



2024 ANNUAL REPORT

FIRM AND PORTFOLIO UPDATES, ESG INITIATIVES, AND IMPACT REPORTING

PUBLISHED APRIL 2025

ABOUT THE LYME TIMBER COMPANY

Founded in 1976, The Lyme Timber Company LLC (“Lyme”) is an employee-owned timberland investment manager based in Hanover, NH. We focus on generating long-term financial returns for our investors through sustainable forestry, land conservation, and supply chain improvements. Our strategies protect biodiversity, improve wildlife habitat, mitigate climate change, and create high quality forest-sector jobs in rural communities in the US and Canada. Our portfolio includes 1.3 million acres of forestland in Michigan, Wisconsin, New York, Pennsylvania, West Virginia, Tennessee, and Alabama. We specialize in the management of natural landscapes, 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 1 million acres of land through conservation easements, mitigation banking instruments, and 100-year carbon sequestration projects.

OUR VALUES AND CULTURE

Our values and culture are built on integrity, fairness, and investment discipline. We embrace creative problem solving, collaboration, and continuous improvement. We recognize forests are complex ecosystems with multiple stakeholders. The management of forests for both timber production and conservation outcomes requires thoughtful and careful stewardship and a commitment to forest health and biological diversity. Alongside our commitment to generating strong financial performance and conservation solutions, we seek to have a positive impact on the people who work for our businesses and on the communities where we operate.



LETTER FROM OUR CEO

As we reflect on our timberland portfolio during a time of political division between urban and rural communities, I want to share some thoughts on the importance of a strong forestry workforce in advancing shared interests that transcend political divisions.

While many rural communities have experienced population declines due to manufacturing job losses, the forest industry remains firmly anchored in these regions for one simple reason — that's where the trees grow. In the hardwood regions where we invest, several tree species — including sugar maple, black cherry, and white oak — grow nowhere else in the world. This geographic connection creates a unique economic opportunity that cannot be outsourced or relocated.

Forests are not merely natural assets; they are economic engines that have sustained rural economies for generations. The US forest products industry employs approximately 950,000 people with an annual payroll of \$50 billion, ranking among the top 10 manufacturing sector employers in 45 states. Importantly, sustainably harvested wood products—including lumber for framing, wood flooring, and wood composites—deliver climate benefits through long-term carbon storage. Well-managed working forests also provide many public benefits: biodiversity, carbon sequestration, water purification, recreational access, and natural beauty.

The forestry workforce represents a critical yet often overlooked link in this value chain. Without skilled foresters making management decisions and loggers harvesting timber, the entire forest products industry would grind to a halt. Yet this sector faces significant challenges that threaten the stability of rural economies, the production of forest products, and our ability to manage forests sustainably. The logging workforce, for example, is aging with workers 55 and older increasing from 12% in 1997 to over 30% today.

At Lyme, we utilize a unique “portfolio company” model to directly employ over 300 people — foresters, log marketing staff, and in some cases, logging crews. We believe this model reduces management costs while also creating greater alignment. Most importantly, we can attract and retain top talent by offering competitive wages, clear incentives, and stable employment.

Our operating philosophy extends beyond our direct employees. Through contractual relationships with local businesses—logging contractors, truckers, and sawmills—we embrace a model of shared prosperity. Our lands provide a steady source of work and raw materials for these businesses. We seek to establish fair pricing terms that allow our partners to earn a profit and reinvest for the future. We recognize that our success, and the vitality of the rural communities where our lands are located, depends on an ecosystem of businesses that can recruit and retain a skilled workforce.



The forestry workforce will also play a critical role in addressing wildfire threats and restoring infrastructure following natural disasters. The Forest Service has identified 63 million acres of forestland at high risk of catastrophic wildfire, which not only impact the forests themselves but also nearby communities, yet annual treatments cover only a fraction of the area requiring intervention. Following significant reductions in timber management on federal lands over the past 30 years, the Forest Service lacks sufficient experienced forestry staff to manage the necessary fire reduction treatments. Meeting these challenges will require the expertise of private-sector foresters and a substantial expansion of the logging workforce. Although Lyme typically invests outside areas of the western U.S. where fire risk is most severe, all regions face natural disaster threats. Recently, logging contractors from across our timberland portfolio deployed crews to North Carolina to assist with Hurricane Helene cleanup efforts—specialized work that would be impossible without their skills and equipment.

As we look to the future, we remain committed to fostering resilient forest economies that benefit investors, communities, and ecosystems alike. By continuing to invest in the workforce that makes good forestry possible, we aim to deliver attractive returns on our timberland investments while sustaining the forestry infrastructure necessary to meet the challenges ahead.

Jim Hourdequin, CEO and Managing Director

ABOUT THIS REPORT

The purpose of this report is to provide a high-level summary of The Lyme Timber Company's activities across our 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 (April 2025). Non-financial data reported in the appendices are based on the 2024 calendar year.



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2024 IN BRIEF

Our work in 2024 focused on value-add opportunities across the Lyme portfolio, including the pursuit of new conservation transactions, growing our supply chain businesses, and advancing wind and solar projects. We continued our work to improve the long-term growth and yield modeling on our forests through the use of LiDAR mapping that allows us to better understand forest conditions and operability constraints.

We currently have nearly 250,000 acres of potential conservation easement transactions in various stages of development. These opportunities are expected to deliver financial returns to Lyme investors while permanently protecting the wildlife, water, and climate attributes of the forests. Importantly, the conservation easements also enable us to keep timberlands as working forests that produce sustainable wood products and support jobs in the rural communities where our timberlands are located.

Markets for forest products experienced some recovery in 2024. After a difficult year in 2023, we saw modest but steady improvements in pricing and demand for hardwood products over the course of the year. The outlook for 2025 was initially positive, with expectations for improvement in US housing and continued steady demand for export products. More recently, however, concerns over tariffs and recession have created uncertainty and new challenges.



Photo: Hardwood stand on Lyme Allegheny property



IN MEMORIAM: PAUL A. BUCHSEN 1942 – 2024

We were saddened by the loss of NALF founder Paul Buchsen. Paul began his career in the 1960s as a forester managing portions of the lands that Lyme Allegheny now owns. After leaving Hammermill Paper in the mid-1990s, he grew NALF into one of the premier sellers of high value cherry and red oak logs from the region, developing relationships with customers throughout the world. Paul had an encyclopedic knowledge of the land, an honest and decent approach to all business dealings, and passion for the logs, trees, and forests of North-central Pennsylvania. He will be missed by us all.

PORTFOLIO UPDATE

Lyme’s portfolio includes five forestland business units (each managed by a fund- or investor-owned forest management company), four supply chain joint ventures, three in-house logging/road crews, and 12 mitigation bank investments. Lyme also has one conservation-oriented separately managed account.

We did not make any new investments in 2024. We sold one mitigation bank on behalf of LCOF and 5 mitigation banks on behalf of Fund IV.



1.3 MILLION ACRES

\$745M¹ ASSETS UNDER MANAGEMENT

322 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. Several of our customers derive value from certified wood and are willing to pay a premium for logs that meet certification standards. We select an appropriate certification standard for each property based on an evaluation of market demand, compliance costs, and other factors.

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.

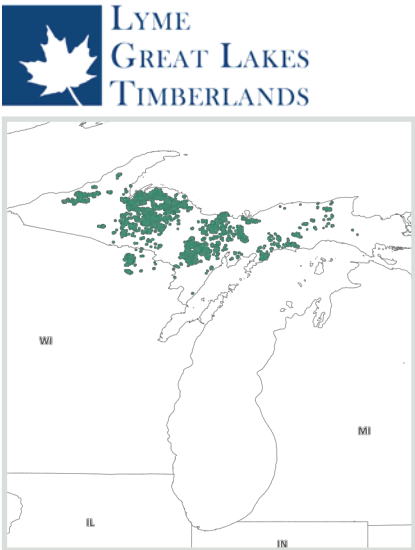
OVERVIEW



In late 2019, Lyme purchased three properties totaling 675,000 acres in the Upper Peninsula of Michigan and northern Wisconsin. The Lyme Great Lakes (“LGL”) 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 26 full-time employees.

2024 was our first year operating the timberlands under dual certification standards of FSC and SFI. We made significant progress advancing a 73,000-acre working forest conservation easement in partnership with Michigan Department of Natural Resources (DNR) which we expect to close in 2025. We also advanced other conservation projects totaling over 263,000 acres, which are in various stages of development.



LOCATION UPPER PENINSULA MICHIGAN & N. WISCONSIN

AREA 624,000 ACRES

OWNERSHIP FUND V AND LGL CO-INVESTMENT FUND

EMPLOYEES 26

CERTIFICATION SFI & FSC

SUSTAINABLE FORESTRY

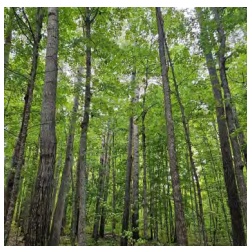


In response to a customer’s willingness to pay a premium for FSC certification, the LGL property became FSC certified in 2024. The LGL team’s management practices received high marks following a field-based dual certification audit conducted in January 2024, achieving full compliance with the SFI standard 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. We continued our work to develop alternative silvicultural prescriptions for stands with poor natural hardwood regeneration. Historically, these stands were converted from naturally regenerating forests to pine plantations, a practice that we are trying minimize. We continue to look for ways to reduce chemical use and promote greater age class and species diversity in the natural forest stands while achieving our long-term investment goals. Finally, to ensure better coordination with forest management objectives, we made changes to the evaluation process used for selecting land to be sold in our retail land sales program.

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 a variety of long-lived forest products. We continued to support partners with whom we have entered option agreements for renewal energy development.

LAND PROTECTION AND CONSERVATION



The property contains many important conservation attributes, including connectivity to public lands and trails, climate-resilient forests, and wildlife habitat. At the time of our purchase in 2019, the Wisconsin land was already encumbered by a conservation easement. Our long-term strategy is to sell additional conservation easements over large portions of the Michigan property alongside smaller-scale fee sales to public agencies or land trusts.

We are pursuing conservation transactions on approximately 336,000 acres of the property. In 2025, we hope to close on the sale of a 73,000-acre conservation easement to the Michigan Department of Natural Resources (DNR). The easement will restrict development, provide public recreational access, and protect water resources that feed into Lake Superior. We are also continuing to work on the sale of 375 acres to the City of Munising for the creation of a community forest which we expect to close in 2025. Finally, we are working on a 10,000-acre conservation easement to protect the North Country National Scenic Trail, a 150,000 acre conservation easement and a 2,200 acre fee sale to Michigan DNR.

FOREST PRODUCTS SUPPLY CHAIN



The forest products supply chain in the Great Lakes region faced challenges in the first part of 2024 as pulpwood consuming mills operated well below capacity. Conditions improved in the later half of the year as these mills began increasing their procurement. Over the course of the year, we saw improvement in pulp markets as well as some added sawmill capacity in the region. The LGL business is an important anchor for the region's forest products supply chain, supporting 82 logging and trucking contractors and 62 mill customers.

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



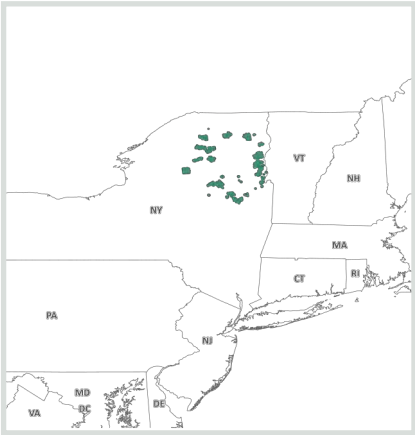
The Lyme Adirondack Forest Company (LAFCo) lands comprise 234,000 acres and include a mix of quality northern hardwoods and natural softwood stands. We acquired the lands from International Paper on behalf of our second pooled investment fund (Fund II) in 2006. In 2007, we sold working forest conservation 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 20-person LAFCo team 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 continue to focus our management efforts on leveraging the scale of the LAFCo property and generating income from sustainable forestry operations, recreational leasing, and related supply chain opportunities.

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.

2024 was a strong year for LAFCo. We achieved planned harvest levels while maintaining excellent forest management standards.



- LOCATION NE NEW YORK
- AREA 234,000 ACRES
- OWNERSHIP SEPARATE ACCOUNT (FORMERLY OWNED BY FUND II)
- EMPLOYEES 20
- CERTIFICATION SFI & FSC

SUSTAINABLE FORESTRY



The LAFCo property is certified to both the SFI and FSC certification standards. As part of our ongoing effort to continuously improve forest management on the property Lyme Timber personnel conducted multiple site visits focused on forest management and forest operations. 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.

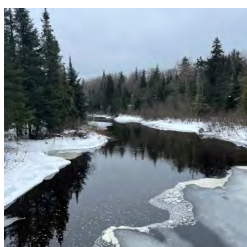
LYME ADIRONDACK FOREST COMPANY (CONTINUED)

CARBON AND CLIMATE



We continue to consider the potential to develop a forest carbon project on the LAFCo property. However, 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.

LAND PROTECTION AND CONSERVATION



Nearly all of the 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 strategy has been part of our business model since 2006. We directly market logs to sawmills and export customers through the log yard. In 2021, LAFCo invested in a new and expanded location for the log yard, which 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 could not be sourced 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. The road crew significantly contributes to the efficiency of our contract logging crews.



LOGGING CREW: The LAFCo logging crew was established in 2021 and 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. Approximately 8% of our annual production comes from this investor-owned logging crew.

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 good quality white oak, red oak, and tulip poplar. The terrain is mountainous but generally has good access and road infrastructure.

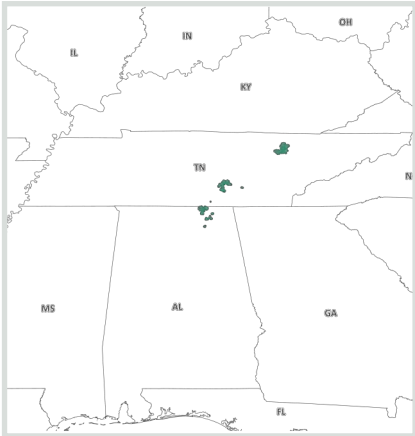
We developed forest carbon projects on approximately 45,000 acres and manage an existing forest carbon project on an additional 5,000 acres. Approximately 42,000 acres of the property are permanently protected by working forest conservation easements. Local log markets are strong, but the logging infrastructure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

The Tennessee businesses performed well in 2024 as demand for sawtimber remained strong. 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

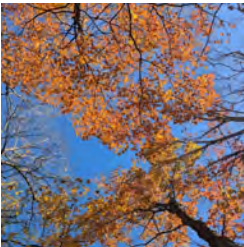
AREA 108,000 ACRES

OWNERSHIP FUND IV & V

EMPLOYEES 8

CERTIFICATION SFI & FSC

SUSTAINABLE FORESTRY



Forestry operations on the northern Tennessee properties are managed under FSC certification while the remaining property is managed under SFI certification. Our team conducted two site visits on the property in 2024 and focused on continuing to manage the property for sustained cash flow while protecting water quality, promoting forest diversity, and maintaining and improving wildlife habitat with a specific focus on species of greatest conservation need.

LYME STRAIGHT FORK TIMBERLANDS (CONTINUED)

CARBON AND CLIMATE



There are three forest carbon projects on the Lyme Straightfork properties, covering a total of 44,800 acres and enrolled under the California Air Resources Board compliance protocol. We are evaluating our approach to future sales of offsets given compliance obligations and required trade-offs with timber harvesting in order to balance income potential against risk from carbon reversals.

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 continue to monitor the potential to sell additional conservation easements, available funding and are in contact with local, state, and federal agencies and conservation organizations for these efforts.

FOREST PRODUCTS SUPPLY CHAIN



STRAIGHT FORK LENDER: To help ensure a viable logging contractor base for the Straight Fork timberlands, 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.

OVERVIEW



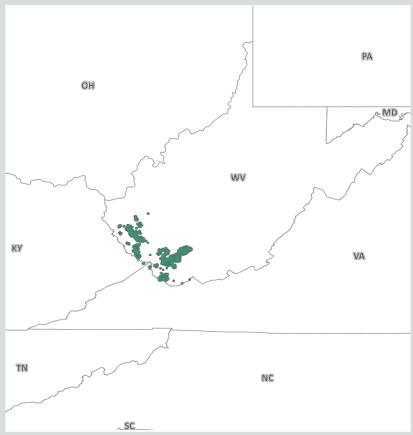
In December 2017, Lyme purchased 164,000 acres of timberland in southern West Virginia. The region is known to be steep and difficult to access, but it supports rich soils and good quality hardwoods, including red oak, white oak, and tulip poplar.

Our investment strategy is to manage the lands for a combination of timber harvesting, recreation, and passive income from the sale of carbon offsets, coal royalties on a limited portion of the land, sales of easements, surface use fees, and other land-use activities,

recognizing that particularly steep and difficult (though not impossible) to access portions of the property may generate higher returns from carbon sequestration than commercial timber management. The lands are managed by Mountaineer Forest Management, a Lyme portfolio company with four employees and an additional 13 employees on a company logging crew.

One of the most significant challenges to our strategy is logging capacity. In particular, it has been difficult to identify third-party logging contractors that meet our insurance, safety, and work quality standards given that logging has not historically been sufficiently profitable to attract contractors with the capital and experience to invest in advanced harvesting systems.

To address the need for a stable logging workforce, improved logging safety, job quality, and wages, we established Mountaineer Mechanized in 2019. In 2024, we split the single crew operation into two smaller crews. One crew continues to work on our land while the other is working on lands owned by an adjacent large landowner. This crew, along with a small number of third-party contractors, enabled us to maintain harvest levels in 2024. Log and pulpwood markets were challenging in the first half of the year but improved in the second half. The region faces many workforce challenges, but our experience has shown that safe and well-managed businesses can attract talented people.



LOCATION SOUTHERN WEST VIRGINIA

AREA 164,000 ACRES

OWNERSHIP FUND IV

EMPLOYEES 17

CERTIFICATION SFI

SUSTAINABLE FORESTRY

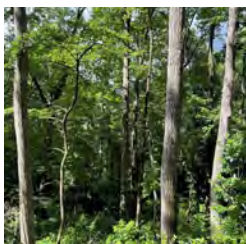


In 2022, we elected to transition the entire property from FSC to SFI certification. This decision was based on a lack of market demand for FSC-certified forest products. The property did not have a physical audit in 2024, but one is scheduled for 2025.

Our recent investment in the collection of LiDAR imagery on 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, improving their ability to locate harvests, delineate sensitive areas, and design roads and trails.

LYME MOUNTAINEER TIMBERLANDS (CONTINUED)

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 operate under those carbon projects, which require carbon stocks to be maintained for 100 years.

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 provides the West Virginia Department of Natural Resources (DNR) the ability to protect and enhance elk habitat and opens the property to the public for recreational use. We currently have an additional 600 acres under a purchase option with the DNR. If the option is exercised, the State will purchase Horse Creek Lake and surrounding property, and Lyme will retain the timber rights and carbon project.

Over the past two years, coal 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 seek to protect our interests and ensure that we are compensated for surface damages by enforcing various agreements with mineral owners.

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 winch assist (“tethered”) logging system in the Eastern US. This investment allowed us to increase harvest activity, reduce erosion, and provide attractive wages and benefits to the eight workers on this crew. By the end of 2024, the crews were achieving their production targets while maintaining their outstanding track record for work quality and safety.



RAINCO: In 2018, Lyme made an equity investment in RainCo Forest Resources (“Rainco”), a small business that operates 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.

OVERVIEW

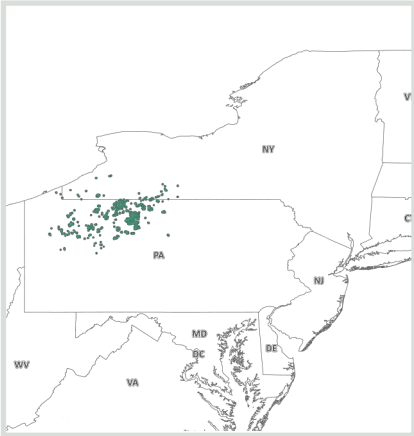


Between 2017 and 2020, Lyme made three investments totaling 167,000 acres in northwestern Pennsylvania and southwestern New York. The lands grow some of the finest quality hardwood sawtimber in the world, including black cherry, sugar maple, red maple, and red oak. We also invested in two hardwood sawmills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

Our investment strategy is to establish long-term timberland and forest products businesses that both provide current investment returns and

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.

2024 was a strong year for Lyme Allegheny, with timber harvests in line with the annual budget, progress on several potential solar and wind lease agreements across the property, and the successful closing of a significant land sale to a conservation organization.



LOCATION PENNSYLVANIA & SW NEW YORK

AREA 151,000 ACRES

OWNERSHIP FUND IV & V

EMPLOYEES 7

CERTIFICATION SFI & FSC

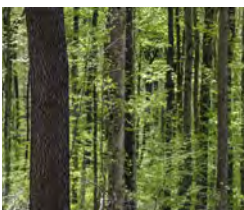
SUSTAINABLE FORESTRY



The property is managed under SFI and FSC certification. To help us integrate the Seneca lands (acquired in late 2020) and develop more robust long-term growth and yield modeling, we invested in the collection of LiDAR imagery, new forest typing, and field-based information technology. In 2024, we integrated the LiDAR work into a growth and yield model and completed a new 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 two forestry-related site visits in 2024 and continue to refine our silvicultural practices.

CARBON AND



Because of the high unit value of timber on our Pennsylvania lands, we do not consider carbon offset project development to be a viable opportunity. Our climate-related efforts will instead focus on making our supply chain more efficient while also reducing operating expenses. Our investment in a second log yard location has helped to shorten haul distances, and we continually 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 below market 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, the state has indicated a renewed interest in acquiring another conservation easement, and we are hopeful that a transaction will come together in 2025 or early 2026. We have completed the AMD stream restoration work under the terms of the PENNVEST loan agreement.

We were pleased to close on the sale of 1,495 acres, known as the Bennett Branch Tract, in Elk County, PA to the Western Pennsylvania Conservancy in 2024. The property adjoins Moshannon State Forest, is located near the Elk Country Visitor Center in Benezette, PA, and includes two miles of frontage on the Bennett Branch River. The lands were subsequently conveyed to the Pennsylvania DCNR. We currently have an additional 306 acres under purchase option with Western Pennsylvania Conservancy.

FOREST PRODUCTS SUPPLY CHAIN



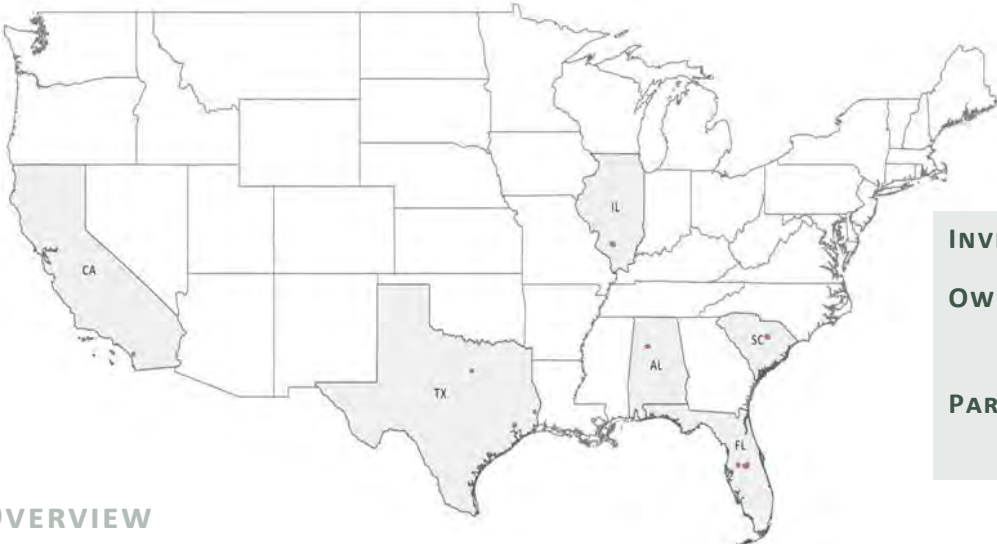
SAWMILL INVESTMENTS: Lyme owns a majority interest in two sawmills located near our Pennsylvania timberlands – Emporium Hardwoods and Bradford Forest. The mills are operated and managed by a capable sawmill operating partner, the Rossi Group, which maintains a significant investment in the operations. 2024 was a challenging year for the mills, due to weak lumber prices during the first half of the year. The two mills currently employ 225 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 ("NALF"), 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.



INVESTMENTS	12
OWNERSHIP	FUND IV AND LCOF
PARTNERS	ECO-CAPITAL

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 12 wetland and stream banks or sites in 6 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 2024, we exited six mitigation investments in West Virginia, Texas, and Virginia. We undertook restoration efforts on three mitigation banks, and restoration is now complete on seven banks. Across the portfolio, we generated \$15.8 million in revenue from the sale of mitigation credits in 2024.



Photo: Restored wetlands on the Call Junction mitigation bank in Texas

LYME BY THE NUMBERS

	2024 ²	2023 ³
INVESTMENT MANAGER PROFILE		
Acres under management	1,286,563	1,310,950
Assets under management ¹	\$745,166,845	\$738,640,908
Currently active investment funds/accounts ⁴	6	6
Investors across all funds	354	478
Lyme Timber employees	19	18
Average years employed	12	12
Ownership by employees	100%	100%
Employee owners	11	11
FORESTLAND INVESTMENTS		
Forestland portfolio companies	5	5
Annual revenue	\$116,312,453	\$126,433,048
Log sales	\$100,916,593	\$109,118,490
Conservation and carbon sales on core forestlands	\$5,380,000	\$1,708,306
Other revenue	\$10,015,860	\$15,606,252
Forestland employees	64	62
Contractors engaged in forestry operations	154	158
Disbursements to contractors	\$63,148,409	\$70,359,524
Mill customers supplied	210	209
Truckloads of wood products harvested	41,567	41,550
SUPPLY CHAIN INVESTMENTS		
Sawmill investments	2	2
Logging and log marketing business investments	5	5
Annual lumber sales, log sales, and contract revenue	\$106,201,347	\$94,574,240
Employees in supply chain investments	258	265
ECOSYSTEM SERVICES INVESTMENTS		
Ecosystem services investments—mitigation banks and carbon	12	18
Revenues from ecosystem services	\$15,802,646	\$3,772,136
CLIMATE AND CONSERVATION		
Forestland certified by third party sustainable forestry standards (% of overall) ⁵	100%	100%
Acres protected in year	2116	269
Lands subject to conservation restrictions ⁶	602,485	632,580

Data reported as of December 31, 2024 and December 31, 2023

See notes in Appendix 4



LYME’S ESG INITIATIVE

BACKGROUND ON LYME’S ESG FRAMEWORK

Since the early 1990s, Lyme has been a pioneer and industry leader in conservation and sustainable forest management on timberlands in the US and Canada. We have a 30+ year track record of realizing value on investments through the integration of environmental, social, and governance (ESG) objectives. Alongside investments in sustainable working forests, we have pursued investments in wetland, stream, and habitat mitigation; forest carbon sequestration; and targeted conservation real estate opportunities. We have achieved our investment objectives while protecting over one million acres of land through conservation easements, mitigation banking instruments, and 100-year carbon sequestration projects.

To respond to requests from investors, we created a Responsible Investment Policy in 2019 that covers our

approach to responsible investing. In late 2021, we created an internal ESG initiative to define goals and measures that we believed were unique to our portfolio, areas of expertise, and investment objectives. We report on our progress toward these goals and measures each year in this report.⁷

We continue to work to integrate our internal ESG goals into external ESG frameworks. In 2024, we revised our Responsible Investment Policy to integrate our ESG goals and align with third party frameworks and investor expectations around issues such as human rights and stewardship. Importantly, all of our forestlands are third-party certified to at least one of the two leading sustainable forest certification bodies in the United States.



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. With this in mind, we revisited and revised some of our goals related to carbon offsets. Meanwhile, we have increased our focus on other initiatives aimed at achieving positive climate outcomes. We have several renewable energy projects under option across our portfolio and believe the scale of our land ownership provides opportunities for mitigating the community impacts associated with large wind and solar developments. We have also partnered with a methane flare operator in West Virginia to reduce emissions from historic mining operations on our land base. On the conservation front, in 2024 we sold almost 1,700 acres to conservation partners, received full funding for a 73,000-acre WFCE in Michigan, and continue to move forward several other conservation projects.



- 1. REALIZE COST SAVINGS AND ACHIEVE CLIMATE BENEFITS BY REDUCING THE CARBON FOOTPRINT OF CORPORATE AND PORTFOLIO COMPANIES
- 2. CREATE VALUE THROUGH THE PERMANENT PROTECTION OF HIGH-VALUE WORKING FORESTS AND OTHER UNIQUE CONSERVATION LANDS
- 3. CONTINUOUS IMPROVEMENT IN FOREST MANAGEMENT PRACTICES AND PROTECTION OF WATER QUALITY, SOIL, WETLANDS, AND WILDLIFE HABITAT

NOTE ABOUT REVISIONS TO OUR ENVIRONMENTAL GOALS:

In 2024, we determined our carbon-focused goal to “increase forest carbon sequestration to help mitigation climate change and deliver other conservation benefits” was not practical both in terms of underlying climate objectives and our financial and fiduciary obligations to investors. When we drafted this goal in 2021 we believed that carbon markets would evolve to fully compensate landowners for harvest reductions that resulted in greater carbon storage. This has not happened: while the current price of carbon may compensate the landowner for theoretical reductions in harvest relative to a theoretical baseline, the price of carbon does not compensate the landowner for actual harvest reductions and foregone timber revenue. Additionally, it’s not always clear that greater carbon storage on the forests we manage will result in net climate benefits. For example, if harvest reductions on our timberlands result in increased harvesting on other lands, a concept known as “leakage”, there may be limited or no net climate benefit. Further, if sustainably managed wood fiber becomes scarcer, consumption could shift to more carbon-intensive products, again with questionable net climate benefit.

While the carbon protocols are changing to address some of the concerns described above, and offset buyers are demanding quality, additionality, permanence, and co-benefits, we do not currently see compelling opportunities for new project development that would adequately compensate us for the management tradeoffs and operational risks associated with new carbon projects. We will continue to implement climate smart forest management across our portfolio, recognizing that sustainable forest management plays an important role in mitigating climate risks even if the forest is not enrolled in a carbon project. Of course, we will also continue to monitor carbon protocols and carbon markets for opportunities to develop projects that deliver both economic and climate benefits.

ENVIRONMENTAL GOAL #1

REALIZE COST SAVINGS AND ACHIEVE CLIMATE BENEFITS BY REDUCING 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, associated emissions, and spending on fuel 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 continued working towards creating a framework to track Scope 1, 2, & 3 emissions across our corporate and portfolio company operations.

ASSESSMENT: Needs Attention



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

UPDATE: Harvesting and hauling timber are the primary drivers of our carbon footprint. As we work towards collecting more information, we are continuing to explore ways to improve trucking efficiencies and increase the number of loaded truck miles. Efficiencies of this nature result in a win-win by reducing carbon emissions along with overall costs associated with hauling timber. We deployed a new ticketing system that allows us to track and optimize trucking activity in Michigan and West Virginia, which will provide baseline data for future assessments.

ASSESSMENT: Needs Attention

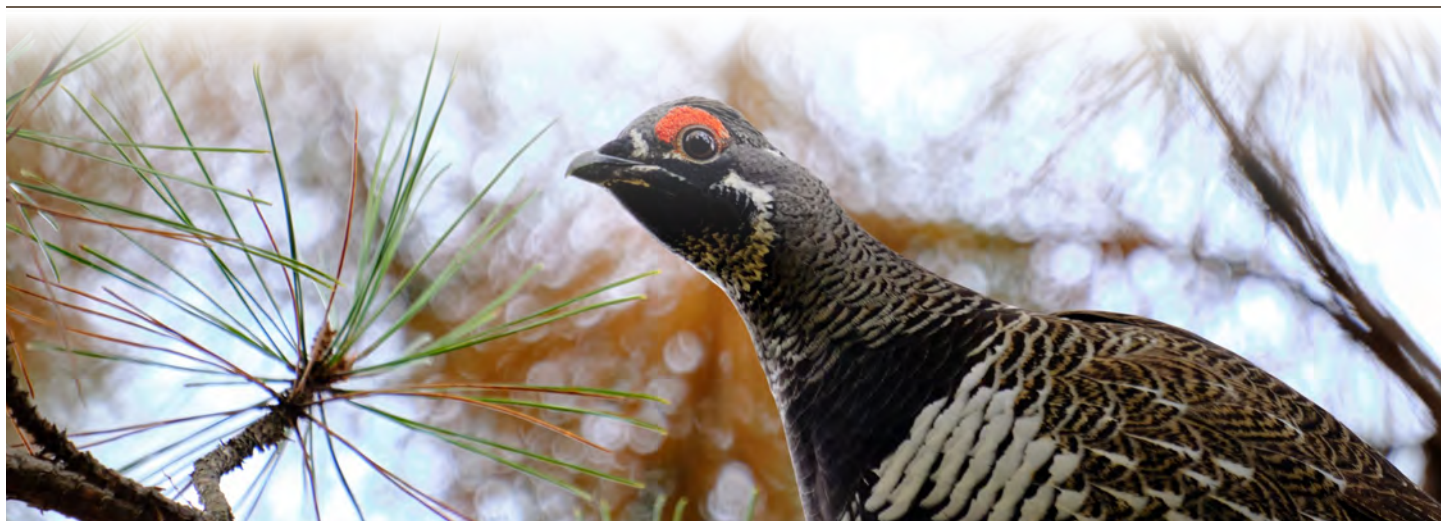


Photo: Spruce grouse, a species of special concern, on the Lyme Great Lakes Timberlands in Michigan

ENVIRONMENTAL GOAL #2

CREATE VALUE THROUGH THE PERMANENT PROTECTION OF HIGH-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 49-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



Make conservation easement and fee sales that protect an additional 150,000 acres

UPDATE: In 2024, we sold 200 acres to the Keweenaw Bay Indian Community in Michigan and 1,486 acres to the Western Pennsylvania Conservancy in Pennsylvania. We were also approved for funding for a 73,000-acre conservation easement in Michigan in partnership with Michigan Department of Natural Resources and a 375-acre community forest to be purchased by the City of Munising, Michigan. We anticipate finalizing both transactions in 2025.

We have another 175,000 acres of potential conservation easement projects in Michigan and Pennsylvania in development with federal, state, and NGO partners.

Since 2021, we have permanently protected over 18,500 acres of forestland.

ASSESSMENT: On Track



Photo: View of mixed wood stand in the fall on the LAFCo property in New York

**ENVIRONMENTAL
GOAL #3**

**CONTINUOUS IMPROVEMENT IN FOREST MANAGEMENT
PRACTICES AND PROTECTION OF WATER QUALITY, SOIL, WET-
LANDS, AND WILDLIFE HABITAT**

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: We continue to utilize the audit system created in 2022 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 2024 we completed a total of 18 sites visits across our portfolio companies. Four 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 continue to add value and allow us to provide immediate feedback to our local forest management teams who then implement changes on the ground.

ASSESSMENT: On Track



**Reduce chemical use in forestry
operations by 20%**

UPDATE: We reduced chemical use by 50% in Pennsylvania and by 55% in Michigan 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 managers because our funds invest in and operate locally managed businesses that supply, purchase from, and provide services to our forestland holdings. Through five forest management companies, seven log yards, two sawmills, three logging and road businesses, and forest-related marketing joint ventures, we employ over 300 people in rural communities across the US. Our lands support thousands of additional jobs in logging, trucking, and manufacturing. These investments strengthen rural communities by supporting good paying jobs, promoting safety and innovation, and responding to the interests of local stakeholders.

In 2024, 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: New dump truck purchased by LAFCo in 2024 for the company road crew

SOCIAL GOAL #1

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

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 improved 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 2024. ASSESSMENT: On Track
	25% reduction in reportable accidents on Lyme lands	UPDATE: In 2024, there were three reportable accidents that resulted in workers' compensation claims among Lyme employees. One was related to a tick bite, the second involved lifting office equipment, and the third was a minor foot injury in one of our log yards. We expanded KPIs focused on safety at all portfolio companies and included an updated and expanded safety section in our employee manuals, which will support our efforts to foster a culture of safety going forward. We continued implementing the safety incident tracking system we designed in 2022, which relies on voluntary and anecdotal reporting of workplace injuries among employees of third-party contractors. It is too early to reach conclusions from the data collected so far. We are expanding safety tracking for Lyme and portfolio company employees to include data on minor accidents, near misses, and accidents involving vehicles, even if they did not result in injury. Looking across these systems allows us to identify the most common causes of injury and focus resources more effectively on accident reduction 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 local 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 who live in the areas where they work.

5-YEAR MEASURES

	Achieve \$1,000/employee level of community contribution by Lyme and all portfolio forest management companies	<p>UPDATE: In 2024, Lyme and its portfolio companies contributed over \$102,000 to community organizations. We continued the employee match program to augment Lyme’s long history of annual giving. We are now meeting or exceeding our giving targets across Lyme’s corporate and portfolio company offices.</p> <p>ASSESSMENT: On Track</p>
	Establish or enhance programs to incentivize employee engagement in their local community (board participation, events, forums, and volunteering)	<p>UPDATE: In 2024, we continued supporting employees in volunteer activities in local communities. The corporate team in Hanover, New Hampshire now has regular volunteer days with a local organization providing support and assistance to community members struggling with poverty.</p> <p>ASSESSMENT: On Track</p>
	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	<p>UPDATE: We have not identified an opportunity to host a stakeholder forum. Instead, we have decided to focus this goal on gathering community input on specific projects, hosting tours, speaking with school groups and forestry classes, and community outreach throughout our portfolio.</p> <p>ASSESSMENT: On Track</p>

SOCIAL GOAL #3

CREATE AND MAINTAIN HIGH-QUALITY JOBS IN RURAL COMMUNITIES

Our forest management and logging companies directly employ 77 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 245 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 2024, 100% of all full-time employees at Lyme-managed portfolio company employees were paid at least \$16.42 per hour (the inflation adjusted target) and were eligible for health insurance and other benefits. This approach has helped with employee recruitment and retention. 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 team visiting a recent cedar harvest in Michigan

SOCIAL GOAL #4

INNOVATE AND INVEST IN THE FOREST PRODUCTS SUPPLY CHAIN

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

5-YEAR MEASURE



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

UPDATE: Since 2021, we have invested over \$17.5 million in supply chain businesses and innovation, well ahead of our 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 in West Virginia; 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. In 2024, we invested \$500K in Mountaineer Mechanized to support the establishment of a second crew to work on third-party timberlands.

ASSESSMENT: Ahead of Plan



Photo: LAFCo cut-to-length harvester moving between harvest units

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, recruit the best talent, create a path to broader diversity in leadership, and to ensure that all employees can achieve their professional goals.

In 2024, our efforts to advance our Governance goals focused on efforts to foster an inclusive and respectful culture and beginning our work on employee training.



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: Woods road in the fall on Lyme Great Lakes timberlands in Michigan

GOVERNANCE GOAL #1

FOSTER AN INCLUSIVE AND RESPECTFUL CULTURE

We believe that an inclusive and respectful culture is the foundation upon which to build a great organization. In its early years, due to its small size, Lyme was able to informally cultivate such a culture. As we have grown, we have had to formalize 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: We incorporated feedback on employee handbooks from a committee comprising employees from Lyme Timber and several portfolio companies, which resulted in revisions to several policies in 2024, supplementing revisions from the prior two years. Changes have addressed paid time off, holiday observances, and flexibility in addressing employees' personal situations. Following the success of this effort, the committee was dissolved, and we intend to invite new participants to review policies going forward at a frequency to be determined.

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: The management team participated in a workshop focused on advanced interpersonal and leadership skills over several weeks in the fall of 2024. We are exploring expanding this work to more of the Lyme team in 2025.

ASSESSMENT: Some Progress



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

UPDATE: 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: Some Progress

**GOVERNANCE
GOAL #2**

**CREATE CAREER DEVELOPMENT OPPORTUNITIES FOR PEOPLE
WITH DIVERSE BACKGROUNDS AND EXPERIENCE**

We want to ensure that we are recruiting the best talent and have a diverse pipeline of future professional staff and 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	<p>UPDATE: In 2024, we continued to host internships on our Michigan, Pennsylvania, and New York properties, with a total of nine interns. While we value these programs and have found them useful in recruiting and training early career foresters, we do not see further expansion potential in the near term due to the small size of our teams.</p> <p>ASSESSMENT: On Track</p>
	Provide mentorship to new and less experienced employees	<p>UPDATE: Currently, mentorship happens on an informal basis. We have not identified how we might establish a more formal program.</p> <p>ASSESSMENT: Needs Attention</p>
	Ensure ongoing professional development opportunities for all employees	<p>UPDATE: In 2024, we budgeted for professional development at portfolio companies and assisted General Managers in identifying opportunities for their teams across all levels of their organizations. Examples of professional development opportunities our teams pursued include trainings, conferences, participation in industry associations, and certifications.</p> <p>ASSESSMENT: On Track</p>

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 19 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: Community tour of forestry operations of Lyme Great Lakes property in Michigan



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 <ul style="list-style-type: none">Ecosystem services support planetary healthSustainably sourced products increase global natural resource efficiency
2) PEOPLE IN RURAL COMMUNITIES, INCLUDING LOW-INCOME COMMUNITIES, IN THE FORESTED REGIONS IN WHICH WE INVEST <ul style="list-style-type: none">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.

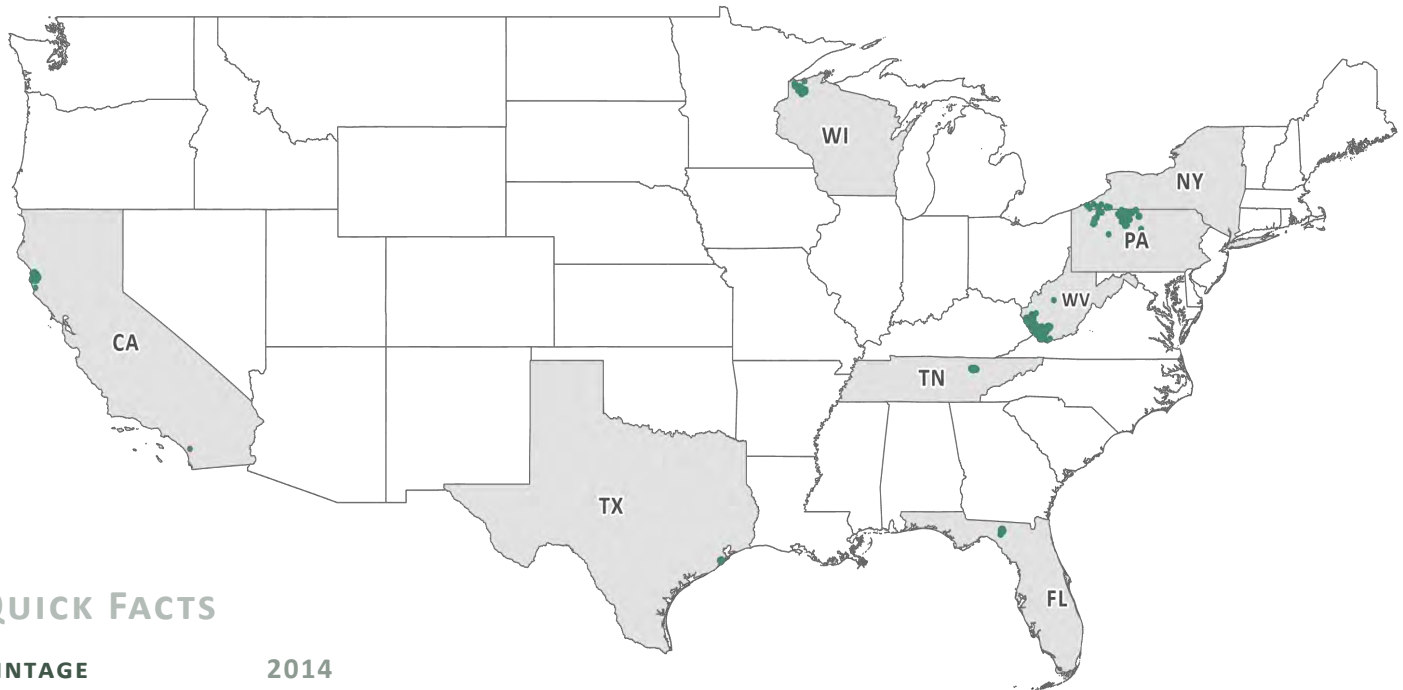


SUSTAINABLE CONSUMPTION AND PRODUCTION PATTERNS

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 IV DETAILS & IMPACT METRICS

PORTFOLIO



QUICK FACTS

VINTAGE	2014
INVESTMENTS	11
INVESTED CAPITAL	\$250M (100% OF COMMITTED CAPITAL)
ACRES AS OF YE 2024	249,020
STRATEGIES	87% WORKING LANDS 5% SUPPLY CHAIN 8% ECOSYSTEM SERVICES⁸

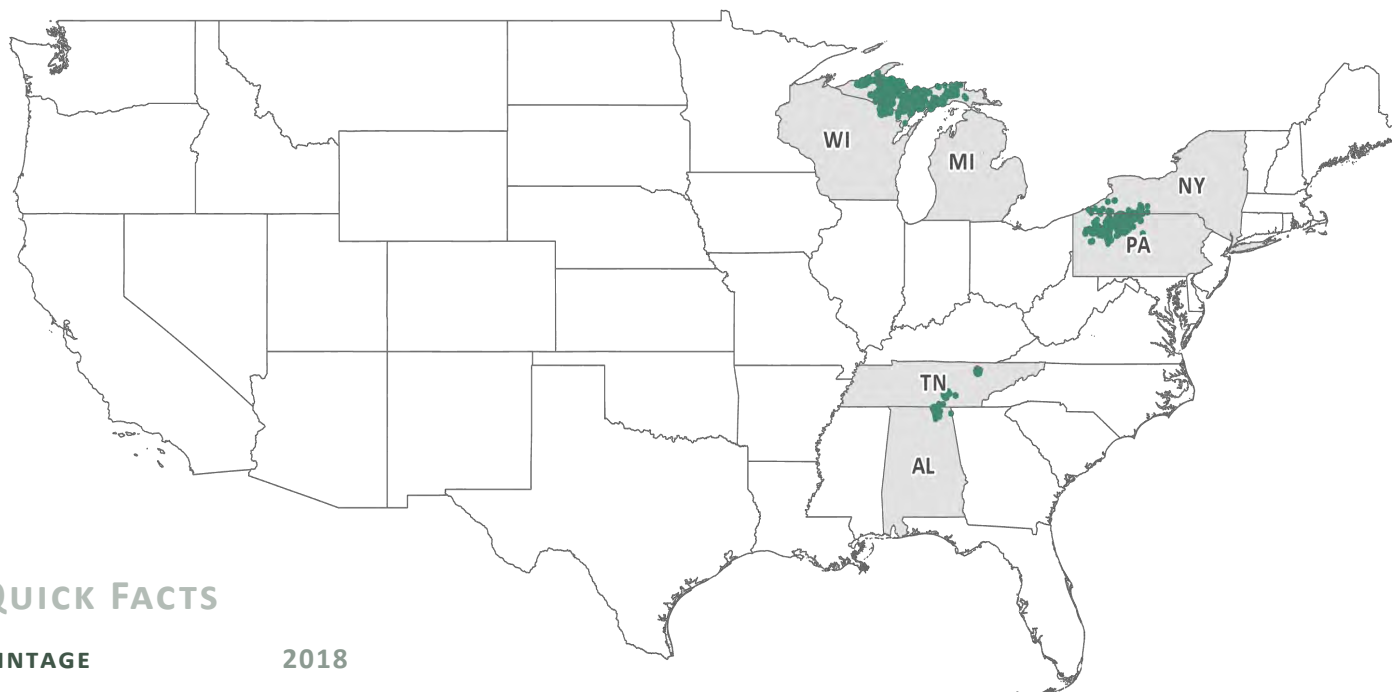
IMPACT DETAIL

Impact Metric	IRIS ID	Unit	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	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	249,020	-
Operational certification	OI1120	Acres	22,779	55,627	318,409	318,409	385,425	383,883	383,148	248,526	248,437	248,949	-
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	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	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	1,213	-
Ecological restoration management area	PI9556	Acres	20	63	184	2,298	2,298	2,332	2,332	253	253	67	-
Jobs maintained at directly supported/financed enterprises	PI5691	FTEs	15	15	23	135	166	175	305	299	281	277	-
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	255,328	2,662,380
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 2024	863,389
STRATEGIES	92% WORKING LANDS 8% SUPPLY CHAIN ⁸

IMPACT DETAIL

Impact Metric	IRIS ID	Unit	2017	2018	2019	2020	2021	2022	2023	2024	Cumulative
Land area directly controlled: sustainably managed	OI6912	Acres	52,296	109,876	833,391	921,628	913,691	873,766	868,009	863,389	-
Operational certification	OI1120	Acres	-	-	833,391	921,628	913,691	873,766	868,009	863,389	-
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	3,943,983	-
Area of fresh water bodies present	PI7170	Acres	27	72	32,126	32,134	32,072	30,322	30,039	29,926	-
Length of streams present	PI3239	Kilometers	230	536	3,225	3,500	3,474	3,326	3,604	3,589	-
Ecological restoration management area	PI9556	Acres	-	-	-	-	-	-	-	-	-
Jobs maintained at directly supported/financed enterprises	PI5691	FTEs	-	99	146	156	282	294	280	273	-
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	966,021	4,941,741
Native trees planted	PI3848	Acres	-	-	-	4,747	2,811	1,653	1,626	851	11,688
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 2024	8,296 ACRES
STRATEGIES	86% MITIGATION BANKS 14% FOREST CARBON⁸

IMPACT DETAIL

Impact Metric	IRIS ID	Unit	2019	2020	2021	2022	2023	2024	Cumulative
Land area directly controlled: sustainably managed	OI6912	Acres	477	19,457	19,639	2,463	8,468	8,296	-
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	152,410,526	-
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	1,033	-
Length of streams present	PI3239	Kilometers	3	60	76	26	39	34	-
Native trees planted	PI3848	Acres	-	-	-	-	-	-	-
Ecological restoration management area	PI9556	Acres	280	847	2,283	2,213	2,653	2,452	-
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. The following data points have been updated following the 2023 audit: annual revenue; other revenue; contractors involved in forestry operations; and annual lumber sales, log sales, and contract revenue.
4. Includes three active pooled funds, two separate accounts, 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.
5. Does not include mitigation banks or non-forested properties.
6. Conservation restrictions include conservation easements, conservation option agreements, carbon encumbrances, and mitigation banking instruments.
7. 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.
8. 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.

Continued on next page

APPENDIX 4: NOTES

NOTES ON IMPACT DATA (CONT.)

- 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

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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