



# RI TRANSPARENCY REPORT

## 2017

# New Forests Pty Limited

OO 01	Mandatory	Gateway/Peering	General
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OO 01.1	Select the services you offer.
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Fund management

	% of assets under management (AUM) in ranges
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<10%

10-50%

>50%

Fund of funds, manager of managers, sub-advised products

Other, specify

Execution and advisory services

OO 01.2	Additional information. [Optional]
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New Forests is a sustainable real assets investment manager offering leading-edge strategies in forestry, land management, and conservation. Founded in 2005, we offer institutional investors targeted opportunities in the Asia-Pacific region and the United States and have more than AUD 3.7 billion in assets under management. Our assets include sustainable timber plantations, rural land, and conservation investments related to ecosystem restoration and protection. New Forests focuses on managing our clients' assets for a future in which landscapes will encompass both production and conservation values.

OO 02	Mandatory	Peering	General
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OO 02.1	Select the location of your organisation's headquarters.
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Australia

OO 02.2	Indicate the number of countries in which you have offices (including your headquarters).
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1

2-5

6-10

>10

OO 02.3	Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).
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50

OO 02.4	Additional information. [Optional]
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OO 03	Mandatory	Descriptive	General
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OO 03.1	Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.
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Yes

No

OO 04	Mandatory	Gateway/Peering	General
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OO 04.1	Indicate the year end date for your reporting year.
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31/12/2016

OO 04.2	Indicate your total AUM at the end of your reporting year, excluding subsidiaries you have chosen not to report on.
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Total AUM  
3,009,000,000AUD

OO 05	Mandatory to Report, Voluntary to Disclose	Gateway	General
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OO 05.1	Provide an approximate percentage breakdown of your AUM at the end of your reporting year using the following asset classes:
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	Internally managed (%)	Externally managed (%)
Listed equity	0	0
Fixed income	0	0
Private equity	0	0
Property	0	0
Infrastructure	0	0
Commodities	0	0
Hedge funds	0	0
Forestry	>50%	0
Farmland	0	0

Inclusive finance	0	0
Cash	0	0
Other (1), specify	0	0
Other (2), specify	0	0

OO 06	Mandatory	Descriptive	General
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OO 06.1	How you would like to disclose your asset class mix.
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- as percentage breakdown
- as broad ranges

OO 09	Mandatory to Report, Voluntary to Disclose	Peering	General
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OO 09.1	Indicate the breakdown of your organisation's AUM by market.
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Developed Markets	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50 %
Emerging, Frontier and Other Markets	<input type="radio"/> 0% <input checked="" type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %
Total	100%

OO 09.2	Additional information. [Optional]
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- New Forests manages geographically-focused investment strategies across three regional investment programs.
- Sustainable timberland investment in Australia and New Zealand (developed markets)
  - Sustainable forestry investment in Southeast Asia (emerging and frontier markets)
  - Carbon forestry and conservation finance in the United States (developed markets)

OO 11	Mandatory	Gateway	General
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OO 11.1	Select the internally managed asset classes in which you addressed ESG incorporation into your investment decisions and/or your active ownership practices (during the reporting year).
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- Forestry
- None of the above

OO 12	Mandatory	Gateway	General
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OO 12.1	Select from below any additional applicable modules or sections you would like to report on voluntarily. You are only required to report on asset classes that represent 10% or more of your AUM.
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Core modules	
<input checked="" type="checkbox"/>	Organisational Overview
<input checked="" type="checkbox"/>	Strategy and Governance
Closing module	
<input checked="" type="checkbox"/>	Closing module

SG 01.1 Indicate if you have an investment policy that covers your responsible investment approach.

Yes

SG 01.2 Indicate the components/types and coverage of your policy.

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach	<input checked="" type="checkbox"/> Applicable policies cover all AUM <input type="checkbox"/> Applicable policies cover a majority of AUM <input type="checkbox"/> Applicable policies cover a minority of AUM
<input checked="" type="checkbox"/> Formalised guidelines on environmental factors	
<input checked="" type="checkbox"/> Formalised guidelines on social factors	
<input checked="" type="checkbox"/> Formalised guidelines on corporate governance factors	
<input checked="" type="checkbox"/> Asset class-specific RI guidelines	
<input checked="" type="checkbox"/> Sector specific RI guidelines	
<input type="checkbox"/> Screening / exclusions policy	
<input type="checkbox"/> Other, specify (1)	
<input type="checkbox"/> Other, specify(2)	

SG 01.4 Indicate what norms you have used to develop your investment policy that covers your responsible investment approach.

- UN Global Compact Principles
- UN Guiding Principles on Business and Human Rights
- Universal Declaration of Human Rights
- International Bill of Human Rights
- International Labour Organization Conventions
- United Nations Convention Against Corruption
- OECD Guidelines for Multinational Enterprises
- Other, specify (1)

**other (1) description**  
Forest Stewardship Council, which includes ILO core conventions

Other, specify (2)  
**other (2) description**  
IFC Performance Standards

Other, specify (3)  
**other (3) description**  
Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries, and Forests DFI Toolkit on Corporate Governance ISO 14001 Environmental Management Systems

None of the above

No

SG 01.6 Provide a brief description of the key elements, any variations or exceptions to your investment policy that covers your responsible investment approach. [Optional]

New Forests' Responsible Investment Policy sets out how we integrate environmental, social, and governance (ESG) considerations into our investment programs. We do this in order to lower risk and support stable returns from our investments, but also because innovative approaches to forest and land management can add value to our investments. This policy forms a component of New Forests' Social and Environmental Management System (SEMS).

The Responsible Investment Policy provides specific guidance for means of implementation, including:

- Compliance with New Forests' Social and Environmental Management System
- Compliance with Laws, Regulations, and Voluntary Commitments
- Use of Third-party Certification, Industry Standards, and Best Practice Guidelines
- Community Engagement and Stakeholder Relations
- Culture of Workplace Health & Safety
- Transparency via Regular Reporting

The policy was approved by New Forests' Board of Directors in March 2015 and superseded the company's Social and Environmental Policy. The S&E Policy was originally created in 2010 together with the SEMS, and was based around four guiding principles: responsible investment, third-party certification, transparency, and continual improvement. As a result of the SEMS Management Review conducted in 2014, and together with our evolving sustainability programs, the company decided the Responsible Investment Policy would better reflect the purpose and objectives of integrating ESG into our investment programs. The new policy builds upon New Forests' approach to responsible investment by creating a formal commitment to ESG integration, defining the scope and application of the policy, indicating the tools that should be used to implement the policy, and formalising a requirement for monitoring and review.

SG 02.1 Indicate which of your investment policy documents (if any) are publicly available. Provide a URL and an attachment of the document.

Policy setting out your overall approach

URL/Attachment	
<input checked="" type="checkbox"/> URL	<a href="http://www.newforests.com.au/wp-content/uploads/2015/03/RIPolicy.pdf">http://www.newforests.com.au/wp-content/uploads/2015/03/RIPolicy.pdf</a>
<input type="checkbox"/> Attachment (will be made public)	
<input checked="" type="checkbox"/> Formalised guidelines on environmental factors	
URL/Attachment	
<input checked="" type="checkbox"/> URL	<a href="http://www.newforests.com.au/wp-content/uploads/2015/03/RIPolicy.pdf">http://www.newforests.com.au/wp-content/uploads/2015/03/RIPolicy.pdf</a>
<input type="checkbox"/> Attachment (will be made public)	
<input checked="" type="checkbox"/> Formalised guidelines on social factors	
URL/Attachment	
<input checked="" type="checkbox"/> URL	<a href="http://www.newforests.com.au/wp-content/uploads/2015/03/RIPolicy.pdf">http://www.newforests.com.au/wp-content/uploads/2015/03/RIPolicy.pdf</a>
<input type="checkbox"/> Attachment (will be made public)	
<input checked="" type="checkbox"/> Formalised guidelines on corporate governance factors	
URL/Attachment	
<input checked="" type="checkbox"/> URL	<a href="http://www.newforests.com.au/wp-content/uploads/2015/03/RIPolicy.pdf">http://www.newforests.com.au/wp-content/uploads/2015/03/RIPolicy.pdf</a>
<input type="checkbox"/> Attachment (will be made public)	
<input checked="" type="checkbox"/> Asset class-specific RI guidelines	
URL/Attachment	
<input checked="" type="checkbox"/> URL	<a href="http://www.newforests.com.au/wp-content/uploads/2015/03/RIPolicy.pdf">http://www.newforests.com.au/wp-content/uploads/2015/03/RIPolicy.pdf</a>
<input type="checkbox"/> Attachment (will be made public)	
<input checked="" type="checkbox"/> Sector specific RI guidelines	
URL/Attachment	
<input checked="" type="checkbox"/> URL	<a href="http://www.newforests.com.au/wp-content/uploads/2015/03/RIPolicy.pdf">http://www.newforests.com.au/wp-content/uploads/2015/03/RIPolicy.pdf</a>
<input type="checkbox"/> Attachment (will be made public)	
<input type="checkbox"/> We do not publicly disclose our investment policy documents	

**SG 02.4** Additional information [Optional].

More detailed asset class and sector-based guidelines are included within New Forest's Social and Environmental Management System (SEMS). Screening and exclusions are included within fund policies, where relevant, to support compliance with the investment exclusions of LPAs and Management Agreements.

Our SEMS is a proprietary system that enables our proactive management of social and environmental issues associated with our investment activities. As such, we believe it is an important competitive advantage. Therefore, we do not make this information public. Clients and other interested stakeholders can request a copy of the SEMS, and clients are welcome to review associated internal documentation and audit reports.

**SG 03** **Mandatory** **Core Assessed** **General**

**SG 03.1** Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.

Yes

**SG 03.2** Describe your policy on managing potential conflicts of interest in the investment process.

New Forests' Managing Conflicts of Interest (COI) policy supports identification and management of COIs that may arise. Identifying actual, potential, and perceived COIs is the responsibility of all New Forests' board members, committee members, and employees, and in particular, each individual is responsible for:

- Being aware of and complying with the obligations of the policy.
- Formally disclosing all personal interests, regardless of materiality, in accordance with the policy.
- Assessing whether personal and business interests conflict or have the potential to conflict with their duties.
- Avoiding a COI, where possible.
- Complying with any New Forests directives in relation to the management of COIs.

The components of our COI policy include guidance and instruction on:

- Identifying COIs
- Managing COIs
- Implementation of the policy and responsible parties
- Recordkeeping
- Report of breaches
- Oversight mechanisms

To ensure COIs are managed, New Forests shall implement an appropriate response by controlling, disclosing, or avoiding actual, perceived, or potential COIs, where appropriate. In addition, New Forests shall maintain a COI Register to include COIs and the steps taken to manage each COI such that the quality of New Forests' financial services is not compromised as a result of managing the conflict.

No

SG 04	Voluntary	Descriptive	General
SG 04.1			
Indicate if your organisation has a process for identifying and managing incidents that occur within portfolio companies.			
<input checked="" type="checkbox"/> Yes <input type="radio"/> No			

SG 05	Mandatory	Gateway/Core Assessed	General
SG 05.1			
Indicate if and how frequently your organisation sets and reviews objectives for its responsible investment activities.			
<input type="radio"/> Quarterly or more frequently <input type="radio"/> Biannually <input checked="" type="checkbox"/> Annually <input type="radio"/> Less frequently than annually <input type="radio"/> Ad-hoc basis <input type="radio"/> It is not reviewed			
SG 05.2			
Additional information. [Optional]			
<p>New Forests sets responsible investment goals as part of corporate business planning and reviews and reports on performance on an annual basis in our Annual Sustainability Report. At the level of each investment fund, asset management targets are set in order to comply with the company's Social and Environmental Management System. Key social and environmental performance and issues are reported each quarter for all funds, and annual internal audits of SEMS compliance (including with objectives for asset management and certification) are conducted for each fund. Finally, each staff member has a key performance indicator related to responsible investment that is reviewed biannually as part of performance reviews and evaluation.</p> <p>In 2016 New Forests established our Sustainability Working Group (SWG) to progress our corporate sustainability goals. These goals include elaborating areas of shared value creation and integrating them into investment strategies/asset management and using the Sustainable Landscape Investment framework to measure and benchmark our sustainability performance. To tackle these ambitious tasks, we have brought together a diverse group of New Forests' staff representing each business area within the company to give us a collaborative approach and greater skill sets from which to draw. The SWG will be responsible for developing targets for Sustainable Landscape Investment activities, which are at the core of our responsible investment approach and creating positive real economy changes.</p>			

SG 06	Voluntary	Descriptive	General
SG 06.1			
List the main responsible investment objectives that your organisation set for the reporting year.			
Responsible investment processes			
<input type="checkbox"/> Provide training on ESG incorporation <input type="checkbox"/> Provide training on ESG engagement <input type="checkbox"/> Improved communication of ESG activities within the organisation <input type="checkbox"/> Improved engagement to encourage change with regards to management of ESG issues <input checked="" type="checkbox"/> Improved ESG incorporation into investment decision making processes			
Key performance indicator			
(1) SEMS audits completed indicating conformance to incorporation requirements. (2) Improved internal sign offs for ESG incorporation in IC processes across all investments.			
Progress achieved			
(1) SEMS audits indicated compliance with investment decision making requirements. (2) New sign off procedures for US investment products created.			
<input type="checkbox"/> Other, specify (1) <input type="checkbox"/> Other, specify (2) <input type="checkbox"/> Other, specify (3)			
Financial performance of investments			
<input type="checkbox"/> Increase portfolio performance by consideration of ESG factors <input checked="" type="checkbox"/> Other, specify (1)			
other description (1)			
Develop measurable indicators that can be implemented in monitoring our performance against the sustainable landscape investment approach and linking to financial performance			
Key performance indicator			
Sustainability benchmarking system operational and linkages analysed.			
Progress achieved			
Sustainability working group launched and tasked with designing benchmarking framework; work in progress.			
<input type="checkbox"/> Other, specify (2) <input type="checkbox"/> Other, specify (3)			

Other activities	
<input type="checkbox"/>	Joining and/or participation in RI initiatives
<input type="checkbox"/>	Encouraging others to join a RI initiative
<input checked="" type="checkbox"/>	Documentation of best practice case studies
Key performance indicator	
Produce white paper on Sustainable Landscape Investment	
Progress achieved	
Working group to deliver paper at completion of framework development.	
<input checked="" type="checkbox"/>	Using case studies to demonstrate engagement and ESG incorporation to clients
Key performance indicator	
Case studies developed and published.	
Progress achieved	
Case studies to be included in annual sustainability report.	
<input type="checkbox"/>	Other, specify (1)
<input type="checkbox"/>	Other, specify (2)
<input type="checkbox"/>	Other, specify (3)

SG 07	Mandatory	Core Assessed	General
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SG 07.1 Indicate the roles present in your organisation and for each, indicate whether they have oversight and/or implementation responsibilities for responsible investment.

Roles present in your organisation	
<input checked="" type="checkbox"/>	Board members or trustees
<input checked="" type="checkbox"/>	Oversight/accountability for responsible investment
<input type="checkbox"/>	Implementation of responsible investment
<input type="checkbox"/>	No oversight/accountability or implementation responsibility for responsible investment
<input checked="" type="checkbox"/>	Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee
<input checked="" type="checkbox"/>	Oversight/accountability for responsible investment
<input type="checkbox"/>	Implementation of responsible investment
<input type="checkbox"/>	No oversight/accountability or implementation responsibility for responsible investment
<input checked="" type="checkbox"/>	Other Chief-level staff or head of department, specify Executive Director, Investor Services
<input checked="" type="checkbox"/>	Oversight/accountability for responsible investment
<input type="checkbox"/>	Implementation of responsible investment
<input type="checkbox"/>	No oversight/accountability or implementation responsibility for responsible investment
<input checked="" type="checkbox"/>	Portfolio managers
<input type="checkbox"/>	Oversight/accountability for responsible investment
<input checked="" type="checkbox"/>	Implementation of responsible investment
<input type="checkbox"/>	No oversight/accountability or implementation responsibility for responsible investment
<input checked="" type="checkbox"/>	Investment analysts
<input type="checkbox"/>	Oversight/accountability for responsible investment
<input checked="" type="checkbox"/>	Implementation of responsible investment
<input type="checkbox"/>	No oversight/accountability or implementation responsibility for responsible investment
<input checked="" type="checkbox"/>	Dedicated responsible investment staff
<input checked="" type="checkbox"/>	Oversight/accountability for responsible investment
<input checked="" type="checkbox"/>	Implementation of responsible investment
<input type="checkbox"/>	No oversight/accountability or implementation responsibility for responsible investment
<input checked="" type="checkbox"/>	External managers or service providers
<input type="checkbox"/>	Oversight/accountability for responsible investment
<input checked="" type="checkbox"/>	Implementation of responsible investment
<input type="checkbox"/>	No oversight/accountability or implementation responsibility for responsible investment
<input checked="" type="checkbox"/>	Investor relations
<input checked="" type="checkbox"/>	Oversight/accountability for responsible investment
<input type="checkbox"/>	Implementation of responsible investment
<input type="checkbox"/>	No oversight/accountability or implementation responsibility for responsible investment
<input type="checkbox"/>	Other role, specify (1)
<input type="checkbox"/>	Other role, specify (2)

SG 07.2	For the roles for which you have RI oversight/accountability or implementation responsibilities, indicate how you execute these responsibilities.
<p>Board of Directors --&gt; Oversight of sustainability programs</p> <ul style="list-style-type: none"> <li>• Approve RI Policy</li> <li>• Approve SEMS Management Review</li> <li>• Approve annual sustainability report</li> </ul>	
<p>Executive Committee --&gt; Oversight of sustainability programs and set sustainability goals and strategy</p> <ul style="list-style-type: none"> <li>• Approve SEMS guidance documents and key procedures</li> <li>• Inclusion of sustainability within business strategy and management</li> </ul>	
<p>Risk &amp; Compliance Committee --&gt; Oversight of ESG risks and compliance</p> <ul style="list-style-type: none"> <li>• Review SEMS audit reports and Management Review</li> <li>• Approve variances to SEMS compliance or processes if related to an ESG risk</li> </ul>	
<p>Management Committee(s) --&gt; Oversight of ESG management</p> <ul style="list-style-type: none"> <li>• Approve variances to SEMS compliance or processes for assets under management</li> </ul>	
<p>Investor Services team (via Associate Director, Sustainability &amp; Communications) --&gt; Oversight and implementation of ESG management</p> <ul style="list-style-type: none"> <li>• Administer the SEMS and RI Policy and associated activities</li> <li>• Provide guidance to Board, committees, and staff on ESG issues</li> <li>• Monitor ESG performance and report on ESG performance to senior management and stakeholders at least annually</li> <li>• Internal sign-off on investments from ESG risk and management perspective</li> <li>• Recommend variances to SEMS compliance to committees as needed</li> <li>• Issue SEMS documents for approval to committees</li> </ul>	
<p>Portfolio managers and investment analysts --&gt; Implement ESG management</p> <ul style="list-style-type: none"> <li>• Comply with SEMS and Declaration Documents</li> <li>• ESG assessments in due diligence and asset management</li> <li>• ESG implementation support to third parties</li> <li>• Delegate to third parties with control over ESG related activities</li> <li>• Manage investment team staff responsible for ESG impacts and management</li> </ul>	

SG 07.3	Indicate the number of dedicated responsible investment staff your organisation has.
3	

SG 07.4	Additional information. [Optional]
<p>New Forests is committed to conducting business in a responsible and ethical manner. We have in place a governance and compliance framework driven by regulatory compliance (including for the company's Australian Financial Services Licence); funds management governance, administration, and operational control systems; and a Social and Environmental Management System (SEMS). Key aspects of New Forests' approach include a body of company policies and procedures and regular compliance training.</p> <p>New Forests' governance bodies work across the business to promote ethical and responsible decision making; recognise and manage risks; maintain fiscal responsibility; lay a solid foundation for management and oversight; and make timely and balanced disclosures. This governance approach is also closely linked to the involvement of senior management and the New Forests Board of Directors in ensuring our business' success, including our commitment to responsible investment.</p> <p>Our responsible investment activities are directly integrated into this governance framework via our SEMS and its related Responsible Investment Policy. New Forests' SEMS operates across our business with integration at the Board, corporate, and investment product levels. New Forests' Board of Directors is responsible for setting the company's Responsible Investment Policy. The SEMS is administered at the corporate level by the SEMS Manager with responsibility for overseeing the implementation of the SEMS, including oversight of its implementation within all New Forests' investment products and annual evaluation and reporting as part of internal SEMS audits. At the investment product level, Portfolio Manager(s) are responsible for applying the guidance in the SEMS to each investment product and integrating the SEMS policies throughout the investment management process as defined in the SEMS Declaration Documents. The SEMS Manager reports on SEMS performance, at least once per year, to the Risk and Compliance Committee and the New Forests Board of Directors for review and recommendations for continual improvement. The Board provides input and feedback, which are used to generate improvement within the SEMS and New Forests' business in terms of managing material ESG issues.</p>	

SG 08	Voluntary	Additional Assessed	General
SG 08.1	Indicate if your organisation's performance management, reward and/or personal development processes have a responsible investment element.		
<input type="checkbox"/> Responsible investment included in personal development and/or training plan <input checked="" type="checkbox"/> None of the above <input checked="" type="checkbox"/> Responsible investment KPIs and/or goals included in objectives <input type="checkbox"/> Responsible investment included in appraisal process <input type="checkbox"/> Variable pay linked to responsible investment performance <input type="checkbox"/> Responsible investment included in personal development and/or training plan <input type="checkbox"/> None of the above			



Executive Director, Investor Services

- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- Responsible investment included in personal development and/or training plan
- None of the above
- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- Responsible investment included in personal development and/or training plan
- None of the above
- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- Responsible investment included in personal development and/or training plan
- None of the above
- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- Responsible investment included in personal development and/or training plan
- None of the above
- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- Responsible investment included in personal development and/or training plan
- None of the above

SG 08.3

Provide any additional information on your organisation's performance management, reward and/or personal development processes in relation to responsible investment.

New Forests uses an annual objective setting process to foster staff development. Within the objectives and appraisal documentation, each staff member has an item related to responsible investment and sustainability, which involves an objective set by the staff member together with their supervisor. In addition, each staff member has a training and personal development plan, which may include targeted responsible investment training or related activities, such as courses, conference attendance, and independent learning.

SG 09

Mandatory

Core Assessed

PRI 4,5

SG 09.1

Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.

- Principles for Responsible Investment

Your organisation's role in the initiative during the reporting period (see definitions)

Moderate

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

- PRI Signatory.
- Attendance at PRI and PRI regional network events, including PRI in Person and presenting on a panel at the conference.
- Participation in the private equity work stream's working group on Limited Partner Due Diligence Questionnaire (LP DDQ). The working group developed and disseminated new guidance for LP DDQs to support enhanced engagement on ESG management in the manager selection process.
- Taking part in voluntary PRI surveys and opportunities for feedback. An ongoing objective of our engagement with the PRI is to increase dialogue within the investment community around the opportunities for integrating responsible investment in real assets.

- AFIC – La Commission ESG
- Asian Corporate Governance Association
- Australian Council of Superannuation Investors
- BVCA – Responsible Investment Advisory Board
- CDP Climate Change

Your organisation's role in the initiative during the reporting period (see definitions)

Basic

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Investor Signatory

- CDP Forests

Your organisation's role in the initiative during the reporting period (see definitions)
Basic
Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]
Investor Signatory
<input type="checkbox"/> CDP Water <input type="checkbox"/> CFA Institute Centre for Financial Market Integrity <input type="checkbox"/> Code for Responsible Investment in SA (CRISA) <input type="checkbox"/> Code for Responsible Finance in the 21st Century <input type="checkbox"/> Council of Institutional Investors (CII) <input type="checkbox"/> ESG Research Australia <input type="checkbox"/> Eumedion <input type="checkbox"/> EVCA – Responsible Investment Roundtable <input type="checkbox"/> Extractive Industries Transparency Initiative (EITI) <input type="checkbox"/> Global Investors Governance Network (GIGN) <input checked="" type="checkbox"/> Global Impact Investing Network (GIIN)
Your organisation's role in the initiative during the reporting period (see definitions)
Moderate
Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]
<ul style="list-style-type: none"> <li>• GIIN Member.</li> <li>• Participation in voluntary surveys.</li> <li>• Several phone interviews and discussions to support the development of programs and services related to real assets, including benchmark for real assets impact investment tool.</li> <li>• Applying the GIIN's IRIS impact metric system to monitor and report on ESG impacts.</li> <li>• Attendance at the GIIN Investor Forum.</li> </ul> <input type="checkbox"/> Global Real Estate Sustainability Benchmark (GRESB) <input type="checkbox"/> Green Bond Principles <input type="checkbox"/> Institutional Investors Group on Climate Change (IIGCC) <input type="checkbox"/> Interfaith Center on Corporate Responsibility (ICCR) <input type="checkbox"/> International Corporate Governance Network (ICGN) <input type="checkbox"/> Investor Group on Climate Change, Australia/New Zealand (IGCC) <input type="checkbox"/> International Integrated Reporting Council (IIRC) <input checked="" type="checkbox"/> Investor Network on Climate Risk (INCR)/CERES
Your organisation's role in the initiative during the reporting period (see definitions)
Basic
Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]
Individual membership for US staff member, including participation in US events of CERES.
<input type="checkbox"/> Local Authority Pension Fund Forum <input type="checkbox"/> Principles for Sustainable Insurance <input checked="" type="checkbox"/> Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify RIAA
Your organisation's role in the initiative during the reporting period (see definitions)
Basic
Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]
Attendance at RIAA events and individual membership.
<input type="checkbox"/> Responsible Finance Principles in Inclusive Finance <input type="checkbox"/> Shareholder Association for Research and Education (Share) <input type="checkbox"/> United Nations Environmental Program Finance Initiative (UNEP FI) <input type="checkbox"/> United Nations Global Compact <input checked="" type="checkbox"/> Other collaborative organisation/initiative, specify Forest Stewardship Council Australia and Forest Stewardship Council, A.C.
Your organisation's role in the initiative during the reporting year (see definitions)
Advanced
Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]
New Forests has a representative participating in the FSC Australia Standards Development Group to develop an Australian FSC standard and has contributed financial resources to the standards development process.
New Forests is also a member of FSC International and has participated in informal working groups on key topics such as forest conversion.

- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify  
Australian Forest Products Association

Your organisation's role in the initiative during the reporting year (see definitions)
Advanced
Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]
New Forests has contributed to AFPA's policy development processes, particularly to support proactive lobbying around climate change policy, and has sponsored policy forum events.

SG 10	Mandatory	Core Assessed	PRI 4
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SG 10.1	Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.
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Yes

SG 10.2	Indicate which of the following actions your organisation has taken to promote responsible investment, independently of collaborative initiatives.
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- Provided or supported education or training programmes for clients, investment managers, broker/dealers, investment consultants, legal advisers or other investment organisations
- Provided financial support for academic or industry research on responsible investment
- Encouraged better transparency and disclosure of responsible investment practices across the investment industry
- Spoke publicly at events and conferences to promote responsible investment
- Wrote and published in-house research papers on responsible investment
- Encouraged the adoption of the PRI
- Wrote articles on responsible investment in the media.
- Other, specify

No

SG 10.3	Describe any additional actions and initiatives that your organisation has taken part in during the reporting year to promote responsible investment [Optional]
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Some examples of activities for promotion of responsible investment include:

- Developing a performance benchmarking framework for Sustainable Landscape Investment.
- From time to time, convening events focusing on sustainable real assets issues including responsible investment as a central theme.
- Leading training for portfolio companies and property managers on ESG and responsible investment.
- We have worked with DFI clients to streamline the ESG reporting we provide to them, and included client reporting expectations in portfolio company and property manager trainings and meetings.
- We include information about our PRI signatory status and how we pursue responsible investment and sustainable forest management during informational meetings with prospective clients, timber customers, investee companies, and government representatives (e.g. including one or more slides in a presentation pack).
- We have included information about our approach to responsible investment in investment, forestry, and other types of conferences, including responsible investment conference presentations in addition to those highlighted in the collaborations noted above.
- We published our PRI Public Responsible Investment Report and Assessment Report on our website, and we include reference to the PRI in our standard marketing materials and slide deck templates.
- We participated in the working group on ESG in DDQs as part of the PRI's Private Equity work stream.
- We contribute articles, opinion pieces, and reviews to publications from time to time on responsible investment in forestry.

SG 11	Voluntary	Additional Assessed	PRI 4,5,6
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SG 11.1	Indicate if your organisation - individually or in collaboration with others - conducted dialogue with public policy makers or regulators in support of responsible investment in the reporting year.
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- Yes
- Yes, individually
- Yes, in collaboration with others

SG 11.2	Select the methods you have used.
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- Endorsed written submissions to governments, regulators or public policy-makers developed by others
- Drafted your own written submissions to governments, regulators or public-policy markers
- Participated in face-to-face meetings with government members or officials to discuss policy
- Other, specify

SG 11.3	Where you have made written submissions (individually or collaboratively) to governments and regulatory authorities, indicate if these are publicly available.
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- Yes, publicly available  
[https://unfccc.int/files/parties\\_observers/igo/submissions/application/pdf/709.pdf](https://unfccc.int/files/parties_observers/igo/submissions/application/pdf/709.pdf)
- No
- No

SG 11.4	Provide a brief description of the main topics your organisation has engaged with public policy-makers or regulators on.
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New Forests contributes to public policy dialogue regarding climate change, forest stewardship, water rights and policy, mitigation banking, forest carbon, and other issues that relate to key ESG impacts of our investments. These activities include direct dialogue and engagement, written submissions, working group participation, and activities via industry groups. Throughout 2016 New Forests was active in the Asia Pacific Rainforest Partnership, which engages on forest policy with the Australian government and other governments throughout the region, and we were represented on the Forest Industry Advisory Council to the Australian government. Although our participation in these efforts and any submissions are made openly and directly by New Forests or via collaborations, they are not always publicly available online. In the US, New Forests works with the private sector to promote public policy that supports conservation finance opportunities. For example, in March we participated in the White House Roundtable on Conservation Investment, at which a collective announcement of more than \$2 billion in private sector investments to protect natural resources was announced. For more information, see <https://obamawhitehouse.archives.gov/the-press-office/2016/03/07/fact-sheet-2-billion-new-private-sector-investments-protect-natural>.

SG 12	Mandatory	Descriptive	PRI 1
SG 12.1	Indicate if your organisation executes scenario analysis and/or modelling in which the risk profile of future ESG trends at portfolio level is calculated.		
<input type="checkbox"/> We execute scenario analysis which includes factors representing the investment impacts of future environmental trends <input type="checkbox"/> We execute scenario analysis which includes factors representing the investment impacts of future social trends <input type="checkbox"/> We execute scenario analysis which includes factors representing the investment impacts of future governance trends <input checked="" type="checkbox"/> We execute other scenario analysis, specify New Forests runs scenario analysis on sustainable harvest rates and accounts for a range of environmental factors in investment, operating, and portfolio models <input type="checkbox"/> We do not execute such scenario analysis and/or modelling			
SG 12.2	Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.		
<input checked="" type="checkbox"/> We do the following <input checked="" type="checkbox"/> Allocation between asset classes <input type="checkbox"/> Determining fixed income duration <input checked="" type="checkbox"/> Allocation of assets between geographic markets <input type="checkbox"/> Sector weightings <input type="checkbox"/> Other, specify <input type="radio"/> We do not consider ESG issues in strategic asset allocation			
SG 12.3	Additional information. [OPTIONAL]		
New Forests addresses key sustainability risks and opportunities and takes into account macro drivers, e.g. climate change, population growth, and resource depletion. We focus on the forestry asset class in large part due to its ESG profile. In our Australia and New Zealand funds, we have investment exclusions for native forests (motivated by ESG factors), but as a whole the investment funds are dedicated to sustainable plantation forestry. We also set asset allocation targets based on the ESG considerations by country. Our Tropical Asia Forest Fund has country-based allocations selected for a combination of ESG factors that support investment (e.g. rule of law, investment readiness, scale, clear land tenure) while still enabling ESG improvements (e.g. environmental management improvements, enhanced stakeholder engagement, improved corporate governance). Some of the target countries offer more challenging investment conditions, generally speaking, due to ESG factors and the scale and quality of assets. For some of our clients with a particularly strong RI orientation, investing in these frontier markets is a primary motivation for investing in TAFF, whereas others prefer to limit exposure to frontier markets. Therefore, we seek to balance the exposure to frontier/emerging countries within the TAFF portfolio through geographically based portfolio allocation strategies.			

SG 13	Mandatory to Report, Voluntary to Disclose	Additional Assessed	PRI 1				
SG 13.1	Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following you act on.						
<input checked="" type="checkbox"/> Changing demographics <input checked="" type="checkbox"/> Climate change							
SG 13.2	Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity						
<input type="checkbox"/> Established a climate change sensitive or climate change integrated asset allocation strategy <input checked="" type="checkbox"/> Targeted low carbon or climate resilient investments <input type="checkbox"/> Reduced portfolio exposure to emissions intensive or fossil fuel holdings <input type="checkbox"/> Used emissions data or analysis to inform investment decision making <input type="checkbox"/> Sought climate change integration by companies <input checked="" type="checkbox"/> Sought climate supportive policy from governments <input checked="" type="checkbox"/> Other, specify <table border="1" style="width: 100%; margin-top: 5px;"> <tr> <td style="width: 20%;"></td> <td style="background-color: #0056b3; color: white;">other description</td> </tr> <tr> <td></td> <td>Investing in GHG offset projects for regulated carbon markets</td> </tr> </table> <input type="checkbox"/> None of the above					other description		Investing in GHG offset projects for regulated carbon markets
	other description						
	Investing in GHG offset projects for regulated carbon markets						
SG 13.3	Indicate which of the following tools you use to manage emissions risks and opportunities						
<input checked="" type="checkbox"/> Carbon footprinting <input type="checkbox"/> Scenario testing <input type="checkbox"/> Disclosure on emissions risk to clients/trustees/management/beneficiaries <input type="checkbox"/> Target setting for emissions risk reduction <input type="checkbox"/> Encourage internal and/or external portfolio managers to monitor emissions risk							

Emissions risk monitoring and reporting are formalised into contracts when appointing managers

Other, specify

other description

Investment strategy dedicated to investing in GHG offset projects for regulated carbon markets

None of the above

Resource scarcity

Technology developments

Other, specify(1)

other description (1)

Environmental change, including forest fires, windstorms, pests, and disease

Other, specify(2)

None of the above

SG 13.5 Additional information [Optional]

As the global population and economic output rises, our ability to produce the food, fibre, and fuel that are necessary for future generations is increasingly difficult. Compounding this is the challenge that much of intensified production of these goods has often come at the cost of environmental services that are vital for life. This combination of factors creates a specific opportunity for forward-looking investors to allocate capital to investments that target the sustainable production of goods like timber, natural rubber, and other commodities, while also ensuring their investments do not adversely affect environmental services, which are likely to be increasingly valuable in a nature-constrained world. More forward-looking investors are now increasingly seeking conservation investments, which promote the maintenance and enhancement of ecosystem services.

Ultimately, given the challenges outlined above, New Forests believes capital should flow toward land management systems that value both production and conservation functions. Through our investment strategies we address key sustainability opportunities and risks across both sustainable forestry and conservation investments. These investment strategies are supported by our own responsible investment approach that includes ESG at every step of investment management and that benefit from a growing global movement of responsible investment that enables collaboration with other investors and practitioners.

SG 14 Mandatory to Report, Voluntary to Disclose Descriptive PRI 1

SG 14.1 Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.

Yes

SG 14.2 Specify which thematic area(s) you invest in, indicate the percentage of your AUM in the particular asset class and provide a brief description.

Area

Clean technology (including renewable energy)

Green buildings

Sustainable forestry

Forestry  
100% of AUM

Brief description and measures of investment

**Sustainable timberland investment in Australia and New Zealand.** Timberland investment in Australia and New Zealand offers access to mature timber markets, well-established forestry management systems, and new opportunities from increasing Asian demand for wood products. Investors can be exposed to Asian growth while investing in a stable, low-risk business environment.

**Sustainable forestry in emerging markets of Southeast Asia.** Tropical Southeast Asia is an emerging market for sustainable plantation forestry investment by institutional investors. Our Southeast Asian investment strategy focuses on certified plantation forestry with an emphasis on technological and silvicultural improvements and a rigorous approach to environmental and social values and good governance.

**Conservation forestry and ecosystem restoration in the United States.** Forestry investment in the United States has evolved beyond traditional timber management to also encompass returns driven by conservation management strategies and the valuation of ecosystem services in growing environmental markets.

Sustainable agriculture

Microfinance

SME financing

Social enterprise / community investing

Affordable housing

Education

Global health

Water

Other area, specify

No

SG 15 Mandatory Descriptive General

SG 15.1		Describe how you address ESG issues for internally managed assets for which a specific PRI asset class module has yet to be developed or for which you are not required to report because your assets are below the minimum threshold.
<b>Asset Class</b>	<b>Describe what processes are in place and the outputs or outcomes achieved</b>	
<b>Forestry</b>	<p>New Forests' Social and Environmental Management System (SEMS) is designed to systematically identify, manage, and monitor social and environmental issues associated with our investment activities. The SEMS establishes a framework for each New Forests investment product to determine how it will comply with our RI Policy via a SEMS Declaration Document, which includes requirements for risk categorisation, due diligence, asset management, recordkeeping, and reporting. An annual internal audit is conducted for each fund, which supports management review, client reporting, and annual sustainability reporting.</p> <p>The Certification and Standards Guidance of the SEMS sets a minimum standard for the use of third-party certification and standards across all of our funds. We seek to achieve forest management certification with the Forest Stewardship Council (FSC) for all eligible assets. In cases where an asset is not eligible for full FSC certification, an alternate standard will be selected. The SEMS also includes standards guidance for the use of Environmental Management Systems, the IFC Performance Standards, and forest products chain of custody certifications. Thus, a main objective of the SEMS is achieving and maintaining the appropriate third-party certifications, which results in certified assets that can sell certified timber products.</p>	

SG 15.2	Additional information [Optional].
In addition to the processes described above, New Forests employs operational management staff who have oversee third-party property managers and operating companies, working closely across a variety of ESG issues above and beyond certification requirements.	

SG 17	Voluntary	Descriptive	General
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SG 17.1	Indicate whether any specific features of your approach to responsible investment are particularly innovative.
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Yes

SG 17.2	Describe any specific features of your approach to responsible investment that you believe are particularly innovative.
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New Forests has developed a conceptual model called Sustainable Landscape Investment that encapsulates six themes that we believe drive performance in real assets investment management. We would be pleased to discuss this model with the PRI or others who are interested. In 2016, we launched our Sustainability Working Group to continue to advance our Sustainable Landscape Investment concept and to lead the integration of shared value into our investment strategies. The new working group has been charged with developing a sustainability benchmarking approach to measure ESG impacts of our investments as well as to measure progress toward shared value targets within Sustainable Landscape Investment. At the time of writing, this work is ongoing.

Some of our additional innovations and achievements include:

- being a fund manager wholly-dedicated to forestry and conservation investments that seek to deliver both commercial return and impact
- the only large timberland investment management organisation that publishes an annual sustainability report or uses metrics for social and environmental performance (to the best of our knowledge)
- implementing a company-wide social and environmental management system that applies consistent standards across all investment products and includes an audit system, management review, and continual improvement
- collaborating with Native American tribes to include tribal lands in California's cap-and-trade scheme, which provides revenue to support sustainable forest management on ancestral lands
- developing first-of-their-kind funds for regulated environmental markets opportunities, targeting a sophisticated institutional client base
- developing and launching the first institutional investment fund dedicated to plantation forestry in Southeast Asia

No