

CONSOLIDATED FINANCIAL STATEMENTS

of

Forest Stewardship Council, A.C. and Subsidiaries

for the years ended

31 December 2024 and 31 December 2023

with

Independent Auditor's Report



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For technical reasons, rounding differences in the amount of $\pm$ one unit (US\$' 000, % etc.) may occur in the tables.
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General Engagement Terms for Wirtschaftsprüfer and
Wirtschaftsprüfungsgesellschaften (German Public Auditors
and Public Audit Firms) as of January 1, 2024

Appendix 1

INDEPENDENT AUDITOR'S REPORT

Independent Auditor's Report

To the Associates of Forest Stewardship Council, A.C., Oaxaca, Mexico

Audit Opinion

We have audited the accompanying consolidated financial statements of Forest Stewardship Council, A.C. and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statement of comprehensive income for the year 2024, the consolidated statement of cash flows for the year 2024, and the consolidated statement of changes in equity for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements, in all material respects, give a true and fair view of the consolidated financial position of the Group as at 31 December 2024 and its consolidated financial performance, its consolidated cash flows for the year 2024 and its consolidated changes in equity in accordance with International Financial Reporting Standards (IFRSs).

We declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements.

Basis for the Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Mönchengladbach, Germany, 10 September 2025

Abstoß & Wolters GmbH & Co. KG

Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Dr. Marc Richard
Wirtschaftsprüfer

Renate Witzel
Wirtschaftsprüferin

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024 AND 31 DECEMBER 2023

Forest Stewardship Council, A.C. and Subsidiaries
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31/12/2024 US\$'000	31/12/2023 US\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	1		
1. Real Property		266	281
2. Tenant fixtures		32	34
3. Other equipment and office equipment		848	808
		<u>1,146</u>	<u>1,123</u>
Right-of-use assets	2		
1. Land and buildings		859	979
2. Other equipment and office equipment		29	50
		<u>888</u>	<u>1,029</u>
Deferred tax assets	3	<u>31</u>	<u>31</u>
Total Non-current assets		<u>2,065</u>	<u>2,183</u>
Current assets			
Trade and other receivables	4	4,553	4,878
Current tax assets		503	399
Other assets	5	1,918	2,292
Prepaid expenses	5	1,232	712
Cash and cash equivalents	6	<u>60,042</u>	<u>58,005</u>
Total current assets		<u>68,248</u>	<u>66,286</u>
TOTAL ASSETS		<u>70,313</u>	<u>68,469</u>
The accompanying notes are an integral part of these financial statements.			

Dr. Subhra Bhattacharjee
(Director General)

Forest Stewardship Council, A.C. and Subsidiaries
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Note	31/12/2024 US\$'000	31/12/2023 US\$'000
NET ASSETS and LIABILITIES			
Net assets	7		
Currency translation reserve		-343	-230
Retained earnings		56,190	54,424
Total net assets	14	55,847	54,194
Non-current liabilities			
Lease liabilities	2	403	595
Current liabilities			
Trade payables	8	4,716	4,247
Payables to FSC-Network		820	457
Accrued liabilities and provisions	9	1,568	1,697
Current tax liabilities		4,190	5,316
Lease liabilities	2	440	422
Other liabilities		2,176	1,393
Deferred revenue		153	148
Total current liabilities		14,063	13,680
TOTAL NET ASSETS and LIABILITIES		70,313	68,469
The accompanying notes are an integral part of these financial statements.			

Dr. Subhra Bhattacharjee
(Director General)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Forest Stewardship Council, A.C. and Subsidiaries
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	2024 US\$'000	2023 US\$'000
Revenue	10		
Annual administration fees		69,870	62,029
Donations		49	170
ASI generated income		8,391	7,578
Commercial services		1,559	872
Memberships and fees		290	232
Other		816	449
Total revenue		80,975	71,330
Expenses			
Staff salaries		18,272	13,944
Staff benefits		4,164	3,333
Staff recruitment and relocation		636	660
Total staff costs		23,072	17,937
Travel staff		928	630
Travel non-staff		2,135	1,802
Total travel costs		3,063	2,432
Fee principle cooperation and licence agreements		13,569	9,614
Externals		5,254	3,578
Consultants		19,215	12,638
Fee service agreements NO		101	75
Legal and consulting costs		934	1,366
IT & communication		3,077	2,145
External office cost services		1,598	1,652
Stipends		10	19
Costs meetings		1,672	1,534
Total third party costs		45,430	32,621
Rent		152	156
Basic costs		1,100	1,279
Office costs NO		273	245
Financial costs		640	612
Total back office costs		2,165	2,292
Total costs		73,730	55,282
Net exchange rate gains	11	114	21
EBITDA		7,359	16,069

Forest Stewardship Council, A.C. and Subsidiaries

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

	Note	2024 US\$'000	2023 US\$'000
EBITDA		7,359	16,069
Amortization and depreciation and loss from disposal of non-current assets	12	-312	-234
Amortization right-of-use assets	12	-459	-403
EBIT		6,588	15,432
Tax expense	13	-5,654	-5,480
Interest income		864	635
Interest expense on lease liabilities	2	-32	-43
Financial result		832	592
Profit for the period		1,766	10,544
Other comprehensive income			
Exchange rate gains/losses arising on translation of foreign operations		-113	48
Total comprehensive income	14	1,653	10,592
The accompanying notes are an integral part of these financial statements.			

Dr. Subhra Bhattacharjee
(Director General)

CONSOLIDATED STATEMENT OF CASH FLOWS

Forest Stewardship Council, A.C. and Subsidiaries
CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	2024 US\$'000	2023 US\$'000
Total result for the year		1,653	10,592
Items not affecting cashflows:			
+ Amortization/depreciation on intangible and tangible fixed assets	1	+312	+237
+ Amortization of right-of-use assets	2	+459	+403
-/+ Non-cash currency results		+443	-249
Gross Cashflow from operating activities		2,867	10,983
+/- Decrease/increase in trade receivables and other assets		+179	-1,656
+/- Decrease/increase in current tax assets		-104	+291
-/+ Decrease/increase in trade payables and in other liabilities		+1,458	+2,354
-/+ Decrease/increase in current tax liabilities		-1,126	+1,124
Net Cashflow from operating activities		3,274	13,096
- Acquisition of intangible assets, tangible fixed assets and right-of-use assets	1	-335	-521
Net Cashflow used in investing activities		-335	-521
- Principal paid on lease liabilities	2	-428	-416
- Interest paid on lease liabilities	2	-31	-43
Cashflow from financing activities		-459	-459
Net increase in cash and cash equivalents		2,480	12,116
Effects of exchange rate changes on cash and cash equivalents		-443	249
Change in cash and cash equivalents		2,037	12,365
Cash and cash equivalents at the beginning of the year		58,005	45,640
Cash and cash equivalents at the end of the year	6	60,042	58,005
The accompanying notes are an integral part of these financial statements.			

Dr. Subhra Bhattacharjee
(Director General)

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

Forest Stewardship Council, A.C. and Subsidiaries
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

	Profit/Loss brought forward US\$'000	Currency translation difference US\$'000	Total net assets US\$'000
IFRS Opening Balance 31 December 2014			14,338
Balance at 1 January 2015	14,448	-110	14,338
Profit for the period	1,660		1,660
Other comprehensive income for the period		-88	-88
Total comprehensive income for the period	1,660	-88	1,572
Balance at 31 December 2015	16,108	-198	15,910
Balance at 1 January 2016	16,108	-198	15,910
Loss for the period	-143		-143
Other comprehensive income for the period		-35	-35
Total comprehensive income for the period	-143	-35	-178
Balance at 31 December 2016	15,965	-233	15,732
Balance at 1 January 2017	15,965	-233	15,732
Loss for the period	-1,110		-1,110
Other comprehensive income for the period		137	137
Total comprehensive income for the period	-1,110	137	-973
Balance at 31 December 2017	14,855	-96	14,759
Balance at 1 January 2018	14,855	-96	14,759
Profit for the period	466		466
Other comprehensive income for the period		-47	-47
Total comprehensive income for the period	466	-47	419
Balance at 31 December 2018	15,321	-143	15,178
Balance at 1 January 2019	15,321	-143	15,178
Profit for the period	4,193		4,193
Other comprehensive income for the period		-19	-19
Total comprehensive income for the period	4,193	-19	4,174
Balance at 31 December 2019	19,514	-162	19,352

Forest Stewardship Council, A.C. and Subsidiaries
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS (CONTINUED)

	Profit/Loss brought forward US\$'000	Currency translation difference US\$'000	Total net assets US\$'000
Balance at 1 January 2020	19,514	-162	19,352
Profit for the period	10,585		10,585
Other comprehensive income for the period		146	146
Total comprehensive income for the period	10,585	146	10,731
Balance at 31 December 2020	30,099	-16	30,083
Balance at 1 January 2021	30,099	-16	30,083
Profit for the period	5,799		5,799
Other comprehensive income for the period		-155	-155
Total comprehensive income for the period	5,799	-155	5,644
Balance at 31 December 2021	35,898	-171	35,727
Balance at 1 January 2022	35,898	-171	35,727
Profit for the period	7,982		7,982
Other comprehensive income for the period		-107	-107
Total comprehensive income for the period	7,982	-107	7,875
Balance at 31 December 2022	43,880	-278	43,602
Balance at 1 January 2023	43,880	-278	43,602
Profit for the period	10,544		10,544
Other comprehensive income for the period		48	48
Total comprehensive income for the period	10,544	48	10,592
Balance at 31 December 2023	54,424	-230	54,194

Forest Stewardship Council, A.C. and Subsidiaries
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS (CONTINUED)

	Profit/Loss brought forward US\$'000	Currency translation difference US\$'000	Total net assets US\$'000
Balance at 1 January 2024	54,424	-230	54,194
Profit for the period	1,766		1,766
Other comprehensive income for the period		-113	-113
Total comprehensive income for the period	1,766	-113	1,653
Balance at 31 December 2024	56,190	-343	55,847
The accompanying notes are an integral part of these financial statements.			

Dr. Subhra Bhattacharjee
(Director General)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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I. General Information

Forest Stewardship Council, A.C. (the “Company” or “FSC”) is a company with registered office in Oaxaca, Mexico. The Company’s address is Calle Margarita Maza de Juárez 436, Colonia Centro, Oaxaca CP 6800, Mexico. The consolidated financial statements include the Company and its subsidiaries:

- FSC International Center gemeinnützige Gesellschaft mbH, Bonn/Germany (“FSC IC”)
- FSC Global Development GmbH, Bonn/Germany (“FSC GD”)
- ASI Assurance Services International GmbH, Bonn/Germany (“ASI”)
- ASI North America PB LLC., Wilmington, Delaware/USA (“ASI NA”)

and sub-subsidiaries:

- FSC (Beijing) Global Forestry Management Consulting Co., Ltd., Beijing/China (“FSC China”), a 100 % subsidiary of FSC GD
- ASI Asia Pacific Sdn. Bhd., Kuala Lumpur/Malaysia (“ASI Malaysia”), a 100 % subsidiary of ASI

(collectively, “the Group”).

ASI North America PB LLC. was founded on 29 October 2021 with a contribution in the amount of USD 200,000. In the year 2022, the capital was increased by USD 100,000 to USD 300,000.

The Group primarily promotes responsible forest management by providing the assistance required to achieve an environmentally appropriate, socially beneficial and economically viable use of natural resources and by providing ecosystem services.

The auditor Abstoß & Wolters GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Mönchengladbach, Germany, has audited the financial statements of the German companies included in the consolidation and issued an unqualified audit opinion. The annual financial statements of Forest Stewardship Council, A.C., audited by UHY Glassman Esquivel y Cía., S.C., Mexico City, Mexico, were issued with an unqualified audit opinion. The Group Reporting Package of FSC China, audited by SBA Stone Forest CPA Co., Ltd., Shanghai, were issued with an unqualified audit opinion. The Balance Sheet and Income Statement of ASI Malaysia, which is immaterial to FSC Group’s financial position and results of operations, have been prepared by WYC BIZPRO Management Services Sdn. Bhd., Kuala Lumpur, Malaysia. The financial statement of ASI North America PB LLC. were prepared by YPTC Your Part Time Controller, LLC, USA.

On 10 September 2025 the Director General of Forest Stewardship Council, A.C. has compiled the consolidated financial statements for their issuance and subsequent approval. Subsequent events were considered to that date. The consolidated financial statements must be approved, at a later date, by the Board of Directors and the General Assembly.

II. Significant accounting principles and methods applied in the preparation of the consolidated financial statements

1. Basis of preparation

The voluntary consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the relevant interpretations of the International Financial Reporting Interpretations Committee (IFRIC). They have been prepared under the assumption that the Group operates on a going concern basis.

The consolidated financial statements have been prepared on an accrual basis and under the historical cost convention. Monetary amounts are expressed in USD and, unless otherwise indicated, are rounded to the nearest thousands.

In order to improve the clarity and informative value of the consolidated financial statements, certain items are combined in the Consolidated Statement of Financial Position and the Consolidated Statement of Comprehensive Income, and then shown separately in the notes.

2. Basis of consolidation

2.1 Scope of consolidation

In addition to Forest Stewardship Council, A.C. as the ultimate parent company, the consolidated financial statements as at 31 December 2024 include four subsidiaries and two sub-subsidiaries. Subsidiaries are all entities in which Forest Stewardship Council, A.C. has a dominating influence over financial and operating policies, based on the concept of control. The Group has a dominating influence on an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Forest Stewardship Council, A.C. prepares the consolidated financial statements for the largest and the smallest groups of companies to which Forest Stewardship Council, A.C. and its subsidiaries belong.

The individual financial statements of the companies included in the consolidation have been prepared as of 31 December 2024, which is the same reporting date as that of the Forest Stewardship Council, A.C.

2.2 Consolidation methods

The Group's consolidated financial statements present the results of the parent company FSC A.C. and its subsidiaries as if they formed a single entity. All intra-group receivables and liabilities, sales, income and expenses relating to transactions between group companies, as well as intra-group profits on transfers of non-current assets or inventories, are eliminated in full on consolidation. All subsidiaries and sub-subsidiaries are wholly owned.

Capital consolidation is based on the acquisition method.

With business combinations, therefore, all hidden reserves and hidden charges in the entity acquired are revalued at the time of the acquisition, and all identifiable intangible assets are separately disclosed if they are clearly separable or if their recognition arises from a contractual or other legal right. Any difference arising between the acquisition cost and the (share of) net assets after purchase price allocation is recognized as goodwill. The goodwill of subsidiaries is measured in the functional currency of the subsidiary.

Entities acquired are included in the consolidation for the first time as subsidiaries by offsetting the carrying amount of the respective parent company's investment in them against their assets and liabilities. Contingent consideration is recognized at fair value as of the date of first-time consolidation. Subsequent changes in value do not result in an adjustment to the valuation at the time of acquisition. Acquisition-related costs are not included in the purchase price. Instead, they are recognized through profit or loss in the period in which they occur.

In its IFRS opening balance sheet as of 31 December 2014, the Group eliminated the parent company's investments in its subsidiaries measured at equity against the subsidiaries' equity. As all subsidiaries were founded by the parent company, hidden reserves or hidden charges in assets or liabilities, which would have required revaluation in an acquired entity, did not exist. Consequently, the Group did not recognize a goodwill generated on consolidation. Further group companies were founded in the following years. Here, the parent company's investment was eliminated against the subsidiaries' equity or sub-subsidiaries equity, respectively.

3. Foreign currency translation**3.1 Functional, presentation and local currencies**

Functional currency is the currency in which a company predominately generates its funds and makes payments. The Group's consolidated financial statements are presented in USD, which is also the functional currency of the parent company FSC A.C. as well as of its subsidiaries FSC GD, FSC IC, ASI NA and the sub-subsidiary FSC China. The functional currency of ASI and ASI Malaysia is the Euro.

The separate annual financial statements of the Group companies are prepared in the local currency of the country in which they operate.

3.2 Foreign currency translation of the group companies' separate annual financial statements

The annual financial statements of the consolidated companies and the consolidated statement of cash flows are translated into USD using the functional currency method outlined in International Accounting Standard (IAS) 21 "The Effects of Changes in Foreign Exchange Rates".

For Group companies whose functional currency is the USD, transactions accounted in local currencies are converted into the functional currency as follows. Monetary assets and liabilities are translated at closing rates at the date of the balance sheet, while income and expenses are translated at the average rate over the reporting period as an approximation of the actual rates at the date of the transaction. Net assets and non-monetary assets are translated at the exchange rate at the date of the transaction (historical exchange rate). The differences arising from using average or historical rates rather than closing rates are shown in the position "Net exchange rate gains or losses" and are included in the profit for the year.

The annual financial statements of ASI and ASI Malaysia, group companies that have functional currencies different from the presentation currency USD, are translated into the functional and presentation currency as follows. Assets and liabilities are translated at the closing rate at the date of the balance sheet, income and expenses shown in the statement of profit and loss are translated at average exchange rates. The resulting exchange rate differences are recognized in other comprehensive income.

For the main currencies in the Group, the following exchange rates have been used based on one USD:

Currencies	Average exchange rate		Exchange rate on 31 December	
	2024	2023	2024	2023
Euro (EUR)	0,9238729	0,9248127	0,9612353	0,9040407
Mexican Peso (MXN)	18,330620	17,760750	20,882900	16,966600
Chinese Yuan Renminbi (CNY)	7,121700	7,046700	7,082700	7,082700
Malaysian Ringgit (MYR)	4,570600	4,557790	4,597500	4,597500

4. Recognition and measurement methods

Summary of selected measurement methods:

Financial statement figures	Measurement method
Assets	
Other intangible assets with definite useful lives	(Amortized) cost less any impairment losses
Property, plant and equipment	(Depreciated) cost less any impairment losses
Right-of-use assets	(Amortized) present value of future lease payments less any impairment losses
Receivables and other assets	(Amortized) cost

Liabilities	
Other liabilities (trade payables, accrued liabilities)	Settlement amount
Lease liabilities	Present value of the contractual payments with the discount rate determined by the Group's incremental borrowing rate less lease payments plus interest
Provisions	Best estimate of the expenditure required to settle the present obligation at the balance sheet date

5. Accounting estimates, assumptions and discretionary judgments

Preparation of the consolidated financial statements is based on a number of accounting estimates and assumptions. These have an impact on the reported amounts of assets and liabilities at the reporting date and the disclosure of income and expenses for the reporting period. The actual amounts may differ from these estimates.

The accounting estimates and their underlying assumptions are based on past experience and are continually reviewed. Changes in accounting estimates are recognized prospectively.

The judgments of the Director General regarding the application of those IFRSs which have a significant impact on the consolidated financial statements are presented in particular in the following explanatory notes:

- Information regarding accrued liabilities and provisions (Note 9)
- Information regarding taxes on income (Note 13)

6. New international accounting regulations according to International Financial Reporting Standards (IFRS)

6.1 New standards, interpretations and amendments mandatory for the first time in the year under review

New accounting standards or amendments	Mandatory for fiscal years beginning on or after
Amendments to IAS 1: Classification of Liabilities as current or non-current	1 January 2024
Amendments to IAS 1: Non-current Liabilities with Covenants	1 January 2024
Amendments to IFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to IAS 7 and IFRS 7: Supplier Finance Agreements	1 January 2024

These amendments to existing standards that are mandatory for fiscal years beginning on 1 January 2024 have no material impact on the consolidated financial statements of FSC Group.

6.2 New standards, interpretations and amendments not yet effective

The International Accounting Standards Board (IASB) issued the following standards and amendments to existing standards which may be of relevance to FSC:

	Mandatory for fiscal years beginning on or after
Amendments to IFRS 21: Lack of Exchangeability	1 January 2025
Amendments to IFRS 9 and IFRS 7 Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvements to IFRS Accounting Standards Volume 11	1 January 2026
IFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19 Subsidiaries without Public Accountability Disclosures	1 January 2027
Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Available for optional adoption/effective date deferred indefinitely

If applicable, these new standards and amendments to existing standards will be applied by FSC starting in fiscal 2025 or later. A conclusive assessment of the effects is not possible.

III. Notes to the consolidated statement of financial position and to the consolidated statement of comprehensive income

Non-current assets

All non-current assets with definite useful lives are depreciated or amortized exclusively using the straight-line method on the basis of estimated useful lives. The useful life estimates are reviewed annually. If facts or circumstances indicate the need for impairment, the recoverable amount is determined. It is measured as the higher of the fair value less costs to sell (net realizable value) and the value in use. Impairment losses are recognized if the recoverable amounts of the assets are lower than their carrying amounts.

The following standardized useful lives are applied:

Useful life in years	
Intangible assets with definite useful lives	3 to 5
Tenant Fixtures	25
Office equipment	3 to 14

Note 1: Property, plant and equipment

	Balance as of 31/12/2023	Additions	Depreciation	Disposals	Balance as of 31/12/2024
	US'000	US'000	US'000	US'000	US'000
Real Property	281	0	-15	0	266
Tenant Fixtures	34	0	-2	0	32
Other equipment and office equipment	808	335	-295	0	848
	1,123	335	-312	0	1,146

	Balance as of 31/12/2022	Additions	Depreciation	Disposals	Balance as of 31/12/2023
	US'000	US'000	US'000	US'000	US'000
Real Property	297	0	-16	0	281
Tenant Fixtures	36	0	-2	0	34
Other equipment and office equipment	506	521	-219	0	808
	<u>839</u>	<u>521</u>	<u>-237</u>	<u>0</u>	<u>1,123</u>

Real property, tenant fixtures, other equipment and office equipment are stated at purchase or manufacturing cost less accumulated depreciation and accumulated impairment losses. On November 11, 2021 the Forest Stewardship Council, A.C. acquired the real estate in Mexico where its office is located.

Purchase or manufacturing costs include direct costs and appropriate proportions of necessary overheads. Interest charges on borrowings are not included, as FSC currently does not hold any qualifying assets in accordance with International Accounting Standard (IAS) 23 “Borrowing Costs”. Cost figures are shown net of investment grants and allowances. Acquisition-related costs incurred in order to make the asset ready for the intended use are capitalized.

The periods over which the assets are depreciated are based on their estimated useful lives as mentioned above.

Note 2: Right-of-use assets and lease liabilities

IFRS 16 “Leases” replaced IAS 17. The Group applied IFRS 16 for the first time in the year 2019 to leases in existence on 1 January 2019 according to the retrospective approach. IFRS 16 requires lessees to use a single method for recognizing leases, affecting the balance sheet in a similar way to finance leases as recognized until 31 December 2018 in accordance with IAS 17.

All leases are accounted for by recognizing a right-of-use asset and a lease liability except for:

- Leases of low value assets, and
- Leases with a duration of 12 months or less.

The Group has entered into various lease agreements as a lessee for office space and office equipment. Some leases for office space contain an option to extend the lease for a further term.

At lease commencement date, the Group recognizes a right-of-use asset and a lease liability in its consolidated statement of financial position. The right-of-use asset is measured at cost, which consist of the initial measurement of the lease liability, i.e., the present value of the unavoidable future lease payments to be made over the lease term.

Right-of-use assets are amortized on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognized on the consolidated statement of financial position:

	Balance as of 31/12/2023	Additions	Amortization	Disposals	Balance as of 31/12/2024
	US'000	US'000	US'000	US'000	US'000
Land and buildings	979	318	-438	0	859
Other equipment and office equipment	50	0	-21	0	29
	1,029	318	-459	0	888

	Balance as of 31/12/2022	Additions	Amortization	Disposals	Balance as of 31/12/2023
	US'000	US'000	US'000	US'000	US'000
Land and buildings	590	912	-382	-141	979
Other equipment and office equipment	71	0	-21	0	50
	661	912	-403	-141	1,029

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term with the discount rate determined by the Group's incremental borrowing rate on commencement of the lease. The incremental borrowing rate is the estimated rate that the Group would have to pay to borrow the same amount over a similar term.

Subsequent to initial measurement, lease liabilities are reduced by lease payments that are allocated between repayments of principal and finance costs. The finance cost is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability and thus increases the lease liability.

The development of the lease liabilities presented in the consolidated statement of financial position is as follows:

	Present Value Balance as of 31/12/2023	Change in Lease liabilities due to additions/ disposals of RoU Assets	Interest expense	Lease payments	Foreign exchange rate differences	Present Value Balance as of 31/12/2024
	US'000	US'000	US'000	US'000	US'000	US'000
Lease liabilities on						
Land and buildings	970	293	31	-408	-69	817
Other equipment and office equipment	47	0	1	-20	-2	26
	<u>1,017</u>	<u>293</u>	<u>32</u>	<u>-428</u>	<u>-71</u>	<u>843</u>

	Present Value Balance as of 31/12/2022	Change in Lease liabilities due to additions/dis posals of RoU Assets	Interest expense	Lease payments	Foreign exchange movement	Present Value Balance as of 31/12/2023
	US'000	US'000	US'000	US'000	US'000	US'000
Lease liabilities on						
Land and buildings	584	723	41	-396	18	970
Other equipment and office equipment	64	0	2	-20	1	47
	<u>648</u>	<u>723</u>	<u>43</u>	<u>-416</u>	<u>19</u>	<u>1,017</u>

Lease liabilities are presented in the consolidated statement of financial position as follows:

	2024	2023
Current	440	422
Non-current	403	595
	<u>843</u>	<u>1,017</u>

Note 3: Deferred tax assets and liabilities

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and for tax losses carried forward to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. This also applies for temporary differences in valuation arising through acquisitions.

The valuation and recognition of deferred taxes are disclosed under Note 13 ("Tax expense").

Note 4: Trade and other receivables

Trade and other receivables amounted to USD 4,553k (previous year: USD 4,878k). They are all due within one year. Valuation allowances have been recognized in respect of general and specific risks as appropriate. Overall, the management recognized total valuation allowances of USD 1,313k (previous year: USD 901k).

Analysis:

	2024	2023
	US\$'000	US\$'000
Trade receivables	5,866	5,779
Less: provision for impairment of trade receivables	<u>-1,313</u>	<u>-901</u>
Trade receivables - net	<u>4,553</u>	<u>4,878</u>

Note 5: Other assets and prepaid expenses

Other assets are measured at amortized cost.

Prepaid expenses are recognized as assets as of the date the payment is made, provided that it is probable that future economic benefits associated with the item will flow to the Group.

Note 6: Cash and cash equivalents

Recognized under cash and cash equivalents are liquid funds, sight deposits and other financial assets with an original term of no more than three months. In accordance with IAS 7 “Statement of Cash Flows”, shares in money market funds which, due to their first-class credit rating and investment in extremely short-term money market securities, undergo only minor value fluctuations and can be readily converted within one day in known amounts of cash are also recognized under cash and cash equivalents.

Compared to the previous year, the volume of cash and bank balances increased from USD 58,005k to USD 60,042k.

Note 7: Net assets

Total net assets comprise the amounts allocated in the financial statements of FSC in previous years, as well as the total comprehensive income of the current year and the currency translation reserve (see also note 14).

Note 8: Trade payables

Trade payables increased from USD 4,247k to USD 4,716k. In addition to purchase invoices, they also relate to accruals for invoices outstanding in respect of goods and services received. They are due within one year.

Note 9: Accrued liabilities and provisions

Accruals are liabilities payable for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with the supplier, including amounts due to employees (for example, amounts relating to accrued vacation pay). Although it is sometimes necessary to estimate the amount or timing of accruals, the uncertainty is generally much less than for provisions (IAS 37.11(b)).

Provisions are allocated towards probable, but not certain, future obligations. Provisions for legal claims are recognized when the Group has a present legal obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at the management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

Analysis:

	2024	2023
	US\$'000	US\$'000
Accrual for credit notes claimed by certification bodies due to AAF disputes	226	531
Accrual for annual leave	855	792
Provision for bonuses due to employees	169	136
Other accruals and provisions	318	238
Total accrued liabilities and provisions	1,568	1,697

Note 10: Total revenue and principles of income recognition

The Group has recognized the following amounts relating to revenue in the consolidated statement of comprehensive Income:

	2024	2023
	US\$'000	US\$'000
Annual administration fee (AAF)	69,870	62,029
ASI generated revenue	8,391	7,578
Commercial services and other revenue	2,154	1,033
Revenue from contracts with customers	80,415	70,640
Revenue from other sources: donations, membership fees and other	560	690
	80,975	71,330

IFRS 15 defines comprehensive principles for revenue recognition as well as for the provision of information about the nature, amount, timing and uncertainty of revenue from contracts with customers. FSC Group's revenue arises mainly from the annual administration fees (AAF) and assurance services regarding voluntary sustainability standards (ASI generated revenue).

Annual Administration Fees (AAF)

The FSC Group principally generates revenue from the annual administration fees (AAF) which are charged to accredited certification bodies (CBs). Revenue from AAF rose by USD 7,841k from USD 62,029k to USD 69,870k.

The purpose of the AAF is to support the core activities of the FSC system. FSC's principal performance obligations on a global level include the management and further development of the FSC multi-stakeholder governance system, maintenance of its reputation and of the global system of FSC standards, trademark management and protection, support of existing network partners and investment in new countries. FSC maintains and develops the FSC accreditation and certification system, provides procedures for evaluation and accreditation of CBs, manages complaints about CBs, maintains a register of CBs as well as an internet-based certificate holder database.

FSC's performance obligations are satisfied over time since the CB as customer simultaneously receives and consumes the benefits provided by FSC's performance as FSC performs the services. Revenue from AAFs is recognized from the satisfaction of the performance obligation pursuant to IFRS 15.B16 and in accordance with the currently valid FSC policy on Annual Administration Fee. AAF fees are charged by FSC on the basis of a CB's respective certificate holder portfolio. FSC calculates the AAF from the information provided by the CBs in the FSC database. CBs are responsible for providing the necessary information for calculating the AAF by filling the relevant fields in the FSC certificate database.

FSC invoices the AAF on a quarterly basis which allows AAF adjustments based on terminations, withdrawals and transfers of certificates as well as new certificates and AAF class changes.

"ASI generated revenue" and commercial services

"ASI generated revenue" predominantly relate to revenue generated from the provision of assurance services regarding voluntary sustainability standards. Revenue from "ASI generated revenue" and revenue from commercial services is recognized once the service has been provided on either a fixed price or an hourly rate.

Note 11: Net exchange rate gains/losses

As the records of the parent company FSC A.C. and the Group companies FSC GD, FSC IC and FSC China are prepared in the local currency where the companies are located; these companies keep their books and records in currencies other than their functional currencies. Pursuant to IAS 21 (34), the financial statements of these companies are translated into the functional currency in accord-

ance with IAS 21 paragraphs 20-26. Monetary items are translated into the functional currency using closing rates, while income and expenses are translated using the average rates for the year as an approximation of the actual rates at the date of the transaction. Non-monetary items such as non-current assets and net asset are translated on a historical exchange rate basis. The differences arising from using average or historical rates rather than closing rates are shown in the position “Net exchange rate gains/losses”.

Note 12: Amortization and depreciation and loss from disposal of non-current assets and amortization of right-of-use assets

Compare notes 1 and 2.

Note 13: Tax expense

Tax expense breaks down as follows:

	2024	2023
	US\$'000	US\$'000
Current tax expense on income and earnings	3,203	3,878
German withholding tax on profit distribution to FSC A.C.	1,353	0
Current tax under the Mexican Preferential Tax Regime	1,098	1,602
Total tax expense	5,654	5,480

Taxes on income and earnings

FSC A.C. is a charitable non-profit organization. According to Article 79, section XIX of the Mexican Income Tax Law (MITL), FSC A.C. was considered a non-tax-paying organization. In the course of the 2021 Mexican Tax Reform Article 79 was amended. Although being a charitable organization, FSC A.C. has been a regular tax payer since July 1st 2021, within the general Regime of Law, complying from that date with all tax obligations and accounting established by Mexican Law.

The German subsidiary FSC IC is a charitable, non-profit organization and as such generally not subject to taxes on income and earnings.

The German subsidiaries FSC GD and ASI are subject to German corporate income tax (tax rate of 15 percent plus solidarity surcharge of 5.5 percent). Taking into account German trade tax, the overall tax rate in Germany is about 33 percent.

In accordance with the tax law under the PRC (People's Republic of China), the Chinese subsidiary is subject to a corporate income tax rate of 20 percent of its taxable income.

Preferential Tax Regime in Mexico (REFIPRE)

The Preferential Tax Regime is applicable under the Mexican Income Tax Law (MITL) when a Mexican taxpayer holds effective control over a foreign legal entity. Its purpose is to tax a controlled foreign legal entity's passive income if the income is not subject to tax for the controlled entity. As FSC IC's license fee income is deemed passive income under the Mexican Income Tax Law and is not taxed in Germany due to FSC IC's tax-exempt status, FSC A.C. is obliged to pay taxes on this income at a rate of 30 %.

Tax reconciliation statement

	FSC A.C.	FSC IC	German sub-sidiaries FSC GD and ASI	Other Group Companies	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Earnings before interest and taxes (EBIT)		4,722	7,856	29	
Interest income		31	794	1	
		4,573	8,650	30	
Withholding tax	1,353				1,353
Tax under Mexican preferential tax regime		1,098			1,098
Taxes on income and earnings			3,191	12	3,203
Total tax expense	1,353	1,098	3,191	12	5,654

Deferred taxes

An excess of deferred tax assets is only recognized insofar as it is likely that the company concerned will achieve sufficiently positive taxable profits in the future against which the deductible temporary differences can be offset and tax loss carry forwards can be used.

The deferred tax assets and liabilities stated on the reporting date relate to the following items of the consolidated statement of financial position, unused tax losses and tax, losses carried forward and tax credit balance:

	2024	2023
	US\$'000	US\$'000
Deferred tax assets due to temporary differences between the carrying amount of assets in the consolidated financial statements and their corresponding tax base	31	31

Deferred taxes are calculated on the basis of tax rates that apply in the individual countries at the year-end date or which have already been legally decided. Deferred tax assets and liabilities are netted where they involve the same tax authority and the same tax creditor.

Note 14: Total comprehensive income

Total comprehensive income consists of the profit or loss for the period and other comprehensive income (OCI). Any surplus at the end of each year shall be reserved for future operating needs and/or improving and increasing the programs of the FSC organization.

	2024	2023
	US\$'000	US\$'000
Profit for the period	1,766	10,544
<u>Other comprehensive income</u>		
Exchange rate gains or losses arising on the translation of foreign operations	-113	48
Total comprehensive income for the period	1,653	10,592
Profit brought forward as at 1 January	54,424	43,880
Currency translation reserve as at 1 January	-230	-278
Total net assets as at 31 December	55,847	54,194

The annual financial statements of ASI and ASI Malaysia, group companies that have a functional currency different from the presentation currency USD, are translated into the functional and presentation currency as follows. Assets and liabilities are translated at the closing rate at the date of the balance sheet, income and expenses shown in the statement of profit and loss are translated at average exchange rates. Pursuant to IAS (39c), all resulting exchange rate differences are recognized in other comprehensive income.

IV. Notes to the consolidated financial statements – other disclosures

Note 15: Consolidated statement of cash flows

The consolidated statement of cash flows has been prepared in accordance with International Accounting Standard (IAS) 7 “Statement of Cash Flows”. It describes the flow of cash and cash equivalents by origin and usage of liquid funds, distinguishing between changes in funds arising from operating activities, investing activities, and financing activities. Financial funds include cash on hand, checks and credit at banks, and other financial assets with a remaining term of not more than three months. Therefore, securities are included in financial funds, provided that they are available at short term and are only exposed to an insignificant price change risk. In China, there are administrative hurdles to the transfer of money to the parent company. As of 31 December 2024, the balance sheet of the Chinese subsidiary shows cash and cash equivalents in the amount of USD 803k.

Cash flows from operating activities are determined by initially adjusting operating profit for non-cash items such as amortization/depreciation/impairment/write-ups on intangible assets, property, plant equipment and right-of-use assets – supplemented by changes in provisions, changes in other assets and liabilities, and also changes in net working capital.

Cash flows from investing activities occur essentially as a result of outflows of funds for investments in intangible assets, property, plant and equipment, and subsidiaries. We also recognize inflows of funds from the sale of intangible assets, property, plant and equipment, and subsidiaries. In the reporting period, cash flows from investing activities mainly involved outflows for acquisitions of office and other equipment in the amount of USD 335k (previous year USD 521k).

Due to the application of IFRS 16 Leases, interest on lease liabilities and the redemption of lease liabilities have been disclosed as outflows from financing activities in the financial years 2024 and 2023.

Note 16: Contingent Liabilities

Compared to provisions, contingent liabilities are prone to much greater uncertainty as they represent either a potential obligation or a current obligation where payment is unlikely or the amount of the obligation cannot be estimated with sufficient reliability. Within the FSC Group, contingent liabilities

ties exist with regard to eligible cash discounts which certification bodies are entitled to take. As at December 31, 2024, these contingent liabilities amounted to USD 290k (previous year USD 770k).

Federal and state taxes are open to review by the tax authorities for a period of four to five years. Consequently, the Group is contingently liable for payment of any omitted taxes plus penalties and surcharges that may be determined by the tax authorities.

Note 17: Lease and other financial commitments not recognized as a liability

The group has elected not to recognize a lease liability for short-term leases (leases with an expected term of 12 months or less) or for leases of low-value assets. Payments made under such leases are expensed on a straight-line basis over the term of the lease agreement.

The expense relating to payments not included in the measurement of the lease liability is as follows:

	<u>31 December 2024</u>	<u>31 December 2023</u>
Short-terms leases	USD 123k	USD 117k
Lease of low-value assets	USD 0k	USD 0k

As of 31 December 2024, the Group also has USD 956k (previous year USD 679k) of non-cancellable contractual commitments, primarily related to license agreements and other service contracts. These commitments are due within one to two years.

Note 18: Remuneration of committees and management

The total remuneration of the members of the Board of Directors of FSC amounted to USD 27k (previous year USD 21k). The total remuneration of the members of the Management FSC (Managing directors and Senior Management Team) amounted to USD 4,072k (previous year: USD 3,919k).

Note 19: Subsidiaries and Shareholdings

Name	Principal activity	Country of incorporation	Shareholders' Equity		% equity interest	
			2024 US\$	2023 US\$	2024	2023
Forest Stewardship Council A.C.	Promotion of responsible forest management to achieve environmentally appropriate, socially beneficial and economically viable use of natural resources and provision of ecosystem services	Mexico	n.a., Asociación Civil	n.a., Asociación Civil		
FSC International Center gemeinnützige Gesellschaft mbH	Standard development for the preservation of worldwide forest resources	Germany	34,500	34,500	100%	100%
FSC Global Development GmbH	Operation of the licence business with the FSC brand and FSC trademarks	Germany	34,500	34,500	100%	100%
ASI Assurance Services International GmbH	Provision of assurance services for certification bodies	Germany	34,500	34,500	100%	100%
ASI North America, PB LLC:	Provision of assurance and accreditation services	United States of America	300,000	300,000	100%	100%
FSC (Beijing) Global Forestry Management Consulting Co., Ltd.	Provision of consultancy relating to forest management	China	75,000	75,000	100%	100%
ASI Asia Pacific Sdn Bhd	Assessment of organisations issuing certificates for a range of standards	Malaysia	120,464.55	120,464.55	100%	100%

V. Notes to the consolidated financial statements – subsequent events

At the beginning of 2025, Forest Stewardship Africa Limited, a for-profit company under Kenyan law, was founded. Forest Stewardship Africa Limited is scheduled to commence operations at the end of 2025. Other events of particular significance for the FSC Group have not occurred after 31 December 2024.

Oaxaca, Mexico

10 September 2025

Dr. Subhra Bhattacharjee
(Director General)

Recommendation for the approval of the consolidated financial statements of Forest Stewardship Council, A.C. and Subsidiaries

It is proposed that the consolidated financial statements of Forest Stewardship Council, A.C. and Subsidiaries be approved as presented.

GENERAL ENGAGEMENT TERMS