat pumps that were installed when the building was constructed in 2022.

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 intend to sell additional conservation easements over a portion of the Michigan property alongside smaller-scale fee sales to public agencies or land trusts.

In 2023, we sold 48 miles of trail easements to the Michigan DNR, the final phase of a series of trail easements that protected a total of 169 miles of trail. We made progress on a conservation easement on 73,000 acres, including negotiating the easement document and hosting public tours and focus groups to gather input from key stakeholders. The conservation easement will provide public recreational access, restrict development, and conserve climate resilient forests. It has special provisions to protect unique habitats and waterways that feed into Lake Superior. Finally, we continued our work on a 10,000-acre conservation easement to protect the North Country National Scenic Trail and several conservation sales to government entities.

FOREST PRODUCTS SUPPLY CHAIN



2023 was a challenging year for the forest products supply chain in the Great Lakes region due to significant market constraints. We took steps to minimize the impact on our 42 logging and trucking contractors and 56 mill customers by maintaining harvest levels and the rates we pay contractors. Despite the challenges, this geography stands out as having one of the healthiest supply chains within our portfolio.

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

OVERVIEW



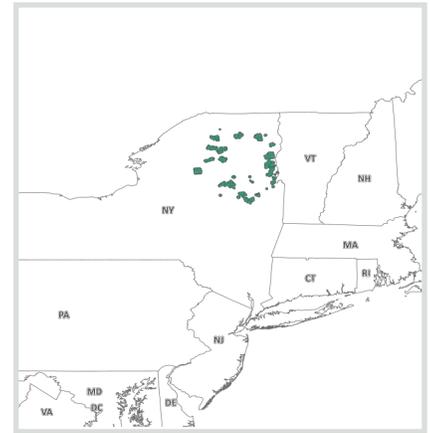
The Lyme Adirondack Forest Company (LAFCo) lands comprise 234,000 acres and include a mix of quality northern hardwoods and natural softwood stands. We acquired the lands from International Paper on behalf of The Lyme Forest Fund (Fund II) in 2006. In 2007, we sold working forest conservation easements on 211,000 acres of the property. These easements, in combination with earlier conservation easements, extinguished development rights, opened a portion of the property to the public for recreational access, and set a higher standard for sustainable forest management practices.

In 2015, Lyme's Fund II sold its interest in the timberland and operating businesses to an insurance company, who retained Lyme as its investment manager. The lands are managed by the 19-person LAFCo team, an 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, we focus management efforts on generating income from sustainable forestry operations, recreational leasing, and related supply chain opportunities that leverage the scale of the LAFCo property and its log yard operations.

The logging supply chain remains a challenge in the Adirondacks. We continue to see established logging contractors downsize and/or leave the business altogether due to the challenges associated with recruiting workers and managing cash flow through difficult market and weather conditions. To address these challenges, we established company road and logging crews in 2021.

Despite weak sawtimber markets, LAFCo performed well in 2023, meeting harvest budgets while maintaining its excellent forest management standards. We continue to see value in the LAFCo in-house logging and road crew, and we expanded our third-party log purchase program at LAFCo's large and efficient Chestertown log yard.



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. LAFCo performed well in physical audits under each standard, with no corrective actions in 2023. We continued to refine our growth and yield model, which will guide where and how much we harvest over the next decade and beyond. 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 to develop a forest carbon project on the LAFCo property. However, we believe the current price of carbon is below the price necessary to adequately compensate for the harvest reductions and other obligations that would ensure additionality and quality offsets. We expect to continue our evaluation of the carbon potential for LAFCo in 2024.

LAND PROTECTION AND CONSERVATION



The entire LAFCo property is subject to working forest conservation easements held by the New York Department of Environmental Conservation (DEC), which prevent development and subdivision and provide public recreational access. We continue to maintain our strong and collaborative relationship with DEC.

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 in the region.



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. The crew helps maintain roads, installs and upgrades stream crossings, prepares access to new harvest units, and conducts harvest unit closeout.



LOGGING CREW: The LAFCo logging crew operates cut-to-length equipment, which is better suited to wetter conditions and smaller jobs than conventional tree-length logging systems. After initially struggling to recruit the right team of equipment operators, the crew is fully staffed and achieving its safety, production, and environmental protection goals.

LYME STRAIGHT FORK TIMBERLANDS

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 but generally has good access and road infrastructure.

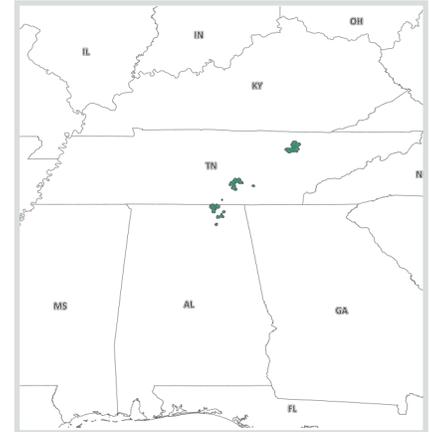
We developed forest carbon projects on approximately 45,000 acres and manage an existing forest carbon project on an additional 5,000 acres. Approximately 42,000 acres of the property are permanently protected by working forest conservation easements. Local log markets are strong, but the logging infrastructure is generally undercapitalized and struggling.

Our strategy is to manage the lands for a combination of timber, carbon, and recreational leasing cash flows. The investments are managed by Straight Fork Forest Management, a Lyme portfolio company with eight employees. One of our long-term goals is to demonstrate that an integrated and well-run land and forest management business can grow and thrive beyond our current investment fund's ownership.

The Tennessee businesses performed well in 2023 despite the loss of a pulpwood market due to a mill closure. Demand for sawtimber remained strong, which allowed us to continue operations despite the loss of a key market. We continued our efforts to support trusted logging contractors as they grappled with higher operating costs and tight labor markets.



STRAIGHT FORK
FOREST
MANAGEMENT
LLC



**LOCATION TENNESSEE & NE
ALABAMA**

AREA 108,000 ACRES

OWNERSHIP FUND IV & V

EMPLOYEES 8

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. Our team focused on continuing to manage the property to protect water quality, promote forest diversity, and maintain and improve habitat for species of greatest conservation need.

LYME STRAIGHT FORK 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 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 separate conservation easements within the Tennessee portfolio – encumbering 38% of the total ownership – which restrict development and subdivision but allow for ongoing sustainable forest management. We hope to sell additional conservation easements and continue to seek local, state, and federal partners for 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 accommodate contractors by allowing flexibility in monthly payments based on production (which can vary significantly due to changing weather and markets). 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 important for maintaining our logging capacity in the region. We 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, sorted for markets, 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 public landowners. In 2023, we invested in new log handling equipment at the southern log yard to increase efficiency at the yard.

LYME MOUNTAINEER TIMBERLANDS

OVERVIEW



In December 2017, Lyme purchased 164,000 acres of timberland in southern West Virginia. Known as the coal fields of West Virginia, the region is known to be steep and difficult to access, but it supports rich soils and 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 the land base and require carbon stocks to be maintained 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.

These lands are managed by Mountaineer Forest Management, a Lyme portfolio company with four employees. One of our long-term goals is to demonstrate that an integrated and well-run land and forest management business can grow and thrive beyond our current investment fund's ownership.

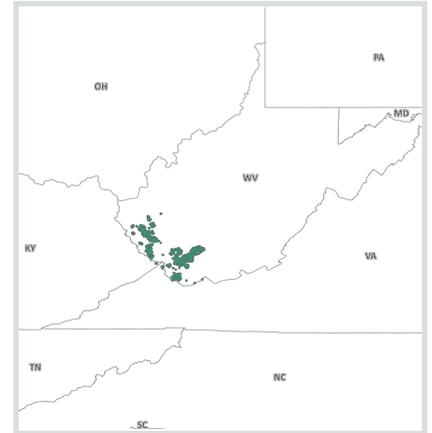
One of the most significant challenges to our strategy is logging capacity, especially among logging contractors that meet our insurance, safety, and work quality standards. Southern West Virginia is among the most economically depressed regions in the US. Historically, logging has not offered sufficient profitability to attract contractors with the capital and experience to invest in advanced harvesting systems.

To address the need for improved logging safety, job quality, and wages, we established Mountaineer Mechanized in 2019, an in-house logging crew that brought the first winch-assist ("tethered") logging system to the Eastern US. The Mountaineer Mechanized crew and a small number of third-party contractors enabled us to maintain harvest levels in 2023 as compared to 2022 despite a contracting logging force in the region.. Log and pulpwood markets were difficult for much of 2023 and have only recently begun to show signs of recovery. The logging workforce continues to contract in the region, but our experience has shown that safe and well-managed businesses can attract talented people.

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 lack of market demand for FSC certified forest products. The property did not have a physical audit in 2023.



LOCATION SOUTHERN WEST VIRGINIA

AREA 164,000 ACRES

OWNERSHIP FUND IV

EMPLOYEES 13

CERTIFICATION SFI

LYME MOUNTAINEER TIMBERLANDS (CONTINUED)

SUSTAINABLE FORESTRY (CONTINUED)

Our recent investment in LiDAR imagery 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 valuable for the forestry staff given the property’s challenging topography, difficult access, and need to protect water quality.

CARBON AND CLIMATE



There are two forest carbon sequestration projects initiated by the former landowner covering a total of 144,829 acres of the property, each developed for the California Air Resources Board compliance market. We continue to adapt our management to align with the carbon protocols.

LAND PROTECTION AND CONSERVATION



Conservation opportunities in West Virginia are minimal due to limited state funding for traditional conservation strategies and limited development and land conversion pressure. Despite these constraints, we sold a 2,263-acre conservation easement to the State of West Virginia in 2022. The easement protected elk habitat and enhanced public recreational use.

Over the past two years, mining activity has increased on the property. We do not own the subsurface mineral rights and consequently have no control over these activities. However, as the surface owner, we do have interests to protect. We have and will continue to negotiate surface use agreements that protect our rights and provide compensation for damages.

FOREST PRODUCTS SUPPLY CHAIN



MOUNTAINEER MECHANIZED: In 2019, we formed a mechanized logging crew to increase logging safety, improve job quality, and reduce the environmental impacts of steep-slope logging in southern West Virginia. We invested in the first tethered harvesting system in the Eastern US. This investment allowed us to provide attractive wages and benefits to the eight workers on this crew.

Our mechanized logging crew has largely achieved its safety and environmental protection objectives. In 2023, we merged our venture with EB Logging II into Mountaineer Mechanized. The reorganized crew made progress towards achieving our production and profitability goals, and we plan to continue to invest in the crew in 2024 and beyond.



RAINCO: In 2018, Lyme made an equity investment in RainCo Forest Resources (“Rainco”), a small business that operated pulpwood and sawtimber concentration yards. Rainco handled log marketing for our timberlands and provided trucking and road building services. In 2023, we took over sawlog marketing and reduced our ownership in Rainco. However, we have maintained a significant minority investment in Rainco and will continue to rely on Rainco for various services, including trucking and road building.

LYME ALLEGHENY TIMBERLANDS

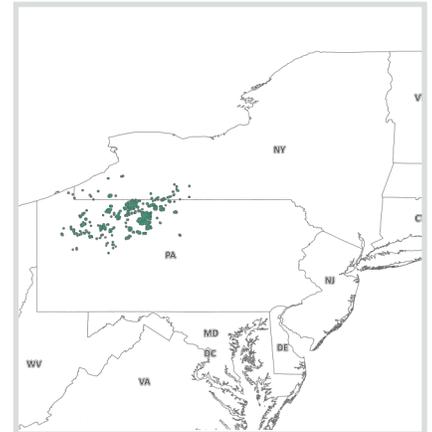
OVERVIEW



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 hardwood sawmills and a log marketing business.

Our investment strategy is to establish 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 seven employees.

2023 was a strong year for Lyme Allegheny, with timber harvests in line with plans despite constrained pulpwood markets and softening sawtimber markets. We made progress on several potential solar and wind projects across the property and continued work on several land sales to a conservation organization.



LOCATION PENNSYLVANIA & SW NEW YORK

AREA 152,000 ACRES

OWNERSHIP FUND IV & V

EMPLOYEES 7

CERTIFICATION SFI & FSC

SUSTAINABLE FORESTRY



The property is managed under SFI and FSC certification. A physical audit in 2023 for both standards found that we were in full compliance. To help us integrate the Seneca lands (acquired in late 2020) and develop more robust long-term growth and yield modeling, we invested in LiDAR imagery, new forest typing, and field-based information technology. In 2024, we will update our long-term harvest plan for the property. We continue 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. We conducted three site visits in 2023 and made improvements to our web-based stand assessment tool and regeneration assessment process. We also reduced chemical use to control invasive plants and found ways to improve our road planning process, which is expected to save money and improve efficiency.

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. Our investment in a second log yard location has helped to shorten haul distances, and in years to come we expect to look for other ways to increase trucking efficiency.

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 challenged our efforts to convey additional conservation easements. However, we are working on several conservation fee sales to protect unique properties, including 1,500 acres under option with the Western Pennsylvania Conservancy that we expect to close in 2024. Our AMD work has restored streams and come in under budget. We recently undertook an additional AMD project to fulfill our financial commitment to PENNVEST.

FOREST PRODUCTS SUPPLY CHAIN



SAWMILL INVESTMENTS: Lyme 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, the Rossi Group, which maintains a significant investment in the operations. 2023 was a challenging year for the mills, due to precipitous drops in lumber prices during the first half of the year.

The two mills currently employ 229 people, 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, a log distribution business that markets and exports high-grade logs harvested from Lyme’s and adjacent third-party lands. Our investment enabled continued local management and control while creating alignment with our timberland investment objectives.



INVESTMENTS IN LOGGING INFRASTRUCTURE: In 2022, we purchased a winch-assist tethering system and began leasing it to a trusted contractor on our timberlands. The purpose of this investment was to improve logging safety and minimize the environmental impacts of logging on steep slopes. This is the first winch-assist system to be deployed in Pennsylvania. The system has performed well and has the potential for wider adoption on our timberlands and throughout the region.

MITIGATION BANKS



INVESTMENTS	18
OWNERSHIP	FUND IV AND LCOF
PARTNERS	ECO-CAPITAL ADVISORS

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 18 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.

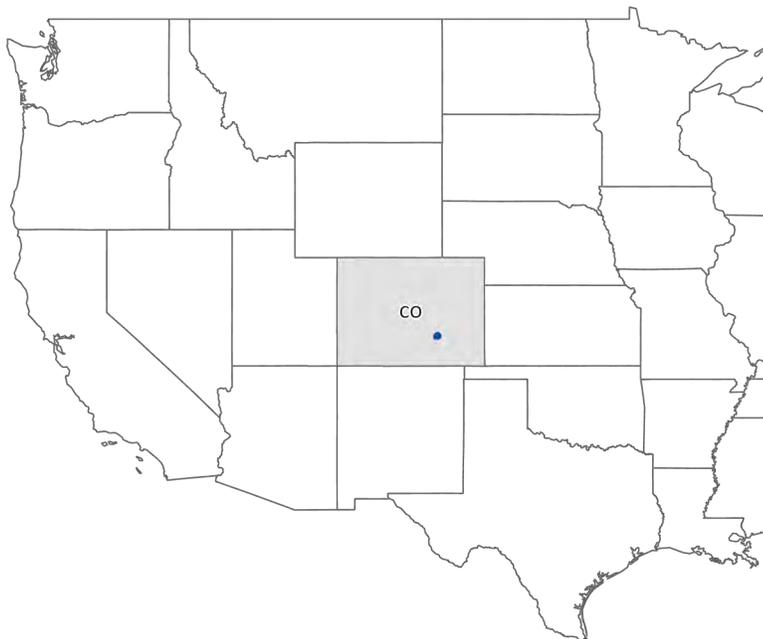
In 2023, we acquired two new mitigation banks in Florida and sold one mitigation bank in South Carolina. We undertook restoration efforts on three mitigation banks, and restoration is now complete on nine banks. Across the portfolio, we generated \$3.8 million in revenue from the sale of mitigation credits in 2023.



Photo: View of restored stream channel on the Bunrootis mitigation bank in West Virginia

OTHER ECOSYSTEM SERVICES INVESTMENTS

INVESTMENTS	1
OWNERSHIP	FUND III
PARTNERS	SAVORY INSTITUTE, THE NATURE CONSERVANCY, PALMER LAND TRUST



RANCLAND INVESTMENT

The BX Ranch in Colorado was Lyme’s only ranchland investment. Purchased in 2014, this 25,000-acre property was selected for its investment potential and 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. The BX Ranch was sold in the fall of 2023.



Photo: View of grasslands on BX Ranch investment in Colorado

LYME BY THE NUMBERS ²

	2023	2022
INVESTMENT MANAGER PROFILE		
Acres under management	1,310,950	1,324,122
Assets under management ¹	\$738,640,908	\$781,594,290
Currently active investment funds/accounts ³	6	6
Investors across all funds	478	478
Lyme Timber employees	18	17
Average years employed	12	13
Ownership by employees	100%	100%
Employee owners	11	11
FORESTLAND INVESTMENTS		
Forestland portfolio companies	5	5
Annual revenue	\$117,047,047	\$132,374,111
Log sales	\$109,118,490	\$119,625,906
Conservation and carbon sales on core forestlands	\$1,708,306	\$6,506,987
Other revenue	\$6,220,251	\$6,191,218
Forestland employees	62	62
Contractors engaged in forestry operations	149	130
Disbursements to contractors	\$70,359,524	\$69,326,099
Mill customers supplied	209	251
Truckloads of wood products harvested	41,550	47,658
SUPPLY CHAIN INVESTMENTS		
Sawmill investments	2	2
Logging and log marketing business investments	5	6
Annual lumber sales, log sales, and contract revenue	\$97,230,550	\$115,014,961
Employees in supply chain investments	265	282
ECOSYSTEM SERVICES INVESTMENTS		
Ecosystem services investments—mitigation banks and carbon	18	16
Revenues from ecosystem services	\$3,772,136	\$16,708,221
CLIMATE AND CONSERVATION		
Forestland certified by third party sustainable forestry standards (% of overall) ⁴	100%	100%
Acres protected in year	269	2,725
Lands subject to conservation restrictions ⁵	632,580	658,296

Data reported as of December 31, 2023 and December 31, 2022

See notes in Appendix 4

LYME'S ESG INITIATIVE

BACKGROUND ON LYME'S ESG FRAMEWORK

We are now halfway through our five-year initiative to advance the internal environmental, social, and governance (ESG) goals that we established in 2021. The initiative has three primary goals: (1) identify a set of 5-year goals in areas where we could 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 the goals (and measures) to reflect what we learn along the way. We established three standing ESG work groups, each with five to six members and a group leader, to advance projects and create systems to integrate specific ESG objectives into our corporate and portfolio company work.⁶

One effort that cut across all three ESG areas was our work to integrate our internal ESG goals into external ESG frameworks. As discussed above, all of Lyme's forestlands are third-party certified to at least one of the two leading sustainable forest certification bodies in the United States, which guide implementation of our ESG initiative, especially in the areas of sustainability and worker safety. We also participated in the UNPRI's updated reporting system in 2023, researched European

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

and US disclosure frameworks, and began evaluating how best to measure Scope 1, 2, and 3 emissions.

In the sections that follow, we report our progress against these goals in 2023 and provide an assessment of the areas that need more attention.



NOTE ABOUT EXTERNALLY DEVELOPED METRICS



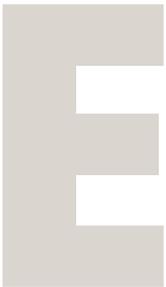
While Lyme's 5-year ESG goals align with the United Nations Sustainable Development Goals (SDG) and the Global Impact Investing Network's IRIS metrics, and tracking third-party metrics is important for industry standardization, doing so was not the driver for our ESG goal-setting process. Still, Lyme 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

We believe our 1.3-million acre forestland portfolio and experience managing conserved lands positions us well to continually improve our sustainable forestry practices and to find new ways to deliver conservation and climate benefits at scale. We are pleased to report that we closed conservation transactions on 173 acres in 2023 and advanced several other projects that will close in the next few years.

In 2023, we began evaluating how best to measure Scope 1, 2, and 3 emissions at the Lyme corporate level and within our portfolio. In 2024, we expect to engage a consultant to assist us in collecting and tracking emissions data.

Although we do not have an environmental goal related to the energy transformation and the development of wind and solar projects on our land, we are excited about the potential of several projects and believe that we can play an important role in helping these projects get built. Our portfolio includes many large, contiguous blocks of land in remote locations with access to transmission infrastructure and limited viewshed impacts. In some cases, we may have the opportunity to mitigate the environmental and community impacts associated with large scale wind and solar development, and we believe we can play an important role in assisting developers as they navigate regulatory and other hurdles.



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

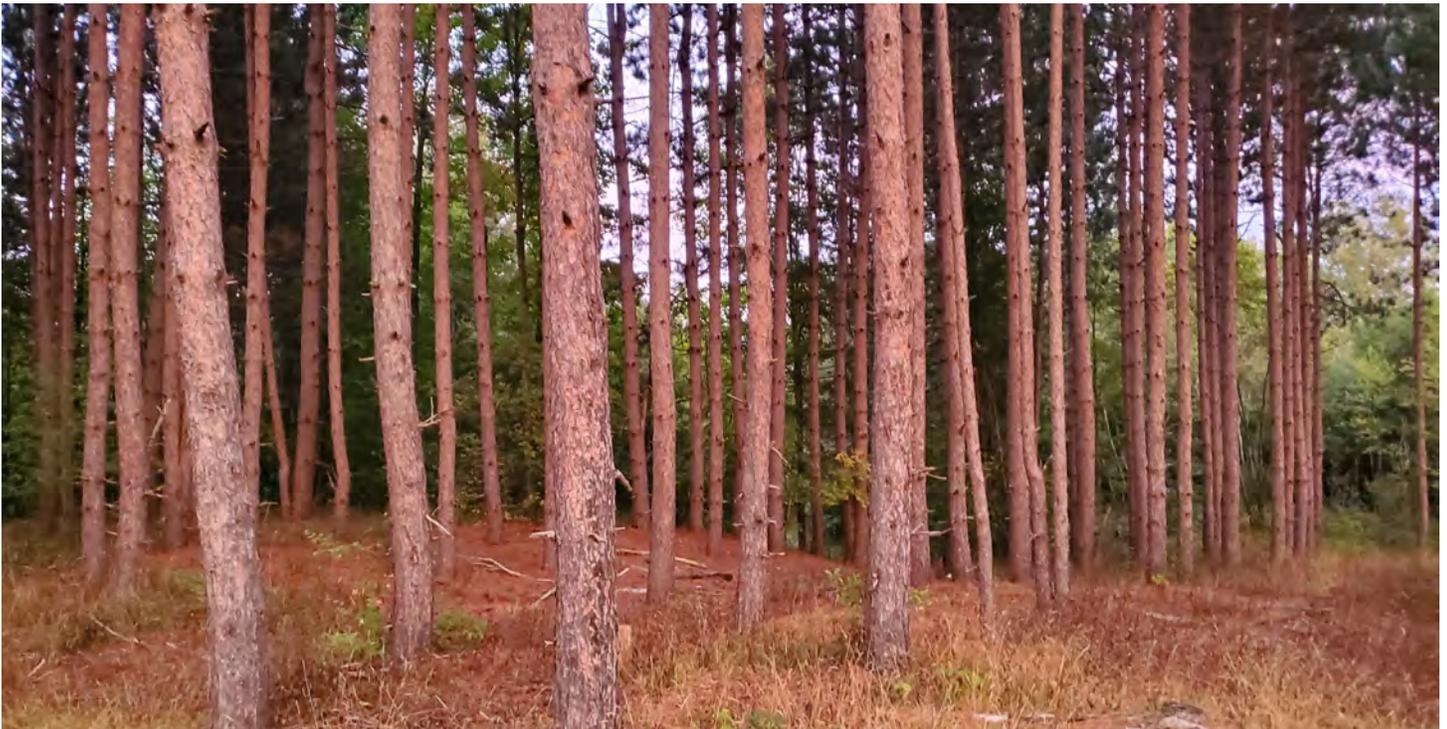


Photo: Red pine plantation at sunset on Lyme Great Lakes Timberlands in Michigan

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 products made from trees. While we have been active in carbon markets for the past 13 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 will evaluate new projects based on their potential to deliver additionality and quality offsets.

5-YEAR MEASURES



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

UPDATE: We are not pursuing new carbon projects on our existing portfolio. While we remain open to designing high-quality projects in the future, we do not believe that the current price of carbon provides adequate compensation for the foregone timber harvest income on the lands in our portfolio that do not already have a carbon encumbrance on them. In the future, it is possible that we will identify lands where this tradeoff makes sense at current carbon prices, and it is possible that carbon prices will rise to a level where the tradeoff makes sense on our existing portfolio.

ASSESSMENT: Re-assessment Needed; we may modify or eliminate this goal in the future



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

UPDATE: We have reduced harvests on lands subject to existing carbon projects to remain in compliance with those agreements. Total harvest reductions relative to the prior year total 97,700 MTCO₂e of additional carbon sequestration.

ASSESSMENT: On Track



Photo: Close up of diversity on the forest floor

ENVIRONMENTAL GOAL #2

REDUCE THE CARBON FOOTPRINT OF CORPORATE AND PORTFOLIO COMPANY OPERATIONS

Carbon emissions are generated from the harvest, transport, and manufacturing of forest products from our forestlands. Our corporate activities – driving, airplane travel, and office spaces – also generate emissions. While timber harvesting and travel-related activities will, for the foreseeable future, continue to rely on fossil fuel combustion, we are working to find ways to reduce our fuel consumption and associated emissions in harvesting and trucking operations.

5-YEAR MEASURES



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

UPDATE: We continue to work toward improving fuel efficiency in company-owned vehicles, including phasing in the purchase of more fuel-efficient vehicles for our forestry teams. We also began to create a framework to track Scope 1, 2, & 3 emissions across our corporate and portfolio company operations. This will help establish a baseline against which we can evaluate new initiatives and monitor progress. We anticipate beginning to report on our emissions in 2025.

ASSESSMENT: Needs Attention



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

UPDATE: Harvesting and hauling timber are the primary drivers of our carbon footprint. In 2023, we established a baseline level of fuel consumption per unit of wood harvested in several portfolios. In 2024 and 2025, we plan to focus on trucking inefficiencies and ways that we can increase the percentage of loaded truck miles. We are also evaluating options to incentivize contractors to adopt fuel efficiency measures such as reducing idle time and monitoring tire inflation.

ASSESSMENT: Needs Attention

ENVIRONMENTAL GOAL #3

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

We have been a 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 permanent 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 easements and fee sales to conservation buyers

UPDATE: In 2023, we sold a trail easement in Michigan over 173 acres and advanced plans for a conservation easement on 73,000 acres in partnership with Michigan Department of Natural Resources. We secured matching funding for the Forest Legacy Program grant and engaged with stakeholders on key easement provisions.

We continued to advance other conservation projects in Michigan, Pennsylvania, and Tennessee in collaboration with state and local partners.

Since 2021, we have permanently protected nearly 16,700 acres.

ASSESSMENT: Significant Progress Achieved; we are assessing whether target acreage is achievable.



Photo: View of recently thinned mixed stand on Lyme Great Lakes Timberlands property in Michigan

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. We have a long history of being an industry leader in sustainable forest management, and we consistently achieve high marks in third-party certification audits. While these standards are important benchmarks, we also see an opportunity to set even higher internal standards for ourselves, with greater emphasis on continuous improvement.

5-YEAR MEASURES



Establish internal forest management audit process and baseline performance measures

UPDATE: In 2023, we continued implementation of our system to document internal audits and site visits where we evaluate forest management practices, use of new technology, creative approaches to sustainable forestry, and safety considerations. In 2023 we completed a total of 20 sites visits across our portfolio companies. Five of these visits were part of our formal internal audit where we documented and reviewed improvements to forest management.

ASSESSMENT: On Track



Portfolio companies demonstrate continuous improvement in internal forestry audit performance

UPDATE: We continued using the tracking system discussed above to measure improvement in site visits. The internal audits allow us to provide immediate feedback to our local forest management teams to implement on the ground.

ASSESSMENT: On Track



Reduce chemical use in forestry operations by 20%

UPDATE: In Pennsylvania, we reduced chemical use by 50% and in Michigan, we reduced chemical use by 40% compared to chemical use prior to implementing our ESG goal. We determined that there were ways to use mechanical treatments to achieve the desired regeneration results and therefore reduce the use of chemicals.

ASSESSMENT: On Track

SOCIAL GOALS

Lyme is unique among US forestland investment managers because we 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 and 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.

In 2023, we focused on community engagement and continued our work to increase safety in logging and forestry operations.

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: Members of The Lyme Timber Company during a volunteer day at the Upper Valley Haven

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 2023.

ASSESSMENT: On Track



25% reduction in reportable accidents on Lyme lands

UPDATE: In 2023, we fully implemented the safety incident tracking system that we designed in 2022. There was only one reported workplace injury among Lyme’s direct employees, which was a non-serious injury that occurred in an office setting. Our tracking system currently tracks workers’ compensation claims by Lyme and portfolio company employees but relies on voluntary and anecdotal reporting of workplace injuries among employees of third-party contractors. Consequently, we expect there to be year-to-year variation in the completeness of our data for our contractors. However, our safety incident tracking system is helpful in identifying causes of injury and ways that we can reduce accidents. In 2024, we will further integrate safety goals into performance measures and improve incident tracking with the goal of identifying 1-2 initiatives we can implement to improve safety (e.g., a campaign to promote three-point dismounts from machinery to reduce slip and fall related injuries).

ASSESSMENT: On Track



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

UPDATE: 100% of Lyme and portfolio company employees are covered by workers’ compensation insurance. We require that contractors provide coverage for their employees as well, and contractors must provide us proof of coverage to work on our lands. As we recruit contractors who do not have workers’ compensation policies in place, we will work to provide support and financial incentives to enable them to purchase the coverage.

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 renewable energy development – 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 2023, Lyme and its portfolio companies contributed over \$94,000 to community organizations. We also expanded the annual giving program at the corporate office this year and implemented an employee match program to augment Lyme’s long history of annual giving. We are now meeting or exceeding the \$1,000 per employee target across Lyme’s corporate and portfolio company offices.

ASSESSMENT: On Track



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

UPDATE: In 2023, we continued supporting employees in volunteer activities in local communities. The corporate team in Hanover, New Hampshire volunteered at a local organization providing support and assistance to community members struggling with poverty, which we plan to do again in 2024.

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: In 2023, we held several stakeholder forums to solicit feedback on the 73,000-acre conservation easement project in Michigan. The forums created engagement with representatives from hunting and fishing organizations, environmental NGOs, the forest products industry, and local Indigenous tribes. Feedback from the forums was incorporated into the draft conservation easement. We also participated in 48 other engagements with the local communities in which we work, including hosting tours, speaking with school groups and forestry classes, and community outreach throughout our portfolio.

ASSESSMENT: On Track

SOCIAL GOAL #3

CREATE AND MAINTAIN HIGH-QUALITY JOBS IN RURAL COMMUNITIES

Our forest management and logging companies directly employ 73 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 253 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 (based on 2021 baseline, adjusted annually for inflation), benefits, and company retirement contributions for full-time employees of companies in which Lyme has an ownership interest

UPDATE: In 2023, 100% of all full-time employees at Lyme-managed portfolio company employees were paid at least \$15.96 per hour (the inflation adjusted target) 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: Lyme Great Lakes Forest Management team during annual ice fishing tournament

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: Since 2021, we have invested over \$17 million in supply chain businesses and innovation, well ahead of this goal. Our investments include: the establishment of logging and road crews in New York (and the associated equipment investments) the purchase of the Bradford Forest sawmill in Bradford, Pennsylvania; continued investment in equipment for Mountaineer Mechanized; investments in log yard equipment in Tennessee, West Virginia, and New York; the purchase of a tethering winch system for lease to a contractor on our Pennsylvania lands; investment in a fuel co-op in Michigan; and equipment loans to logging contractors in Tennessee. We continue to support our loggers during slow seasons by providing advances and other business support.

ASSESSMENT: Ahead of Plan



Photo: Cut-to-length harvester thinning a red pine stand on Lyme Great Lakes Timberlands property in Michigan

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 for many years. 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 2023, our efforts to advance our Governance goals focused on efforts to foster an inclusive and respectful culture and continued support of our internship programs.



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 during team training on vernal pools

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 to use good judgment to answer questions and resolve conflicts. While that approach worked reasonably well when our organization was smaller and less complex, it is not the right approach for our current business and growth plans. 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.

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 2023, we sought and received feedback on employee handbooks from several portfolio company employee representatives. The feedback prompted revisions to several policies, including paid time off, holiday observances, and flexibility in addressing employees' personal situations.

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 identified and retained a consultant to deliver a unique training program focused on advanced interpersonal and leadership skills. This work will begin in 2024 with our Managing Directors before being rolled out more broadly.

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: In 2023, we collected limited demographic data from our team to help measure employment and retention within Lyme. Given the small size of our teams and concerns about privacy, we have elected not to collect certain demographic data that some organizations measure. We have not analyzed hiring and retention patterns across our entire portfolio. Instead, we seek to use our employee review process to understand any concerns about policies and practices.

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: In 2023, we continued to host internships on our Michigan and Pennsylvania properties and expanded the program to include interns on our New York property. We are also exploring the possibility of having an internship program at our corporate office in the future.

ASSESSMENT: On Track



Provide mentorship to new and less experienced employees

UPDATE: Currently, mentorship happens on an informal basis. In 2024, we will evaluate whether a more formalized program is appropriate.

ASSESSMENT: Needs Attention



Ensure ongoing professional development opportunities for all employees

UPDATE: In 2023, we worked to ensure that professional development budgets were included at the portfolio company level for all employees. We assisted General Managers in identifying opportunities for their teams and asked them to discuss professional development with employees in annual performance reviews.

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: Lyme is now owned by 11 of our 18 employees, four of whom are women. We anticipate continuing to expand ownership to long-time employees of Lyme.

ASSESSMENT: On Track



Increase the diversity of our portfolio company leaders

UPDATE: Our portfolio companies include a pipeline of future leaders from diverse backgrounds, and 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: Members of the Straight Fork Forest Management team and the Lyme team at a log yard in Tennessee

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. Lyme has been reporting on the impact of our investments through third-party frameworks since 2012 and remains committed to reporting on these metrics.



Lyme reports on metrics identified by the Impact Reporting and Investment Standards (IRIS) metrics developed by the Global Impact Investing Network (GIIN), including alignment 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. This report includes fund-level impact metrics and background information on our investment strategies.

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 also contribute to accomplishing the UN’s Sustainable Development Goals (SDGs).

PRIMARY



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



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.



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.



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



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.



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.

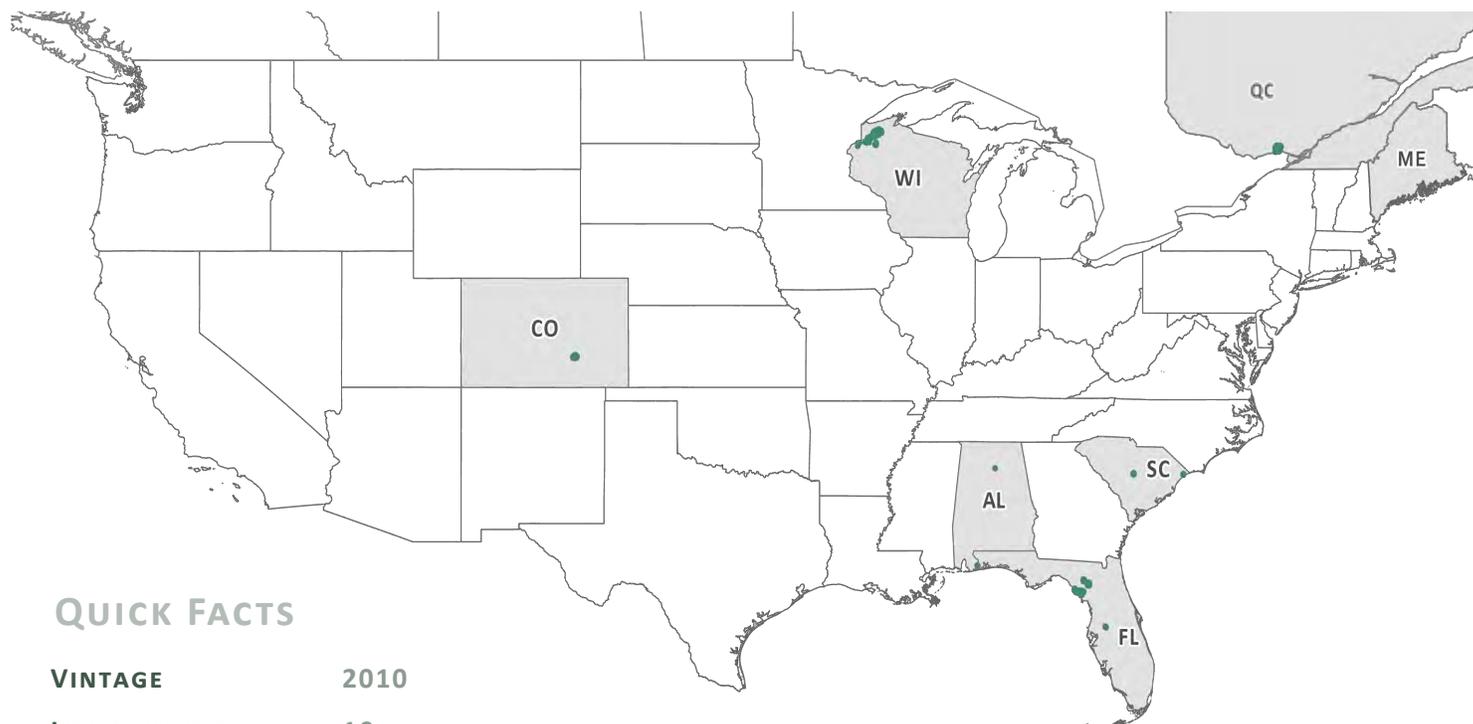


SUSTAINABLE CONSUMPTION AND PRODUCTION PATTERNS

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 III DETAILS & IMPACT METRICS

PORTFOLIO



QUICK FACTS

VINTAGE	2010
INVESTMENTS	10
INVESTED CAPITAL	\$107.5M (67% OF COMMITTED CAPITAL)
ACRES AS OF YE 2023	0
STRATEGIES	80% WORKING LANDS 8% HIGH PRIORITY CONSERVATION 12% ECOSYSTEM SERVICES⁷

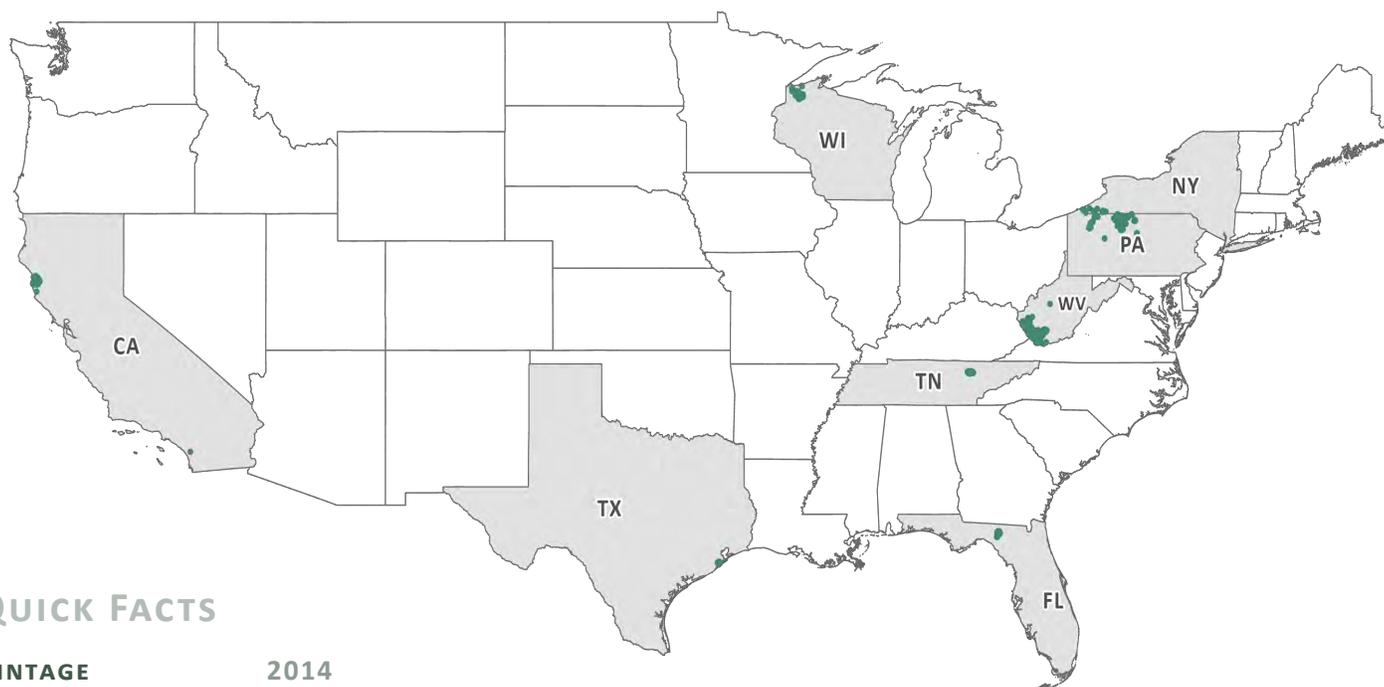
IMPACT DETAIL

Impact Metric	IRIS ID	Unit	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	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	98,325	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	2,942,484	3,026,027	3,107,168	3,107,168	3,357,060	3,500,915	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	34,622	34,567	34,253	676	-	-
Length of streams present	PI3239	Kilometers	34	352	508	219	218	184	184	157	169	169	85	-	-
Ecological restoration management area	PI9556	Acres	-	150	164	781	967	1,268	1,680	1,681	1,621	1,621	735	-	-
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	141	45,966	9,498	-	1,027	19,225	5,835	13,384	-	-	159,467
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: FUND IV DETAILS & IMPACT METRICS

PORTFOLIO



QUICK FACTS

VINTAGE 2014
INVESTMENTS 11
INVESTED CAPITAL \$250M (100% OF COMMITTED CAPITAL)
ACRES AS OF YE 2023 250,156
STRATEGIES 87% WORKING LANDS | 5% SUPPLY CHAIN | 8% ECOSYSTEM SERVICES⁷

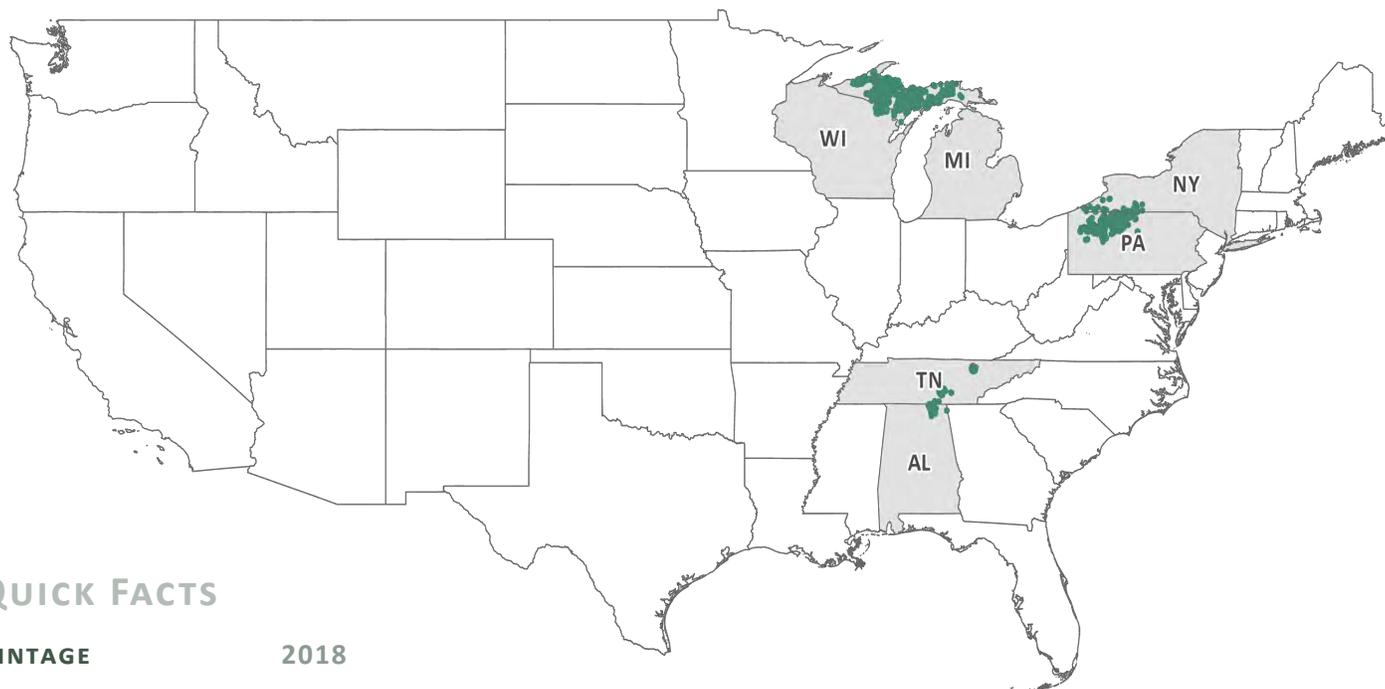
IMPACT DETAIL

Impact Metric	IRIS ID	Unit	2015	2016	2017	2018	2019	2020	2021	2022	2023	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	250,156	-
Operational certification	OI1120	Acres	22,779	55,627	318,409	318,409	385,425	383,883	383,148	248,526	248,437	-
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	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	232	-
Length of streams present	PI3239	Kilometers	1,872	1,994	3,024	3,124	3,113	3,117	3,089	1,221	1,221	-
Ecological restoration management area	PI9556	Acres	20	63	184	2,298	2,298	2,332	2,332	253	253	-
Jobs maintained at directly supported/ financed enterprises	PI5691	FTEs	15	15	23	135	166	175	305	299	281	-
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	218,337	2,407,052
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 V DETAILS & IMPACT METRICS

PORTFOLIO



QUICK FACTS

VINTAGE	2018
INVESTMENTS	5
INVESTED CAPITAL	\$270M (90% OF COMMITTED CAPITAL)
ACRES AS OF YE 2023	868,009
STRATEGIES	92% WORKING LANDS 8% SUPPLY CHAIN⁷

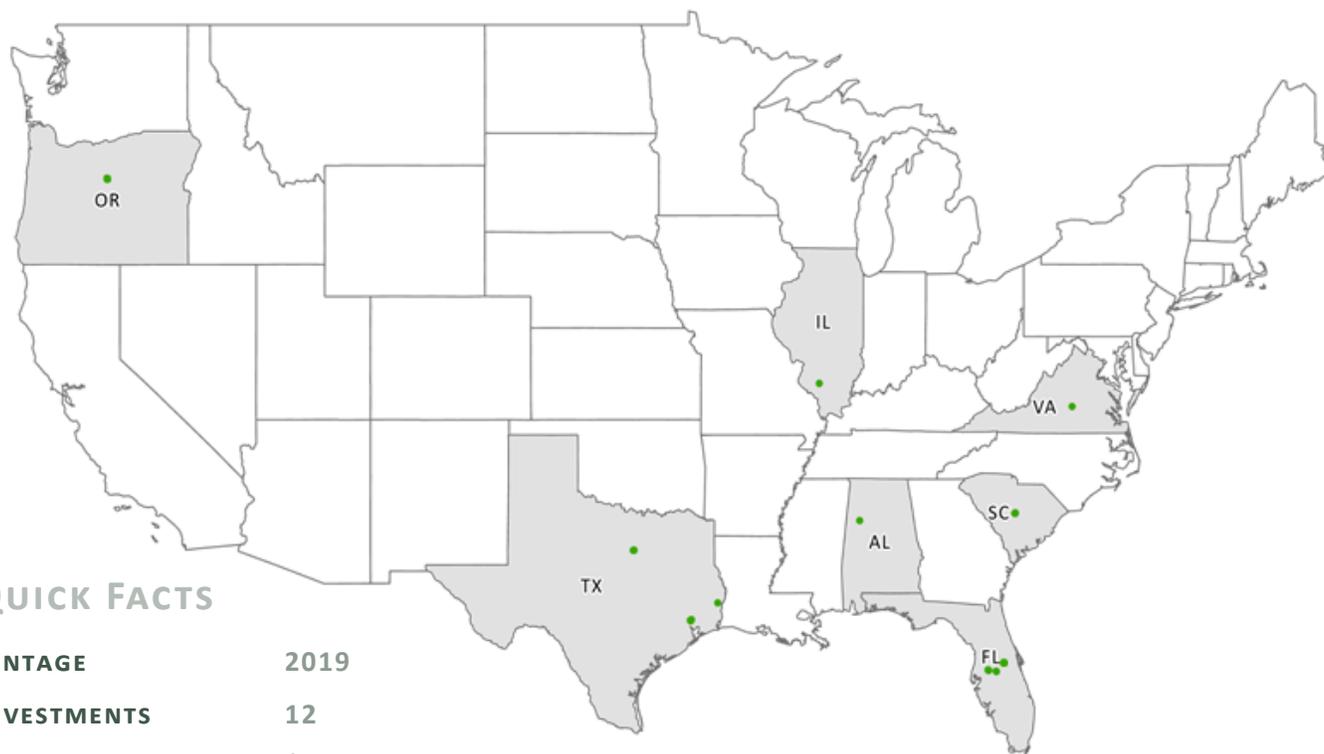
IMPACT DETAIL

Impact Metric	IRIS ID	Unit	2017	2018	2019	2020	2021	2022	2023	Cumulative
Land area directly controlled: sustainably managed	OI6912	Acres	52,296	109,876	833,391	921,628	913,691	873,766	868,009	-
Operational certification	OI1120	Acres	-	-	833,391	921,628	913,691	873,766	868,009	-
Area of adjacent protected land	PI5750	Acres	-	1,427,938	2,670,371	3,943,983	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	30,039	-
Length of streams present	PI3239	Kilometers	230	536	3,225	3,500	3,474	3,326	3,604	-
Ecological restoration management area	PI9556	Acres	-	-	-	-	-	-	-	-
Jobs maintained at directly supported/ financed enterprises	PI5691	FTEs	-	99	146	156	282	294	280	-
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	1,007,664	3,975,720
Native trees planted	PI3848	Acres	-	-	-	4,747	2,811	1,653	1,626	10,837
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	12
INVESTED CAPITAL	\$31.6M (68% OF COMMITTED CAPITAL)
ACRES AS OF YE 2023	8,468 ACRES
STRATEGIES	86% MITIGATION BANKS 14% FOREST CARBON ⁷

IMPACT DETAIL

Impact Metric	IRIS ID	Unit	2019	2020	2021	2022	2023	Cumulative
Land area directly controlled: sustainably managed	OI6912	Acres	477	19,457	19,639	2,463	8,468	-
Operational certification	OI1120	Acres	-	-	-	-	-	-
Area of adjacent protected land	PI5750	Acres	6,714	152,167,759	152,167,759	152,167,759	152,417,240	-
Units/ volume of sustainably harvested wood products sold	PI1263	Metric tons	-	-	-	-	-	-
Area of fresh water bodies present	PI7170	Acres	246	246	486	486	1,033	-
Length of streams present	PI3239	Kilometers	3	60	76	26	39	-
Native trees planted	PI3848	Acres	-	-	-	-	-	-
Ecological restoration management area	PI9556	Acres	280	847	2,283	2,213	2,653	-
Jobs maintained at directly supported/ financed enterprises	PI5691	FTEs	-	-	-	-	-	-
Protected land area: permanent	PI3924	Acres	322	-	-	-	96	1,586
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 working forest conservation easement (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. Current year numbers are based on unaudited estimates and are subject to change.
3. 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. The Lyme Forest Fund III was wound down as of December 31, 2023 and is included in the numbers reflected above.
4. Does not include mitigation banks or non-forested properties.
5. Conservation restrictions include conservation easements, conservation option agreements, carbon encumbrances, and mitigation banking instruments.
6. See Lyme's 2021 Annual Report: Firm and Portfolio Updates, ESG Initiatives, and Impact Reporting for more detail on the process and approach to creating the ESG initiative.
7. 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.
- Impact data are reported on the basis of gross property ownership and, in the case of joint ventures between funds, are no longer allocated to different funds based on pro-rata ownership.
- 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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