



**TIMBER
FINANCE
INITIATIVE**

ANNUAL REPORT 2022



IMAGE: TIMBER SKYSCRAPER „ROCKET“ IN WINTERTHUR. COPYRIGHT INA INVEST



2021 FOUNDING

Dear Ladies and Gentlemen,

When we founded Timber Finance in Zurich in October 2021, our aim was clear: we intended to develop sustainable financial products and CO2 storage certificates for the forest and timber industry. Above all, our mission was to demonstrate and promote the climate impact of the forest and timber industry - the storage of CO2 in timber construction products - and make it accessible to investors.

We would like to thank our current and future members and partners for their trust. Without you, we would not be able to deliver increased value to the forest and timber industry in the financial and carbon sectors.

Many thanks also to our team: Frank, Stefano, Diana, Thomas, Stefan and Marisa - you define Timber Finance.

Since our inception, we have been able to celebrate many accomplishments: we have gained innovation and funding partners, launched the world's first forest and timber industry index and our first financial product, and much more.

I am very pleased to be able to continue on our path with our team and send you my warmest regards!



Erik Reichmuth, Managing Director



2021 - HIGHLIGHTS

- Establishment of Timber Finance in Zurich in October 2021
- Start of development of the Timber Finance Carbon Capture and Storage Index
- Team expansion from two to four people
- Analysis and strategic planning of the product range as well as market analysis
- Establishment of strategic partnerships, acquisition of first senior advisors
- Branding and first awareness in the Swiss market

2022 - FINANCIAL SOLUTIONS

TIMBER FINANCE CARBON
CAPTURE & STORAGE INDEX

In 2022 Timber Finance launched the "Timber Finance Carbon Capture & Storage (TCCS) Index". The index focuses on the CO2 benefits of Mass Timber and tracks the 20-leading listed equities from the forest and timber industry, across Europe and North America. TF plans to launch index-based structured products in the near future and is offering banking and product partnerships.

"Since its conception Timber Indices have predominately focused on forests or the paper and packaging industry, Timber Finance has developed an index of its own. Our index tracks the entire value chain of the Mass Timber movement and focuses on companies that contribute to the production of durable wood products. The "Timber Finance Carbon Capture and Storage Index" will serve as the underlying for various index-based structured products.

2022 - FINANCIAL SOLUTIONS
HIGHLIGHTS

- Launch of the Timber Finance Index
- Gaining the Migros Pionierfonds as an innovation partner
- Attracting Built by Nature as a funding partner
- Simon Tribelhorn, Managing Director of the Liechtenstein Banking Association, becomes Senior Advisor
- Numerous appearances at relevant webinars and events

2022 - CARBON SOLUTIONS

THE FIRST CARBON REMOVAL METHODOLOGY FOR MASS TIMBER BUILDINGS

The Timber Finance Initiative, Green Canopy NODE, South Pole and Gordian Knot Strategies are pleased to announce they have joined efforts in creating the first mass timber carbon credit methodology. They are developing a globally applicable carbon credit methodology for mass timber construction in Verra's Verified Carbon Standard (VCS) Green House Gas crediting Program. A rigorous carbon methodology will help realize the climate value of stored carbon in mass timber construction and help scale mass timber as a negative emissions technology and low-emissions building material.



The purpose of compensating for the climate performance of wood buildings is to incentivize the establishment of such buildings as a form of negative emission technology (NET) and to establish wood as a low-emission building material. Wood is a renewable and eco-friendly alternative to concrete and steel.

Built-in wood from sustainable forest management protects the environment twice: First, the forest removes CO2 from the atmosphere, the wood replaces greenhouse gas intensive building materials and stores carbon in buildings.

2022 - CARBON SOLUTIONS HIGHLIGHTS

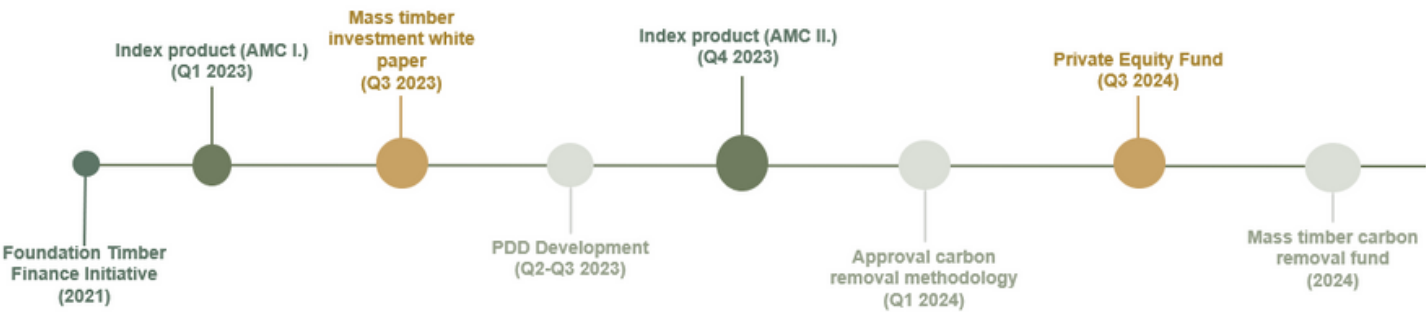
- Development of the world's first carbon removal methodology for multi-storey timber buildings
- Recruitment of Steve Marshall, Mass Timber expert in the USA, as Senior Advisor
- Acquisition of Southpole as strategic partner
- Numerous appearances at relevant webinars and events
- Acquisition of new members and development of the partner network

OUTLOOK

After a exciting two years, Timber Finance is optimistic about the future:

In Financial Solutions, the goal is to mobilize CHF 250 million over the next 5 years to finance the growth of the timber industry. Timber Finance is developing financial products for each asset class: currently the tracker certificate on the Timber Finance forest-based Construction Basket is launched for the liquid market. A Timber Private Equity Fund and a Mass Timber Carbon Removal Fund are in the pipeline by 2024. Additionally, the publication of the first "Mass Timber Investment White Paper" is scheduled for fall 2023.

In the Carbon Solutions area, 2023 will be devoted to the topic of "CO2 certificates". For the first time in Switzerland, it will be possible to monetize and compensate the climate performance of timber buildings. The pilot phase "CO2 certification of timber buildings" in Switzerland will start in summer 2023. Property developers, architects, engineers, project developers, real estate companies, GUs, TUs as well as timber builders can submit their planned or ongoing timber buildings. The issuance and sale of the CO2 storage certificates depend on the expected official international Verra recognition of the CO2 methodology, which is expected to take place in June 2024.



ANNUAL STATEMENT 2022

Balance Sheet as at 31.12.2022	
	CHF
Assets	
Cash equivalents	97'904.96
Trade receivables	22'065.50
Total assets	119'970.46
Liabilities and shareholders' equity	
Trade accounts payable	120'217.90
Current liabilities	-2'240.51
Liabilities	117'977.39
Profit of the year	1'993.07
Shareholders' equity	1'993.07
Total liabilities and equity	119'970.46

ANNUAL STATEMENT 2022

Income Statement 26.10.2021 - 31.12.2022	
	CHF
Income	
Grants swiss	35'600.00
Grants abroad	80'260.87
Membership fees	23'220.10
Other income	1'500.00
Operating income	140'580.97
Cost of purchased services	-112'282.41
Cross profit	28'298.56
Occupancy expenses	-3'000.00
Administrative and IT expenses	-8'758.56
Marketing and communication expenses	-14'455.96
Financial expenses	-90.97
Operating expenses	-26'305.49
Profit of the year	1'993.07

AUDITOR'S REPORT 2022

The undersigned auditor has audited the accounts (balance sheet and income statement) of the "Timber Finance Initiative" for the reporting year 2021/22 on April 4, 2023 and submits the following report:

The financial statements presented have been audited within the usual framework and I find that they have been properly kept and comply with the law and the Association's Articles of Association.

The accounting entries agree with the vouchers; the invoices are justified and the assets are shown by appropriate vouchers.

The accounts close with a surplus of CHF 1,993.07. As a result, the association's assets amount to CHF 1'993.07 as of 31.12.2022.

The auditor makes the following proposals:

1. the annual accounts 2021/22 are to be approved and the treasurer is to be discharged with thanks for the work done.
2. that the Board of Directors be thanked for their voluntary work for the benefit of the "Timber Finance Initiative" and also be discharged.

Zurich, April 4, 2023

The Auditor



Mirco Marengi

OUR INNOVATIONSPARTNER



OUR FUNDINGPARTNER



OUR PARTNER AND MEMBER NETWORK



WE THANK OUR SENIOR ADVISORS
FOR THEIR SUPPORT

HUBERT RHOMBERG
SIMON TRIBELHORN
STEVE MARSHALL
THOMAS FEDRIZZI
STEFAN ZÖLLIG
THOMAS LÜTHI
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