



THE FUTURE OF **FORESTRY** **INVESTMENT**

Forests as a Climate Solution
Event Summary and Outcomes
May 16, 2017 — San Francisco, CA



Forests as a Climate Solution - Event Summary

The Forests as a Climate Solution investment symposium included diverse participation from more than 100 investors, NGOs, government, and businesses active in the development and promotion of forestry solutions. This event summary reviews key themes, topics, and inspirations from the symposium. The event was hosted by New Forests on May 16, 2017 in San Francisco, California.

Former VP AI Gore delivered a keynote speech on the case for climate optimism. The speech explored success stories in the fight against climate change, notably the shift to clean energy and renewables. Private sector support and investment has passed a tipping point leading to technology that is cost effective, commercially proven, and resulting in lower emissions. Mr. Gore noted that trees are the best known “technology” for removing carbon dioxide from the atmosphere, and he quipped that taken to scale, you have a forest. Investing in forests to reduce carbon emissions is therefore attractive, and potentially can follow a similar trajectory as the technology development and investment in other sectors

California Senate President pro Tempore Kevin de León delivered a second keynote, focusing on California’s ongoing leadership in addressing climate change. The Senator described that while California’s policy remains ambitious and at the forefront of state actions, there is significant work remaining to be done to address environmental justice, ensure clean and healthy living, and safeguard environmental resources.

Both keynotes support optimism for further climate action in California and beyond. With momentum behind investment in climate change mitigation and renewable solutions, businesses have the opportunity to be leaders of the climate agenda.



PANEL 1:

NATIVE AMERICAN PARTICIPATION IN THE CALIFORNIA CARBON MARKET



SHERI BURETTA
Chugach Alaska Corporation, Chairman

ELMER MOONIN
Port Graham Corporation, COO (pictured above)

THOMAS O'ROURKE
Yurok Tribal Council, Chairman

BRIAN SHILLINGLAW
New Forests, Director, Investments & Operations (Moderator)

The day's first panel discussion showcased Native American initiatives that are providing direct climate benefits as part of private investment in forest-climate mitigation. Representatives from the Yurok Tribal Council (California), Chugach Alaska Corporation (Alaska), and Port Graham Corporation (Alaska) described forestry projects undertaken with New Forests' carbon finance program, Forest Carbon Partners. Each project delivers a combination of social and environmental benefits, including generating carbon offsets for California's cap-and-trade market. Highlights from these real-world climate investment projects included:

- How the Yurok Tribe is ensuring the reacquisition of ancestral tribal lands through carbon finance, and how the tribe seeks to also revitalize traditional livelihoods and crafts as co-benefits of their ancestral lands programs.
- Why Chugach opted to sell its coal field rights, and ensure that these lands will never be mined, as part of a groundbreaking transaction to manage its timberlands within an improved forest management carbon project rather than to develop the coal rights.
- Port Graham Corporation's motivation for engaging in long-term environmental protection and sustainable development against a backdrop of external environmental threats from climate change and a history of damage from oil spills.

NEW FORESTS' CLIMATE IMPACTS VIA FOREST CARBON PARTNERS

Forest Carbon Offsets

New Forests finances and develops forest carbon offset projects for the California cap and trade program as part of our Carbon Forestry investment strategy as well as through partnerships with private landowners, non-profits, and Native American tribes. Beyond climate change mitigation, these offset projects support working forests, rural communities, and provide ecosystem services such as watershed protection and biodiversity habitat.

Learn more at www.forestcarbonpartners.com



PANEL 2:

FOREST-CLIMATE INVESTMENT OPPORTUNITIES



CÉLINE CLAUDON
IWC, Director of Client Relations

CHRIS LARSON
New Island Capital, President and CEO

SUSAN PHINNEY SILVER
David and Lucile Packard Foundation,
Mission Investing Director

KIRSTEN SPALDING
CERES, Director, Investment Program

DAVID BRAND
New Forests, CEO (Moderator)

Investment flows are the underlying driver that can either allow the status quo of rising greenhouse gas emissions to persist or shift the economy toward a zero net emissions future. The panel included institutional investors as well as impact investors who seek positive social and environmental outcomes from their investment programs. While climate-positive investment occurs throughout many sectors of the economy, the panel focused on the forest sector specifically and its role in addressing climate change. Key messages included:

- Forests are an essential component of efforts to address climate change. Forests play a role as a global carbon store and source of negative emissions and also by producing a range of substitutes for fossil energy, fossil fuels, petrochemicals, and high-embodied energy building materials.
- Investment in the forest sector can contribute to the conservation of existing forests, restoration of degraded forests, and increased sustainable timber production to support a transition to a bio-economy.

- Institutional investors in forestry often must meet long-term liabilities, e.g. retirement benefits, future medical costs, and pooled insurance liabilities. Forest sector investment to date has been driven by factors such as risk-adjusted returns, portfolio correlations, and inflation hedging. Some investors have traditionally viewed sustainability aspects of timberland investment as a secondary benefit.
- More and more institutional investors also recognize that investment flows can actively support the transition of the global economy to address climate change and the UN Sustainable Development Goals. This movement is taking root with impact investors and mission-driven investors, but may also be aligned with mainstream institutional investment portfolios.
- In the near term, the panel noted that investment strategies for climate action may still require demonstration and innovation. Impact investors play an important role in pioneering new investment strategies and paving the way for institutional investors to scale those strategies once they have been road tested. The panel also noted that there is a role for government to create incentives to support initiatives like forest conservation and new bio-based materials.

