REPORT

SpareBank 1 Østlandet Sustainable Forestry Portfolio

CLIENT

SpareBank 1 Østlandet

SUBJECT

Forestry

DATE: / REVISION: February 15, 2021 / 02

DOCUMENT CODE: 10223410 -01-TVF-RAP-004

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REPORT

PROJECT	**SpareBank 1 Østlandet Green portfolio**	DOCUMENT CODE	10223410-01-TVF-RAP-004
SUBJECT	Forestry	ACCESSIBILITY	Open
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1 Introduction

On assignment from SpareBank 1 Østlandet, Multiconsult has assessed the impact of Norwegian sustainable forestry in an environmental context, including climate gas emissions and climate change mitigation. The assessment includes a description of forestry in general and the general considerations environmental and social functions. The Bank's portfolio is assessed regarding the composition of its forest-based loan assets in terms of:

- Number and type of species;
- Size of forest properties and actual cultivated area;
- Cultivated area's contribution to carbon storage and CO_2-related sequestration.

Finally, available information about the Bank's forest-based assets are compared to requirements of the Climate Bonds Initiative (CBI)[1] Standard on Forestry, the final Technical Expert Group (TEG) report on the EU Taxonomy[2] as well as the EU draft delegated acts[3].

Downstream climate benefits e.g. from using wood as construction material is not considered in this study.

2 Loan Portfolio Analysis SpareBank 1 Østlandet

Based on the information and data provided by SpareBank 1 Østlandet the green forest-based loan portfolio of the bank has been analysed. The forest-based assets of SpareBank 1 consists of 150 forest properties in at least 28 municipalities in Norway. Most of them, 139, are located within Innlandet county while the remaining 11 are located in other counties, with three in Viken, one in Trøndelag, two in Nordland and one in Troms and Finnmark county.

Table 2-1 below details the number of properties and asset values.

Table 2-1: Number of properties and associated asset values in NOK.

County	Number of Properties		Forest Area - ha		Asset Values including Buildings			Asset values excl. buildings	The Bank's Engagement[1]
	Spruce	Pine	Spruce	Pine	Pine Forest	Spruce Forest	Total Assets		
Innlandet	96	43	83 993	43 413	780 935 700	1 890 249 405	2 671 185 105	2 155 338 830	691 126 061
Other[2]	8	3	25 649	5 650	120 733 993	508 302 315	629 036 308	604 730 726	151 900 326
Total	**104**	**46**	**109 642**	**49 063**	**901 669 693**	**2 398 551 720**	**3 300 221 413**	**2 760 069 556**	**843 026 386**

1: Excluding buildings, 2: Viken, Trøndelag, Norland, Troms and Finnmark and 3 unknown locations

Spruce is the dominating tree species on the forest property assets accounting for around 70 per cent of the assets, both in terms of number of properties and forest area. The average size of the properties with spruce stands are also larger than those with pine stands with around 730 ha for spruce against 327 ha for pine.

[1] https://www.climatebonds.net/standard/forestry
[2] https://ec.europa.eu/info/sites/info/files/business_economy_euro/banking_and_finance/documents/200309-sustainable-finance-teg-final-report-taxonomy-annexes_en.pdf
[3] https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/eu-taxonomy-sustainable-activities_en

The total forestry related asset values of SpareBank 1 Østlandet amounts around 3.3 billion NOK divided on 2.4 billion NOK for spruce forests and 0.9 billion for pine forests. On the average, across all the 150 forestry properties, around 84 per cent of the value is based on the forest asset. The Bank's engagement excluding buildings amounts to around 843 million NOK.

3 Forestry– General Description

3.1 Norwegian Forestry

Forests make up about 12.2 million hectares (122,000 km^2), or 38 per cent of the land area in Norway[4]. Of this, approximately 8.6 million hectares are productive forest area, i.e. forest area that can produce more than one cubic meter of wood per hectare per year. The most important and economically important tree species are spruce, pine and birch[5].

The forest in Norway is managed mostly through small-scale forestry. This is related to changing topography, varying production conditions and property structure. Private individuals own in total 85 per cent of the productive forest area in Norway.

In Norway, two forms of logging, open or closed, are mainly used. A form of open logging is clearfelling or clearcutting. In clearcutting, all trees in a stand or parts of a stand are logged. Seedlings or shade trees are not normally left behind, but life cycle trees and dead trees should be left behind. The size of the surface must be adapted to the place of growth and the planned rejuvenation method. Clearcutting is today the most common form of logging in spruce forest[6].

Closed fellings/Shelterwood cuttings refers to the progression of forest cuttings leading to the establishment of a new generation of seedlings of a particular species or group of species without planting. Not all forests are suitable for shelterwood cuttings due to the properties of the tree species, stability, and the possibility of regenerating new forests.

Logging will have consequences on nature, whether it is through open or closed logging forms. It has consequences for biological diversity and for the climate, both on a large and small scale. The species composition may change, species that have lived in shade under trees will often be replaced by species that tolerate more light etc.

Logging will affect the local climate in that the reflection of solar energy is greater from a logging surface than from dense forest. In connection with global climate change, forests and climate are seen in context. Through photosynthesis, trees absorb CO_2 and thus contribute to reducing the amount of CO_2 in the atmosphere. The forest thus affects both local and global climate and is an important factor for the environment.

A study made by the Norwegian Institute of Bioeconomy Research (NIBIO) in 2015 showed that undisturbed forest over time will build up a carbon stock in living biomass and dead wood that is often higher than the average for forests felled at normal logging age. But it is uncertain how much higher - and how this varies with forest type and production capacity and how long it takes before the carbon storage in living biomass and dead wood reaches an approximate equilibrium.

In a complete assessment of the overall climate effect of various logging forms and management strategies, one must consider the measure's effect on the potential long-term stability of carbon stocks

[4] https://www.regjeringen.no/no/tema/mat-fiske-og-landbruk/skog-og-utmarksressurser/innsikt/skogbruk/id2009516/
[5] https://www.skogbruk.nibio.no/skogen-i-norge-1
[6] https://www.skog.no/skogfaglig/skogbruk/hogstformer/

in biomass and in soil. In addition, consideration must also be given to other climate drivers, such as albedo (refection of solar radiation), evapotranspiration and BVOCs (Biogenic Volatile Organic Compounds), as well as the effect of substitution in that wood can replace fossil energy carriers and materials with larger climate footprints[7].

3.2 Regulation/ Licencing

The purpose of the Norwegian Forestry Act is to promote sustainable management of forest resources and to ensure biological diversity, consideration for the landscape, outdoor life, and cultural values in the forest. The Forestry Act applies to all forests, regardless of ownership.

The Biodiversity Act in Norway contains provisions on the protection of forests and special provisions on priority species and selected habitat types to ensure important environmental values, including in forests. Voluntary protection is now a main line in the protection work.

Virtually all commercial activities in forestry in Norway are certified according to ISO 14001, where the Norwegian PEFC Forest Standard (Living Forest Standard) is included as an environmental standard. PEFC certification (Program for the Endorsement of Forest Certification Schemes), which, among other things, originates in the Ministerial Conference on the Protection of Europe's forests. Its 35 worldwide independent national forest certification systems represent more than 300 million hectares of certified forests, making it the largest forest certification system in the world, covering about two-thirds of the globally certified forest area.

Some forest owners are also certified according to FSC (Forest Stewardship Council). FSC is one of the dominant international forest certification systems and is widely used in product labeling. Approximately 100 forest properties are certified through both PEFC and FSC in Norway (see Chapter 5.2).

Group certification through the forest owners' organizations has solved the challenge that lies in certifying small properties without excessive costs for the individual forest owner.

Norwegian obligations through international agreements have also been included in Norwegian regulations, including criteria for sustainable forestry negotiated in a European forest cooperation.

4 Climate Gas Emissions and Forests

4.1 CO_2 Sequestration and Carbon Storage

The standing forest in Norway is an important factor in the Norwegian climate gas accounting that is reported on an annual basis to the United Nations as required by the UN Framework Convention on Climatic Change and the Kyoto Protocol.

In 2018 the total annual carbon sequestration (storage) by the forest amounted to 27.8[8] million tonnes of CO_2 equivalents while taking into account CO_2 emissions caused by forest- and peat land conversion the net sequestration was estimated at 23.7 million tonnes. This represents close to half of the total Norwegian CO_2 emissions. The development of CO_2 sequestration by forests is shown in the figure below.

[7] https://nibio.brage.unit.no/nibio-xmlui/handle/11250/2436847
[8] https://miljostatus.miljodirektoratet.no/tema/klima/norske-utslipp-av-klimagasser/utslipp-og-opptak-fra-skog-og-arealbruk/

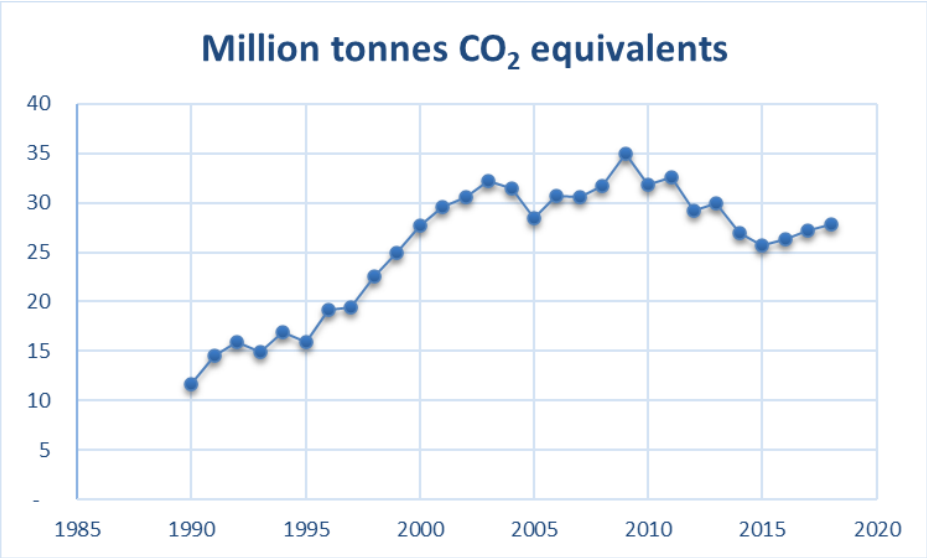

Figure 4-1: CO_2 sequestration by forest biomass in Norway from 1990 to 2018

Both CO_2 sequestration and carbon stored in the forest biomass has been steadily increasing since the 1920ies. Only in the period 1991 to 2018 the net annual sequestration increased by 143 per cent while the carbon stored in forest biomass increased from 333.2 to 476.5 million tonnes from 1991 to 2015[9] which represents an increase of 43 per cent (see Figure 4-2). The increases in carbon sequestration and carbon storage results from active forest management since the second world war and especially in the period 1955 – 1992 when more than 60 million of trees were planted. Trees planted in this period have been, and still partly is, in a healthy growth, while logging has remained relatively stable with quantities of around 10 million m^3 per year with some increases over the last years. The figure below illustrates the development of carbon sequestration and carbon storage by forest biomass over the period from 1990 to 2018.

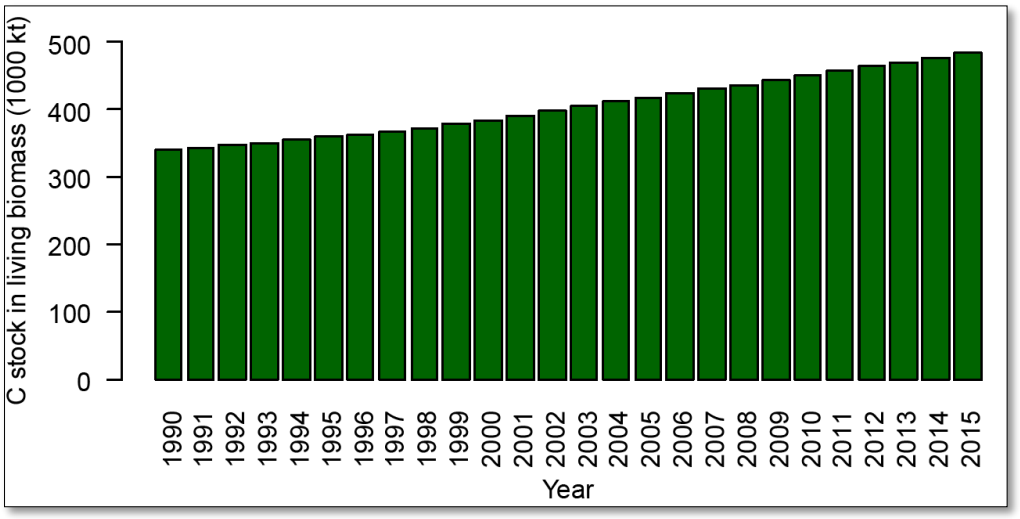

Figure 4-2: Development of the carbon stock in forest from 1990 - 2015. (Source: Norwegian Institute of Bioeconomy Research)

[9] https://www.skogbruk.nibio.no/klimagassregnskapet-for-norske-skoger

In the future the CO_2 sequestration is expected to drop towards 2050 and then stabilise for again to increase towards 2100.

The expected reduced net ability of the forest to take up and store carbon will largely be due to the forest planted after the second world war and in the nineteen fifties and sixties will be reaching its full maturity stage which causes a levelling off of the growth for an increasingly larger part of the forest. Additionally, as forest reach their full growth/maturity, logging will increase in the accessible forested areas of Norway.

The expectation that the forest in Norway again will increase its capacity to sequester CO_2 after 2050 and towards 2100 is due to the combined effect of logging and replanting and the fact that climate change and increased temperatures will lead to an increased growth rate for the forest.

4.2 Estimated Carbon Storage and CO_2 Sequestration Capacity

To arrive at figures for carbon storage and CO_2 sequestration capacities of forests per area, simple calculations based on statistics and climate gas reporting may be made. According to figures from the climate gas accounts for forests prepared by NIBIO[10] , lowland forests in Norway amounted to a total area of 14 988 000 hectares (ha) and a carbon stock of 443 million tonnes of CO_2. This equals 29.6 tonnes of CO_2 per hectare.

Regarding CO_2 sequestration per unit area (hectare) it appears that there are no agreed standard values that are commonly used by researchers because it varies substantially according to growth class and the fertility of the forest soils. However, it can also be estimated on the basis of NIBIO's climate account figures. In 2015 the forest's net uptake of climate gasses was estimated at 28 975 000 tonnes of CO_2 equivalents with the lowland forest area of around 15 million hectares accounting for 94,3 per cent of the total carbon. Adjusting for this, the lowland forest can be estimated to sequester 1.82 tonnes per hectare and year (27.3 million tonnes of CO_2 divided by 15 million hectares).

There is also one publication from Bioforsk [11] (now NIBIO) that presents figures for carbon storage and carbon sequestration in productive Norwegian forests. Here the average carbon sequestration capacity is estimated to be 1.33 tonnes of carbon per ha and year which converted to CO_2 amounts to 4.88 tonnes. The difference may be explained by the fact that, while the estimated 1.82 tonnes per hectare is based on all lowland forest (15 million hectares), the 4.88 tonnes estimate is based on a restricted area of 8 million hectares of more productive lowland forests.

Data on average growth stage of the forest making up the green loan portfolio of SpareBank 1 Østlandet is not available. However, there are reasons to assume that most of the forest is in a heathy growth stage and will continue to be so at least for the next decade. The carbon sequestration capability represented by the Bank's portfolio is therefore probably closer to 4.88 tonnes than 1.82 tonnes per hectare.

4.3 Environmental and Social Benefits of Forests

The CO_2 sequestration ability of forest land is perhaps the currently most focused on and most important ecosystem service forests are delivering. However, natural as well as plantation forests, are also delivering several other environmental and social benefits. These benefits are shortly described and discussed in the following.

[10] https://www.skogbruk.nibio.no/klimagassregnskapet-for-norske-skoger
[11] A. Grønlund,. K. Bjørkelo, G. Hylen and S. Tomter (2010). CO2-opptak i jord og vegetasjon i Norge. Lagring, opptak og utslipp av CO2 og andre klimagasser.

Forests provide the species that live there a significant variation in habitat. There is room for more species here than in any other habitat types. Tree crowns, trunks and branches have their unique communities of species, and when the trees die, new habitats are created. Many species contribute to the decomposition of dead trees. These are important reasons why 60 per cent of Norway's known species are associated with forests. According to the Norwegian Species Data Bank, 48 per cent of the endangered species in Norway live in the forest[12].

Social values in forests are to be understood as the use, stay and experience of forests with the personal, social, and societal benefits that these provide. The most common social values apply to the use of forests and nature in leisure time in the form of outdoor life. Social values in forests also include services with an income potential, such as tourism, hunting and fishing. It is also common to include cultural and spiritual values[13]. Forests are of great importance for many cultural ecosystem services, such as recreation and activities - which in turn are important for physical and mental health.

[12] https://miljostatus.miljodirektoratet.no/tema/naturomrader-pa-land/skog/
[13] https://www.skogbruk.nibio.no/sosiale-verdier-i-skog

5 Green Asset Classification Requirements

5.1 The Climate Bonds Initiatives

The Climate Bonds Initiative, which is an investor focused not-for-profit organisation promoting investments that will contribute to a low carbon and resilient economy, has developed a Climate Bonds Standard (CBS) consisting of a Parent Standard and a number of sector specific eligibility criteria, among them, criteria for the forestry sector. The Forestry Criteria defines a set of requirements that should be fulfilled by an asset or a project activity for which an institution wishes to issue a Certified Climate Bond. The Forestry Criteria covers assets and activities such as plantations, sustainable managed forests, harvesting of non-timber forest products, supply chain activities, and conservation and restoration of forests. Forest related assets and activities are eligible for inclusion in a Certified Climate Bond if they meet the Forestry standards which are composed of certain mitigation and resilience criteria as shown in the table below.

Figure 5-1: CBS eligibility requirements and criteria

Requirement		**Plantation forestry**	**Sustainable forest management**	**Non-timber-forest products**	**Forest conservation and restoration**	**Conservation and restoration of other non-forested land**	**Supply chain activities**
Mitigation Component	No natural landscape conversion since 2010.	✓	✓	✓X	NA	NA	NA
	Carbon stocks are maintained through good management practises	✓	✓	✓	✓	✓	✓
Resilience Component	Impacts that climate change may cause to the resilience of the forest, land or surrounding ecosystem are understood and mitigated.	✓	✓	✓	✓	✓	✓
	General health of the forest is maintained through good management practices.	✓	✓	✓	✓	✓	✓
Free, Prior and Informed Consent	Free, prior and informed consent is applied when property rights are potentially affected, or when projects may lead to removal or relocation of habitation or activities.	✓	✓	✓	✓	✓	✓

✓ - Requirement applies; ✓X – requirement applies in some scenarios; NA – requirement does not apply.

Free Prior and Informed Consent from Indigenous Peoples or local communities must be obtained when property rights are potentially affected, or when projects may lead to removal or relocation of habitation or activities important to their culture and livelihood.

To comply with the mitigation requirements a PEFC certification will generally be needed while for meeting the resilience requirements compliance with a climate adaptation and resilience checklist is required. The checklist has three components: 1) processes are in place to assess key risks from a changing climate; 2) a plan has been designed and implemented to adapt to the climate risks and vulnerabilities; and 3) there is a plan in place to annually re-evaluate the risks climate change poses. However, component 2 and 3 only apply if the assessment done according to component 1 has identified climate change risks to the asset or project. If climate change risks have been identified by the obligatory assessment then a plan to mitigate the identified risks must be put in place and annual risks evaluations will need to be carried out to adjust the plan to climate risk developments.

Next to alignment with Climate Change Mitigation Technical Screening Criteria, the current version of the EU Taxonomy represents additional requirements in terms of Do No Significant Harm assessment and Minimum Social Safeguards (see Appendix 1). SpareBank 1 Østlandet has mandated the climate

and environmental specialist CICERO to assess the Framework's alignment with the draft EU Taxonomy. Such assessment can be found within the SpareBank 1 Østlandet' SPO on the Framework released by CICERO and available on the Bank's website."

5.2 Norwegian Forestry certification Requirements

As noted in Chapter 3 there are presently two certification systems that are being applied in Norway the Norwegian PEFC (Programme for the Endorsement of Forest Certification) and the FSC (Forest Stewardship Council). Currently 90 to 95 per cent of timber being logged in Norway comes from PEFC certified properties, comprising around 42 000 properties with a combined area of a 7.4 million hectares. Around six million hectares of the total PEFC certified area is classified as productive forests. Around 100 properties have both a PEFC and FSC certification comprising 0,44 million hectares of forest land.

The precursor to the Norwegian PFEC system was the "Living Forests Project" which started as a collaboration between forest owners, forestry industry, civil society and environmental conservation organisations and the authorities. In 2000 the sustainability standards developed by the project in combination with the ISO 14001 was approved under PEFC which is the world's largest international forest classification system.

The Norwegian PEFC forest sustainable standards have 27 requirements under 3 main headings: 1) management responsibility and planning; 2) timber harvesting and forest management; and 3) specific environmental values.

Under management and planning key elements include establishment of a forestry certification agreement, preservation of the forested area and preservation of the genetic variation of the forest ecosystem.

Under timber harvesting and forest management key elements include harvesting methods, waste and pollution generated by the harvesting, use of exotic tree species, and use of pesticides and fertilizer.

With respect to the forest ecosystem there are requirements for preservation of key forest biotopes, taking bird- and wildlife in the forest into consideration, catchment preservation for sustainable water resource management and preservation of peatbogs and swamp forests.

5.3 Eligibility of SpareBank 1 Østlandet's Loan Portfilio Forestry Assets

As noted in Chapter 3.2 close to all commercially manged forests in Norway are certified according to ISO 14001, where compliance with the Norwegian PEFC Forest Standard (Living Forest Standard) is one of the main qualification criteria. This makes it highly likely that all forests in the Banks's forest-based portfolio are PEFC certified. Nothing has come to the Consultant's attention whilst assessing the forestry portfolio that would suggest otherwise.

With regard to the EU Taxonomy it is reasonable to assume that the Bank's forestry-based assets will fall into the category Existing Forest Management and that all are PEFC certified. According to the statement in the Technical Annex of the Taxonomy Report and the draft delegated acts, that FSC and PEFC certified forestry operations are likely to meet the Sustainable Forest Management requirement, the Bank's forestry-based assets are probably in compliance with criterion 1. Considering also that the large majority of forest properties in Norway, and consequently also the Bank's forestry-based assets, have forest manage plans in place, makes it likely that criterion 2 and 3 will be fulfilled. This is because the information provided in the forestry management plans normally will allow for establishment of a verified GHG balance baseline and a demonstration of consistency and steady progress with respect to carbon storage.

With regard to fulfilling the requirements of the Forestry Criteria of the Climate Bonds Initiative there is equally likely that the forest-based loan assets fulfil the requirements of PEFC certification while uncertainty remains with regard to compliance with the climate adaptation and resilience checklist of the Climate Bonds Initiative's Forestry Criteria which requires an obligatory climate change risks assessment and a plan to mitigate any identified risk.

6 Impact Assessment

As explained in Chapter 4 an actively and well managed forest property or forested area may bring benefits in the form of carbon sequestration, recreational space and possibilities and wildlife preservation. The focus in this high-level evaluation of the forest green loan assets of SpareBank 1 Østlandet will be the mitigation of climate change impacts these assets potentially represent. The basis for the calculation is the estimated CO_2 storage of 29.6 tonnes per hectare presented in Chapter 4 and the hectarage of spruce and pine forests presented in Chapter 2. The table below presents the calculated carbon storage the green loan assets represent.

Table 6-1: Present carbon storage in CO_2 equivalents by SpareBank 1 Østlandet's green loan portfolio

Type of forest	Area - ha	CO_2 Storage per ha - tonnes	Total CO_2 Storage of Forest Assets - tonnes
Spruce	109 642	29.6	3 245 403
Pine	49 063	29.6	1 452 265
Total	**158 705**	**29.6**	**4 697 668**

As can be read from the table above the present carbon storage of the green loan portfolio of SpareBank 1 Østlandet is estimated at 4.7 million tonnes CO_2 equivalents. This amounts to 55 per cent of the estimated 8.5[14] million tonnes of emissions from the road traffic and transport sector in Norway in 2019.

The annual carbon sequestration capacity of the green loan portfolio has been estimated using the high and low estimates for annual CO_2 sequestration per hectare presented in Chapter 4.2.

Table 6-2: Estimated annual carbon sequestration by the green loan portfolio assets of SpareBank 1 Østlandet.

Type of forest	Area - ha	Annual CO_2 Sequestration tonnes per ha		Estimated Annual Increase in CO_2 Storage - tonnes		Annual Increase in CO_2 Storage Scaled to Reflect the Banks Engagement - tonnes	
		Low Estimate	High Estimate	Low Estimate	High Estimate	Low Estimate	High Estimate
Spruce	109 642	1.82	4.88	199 548	535 053	59 865	160 516
Pine	49 063	1.82	4.88	89 295	239 427	26 788	71 828
Total	**158 705**			**288 843**	**774 480**	**86 653**	**232 344**

As noted in Chapter 4.2 the annual sequestration capacity of forest-based loan portfolio of SpareBank 1 Østlandet is likely to be closer to the highest estimates, given that the forest properties are actively managed and belongs to the productive forest areas in Norway. It is therefore likely that the annual sequestration capacity of the bank's green loan portfolio significantly exceeds the emissions from Hamar municipality, where the bank has its headquarters, which was estimated at 107 213 tonnes of CO_2 [15] in 2018.

[14] https://www.ssb.no/natur-og-miljo/statistikker/klimagassn/
[15] https://www.miljodirektoratet.no/tjenester/klimagassutslipp-kommuner/?area=569&sector=-2

7 Appendix 1.- EU Taxonomy

The EU taxonomy is a classification system that identifies environmentally sustainable economic activities, aiming to direct and scale up sustainable investment to achieve the objectives of the European Green Deal. It provides guidance to companies, investors and policymakers on which economic activities can be considered environmentally sustainable. The forestry sector is one of the sectors that are considered to provide a substantial contribution to climate change mitigation.

The Forest Taxonomy, as described in the Technical Annex of the Taxonomy Report prepared by EU's Expert Group on Sustainable Finance[16] and the subsequent draft delegated acts[17], focus on carbon sequestration and carbon storage in forests through forest management activities that apply up to the forest gate. The selected eligible activities include:

- Afforestation - establishment of forest through planting and/or deliberate seeding on non-forest land.
- Reforestation - re-establishment of forest through planting or seeding on land classified as forest (includes natural regeneration).
- Restoration/rehabilitation - activities that initiates or accelerates the recovery of an ecosystem from a degraded state.
- Existing Forest Management - management of forests, in accordance with the Sustainable Forest Management principles (using forests and forest land in a way, and at a rate, that maintains their biodiversity, productivity, regeneration capacity, etc.)
- Conservation Forests -forests managed with the primary objective of preserving their biodiversity and ecosystem services.

The Taxonomy requires three specific criteria and one general climate mitigation criterion to be fulfilled to qualify for a forest to qualify as being sustainably managed:

- Criterion 1: Compliance with Sustainable Forest Management (SFM) requirements in order to ensure forest carbon stocks are retained whilst supporting forest ecosystems and forest services.
- Criterion 2: Establishment of a verified Green House Gas (GHG) balance baseline, based on annual incremental increase in growing stock in order to demonstrate that the forest carbon storage and co_2 sequestration capacity continues to increase and GHG emissions from the forest decreases.
- Criterion 3: Demonstration of consistency and steady progress with respect to criteria 1 and 2 as evidenced by a forest management plan to be reviewed and certified at 10-year intervals. There is a requirement that carbon stocks shall increase above an established carbon baseline over a period of 20 years for afforestation and reforestation projects and be maintained or increased in the case of Existing Forest Management and Conservation Forests.
- Do no Significant Harm: If climate adaptation measures are implemented to preserve and protect the carbon storage and sequestration capacity of forests, there is a general requirement that such climate mitigation measures shall as a minimum not lead to significant harm, that is lead to additional and significant greenhouse gas emissions.

[16] https://ec.europa.eu/info/files/200309-sustainable-finance-teg-final-report-taxonomy-annexes_en

[17] https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/eu-taxonomy-sustainable-activities_en

In Technical Annex of the Taxonomy Report the Technical Expert Group notes that forestry operations that are FSC and PEFC certified are likely to meet the Sustainable Forest Management and Do No Significant Harm criteria of the Forest Taxonomy. For demonstrating compliance with criteria 2 and 3 for Existing Forest Management, the forest owner will in practical terms be required to define the rotation period of the forest stand/property and demonstrate that carbon stocks have been maintained or increased against a baseline.