

AN INTRODUCTION TO RESPONSIBLE INVESTMENT IN FORESTRY

THE SIX PRINCIPLES

PREAMBLE TO THE PRINCIPLES

As institutional investors, we have a duty to act in the best long-term interests of our beneficiaries. In this fiduciary role, we believe that environmental, social, and governance (ESG) issues can affect the performance of investment portfolios (to varying degrees across companies, sectors, regions, asset classes and through time). We also recognise that applying these Principles may better align investors with broader objectives of society. Therefore, where consistent with our fiduciary responsibilities, we commit to the following:

- 1 We will incorporate ESG issues into investment analysis and decision-making processes.
- 2 We will be active owners and incorporate ESG issues into our ownership policies and practices.
- 3 We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- 4 We will promote acceptance and implementation of the Principles within the investment industry.
- 5 We will work together to enhance our effectiveness in implementing the Principles.
- 6 We will each report on our activities and progress towards implementing the Principles.



PRI's MISSION

We believe that an economically efficient, sustainable global financial system is a necessity for long-term value creation. Such a system will reward long-term, responsible investment and benefit the environment and society as a whole.

The PRI will work to achieve this sustainable global financial system by encouraging adoption of the Principles and collaboration on their implementation; by fostering good governance, integrity and accountability; and by addressing obstacles to a sustainable financial system that lie within market practices, structures and regulation.

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SUSTAINABLY MANAGED FORESTRY AND LAND



cover around

500 million hectares

of certified forests around the world



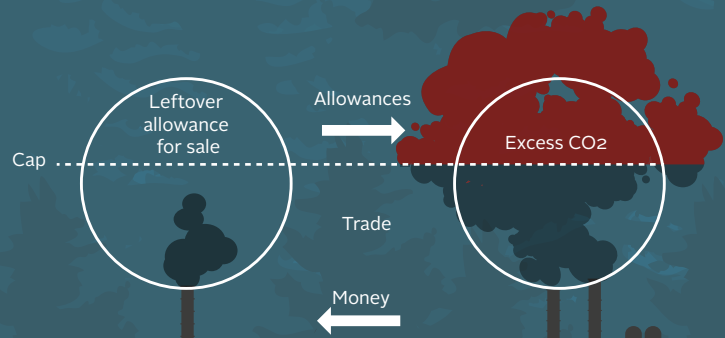
the equivalent of
13%
of the moon's surface

30%

of targeted carbon emission reductions could be achieved through sustainably managed forestry and land.

20 emissions trading schemes

in place around the world, and several under consideration in jurisdictions as diverse as California, Mexico, China, South Korea, New Zealand, Kazakhstan and the EU.



In 2016

10%

of the world's total energy supplies came from biomass.



Biomass

Responsible investment in forestry can help to support global climate goals and contribute to broader elements of sustainable development in rural communities.

SUSTAINABLE DEVELOPMENT GOALS



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EXECUTIVE SUMMARY

Forestry investors are exposed to a range of environmental, social and governance (ESG) factors. How those factors impact investments – ultimately, whether they materialise as risks or opportunities for value creation – depends largely on an investor's responsible investment approach. ESG factors must be integrated at each stage of the investment process – and throughout the long lifecycle of a forestry investment.

There are many frameworks and tools available to help forestry investors consider ESG factors. Central to much of this work is certification, which has helped to define and audit many forestry industry players' environmental and social performance, while driving improved standards. However, certification does not fully address all ESG elements, notably governance. Implementation of certification can also fall short of expectations. A holistic approach to responsible forestry investing includes certification as well as the use of other tools that address specific issues in more depth, such as governance or land rights and usage.

Meanwhile, forestry is becoming a key element of the discussion around reducing global carbon emissions in order to limit global warming to 1.5°C. The 2015 Paris Climate Agreement and subsequent studies on the role that forests can play in mitigating climate change, as well as the EU's Action Plan on sustainable finance, could spur the flow of more institutional capital into forestry. As a result, more forestry investment products and strategies, which deliver market returns and environmental and social benefits, are likely to become available.

Such products and strategies include developing carbon offset programmes as part of emissions trading schemes, such as California's cap-and-trade programme, conservation easements, and biomass production for generating renewable energy. However, for these to grow at scale, certain issues must be addressed. These include the debate over land use, which often pits forestry against agriculture, the price placed on carbon, and the concept of natural capital to place a floor under the value of forests as a means of supporting greater institutional investment.

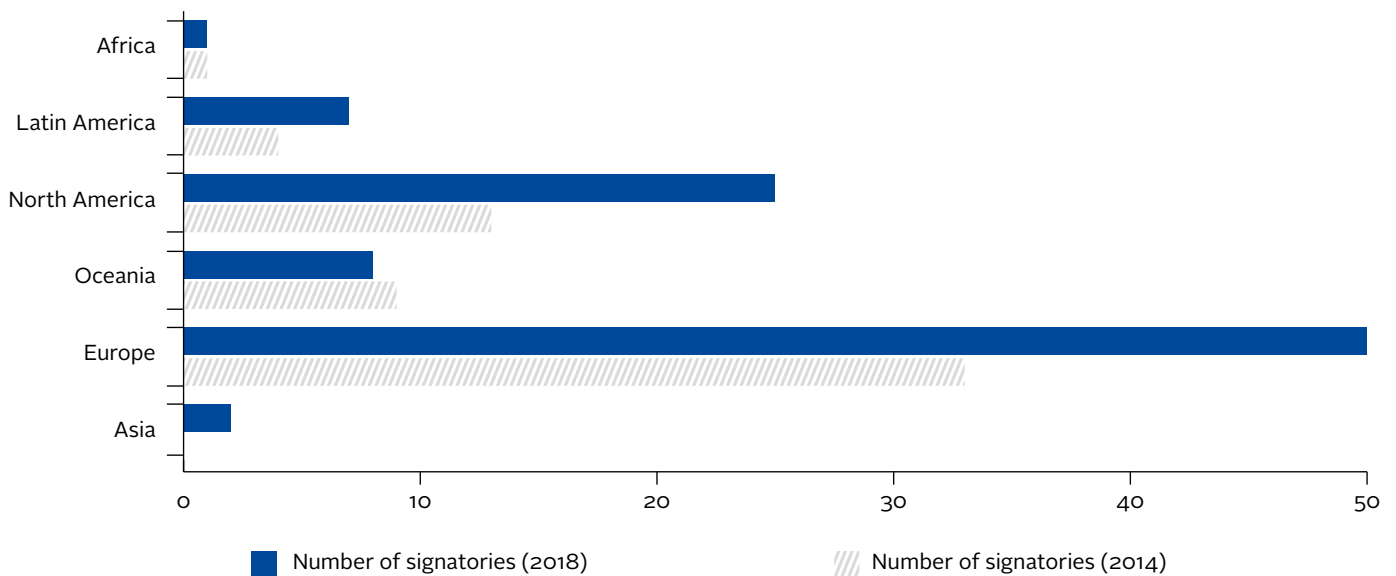
FORESTRY: A GROWING ASSET CLASS

The total amount of global institutional investment in forestry has surged from an estimated US\$10-US\$15 billion in the early 2000s to over US\$100 billion today¹. While calls are growing for investors to turn to forestry to tackle climate change² and associated issues, the main factors behind the growth in this asset class are more prosaic. Indeed, investors have traditionally allocated to forestry for similar reasons as for other real assets, particularly as an inflation hedge, as an asset with a relatively low correlation to equity and bond markets, and as a stable, long-term

holding. Other factors are more forestry-specific, such as long-term appreciation of the underlying land, the growth in value of trees as they mature, and the potential for multiple income streams from different uses of the assets, such as timber production and recreational activities.

Figure 1 shows that 93 PRI signatories (out of over 1,400 total signatories³), largely concentrated in Europe and North America, reported having forestry investments in 2018. This compares with 60 signatories in 2014.

Figure 1: PRI signatories with forestry investments by region (2014 and 2018)



¹ <https://www.newforests.com.au/wp-content/uploads/2015/07/New-Forests-Timberland-Investment-Outlook-2015-2019.pdf>

² <https://sdg.iisd.org/news/18-foundations-call-for-increasing-investments-in-forests-and-land-to-fight-climate-change/>

³ This represents the total number of signatories that reported in 2018.

ESG FACTORS IN FORESTRY INVESTING

Forestry investors must consider a range of ESG issues for both direct and indirect investments. Such issues may present material risks to forestry operations and the success

of an investment if managed improperly. Conversely, robust ESG risk management can be a significant source of value creation. Notable ESG issues include:

ENVIRONMENTAL	SOCIAL	GOVERNANCE
<ul style="list-style-type: none"> ■ Water use and availability, and the broader impact on watersheds. ■ Pollution (such as through pesticides and the impact on soil quality). ■ Positive and negative climate impact. ■ Planting and harvesting techniques, and resource management. ■ Protection of biodiversity and ecosystems. 	<ul style="list-style-type: none"> ■ Land rights (acquisitions, tenancy and use of land). ■ Relationships with local communities and other key stakeholders. ■ Labour standards, including health and safety. ■ Supply chain custody, particularly regarding illegal logging. 	<ul style="list-style-type: none"> ■ Anti-bribery and corruption standards. ■ Quality of management plans and systems. ■ Grievance mechanisms available to key stakeholders.

How these factors impact a forestry investment can ultimately depend on how they are managed, as illustrated by the examples below:

BIODIVERSITY AND ECOSYSTEMS

RISKS

Reputational, commercial and potential legal risks stemming from monocropping, over harvesting (leading to deforestation) or poor protection of flora and fauna.

EXAMPLE: CANADA – ECOSYSTEMS PROTECTION



Canadian forestry company Resolute Forest Products had sustainability certifications covering almost 10 million hectares of forests in Ontario and Quebec that were suspended by the Forest Stewardship Council (FSC). The FSC claimed, among other accusations, that Resolute did not have an adequate plan to protect woodland caribou, which were considered a threatened species. The suspension threatened Resolute’s business relationships with clients who would only buy timber-based products from certified sources⁴.

OPPORTUNITIES

Forestry conservation investment strategies and products that deliver market returns are available in certain markets. More generally, strong environmental stewardship can enhance the underlying value of timberland, as well as help to secure a price premium for timber-related products through certification programmes, and support sustainable long-term forest growth.

In the US, the **Lyme Timber Company** has developed an investment strategy to sell working forest conservation easements (WFCEs), primarily to public agencies or conservation non-governmental organisations. WFCEs permanently protect the lands from development, conserving important natural values of a forest property, but allow income generation from sources such as sustainable timber harvesting, recreational leasing, and the sale of ecosystem services. In California, several investment managers such as **Campbell Global** offer investment products that provide direct climate benefits by sequestering carbon in sustainably managed forests, including through the state’s cap-and-trade emissions trading scheme.

⁴ For example: <https://www.woodworkingnetwork.com/wood/pricing-supply/fsc-begins-mediation-canadas-boreal-forests-and-resolute-responds>; <https://www.cbc.ca/news/canada/thunder-bay/best-buy-to-shift-some-business-away-from-resolute-1.2866000>

RELATIONS WITH LOCAL COMMUNITIES

RISKS

Poor relations with local communities and other core stakeholders can create operational and financial risks. For example, protests and blockades, and the potential sabotage of operations, can require significant time and resources to manage such issues.

EXAMPLE: MOZAMBIQUE – LAND RIGHTS AND COMMUNITY CONSULTATION



The Church of Norway's investment fund, Opplysningsvesenets Fond (OvF), said its forestry investments in Niassa, Mozambique, did not meet appropriate ESG standards. OvF's managers in Mozambique were criticised for harming local communities by carrying out land grabs outside of designated forestry planting areas. They were accused of planting forest on land previously used for subsistence agricultural purposes, threatening local food supplies. These allegations triggered protests, including the uprooting of planted trees by locals, corruption investigations against local managers, and delays to the FSC certification process for the holdings, among other problems⁵.

OPPORTUNITIES

Engaging with local communities can bring a range of benefits, such as stronger land tenure, an improved local operating environment and potential sources of labour or support services.

In Southeast Asia, investment manager **New Forests** uses “participatory mapping” practices to help identify opportunities to align local community objectives with its sustainable forest management practice. This helps to support community development through economic growth and income that aligns with local norms and needs.

LABOUR STANDARDS

RISKS

Working in forests and their related activities (such as logging and saw and pulp mill operations) is dangerous without appropriate health and safety measures in place. Forestry investors and managers expose themselves to reputational, legal and financial risks if working conditions do not meet best practice standards, regardless of jurisdiction.

OPPORTUNITIES

Positive and safe working conditions and ongoing engagement with the labour force reduce the risk of health and safety incidents, as well as boost overall morale and productivity. Similarly, greater workplace diversity has been shown to support stronger long-term financial performance.

As part of the certification process for plantations it manages in Brazil, **Lacan Investimentos** worked with third-party contractors to improve working conditions. This included ensuring that workers were provided with the right protective clothing, were housed adequately, and that labour practices and relations were fully documented.

In the US, **Resource Management Services** has developed a scheme to encourage female and minority participation in the forestry industry, and ultimately drive long-term performance, by providing scholarships for individuals from such groups taking forestry-related undergraduate courses.

⁵ For example: <https://www.framtiden.no/english/fund/the-church-admits-to-violations.html>

ANTI-BRIBERY AND CORRUPTION STANDARDS

RISKS

Anti-corruption enforcement has tightened substantially in many jurisdictions in recent years, with international cooperation, and the international reach of some legislation, having also increased. It is therefore even more important that investors and managers understand the potential for corruption and bribery risks to manifest across all the jurisdictions they are exposed to. In forestry, these risks are most prevalent in relation to land titling, securing operating concessions, and the mixing of legal and illegally-sourced timber products.

EXAMPLE: PERU – POOR GOVERNANCE AND HUMAN RIGHTS ABUSES



Several incidents in Peru have highlighted the prevalence of corruption, human rights abuses and the potential for illegally-sourced wood to enter mainstream supply chains. For example, there have been allegations that national and local government officials have accepted bribes to award forestry concessions illegally, and that logging companies have sponsored the murder of indigenous and local community leaders who have opposed their operations. Forestry companies have also been accused of mixing illegally-sourced wood with wood from certified sources⁶.

OPPORTUNITIES

Managers and companies with strong governance cultures and track records on anti-corruption efforts may stand to gain in the long term if competitors are proven to have been involved in bribery and corruption. This could be through the purchase of distressed assets, such as land or concessions that are obtained by illegal means and re-opened to the market. Alternatively, it could be a matter of attempting to stand out in the market by, for example, owning certified forests as a way of attracting institutional capital because of the general level of stewardship that that implies compared to non-certified holdings in certain jurisdictions.

⁶ For example: <http://www.takepart.com/feature/2015/02/06/sustainable-furniture-killing-indigenous-people>

INTEGRATING ESG FACTORS IN THE FORESTRY INVESTMENT PROCESS

The consideration of ESG issues should be an integral part of the forestry investment process, taking into account the long-term nature of forestry investing and the different stages of a forestry investment's lifecycle. While different forestry investment strategies will require specific processes tailored to their objectives, the core elements of responsible investing in forestry may include^{7,8}:



STRATEGY, POLICY AND MANAGER SELECTION:

- embedding ESG considerations in the organisation's strategy, policies and governance structures, and defining a forestry responsible investment policy;
- using ESG considerations and investment trends, such as climate change and the SDGs, as central elements of asset allocation and portfolio construction; and
- ensuring that the forestry manager selection process considers ESG commitments and past performance, including in relation to certification, and the incorporation of ESG factors into fund or legal terms.

ESG RESPONSIBILITIES AND CAPACITY BUILDING:

- defining who has ultimate responsibility for ESG performance, at the asset and investor or manager level (ensuring senior management responsibility for ESG performance typically achieves greater buy-in);
- identifying and acting on ESG training needs and information gaps at the fund/manager and asset levels, including for third-party operators or contractors; and
- remaining abreast of, and acting on, developments in ESG best practice in relation to forestry, and updating policies and practices accordingly.

ESG DUE DILIGENCE, RISK MANAGEMENT AND VALUE CREATION

- ensuring that ESG due diligence considers the long lifecycle and all facets of forestry operations, from land rights to planting and harvesting, engagement with communities and asset disposal;
- being active owners, whether directly or through managers, by driving performance and engaging on material ESG issues, including in relation to third-party operators; and
- incorporating international best practice on ESG consideration in forestry (such as certification and the IFC Performance Standards) into asset-level policies and performance.

PERFORMANCE INDICATORS AND ONGOING MONITORING:

- basing ESG KPIs on the most material issues for the investment and overall strategy, which for forestry could include: pure conservation strategies as opposed to sustainable timber production strategies; developed markets as opposed to emerging markets; and plantation forests as opposed to virgin forests.
- tying the KPIs, where possible, to financial reporting or aligning them with management's financial incentives; and
- ensuring that ongoing monitoring of the investments and/or assets includes performance against ESG KPIs.

⁷ As adapted from the PRI's [Forestry Investor Responsible Investment Due Diligence Questionnaire](#).

⁸ For further resources on selecting, appointing and monitoring managers, please see: <https://www.unpri.org/asset-owners/selecting-appointing-and-monitoring-managers>

TRANSPARENT AND TIMELY ESG DISCLOSURES

- defining protocols for regular reporting on ESG performance, as well as on an ad-hoc basis for ESG incidents (such as health and safety incidents, wildfires and protests against operations) that reach defined materiality thresholds; and
- ensuring, at a minimum, board awareness of material ESG issues and regular discussion of such issues at risk committee meetings; and considering emerging disclosure requirements based on new regulatory or societal demands, such as the Task Force on Climate-Related Financial Disclosure (TCFD)⁹.

Australian asset owner VicSuper's approach to responsible investment in forestry encompasses many of these elements. For example:

- Prospective timber investment managers must be able to present a comprehensive responsible investment policy.
- The due diligence process requires managers to: adopt relevant third-party certifications; have an approach to protecting biodiversity; consider ESG factors when selecting third-party operators; consider climate change risk; and have a strong approach to community engagement.
- A range of outcomes-focused metrics for managers are defined, such as: hectares planted and harvested; the total population of protected species on the holdings; lost time injury frequency rate; and employment created.
- A regular reporting schedule on ESG performance is also put in place.

See Appendices A and B for more detail on the resources and frameworks available for forestry investors to support their management of ESG issues.

⁹ The PRI's guidance on ESG monitoring, reporting and dialogue in private equity provides examples of good practice on these issues that forestry investors can adapt: <https://www.unpri.org/private-equity/esg-monitoring-reporting-and-dialogue-in-private-equity/3295.article>

FORESTRY AS A CLIMATE INVESTMENT

Beyond looking at ESG consideration from a risk and opportunity perspective, forestry investors and managers are increasingly seeking to generate positive impact in addition to market returns, particularly regarding issues such as climate change and those related to the SDGs.

From a climate perspective, strategies include:

- **Renewable energy:** biomass, such as wood pellets, are burned instead of fossil fuels to generate electricity. In 2016, 10 percent of the world's total energy supplies came from biomass. Critics have argued that green claims for biomass are misleading, as carbon and other chemicals are released into the atmosphere when the biomass is burned. However, proponents of biomass argue that the process can be considered carbon-neutral as the carbon released is effectively recaptured by the growth of new trees.
- **Forestry projects sold as carbon offsets:** established emission trading schemes, such as California's cap-and-trade scheme, allow for certain types of forestry projects to be sold as carbon offsets to more heavily polluting industries. Other jurisdictions like New Zealand and the EU are well positioned to follow suit, particularly with technological advancements and verification schemes in place to measure the carbon sequestered by trees in the projects. However, the lack of political will to implement carbon markets in many countries and regions, compounded by ongoing debate over how to effectively price carbon within them, remains an obstacle to large-scale investment in forestry for carbon offsetting purposes.
- **Other forestry conservation schemes:** in the US, the sale of conservation easements has, as previously noted, become an established strategy. Internationally, the UN-backed REDD and REDD+ Programmes were established to encourage governments in developing countries to "reduce emissions from forested lands and invest in low-carbon paths to sustainable development¹⁰". This entails promoting schemes that promise results-based payments in return for actions that promote community development and reduce forest carbon emissions. By mid-2018, an estimated 6.3 gigatons of emission reductions were reported to have been achieved under the REDD+ Programme, although financing has almost entirely come from the government rather than private sources because, at present, the REDD+ projects do not generally generate market returns.

These efforts have been driven largely by developments such as the 2015 Paris Agreement and the Intergovernmental Panel on Climate Change's 2018 report¹¹ on the steps needed to limit global warming to 1.5C. Government representatives in Paris stated:

“We, leaders, today in Paris on November 30th 2015, recognise the essential role forests play in the long-term health of our planet, in contributing to sustainable development, and in meeting our shared goal of avoiding dangerous climate change¹².”

Forestry is also included among the EU's initial 24 economic activities that contribute substantially to climate change mitigation as part of its overall action plan for boosting the role of finance in driving sustainable growth.

¹⁰ <http://www.fao.org/climate-change/programmes-and-projects/detail/en/c/328993/>

¹¹ <https://www.ipcc.ch/sr15/>

¹² <https://unfccc.int/news/forests-as-key-climate-solution>

ACHIEVING THE SDGS THROUGH FORESTRY INVESTING

In addition to climate impact, the strategies highlighted in the previous section also have an explicit focus on the broader tenets of sustainable development, and the involvement of local communities. They emphasise that the desired ecological and environmental benefits of investments cannot be achieved without relevant stakeholder buy-in, and that there should not be a trade-off between seeking environmental benefits and supporting local development, and better social and governance performance.

Forestry investing, through such strategies, among others, can therefore also potentially play a part in achieving the 17 SDGs, many of which can be tied directly or indirectly to forestry. For example:

- SDG 3: Good health and well-being
- SDG 6: Clean water and sanitation
- SDG 7: Affordable and clean energy
- SDG 12: Responsible consumption and production
- SDG 13: Climate action

Currently, different asset owners and investment managers employ different approaches to assessing their contribution to the SDGs. A core step to help ensure that forestry's potential in this regard is fulfilled is therefore to enhance the reliability and consistency of SDG-related metrics within the industry.

SUSTAINABLE DEVELOPMENT GOALS



NEXT STEPS: THE FUTURE OF FORESTRY INVESTING

The future of responsible forestry investing depends on how successfully the asset class can feature in the mainstream debates that are likely to shape the responsible investment universe in the coming years. Important questions to consider include:

- Do certification requirements need to evolve, such as in relation to carbon footprints or generating positive impact?
- Can an appropriate price be placed on carbon or the concept of natural capital so that different types of forestry investment for conservation appeal more to institutional investors?
- Can forestry managers respond to emission trading schemes by developing products that are attractive to investors and meet scientific standards that demonstrate their carbon impact?
- What is the right balance to strike between seeking more land for afforestation and reforestation purposes, and the need to meet broader social and economic development goals (such as agricultural land use to meet food supply requirements, or general business activities)?
- How can forestry investors measure and report on the impact of their investments in relation to the SDGs, thereby becoming an integral part of the mainstream impact investing conversation?

Addressing these issues will require input from a range of stakeholders, particularly forestry investors and managers themselves, governments and policy makers, and potentially groups such as non-governmental organisations and other forestry industry players. This could include:



FORESTRY INVESTORS AND MANAGERS	POLICY MAKERS	OTHER STAKEHOLDERS
<ul style="list-style-type: none"> ■ Further incorporation of ESG factors into investment decision making, such as deepening existing governance practices, and sharing best practice. ■ Further refinement of strategies and investment products that can create positive impacts and generate market returns, particularly on climate change and the SDGs. ■ Transparent and consistent approach to ESG disclosure, particularly regarding the carbon impact of projects and investments. ■ Active ownership and engagement with managers and third-party operators to improve practices and understanding of key issues. ■ For asset owners: work with managers to develop focused reporting requirements that encourage positive action on key issues by managers and third-party operators. 	<ul style="list-style-type: none"> ■ Stronger action on climate change by creating or deepening carbon markets and emission trading schemes in which forestry investment products can play a substantive role. ■ Consider the concept of natural capital in, for example, accounting standards and land valuations to capture non-financial benefits of forestry versus other types of land use, particularly agriculture. ■ Implementation or continuation of renewable energy mandates to support non-fossil fuel sources of power generation, including biomass. ■ Regulatory requirements, or strong enforcement of existing regulations on, for example, illegal logging and deforestation, and land rights and usage. 	<ul style="list-style-type: none"> ■ Continued research and investor and public education on the role of forestry in relation to issues such as climate change and the SDGs. ■ Creation and dissemination of standardised impact metrics to support consistent measurement and performance reporting. ■ Continued improvements in science-based verification techniques to ensure the carbon impact of forestry investing is recorded appropriately.

APPENDIX A: CERTIFICATION

Certification is central to many forestry investors' and managers' management of ESG issues, particularly environmental and social factors. Industry players demonstrate their commitment to basic sustainability standards by seeking certification from bodies such as the Forest Stewardship Council (FSC) and the Programme for

the Endorsement of Forest Certification (PEFC). Before committing to funds, many asset owners demand proof of certification, or proof that holdings are – or can be – managed in line with certification standards in the absence of formal certification.

FSC AND PEFC AT A GLANCE

 FOREST STEWARDSHIP COUNCIL	 PROGRAMME FOR THE ENDORSEMENT OF FOREST CERTIFICATION
<p>10 core principles addressing issues including:</p> <ul style="list-style-type: none"> ■ worker and community well-being; ■ relations with indigenous communities; ■ effective management and monitoring systems; and ■ conservation of ecosystems and minimising environmental impact. 	<p>Seven key areas, including:</p> <ul style="list-style-type: none"> ■ maintenance and enhancement of forest ecosystems, forest resources, biological diversity, and management of soil and water quality; and ■ maintenance of socioeconomic functions and conditions.
<p>Multi-stakeholder designed and owned-system (including by groups such as the Rainforest Alliance and the Nature Conservancy) that provides independent monitoring and certification for forestry operations.</p>	<p>Brings together independent, national monitoring schemes in over 40 countries to assess forests' performance against the above criteria.</p>
<p>Covers over 180 million hectares in 80 countries.</p>	<p>Covers over 300 million hectares in over 40 countries.</p>

While most studies on the effectiveness of certification suggest that it generally has led to better environmental and social practices within the industry, findings also indicate that it has not always prevented further deforestation – one of its core aims. NGOs and activists have also pointed to several cases where certification has been insufficient to prevent alleged malpractice on social and environmental issues by forestry managers and companies, often in countries with weak governance and rule of law. There have also been accusations regarding the use of certification to greenwash the forestry industry in more developed markets.

For responsible investors, certification is increasingly seen as the starting point of sustainability activities in relation to forestry. It is also important to note that governance issues are not covered in-depth by the certification schemes, and therefore need to be addressed independently.

APPENDIX B: INVESTOR TOOLS AND RESOURCES

Below is a non-exhaustive list of tools and guidance that forestry investors and managers can use as they consider and integrate ESG factors.

- The Food and Agriculture Organization of the United Nations' Sustainable Forest Management [Toolbox](#) gathers tools and examples of best practice on forestry management themes.
- CDC and DEG, the UK's and Germany's respective development finance institutions, have produced [guidance](#) for managing legacy land issues in agribusiness investments, and is applicable in many forestry investment contexts. It recognises the importance of land rights issues for investors and local communities. Although such issues are typically seen in emerging markets, investors in developed markets – particularly those with significant indigenous populations or deep-rooted rural communities – should be aware of the related risks and opportunities, and potential solutions, identified by CDC and DEG.
- [The IFC Environmental and Social Performance Standards](#) and the [World Bank's Environmental, Health, and Safety Guidelines](#):
 - Although not specific to forestry, these frameworks cover expectations on good practice for investors, managers and third-party operators on issues that are potentially material to forestry investment, such as labour health and safety, the protection of biodiversity, and relations with indigenous communities and local communities.
 - These frameworks were established for projects or investments involving World Bank or IFC funding, but are increasingly being adopted, directly or in another form, by a broader range of financial institutions and investors as a basis for identifying and managing ESG risks. Moreover, although often considered as tools to support investors in emerging markets, the principles are applicable to developed markets.
- PricewaterhouseCoopers and the World Business Council for Sustainable Development jointly produced a [Sustainable Forest Finance Toolkit](#). Ostensibly aimed at project financiers, the toolkit nonetheless identifies potentially material issues for forestry investors to consider as part of their due diligence process on managers and other elements of the value chain. It also provides resources to support potential engagement between asset owners and their managers on specific issues, and for the development of forestry responsible investment policies and strategies.
- The PRI's [Responsible investment due diligence questionnaire for forestry investors](#) supports asset owners during the forestry manager selection process with baseline questions to address managers' general approach to, ongoing management and monitoring of, and disclosure on, responsible investment in the sector.

The Principles for Responsible Investment (PRI)

The PRI works with its international network of signatories to put the six Principles for Responsible Investment into practice. Its goals are to understand the investment implications of environmental, social and governance (ESG) issues and to support signatories in integrating these issues into investment and ownership decisions. The PRI acts in the long-term interests of its signatories, of the financial markets and economies in which they operate and ultimately of the environment and society as a whole.

The six Principles for Responsible Investment are a voluntary and aspirational set of investment principles that offer a menu of possible actions for incorporating ESG issues into investment practice. The Principles were developed by investors, for investors. In implementing them, signatories contribute to developing a more sustainable global financial system.

More information: www.unpri.org



The PRI is an investor initiative in partnership with UNEP Finance Initiative and the UN Global Compact.

United Nations Environment Programme Finance Initiative (UNEP FI)

UNEP FI is a unique partnership between the United Nations Environment Programme (UNEP) and the global financial sector. UNEP FI works closely with over 200 financial institutions that are signatories to the UNEP FI Statement on Sustainable Development, and a range of partner organisations, to develop and promote linkages between sustainability and financial performance. Through peer-to-peer networks, research and training, UNEP FI carries out its mission to identify, promote, and realise the adoption of best environmental and sustainability practice at all levels of financial institution operations.

More information: www.unepfi.org



United Nations Global Compact

The United Nations Global Compact is a call to companies everywhere to align their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption, and to take action in support of UN goals and issues embodied in the Sustainable Development Goals. The UN Global Compact is a leadership platform for the development, implementation and disclosure of responsible corporate practices. Launched in 2000, it is the largest corporate sustainability initiative in the world, with more than 8,800 companies and 4,000 non-business signatories based in over 160 countries, and more than 80 Local Networks.

More information: www.unglobalcompact.org

