




Gateway		Reason for interaction
<b>Monetary</b> <b>LEA 02</b>	<b>Discipline</b> <b>Monetary</b>	<input checked="" type="checkbox"/> To support investment decisionmaking in & company related ESG issues <input checked="" type="checkbox"/> To influence corporate practice or identify the need to divest <input checked="" type="checkbox"/> To engage through ESG disclosure <input type="checkbox"/> Other specify
<b>Type of engagement</b> Individual/ internal staff engagements		<input type="checkbox"/> To support investment decisionmaking in & company related ESG issues <input checked="" type="checkbox"/> To influence corporate practice or identify the need to divest <input type="checkbox"/> Other specify
Collaborative engagements		<input type="checkbox"/> To support investment decisionmaking in & company related ESG issues <input checked="" type="checkbox"/> To influence corporate practice or identify the need to divest <input type="checkbox"/> Other specify
Service provider engagements		<input type="checkbox"/> To support investment decisionmaking in & company related ESG issues <input checked="" type="checkbox"/> To influence corporate practice or identify the need to divest <input type="checkbox"/> Other specify

# RI TRANSPARENCY REPORT

2019

New Forests Pty Limited

## About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the reporting period specified above. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information.

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

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OO 01.1	Select the services and funds you offer
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Select the services and funds you offer	% of asset under management (AUM) in ranges
Fund management	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50%
Fund of funds, manager of managers, sub-advised products	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%
Other	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%
Total 100%	

OO 01.2	Additional information. [Optional]
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New Forests is a forestry 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 5 billion in assets under management globally. Our assets include sustainable timber plantations, timber processing, rural land, and conservation investments related to climate mitigation, 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 02.1	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).
---------	---

65

OO 02.4	Additional information. [Optional]
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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 04.1	Indicate the year end date for your reporting year.
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31/12/2018

OO 04.2	Indicate your total AUM at the end of your reporting year.
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Total AUM  
 5,175,000,000 AUD  
 3,816,548,403 USD

OO 04.4	Indicate the total assets at the end of your reporting year subject to an execution and/or advisory approach.
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- Not applicable as we do not have any assets under execution and/or advisory approach

OO 05.1 Provide an approximate percentage breakdown of your AUM at the end of your reporting year using the following asset classes and investment strategies:

	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
Fund of hedge funds	0	0
Forestry	100	0
Farmland	0	0
Inclusive finance	0	0
Cash	0	0
Money market instruments	0	0
Other (1), specify	0	0
Other (2), specify	0	0

OO 06 Mandatory Descriptive General

OO 06.1 Select how you would like to disclose your asset class mix.

- as percentage breakdown
- as broad ranges

OO 06.3 Indicate whether your organisation has any off-balance sheet assets [Optional].

- Yes
- No

OO 06.5 Indicate whether your organisation uses fiduciary managers.

- Yes, we use a fiduciary manager and our response to OO 5.1 is reflective of their management of our assets.
- No, we do not use fiduciary managers.

OO 09 Mandatory Peering General

OO 09.1 Indicate the breakdown of your organisation's AUM by market.

91	Developed Markets
8	Emerging Markets
1	Frontier Markets
0	Other Markets

OO 09.2 Additional information. [Optional]

- 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

00 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).						
	<table border="1"> <tr> <td data-bbox="384 163 496 219">Forestry</td> <td data-bbox="496 163 1401 219"></td> </tr> <tr> <td data-bbox="384 219 496 253"> <input checked="" type="checkbox"/> We address ESG incorporation.         </td> <td data-bbox="496 219 1401 253"></td> </tr> <tr> <td data-bbox="384 253 496 293"> <input type="checkbox"/> We do not do ESG incorporation.         </td> <td data-bbox="496 253 1401 293"></td> </tr> </table>	Forestry		<input checked="" type="checkbox"/> We address ESG incorporation.		<input type="checkbox"/> We do not do ESG incorporation.	
Forestry							
<input checked="" type="checkbox"/> We address ESG incorporation.							
<input type="checkbox"/> We do not do ESG incorporation.							

00 12	Mandatory	Gateway	General
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00 12.1	Below are all applicable modules or sections you may report on. Those which are mandatory to report (asset classes representing 10% or more of your AUM) are already ticked and read-only. Those which are voluntary to report on can be opted into by ticking the box.						
	<table border="1"> <tr> <td data-bbox="384 421 496 477">Core modules</td> <td data-bbox="496 421 1401 477"></td> </tr> <tr> <td data-bbox="384 477 496 510"> <input checked="" type="checkbox"/> Organisational Overview         </td> <td data-bbox="496 477 1401 510"></td> </tr> <tr> <td data-bbox="384 510 496 562"> <input checked="" type="checkbox"/> Strategy and Governance         </td> <td data-bbox="496 510 1401 562"></td> </tr> </table>	Core modules		<input checked="" type="checkbox"/> Organisational Overview		<input checked="" type="checkbox"/> Strategy and Governance	
Core modules							
<input checked="" type="checkbox"/> Organisational Overview							
<input checked="" type="checkbox"/> Strategy and Governance							
	<table border="1"> <tr> <td data-bbox="384 562 496 618">Closing module</td> <td data-bbox="496 562 1401 618"></td> </tr> <tr> <td data-bbox="384 618 496 640"> <input checked="" type="checkbox"/> Closing module         </td> <td data-bbox="496 618 1401 640"></td> </tr> </table>	Closing module		<input checked="" type="checkbox"/> Closing module			
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"/> 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 type="checkbox"/> Fiduciary (or equivalent) duties	<input checked="" type="checkbox"/> Applicable policies cover all AUM
<input checked="" type="checkbox"/> Asset class-specific RI guidelines	<input type="checkbox"/> Applicable policies cover a majority of AUM
<input checked="" type="checkbox"/> Sector specific RI guidelines	<input type="checkbox"/> Applicable policies cover a minority of AUM
<input type="checkbox"/> Screening / exclusions policy	
<input checked="" type="checkbox"/> Other, specify (1) Specific international standards as guidelines	
<input type="checkbox"/> Other, specify(2)	

**SG 01.3** Indicate if the investment policy covers any of the following

- Your organisation's definition of ESG and/or responsible investment and it's relation to investments
- Your investment objectives that take ESG factors/real economy influence into account
- Time horizon of your investment
- Governance structure of organisational ESG responsibilities
- ESG incorporation approaches
- Active ownership approaches
- Reporting
- Climate change
- Understanding and incorporating client / beneficiary sustainability preferences
- Other RI considerations, specify (1)

**Other description (1)**  
community engagement and stakeholder relations

- Other RI considerations, specify (2)

**Other description (2)**  
workplace health and safety

**SG 01.4** Describe your organisation's investment principles and overall investment strategy, interpretation of fiduciary (or equivalent) duties, and how they consider ESG factors and real economy impact.

New Forests' corporate narrative encapsulates our investment beliefs and overarching strategy:  
As global demand for resources grows, there is a need to increase productivity while ensuring the conservation of the world's remaining natural forests. New Forests seeks to create investment strategies that provide lasting solutions to this challenge. Through responsible management of forests and other real assets, we create shared benefit for investors and local communities alike. We believe that meeting the needs of a broad range of stakeholders will provide better returns over the long term.  
New Forests has international reach, with offices and assets in Australia, New Zealand, Southeast Asia, and the US. This gives us a global perspective combined with local expertise that allows us to understand and manage our assets more effectively. Wherever we operate in the world, our strength lies in our people and their drive to make investments that create the best possible outcomes. By investing with integrity and transparency we aim to generate strong returns while helping tackle some of the world's great sustainability challenges

**SG 01.5** 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' RI Policy includes the policies, tools, and external standards and guidelines that the company uses to guide its RI implementation. The RI Policy is itself a component of New Forests' Social and Environmental Management System (SEMS), which establishes comprehensive procedures and processes for the identification, monitoring, and management of material E&S issues. The SEMS also describes the organisational governance and responsibilities for implementation. The RI Policy and SEMS apply to all New Forests' investments and focus on continual improvement.

No

**SG 01.6 CC** Indicate the climate-related risks and opportunities that have been identified and factored into the investment strategies and products, within the organisation's investment time horizon.

New Forests' business strategy anticipates net positive opportunities for the forest sector from the transition to a low-carbon economy, including climate

regulation and demand for sustainable materials, as part of a global response to climate change. New Forests stays aware of developing climate science and policy that inform our business. In particular, we note that the IPCC Special Report: Global Warming of 1.5 Degrees indicates significant changes are required in the forest sector to contribute to viable mitigation pathways. This will require a shift from the forest sector being a net emitter to a net source of carbon dioxide removals through sustainable forestry management and reforestation. Yet today the forest industry currently contributes alongside agriculture to around 24% of global GHG emissions coming from land use, and only around 3% of climate finance goes to forestry and land use.

In seeking to contribute to forest-climate solutions and the growth of a rising sustainable bio-economy, New Forests is positioned to benefit from positive feedback cycles linked to emerging climate trends and forestry investment:

1. Rising timber demand for traditional and new wood products as low-carbon inputs for the circular and low-carbon economy reinforces positive pricing trends and market diversification for wood fibre.
2. Increasing demand for low-carbon investments and for carbon dioxide removals from forestry provides capital flows for the expansion of the forest sector, including plantation establishment, sustainable intensification, and diversification of processing and manufacturing for low-carbon products.
3. Product innovation and investment in Natural Climate Solutions creates new low-carbon investment opportunities, creating a positive cycle of investment and return comprised both of financial returns and beneficial climate outcomes.

New Forests also recognises that there are real and rising physical risks of climate change to the world's forests. These risks include exposure to changing pests and disease as well as negative effects from changing weather patterns and extreme weather events, including drought, flood, extreme storms (erosion, windthrow), and wildfire. Forest management to mitigate these risks may call for adaptation and changed silvicultural practices as well as financial measures such as insurance to minimise financial losses.

**SG 01.7 CC** Indicate whether the organisation has assessed the likelihood and impact of these climate risks?

Yes

**SG 01.8 CC** Indicate the associated timescales linked to these risks and opportunities.

Climate scenarios and resilience are important to New Forests' view of the forward-looking opportunities for the forest sector in a low-carbon economy. However, New Forests has not undertaken portfolio-level quantitative climate scenario analysis, and we anticipate that further work will be required to better understand the long-term implications, particularly as New Forests considers implementing longer fund terms and evergreen fund structures. New Forests does not anticipate negative exposure to transition risk from climate policy, given that sustainable forest management can result in positive cycles of carbon sequestration and storage, with a net carbon benefit accumulating over time. Instead, New Forests integrates scenarios for carbon pricing information where relevant to the investment return in asset and portfolio models, considers the evolving local, national, and international frameworks for climate policy, and actively promotes investments that align with meaningful climate action and carbon dioxide removals. Understanding our role as forestry investors in a carbon-constrained world means that we are better able to anticipate and manage for the likely impacts of climate change and capture net benefits for our business and investments.

There are real and rising physical risks of climate change to the world's forests, as well as specific opportunities arising from climate finance and the need to invest in mitigation, resilience, and adaptation. New Forests' assessment of time scale considers issues affecting near-term management of assets and our ability to invest capital, our ability to add value to investments during a typical closed-end fund holding period, and the long-term implications extending through the higher end of the range of forest management cycles in the types of forests we manage (with tree rotations across our portfolio varying from as little as eight years in the tropics to more than 70 years in semi-natural managed forests of the US). Considering these scales, New Forests sees transition risks centred around changing climate policy, which in turn can present significant market implications relating to land use and greenhouse gas emissions (GHGs), and the impacts of climate change on the economies and communities of areas in timber producing regions. Physical risks are anticipated to increase from more localised exposure to extreme weather events and forest health impacts through to larger vulnerabilities of ecosystems to changing climate and weather in the long-term. Examples of these risks include changing occurrence of pests and disease, drought, flood, extreme storms (erosion, windthrow), and wildfire. New Forests accounts for such risks in the formulation of investment products and in risk assessment for investment appraisal. Forest management to mitigate climate-related risks may call for adaptation and changed silvicultural practices as well as financial measures such as insurance to minimise financial losses.

No

**SG 01.9 CC** Indicate whether the organisation publicly supports the TCFD?

Yes

No

**SG 01.10 CC** Indicate whether there is an organisation-wide strategy in place to identify and manage material climate-related risks and opportunities.

Yes

**Describe**

**Board and management role in oversight and assessing climate-related risks and opportunities**

New Forests' Board and Executive Committee recognise that forestry investment solutions will be critical to addressing the climate crisis. Climate change-related risks and opportunities are reviewed by the Board through the business planning and strategy review process. New Forests' Executive Committee is responsible for implementation and monitoring of the business plan and strategy development on an ongoing basis.

**Identifying and managing climate-related risks and opportunities**

Climate change-related risks and opportunities are also integrated into the company's enterprise risk management (ERM) framework, such that significant policy, market, and physical risks related to climate change are monitored and discussed. The ERM is guided by the risk appetite statement endorsed by the New Forests Board of Directors and includes regular review of risks at the New Forests corporate level, which is informed and supported by fund-level and asset-level risk assessment and management. Each risk is assigned a risk rating and tolerance, with stated mitigations and residual risk ratings determined. New Forests' management of climate-related risks spans from financial risk mitigations such as insurance for tree crops, to ensuring local property management strategies include operational risk mitigation, through to stakeholder engagement in industry and policy forums, seeking to ensure forests are considered a vital part of the response to climate change. In Australia, New Forests' funds contributed to the creation of an assessment tool, supported by forest industry funding, which provides modelled projections of environmental changes based on the latest forest-climate sciences and the needs of the country's forest sector. This tool provides some guidance that can be integrated into asset management and the development of climate-resilient strategies.

No

**SG 1.12 CC** Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.

Public PRI Climate Transparency Report

- Annual financial filings
- Regular client reporting
- Member communications
- Other

specify

New Forests will be publishing a brief statement in its 2018 Sustainability Report and releasing a TCFD-aligned disclosure document in 2019.

SG 02

Mandatory

Core Assessed

PRI 6

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

- URL  
<http://www.newforests.com.au/wp-content/uploads/2015/03/RIPolicy.pdf>
- Attachment (will be made public)

- Formalised guidelines on environmental factors

URL/Attachment

- URL  
<http://www.newforests.com.au/wp-content/uploads/2015/03/RIPolicy.pdf>
- Attachment (will be made public)

- Formalised guidelines on social factors

URL/Attachment

- URL  
<http://www.newforests.com.au/wp-content/uploads/2015/03/RIPolicy.pdf>
- Attachment (will be made public)

- Formalised guidelines on corporate governance factors

URL/Attachment

- URL  
<http://www.newforests.com.au/wp-content/uploads/2015/03/RIPolicy.pdf>
- Attachment (will be made public)

- Asset class-specific RI guidelines

URL/Attachment

- URL  
<http://www.newforests.com.au/wp-content/uploads/2015/03/RIPolicy.pdf>
- Attachment (will be made public)

- Sector specific RI guidelines

URL/Attachment

- URL  
<http://www.newforests.com.au/wp-content/uploads/2015/03/RIPolicy.pdf>
- Attachment (will be made public)

- Other, specify (1)

- We do not publicly disclose our investment policy documents

SG 02.2

Indicate if any of your investment policy components are publicly available. Provide URL and an attachment of the document.

- Your organisation's definition of ESG and/or responsible investment and it's relation to investments

URL/Attachment

- URL  
<http://www.newforests.com.au/wp-content/uploads/2015/03/RIPolicy.pdf>
- Attachment

- Your investment objectives that take ESG factors/real economy influence into account

URL/Attachment



- URL  
<http://www.newforests.com.au/wp-content/uploads/2015/03/RIPolicy.pdf>
- Attachment
- Governance structure of organisational ESG responsibilities
- ESG incorporation approaches

**URL/Attachment**

- URL  
<http://www.newforests.com.au/wp-content/uploads/2015/03/RIPolicy.pdf>
- Attachment

- Active ownership approaches

**URL/Attachment**

- URL  
<http://www.newforests.com.au/wp-content/uploads/2015/03/RIPolicy.pdf>
- Attachment

- Reporting

**URL/Attachment**

- URL  
<http://www.newforests.com.au/wp-content/uploads/2015/03/RIPolicy.pdf>
- Attachment

- Other RI considerations, specify (1)
- Other RI considerations, specify (2)
- We do not publicly disclose any investment policy components

**SG 02.3 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
- Record keeping
- 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.**

- Yes
- No

SG 04.2	Describe your process on managing incidents
<p>Incident reporting is required in monthly and/or quarterly reporting to portfolio company boards, in management reports to shareholders/New Forests, and to New Forests investment operations staff. Portfolio companies and third-party managers are also responsible for immediate and ad hoc reporting on major incidents. Where possible, requirements for incident reporting are contractual obligations for investees. Incidents reported to New Forests may be entered into New Forests' compliance software, either via regular compliance checks or entered as an ad hoc incident report. The New Forests' Legal, Risk, and Compliance team monitors incidents that are reported and may action follow up management as appropriate. Incidents are also reported and reviewed within the relevant regional Management Committee. Incidents may also trigger client reporting obligations.</p>	

SG 05	Mandatory	Gateway/Core Assessed	General
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SG 05.1	Indicate if and how frequently your organisation sets and reviews objectives for its responsible investment activities.
<p><input type="radio"/> Quarterly or more frequently</p> <p><input type="radio"/> Biannually</p> <p><input checked="" type="radio"/> Annually</p> <p><input type="radio"/> Less frequently than annually</p> <p><input type="radio"/> Ad-hoc basis</p> <p><input type="radio"/> It is not set/reviewed</p>	

SG 05.2	Additional information. [Optional]
<p>New Forests sets responsible investment goals as part of corporate business planning, with regular internal reporting against business plans and objectives. 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 and other compliance obligations. Key social and environmental performance and issues are reported each quarter for all funds, and annual ESG and impact metrics are collected as part of New Forests' Sustainable Landscape Investment framework. 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>	

SG 06	Voluntary	Descriptive	General
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SG 06.1	List the main responsible investment objectives that your organisation set for the reporting year.
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Responsible investment processes
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- Provide training on ESG incorporation
 

Key performance indicator	All new staff trained on RI Policy, SEMS, and corporate sustainability programs.
Progress achieved	Completed. In addition, all staff consultation and training were undertaken on the new ESG and impact metrics of our Sustainable Landscape Investment framework.
  
- Provide training on ESG engagement
 

Key performance indicator	All new property managers trained on the SEMS and how we ensure compliance through asset management.
Progress achieved	Achieved. All new property managers undergo a SEMS induction process as new contracts are awarded. In addition, internally, information sharing on ongoing engagements reinforces company-wide understanding of our RI engagement activities.
  
- Improved communication of ESG activities within the organisation
 

Key performance indicator	Develop ESG case studies and communicate about sustainability initiatives and issues.
Progress achieved	More regular communication of engagement activities, achievements, and issues management is occurring. Internally, there is regular sharing of ESG-related activities through informal update emails, sharing in team meetings, and more formal means (memos and reports). In addition, we published two new external brochures describing ESG issues and opportunities in our investment strategies this year. An asset case study was published for an Asian investment and included a section on ESG improvements in the investment. New Forests will continually seek opportunities to improve internal and external communication of our ESG activities.
  
- Improved engagement to encourage change with regards to management of ESG issues
 

Key performance indicator	Increase ESG engagement activities with our clients and demonstrate compliance with ESG-related investor requirements
Progress achieved	Ongoing. During the year we engaged with clients on specific ESG management issues, including ESG reporting, carbon accounting, the use of IFC Performance Standards, wildlife management, and the use of third-party standards. These activities help ensure our management of ESG issues not only meets client expectations but also provides an opportunity for two-way sharing and continual improvement in ESG management.
  
- Improved ESG incorporation into investment decision making processes
 

Key performance indicator	
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Support Investments and Operations teams in continual improvement in ESG management. Collaborate to embed ESG management in corporate services functions that support funds management.

Progress achieved

Ongoing. New Forests' staff in governance, risk and compliance, and sustainability regularly provide support to Investments staff to contribute to investment analysis, due diligence, and development of plans for post-investment ESG related management. We focus on integrating ESG as part of the decision-making process by incorporating sustainability in the whole investment process. A sign-off on Investment Committee recommendations provides a formal check that indicates ESG factors were considered in compliance with New Forests' RI processes.

- Other, specify (1)
- Other, specify (2)
- Other, specify (3)
- None of the above

Financial performance of investments

- Increase portfolio performance by consideration of ESG factors

Key performance indicator

Through the Sustainability Working Group, develop measurable indicators that can be implemented in monitoring our performance against the sustainable landscape investment approach

Progress achieved

In late 2018, New Forests launched its new ESG and impact indicators, which are designed to support New Forests' Sustainable Landscape Investment (SLI) framework, enabling monitoring and management of ESG and impact performance in investments. We are working towards deriving financial performance implications using these indicators.

- Other, specify (1)
- Other, specify (2)
- Other, specify (3)
- None of the above

ESG characteristics of investments

- Over or underweight companies based on ESG characteristics
- Improve ESG ratings of portfolio
- Setting carbon reduction targets for portfolio
- Other, specify (1)

Other description (1)

ESG and impact metrics

Key performance indicator

As above, via the Sustainability Working Group, develop measurable indicators that can be implemented in monitoring our performance against the Sustainable Landscape Investment (SLI) framework.

Progress achieved

In late 2018, New Forests launched its new ESG and impact indicators, which are designed to support New Forests' SLI framework, enabling monitoring and management of ESG and impact performance in investments. We are working towards deriving financial performance implications using these indicators and related data.

- Other, specify (2)
- Other, specify (3)
- None of the above

Other activities

- Joining and/or participation in RI initiatives

Key performance indicator

Join climate-investor networks and maintain/increase participation in RI and impact investing networks

Progress achieved

New Forests uses industry memberships and associations as key elements of our external engagement strategies by participating in strong networks that are driving forward best practice, advancing sustainable forest management, advocating for effective public policy, and growing the markets for sustainable investment. In 2018, New Forests made a significant push to expand and assess our engagement in such networks, and sought networks that advance investment-driven solutions to challenging issues such as the transition to a low carbon economy, addressing climate change, and ensuring equitable growth and sustainable development. New Forests is a proud and active member of Ceres, IGCC, and AIGCC, as well as major sustainable business associations, such as the WBCSD and BCSD Australia. These new memberships from 2018 complement our ongoing participation the PRI and the GIIN, as well as supporting forest industry memberships.

- Encouraging others to join a RI initiative
- Documentation of best practice case studies

Key performance indicator

Develop and publish case studies

Progress achieved
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New Forests contributed to the publication of case studies by third parties on our investments, including for the Global Landscapes Forum (on partnership-based approaches) and in support of a report on investor action to support land tenure by the Interlaken Group. In addition, New Forests published a case study on an Asian investment that included a section on ESG. New Forests also participated in interviews to support investor-focused initiatives on sustainable forestry, including for the PRI and the GIIN.

- Using case studies to demonstrate engagement and ESG incorporation to clients

Key performance indicator
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Increase ESG engagement activities with our clients and demonstrate compliance with ESG-related investor requirements.

Progress achieved
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As described above:

New Forests contributed to the publication of case studies by third parties on our investments, including for the Global Landscapes Forum (on partnership based approaches) and in support of a report on investor action to support land tenure by the Interlaken Group. In addition, New Forests published a case study on an Asian investment that included a section on ESG. These case studies are shared with current and prospective clients to support ongoing engagement over ESG issues.

- Other, specify (1)
- Other, specify (2)
- Other, specify (3)
- None of the above

SG 06.2	Additional information.
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New Forests sets RI objectives under corporate sustainability initiatives in the annual business planning process, in annual objectives for staff responsible for responsible investment activities, and as part of the Sustainability Working Group targets and work plan.

SG 07	Mandatory	Core Assessed	General
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SG 07.1	Indicate the internal and/or external roles used by your organisation, and indicate for each whether they have oversight and/or implementation responsibilities for responsible investment.
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Roles
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- Board members or trustees
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Internal Roles (triggers other options)

Select from the below internal roles
--------------------------------------

- Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Operating Officer (COO), Investment Committee
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Other Chief-level staff or head of department, specify
  - Executive Director, Investor Services
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Portfolio managers
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Investment analysts
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Dedicated responsible investment staff
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment

- Investor relations
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Other role, specify (1)
 

	Other description (1)
	Legal Risk and Compliance team

  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Other role, specify (2)
 

	Other description (2)
	Company Secretary

  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- External managers or service providers
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment

**SG 07.2** For the roles for which you have RI oversight/accountability or implementation responsibilities, indicate how you execute these responsibilities.

Board of Directors --> Oversight of sustainability programs

- Approve RI Policy
- Approve SEMS Management Review
- Approve annual sustainability report

Executive Committee --> Oversight of sustainability programs and set sustainability goals and strategy

- Approve SEMS guidance documents and key procedures
- Inclusion of sustainability within business strategy and management

Risk & Compliance Committee --> Oversight of ESG risks and compliance

- Review SEMS audit reports and Management Review
- Approve variances to SEMS compliance or processes if related to an ESG risk

Management Committee(s) --> Oversight of ESG management

- Approve variances to SEMS compliance or processes for assets under management

Investor Services team (via Associate Director, Sustainability & Communications) --> Oversight and implementation of ESG management

- Administer the SEMS and RI Policy and associated activities
- Provide guidance to Board, committees, and staff on ESG issues
- Monitor ESG performance and report on ESG performance to senior management and stakeholders at least annually
- Internal sign-off on investments from ESG risk and management perspective
- Recommend variances to SEMS compliance to committees as needed
- Issue SEMS documents for approval to committees

Portfolio managers, E&S manager, and investment analysts --> Implement ESG management

- Comply with SEMS and Declaration Documents
- ESG assessments in due diligence and asset management
- ESG implementation support to third parties
- Delegate to third parties with control over ESG related activities
- Manage investment team staff responsible for ESG impacts and management

The Legal, Risk, and Compliance team and Company Secretary contribute to ESG implementation through risk management and governance support, both at the New Forests' corporate and fund levels as well as supporting portfolio companies and investments to implement best practices in risk management and good corporate governance.

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

SG 07.4	Additional information. [Optional]
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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 and as a Registered Investment Advisor in the United States); 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.

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.

Our responsible investment activities are directly integrated into this governance framework via our SEMS and its related Responsible Investment (RI) 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 RI Policy. The SEMS is administered at the corporate level by the SEMS Administrator (currently the Associate Director - Sustainability & Communications) 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.

SG 07 CC	Voluntary	Descriptive	General
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SG 07.5 CC	Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.
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Board members or trustees	<input checked="" type="checkbox"/> Oversight/accountability for climate-related issues <input type="checkbox"/> Assessment and management of climate-related issues <input type="checkbox"/> No responsibility for climate-related issues
Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Risk Officer (CRO), Investment Committee	<input checked="" type="checkbox"/> Oversight/accountability for climate-related issues <input checked="" type="checkbox"/> Assessment and management of climate-related issues <input type="checkbox"/> No responsibility for climate-related issues
Other Chief-level staff or head of department	<input checked="" type="checkbox"/> Oversight/accountability for climate-related issues <input checked="" type="checkbox"/> Assessment and management of climate-related issues <input type="checkbox"/> No responsibility for climate-related issues
Portfolio managers	<input type="checkbox"/> Oversight/accountability for climate-related issues <input checked="" type="checkbox"/> Assessment and management of climate-related issues <input type="checkbox"/> No responsibility for climate-related issues
Investment analysts	<input type="checkbox"/> Oversight/accountability for climate-related issues <input checked="" type="checkbox"/> Assessment and management of climate-related issues <input type="checkbox"/> No responsibility for climate-related issues
Dedicated responsible investment staff	<input type="checkbox"/> Oversight/accountability for climate-related issues <input checked="" type="checkbox"/> Assessment and management of climate-related issues <input type="checkbox"/> No responsibility for climate-related issues
Investor relations	<input type="checkbox"/> Oversight/accountability for climate-related issues <input checked="" type="checkbox"/> Assessment and management of climate-related issues <input type="checkbox"/> No responsibility for climate-related issues
External managers or service providers	<input type="checkbox"/> Oversight/accountability for climate-related issues <input checked="" type="checkbox"/> Assessment and management of climate-related issues <input type="checkbox"/> No responsibility for climate-related issues
Other role, specify (1)	

	Other description (1)		
	Other role, specify (1)		
	Other role, specify (2)		
	Other description (2)		
	Other role, specify (2)		
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.		
	Board members/Board of trustees		
SG 08.1b	RI in personal development and/or training plan		
	<input type="checkbox"/> Responsible investment included in personal development and/or training plan <input checked="" type="checkbox"/> None of the above		
	Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Operating Officer (COO), Investment Committee		
SG 08.1a	RI in objectives, appraisal and/or reward		
	<input checked="" type="checkbox"/> Responsible investment KPIs and/or goals included in objectives <input checked="" type="checkbox"/> Responsible investment included in appraisal process <input type="checkbox"/> Variable pay linked to responsible investment performance <input type="checkbox"/> None of the above		
	Other C-level staff or head of department		
	Executive Director, Investor Services		
	Portfolio managers		
SG 08.1a	RI in objectives, appraisal and/or reward		
	<input checked="" type="checkbox"/> Responsible investment KPIs and/or goals included in objectives <input checked="" type="checkbox"/> Responsible investment included in appraisal process <input type="checkbox"/> Variable pay linked to responsible investment performance <input type="checkbox"/> None of the above		
	Investment analysts		
SG 08.1a	RI in objectives, appraisal and/or reward		
	<input checked="" type="checkbox"/> Responsible investment KPIs and/or goals included in objectives <input checked="" type="checkbox"/> Responsible investment included in appraisal process <input type="checkbox"/> Variable pay linked to responsible investment performance <input type="checkbox"/> None of the above		
	Dedicated responsible investment staff		
SG 08.1a	RI in objectives, appraisal and/or reward		
	<input checked="" type="checkbox"/> Responsible investment KPIs and/or goals included in objectives <input checked="" type="checkbox"/> Responsible investment included in appraisal process <input type="checkbox"/> Variable pay linked to responsible investment performance <input type="checkbox"/> None of the above		
SG 08.1b	RI in personal development and/or training plan		
	<input checked="" type="checkbox"/> Responsible investment included in personal development and/or training plan <input type="checkbox"/> None of the above		
	Investor relations		
SG 08.1a	RI in objectives, appraisal and/or reward		
	<input checked="" type="checkbox"/> Responsible investment KPIs and/or goals included in objectives <input checked="" type="checkbox"/> Responsible investment included in appraisal process <input type="checkbox"/> Variable pay linked to responsible investment performance <input type="checkbox"/> None of the above		

SG 08.1b	RI in personal development and/or training plan
<input checked="" type="checkbox"/> Responsible investment included in personal development and/or training plan <input type="checkbox"/> None of the above	
Other role (1) [from SG 07]	
Legal Risk and Compliance team	
SG 08.1a	RI in objectives, appraisal and/or reward
<input checked="" type="checkbox"/> Responsible investment KPIs and/or goals included in objectives <input checked="" type="checkbox"/> Responsible investment included in appraisal process <input type="checkbox"/> Variable pay linked to responsible investment performance <input type="checkbox"/> None of the above	
Other role (2) [from SG 07]	
Legal Risk and Compliance team	
SG 08.3	Provide any additional information on your organisation's performance management, reward and/or personal development processes in relation to responsible investment.
All New Forests staff members have responsible investment and sustainability as a standard component of their objectives setting process. Performance and progress toward these objectives are assessed twice a year, at mid-year and annual reviews.	

SG 09	Mandatory	Core Assessed	PRI 4,5
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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.
<input checked="" type="checkbox"/> 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]	
<ul style="list-style-type: none"> <li>• PRI Signatory</li> <li>• Attendance at PRI and PRI regional network events</li> <li>• Participation in the private equity work stream's working group on LP/GP monitoring of ESG</li> <li>• Taking part in voluntary PRI surveys and opportunities for feedback</li> <li>• New Forests has held several informational interviews and conversations with the PRI real assets team in support of the developing of sustainable forestry content. 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.</li> </ul>	
<input type="checkbox"/> Asian Corporate Governance Association <input type="checkbox"/> Australian Council of Superannuation Investors <input type="checkbox"/> AFIC – La Commission ESG <input type="checkbox"/> BVCA – Responsible Investment Advisory Board <input type="checkbox"/> CDP Climate Change <input type="checkbox"/> CDP Forests <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"/> Eumedion <input type="checkbox"/> Extractive Industries Transparency Initiative (EITI) <input type="checkbox"/> ESG Research Australia <input type="checkbox"/> Invest Europe Responsible Investment Roundtable <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>• Regular support to the GIIN research team, including pilot testing and reviewing surveys</li> <li>• Supporting the GIIN's IRIS+ metrics revision through peer review and working group membership</li> <li>• Participating in the GIIN's blended finance working group</li> <li>• Hosted a side event on sustainable forestry at the GIIN Investor Forum</li> </ul>	
<input type="checkbox"/> Global Real Estate Sustainability Benchmark (GRESB)	



- Green Bond Principles
- Institutional Investors Group on Climate Change (IIGCC)
- Interfaith Center on Corporate Responsibility (ICCR)
- International Corporate Governance Network (ICGN)
- Investor Group on Climate Change, Australia/New Zealand (IGCC)

**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]**  
Joined the IGCC in 2018 and participating in policy and low carbon finance working groups

- International Integrated Reporting Council (IIRC)
- Investor Network on Climate Risk (INCR)/CERES

**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]**  
Joined CERES in 2018  
Participating in policy working group  
Engaging in information interviews with CERES staff to assist in their development of sustainable forestry and no deforestation work streams

- Local Authority Pension Fund Forum
- Principles for Sustainable Insurance
- Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify

Responsible Investment Association Australasia

**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

- Responsible Finance Principles in Inclusive Finance
- Shareholder Association for Research and Education (Share)
- United Nations Environmental Program Finance Initiative (UNEP FI)
- United Nations Global Compact
- 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 is an active leader with FSC Australia, and Amanda Naismith is Deputy Chair of the FSC Australia Board of Directors as of 2018. New Forests is also a member of FSC International, and Marthe Tollenaar is on a formal working group for restoration and compensation mechanisms.

- Other collaborative organisation/initiative, specify

Asia Investor Group on Climate Change

**Your organisation's role in the initiative during the reporting year (see definitions)**  
Basic

**Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]**  
New Forests joined the AIGCC in 2018 and is attending local meetings and conference calls with this growing group.

- Other collaborative organisation/initiative, specify

World Business Council on Sustainable Development

**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 joined the WBCSD in 2018 and is active on two working groups, the Forest Solutions Group and Natural Climate Solutions.

- Other collaborative organisation/initiative, specify

Australian Forest Products Association

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

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. As of January 2018, New Forests has an executive employee on the board of AFPA (Mark Rogers).

SG 10

Mandatory

Core Assessed

PRI 4

SG 10.1

Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.

Yes

SG 10.2

Indicate the actions your organisation has taken to promote responsible investment independently of collaborative initiatives. Provide a description of your role in contributing to the objectives of the selected action and the typical frequency of your participation/contribution.

Provided or supported education or training programmes (this includes peer to peer RI support) Your education or training may be for clients, investment managers, actuaries, broker/dealers, investment consultants, legal advisers etc.)

Description
-------------

New Forests provides training on our SEMS and RI Policy for new third-party property managers, which includes training on RI and RI implementation in asset management. We are also regular contributors to external workshops to train NGOs, government, and the private sector about how RI works in the forest sector.

Frequency of contribution
---------------------------

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad hoc
- Other

Provided financial support for academic or industry research on responsible investment

Provided input and/or collaborated with academia on RI related work

Description
-------------

New Forests' employees are contributing a chapter on the governance of sustainable forestry investments for a book edited by U. of British Columbia faculty and published by Cambridge Press. New Forests also participates in informational interviews by researchers and provides peer review of reports on ecosystem services markets, sustainable forestry, and sustainable land use investment.

Frequency of contribution
---------------------------

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad hoc
- Other

Encouraged better transparency and disclosure of responsible investment practices across the investment industry

Description
-------------

New Forests has been developing its Sustainable Landscape Investment framework, which includes metrics and reporting requirements that have been disseminated to third-party property managers and portfolio companies. In addition, New Forests is supporting the GIIN in its IRIS+ development program, which is updating the organisation's impact metrics framework.

Frequency of contribution
---------------------------

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad hoc
- Other

Spoke publicly at events and conferences to promote responsible investment

Description
-------------

Various conference presentations, which include our approach to responsible investment and why it is essential in sustainable forestry investment

Frequency of contribution
---------------------------

- Quarterly or more frequently
- Biannually

- Annually
- Less frequently than annually
- Ad hoc
- Other

Wrote and published in-house research papers on responsible investment

Description
New Forests regularly publishes market insights, copies of public remarks, and internal research reports that discuss the role of responsible investment in sustainable forestry. See <a href="https://newforests.com.au/#insights">https://newforests.com.au/#insights</a> for more information.

Frequency of contribution
<input type="radio"/> Quarterly or more frequently <input type="radio"/> Biannually <input checked="" type="radio"/> Annually <input type="radio"/> Less frequently than annually <input type="radio"/> Ad hoc <input type="radio"/> Other

- Encouraged the adoption of the PRI
- Responded to RI related consultations by non-governmental organisations (OECD, FSB etc.)
- Wrote and published articles on responsible investment in the media
- A member of PRI advisory committees/ working groups, specify

Description
Private Equity working group on LP/GP ESG monitoring

Frequency of contribution
<input checked="" type="radio"/> Quarterly or more frequently <input type="radio"/> Biannually <input type="radio"/> Annually <input type="radio"/> Less frequently than annually <input type="radio"/> Ad hoc <input type="radio"/> Other

- On the Board of, or officially advising, other RI organisations (e.g. local SIFs)
- Other, specify

specify description
Promoting RI in our everyday activities

Description
Demonstrating the link between RI and better asset management in marketing materials, engagement, and events

Frequency of contribution
<input checked="" type="radio"/> Quarterly or more frequently <input type="radio"/> Biannually <input type="radio"/> Annually <input type="radio"/> Less frequently than annually <input type="radio"/> Ad hoc <input type="radio"/> Other

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]**

Some examples of activities for promotion of responsible investment include:

- Development of a blended finance structure to blend catalytic philanthropic capital with institutional investment in high-impact forestry investment in Southeast Asia.
- 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 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 sustainable forestry in conference presentations.
- We hosted a side event at the GIIN Investor Forum highlighting the opportunity for sustainable investment to align with climate action and the SDGs in the forest sector.

- 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 PRI's Private Equity working group on LP/GP ESG monitoring.
- We contribute articles, opinion pieces, and reviews to publications from time to time on responsible investment in forestry.
- Our staff participate on boards of non-profits and academic organisations that support sustainable investment, conservation, and responsible forestry. Often, we are involved in these organisations as a representative of the private sector and investment industry. These include Forest Trends, The Center for People and Forests, the Australian Forest Products Association, FSC Australia, and the Center for Business and the Environment at Yale.

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.

Yes

**If yes**

- Yes, individually
- Yes, in collaboration with others

**SG 11.2** Select the methods you have used.

- 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.

Yes, publicly available

- <https://www.arb.ca.gov/lists/com-attach/44-ct-3-2-18-wkshp-ws-UT9QM1chUFxVNV19.pdf>
- <https://www.arb.ca.gov/lists/com-attach/35-ct-3-2-18-wkshp-ws-UWIGLVJIA2YLIAMy.pdf>
- <https://www.arb.ca.gov/lists/com-attach/52-ct2018-WjkcYIMxBDRQCQB0.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.

New Forests primarily engages with policy-makers and regulators on issues pertaining to investment in forestry, land, and regulated markets for ecosystem services. We also engage on related issues such as overseas investment policy and the sustainable development agenda. During 2018, we continued to advocate for policy frameworks that enable long-term, patient capital investment in the forest sector as well as to promote innovation in the forest sector, including via investment in new markets development for low carbon products. New Forests' CEO David Brand is on the Forest Industry Advisory Council to the Australian Government.

SG 12	Mandatory	Core Assessed	PRI 4
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**SG 12.1** Indicate whether your organisation uses investment consultants.

- Yes, we use investment consultants
- No, we do not use investment consultants.

SG 13	Mandatory	Descriptive	PRI 1
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**SG 13.1** Indicate whether the organisation undertakes scenario analysis and/or modelling and provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).

Yes, to assess future ESG factors

**Describe**

New Forests addresses key sustainability risks and opportunities and accounts for 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.

Yes, to assess future climate-related risks and opportunities

**Describe**

New Forests integrates scenarios for carbon pricing where relevant to the investment return in asset and portfolio models, considers the evolving local, national, and international frameworks for climate policy, and actively promotes investments that align with meaningful climate action, supporting alignment with the Paris Agreement.

No, not to assess future ESG/climate-related issues

**SG 13.2** Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.

**We do the following**

- Allocation between asset classes
- Determining fixed income duration

- Allocation of assets between geographic markets
- Sector weightings
- Other, specify
- We do not consider ESG issues in strategic asset allocation

**SG 13.3** Additional information. [OPTIONAL]

To date, New Forests' scenario analysis is largely qualitative, and we acknowledge further analysis is required to assess ESG and climate scenarios for long-term asset management. In our Australia and New Zealand funds, we have investment exclusions for native forests (motivated by ESG factors), and funds are dedicated to sustainable plantation forestry. We also set asset allocation targets based on the ESG considerations by country. For example, our Asian strategy considers how ESG factors may influence investments (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. In the US, New Forests' has developed a proprietary approach to originations that targets high-climate-impact timberland investment opportunities. This strategy seeks to provide investors exposure to higher risk-adjusted returns while sequestering and storing more carbon in sustainably managed forests in the US. This is a direct climate solutions investment strategy meeting emerging investor demand for low-carbon investments.

**SG 13 CC** Voluntary Descriptive General

**SG 13.8 CC** Indicate the climate scenarios the organisation uses.

Provider	Scenario used
IEA	
IEA	
IEA	
IEA	
IEA	
IRENA	
Greenpeace	
Institute for Sustainable Development	
Bloomberg	
IPCC	
IPCC	
IPCC	
IPCC	
Other	
Other	
Other	

**SG 14** Mandatory to Report, Voluntary to Disclose Additional Assessed PRI 1

**SG 14.1** Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following are considered.

- Changing demographics
- Climate change
- Resource scarcity
- Technological developments
- Other, specify(1)

**other description (1)**  
Environmental change, including forest fires, windstorms, pests, and disease

- Other, specify(2)
- None of the above

**SG 14.2** Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity

- Established a climate change sensitive or climate change integrated asset allocation strategy
- Targeted low carbon or climate resilient investments

**Specify the AUM invested in low carbon and climate resilient portfolios, funds, strategies or asset classes.**

Total AUM	
5,175,000,000 AUD	
3,816,548,403 USD	

**Specify the framework or taxonomy used.**  
All New Forests' investments align with the Forestry Activities listed in the Low Carbon Investment Registry Taxonomy, including sustainable forest

management, plantation establishment, and carbon-sequestration related improved forest management and related processing of timber products. These investments are offered through dedicated sustainable forestry funds and separate accounts.

- Phase out your investments in your fossil fuel holdings
- Reduced portfolio exposure to emissions intensive or fossil fuel holdings
- Used emissions data or analysis to inform investment decision making
- Sought climate change integration by companies
- Sought climate supportive policy from governments
- Other, specify

other description

Investing in GHG offset projects for regulated carbon markets

- None of the above

**SG 14.3** Indicate which of the following tools the organisation uses to manage climate-related risks and opportunities.

- Scenario analysis
- Disclosures on emissions risks to clients/trustees/management/beneficiaries
- Climate-related targets
- Encouraging internal and/or external portfolio managers to monitor emissions risks
- Emissions-risk monitoring and reporting are formalised into contracts when appointing managers
- Weighted average carbon intensity
- Carbon footprint (scope 1 and 2)
- Portfolio carbon footprint
- Total carbon emissions
- Carbon intensity
- Exposure to carbon-related assets
- Other emissions metrics
- Other, specify

other description

Investment strategy dedicated to investing in GHG offset projects for regulated carbon markets and inclusion of carbon offset projects in sustainable forestry funds

- None of the above

**SG 14.5** 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 CC	Voluntary		General
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**SG 14.6 CC** Please provide further details on these key metric(s) used to assess climate related risks and opportunities.

Metric Type	Coverage	Purpose	Metric Unit	Metric Methodology
Portfolio carbon footprint	All assets	To inform clients and stakeholders about the overall climate-related impact of sustainable forestry investments	million tonnes CO2e	Total carbon stock and flow analysis based on live biomass in productive areas of forestry estates is calculated using growth and yield tables and forestry estate models. Processing facilities in Australia report on GHG emissions according to regulatory requirements.
Exposure to carbon-related assets				
Other emissions metrics				

**SG 14.8 CC** Indicate whether climate-related risks are integrated into overall risk management and explain the risks management processes for identifying, assessing, and managing climate-related risks.

- Process for climate-related risks is integrated into overall risk management

Please describe

### Board and management role in oversight and assessing climate-related risks and opportunities

New Forests' Board and Executive Committee recognise that forestry investment solutions will be critical to addressing the climate crisis. Climate change-related risks and opportunities for New Forests' are reviewed by the Board through the business planning and strategy review process. New Forests' Executive Committee is responsible for implementation and monitoring of the business plan and strategy development on an ongoing basis.

### Identifying and managing climate-related risks and opportunities

Climate change-related risks and opportunities are also integrated into the company's enterprise risk management (ERM) framework, such that significant policy, market, and physical risks related to climate change are monitored and discussed. The ERM is guided by the risk appetite statement endorsed by the New Forests Board of Directors and includes regular review of risks at the New Forests corporate level, which is informed and supported by fund-level and asset-level risk assessment and management. Each risk is assigned a risk rating and tolerance, with stated mitigations and residual risk ratings determined. New Forests' management of climate-related risks spans from financial risk mitigations such as insurance for tree crops, to ensuring local property management strategies include operational risk mitigation, through to stakeholder engagement in industry and policy forums, seeking to ensure forests are considered a vital part of the response to climate change.

New Forests is also active in investor groups on climate changes, including membership in CERES, IGCC, and AIGCC. Through engagement in the policy working groups of these investor organisations, New Forests aims to stay informed of policy changes and potential regulatory issues that may affect our investments. In addition, a member of New Forests' US investment team leads US public policy engagement on climate and forest policy, and the company is part of a multi-stakeholder coalition that promotes the role of forestry in climate mitigation from a policy perspective. This active engagement is an important risk mitigant, and moreover aims to enhance New Forests' ability to capture opportunities from supporting the transition to a low-carbon economy.

Process for climate-related risks is not integrated into our overall risk management

SG 15

Mandatory to Report, Voluntary to Disclose

Descriptive

PRI 1

SG 15.1

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

Yes

SG 15.2

Indicate the percentage of your total AUM invested in environmental and social themed areas.

100%

SG 15.3

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

- Energy efficiency / Clean technology
- Renewable energy
- Green buildings
- Sustainable forestry

Asset class invested

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.

**Carbon forestry and conservation finance 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. New Forests' US investment strategies seek to provide higher returns by combining timberland investment, carbon management, and conservation finance. Carbon forestry enables investors to realize returns from combining revenue streams above and beyond traditional sustainable forest management.

- Sustainable agriculture
- Microfinance
- SME financing
- Social enterprise / community investing
- Affordable housing
- Education
- Global health
- Water
- Other area, specify

No

**SG 16.1** 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.

Asset Class	Describe what processes are in place and the outputs or outcomes achieved
Forestry	<p>New Forests' Social and Environmental Management System (SEMS) is designed to systematically identify, manage, and monitor E&amp;S 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. 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> <p>New Forests continues to develop our Sustainable Landscape Investment framework, which entails a system of indicators and targets across six thematic drivers of ESG and investment performance.</p>

**SG 16.2** Additional information [Optional].

In addition to the processes described above, New Forests employs operational management staff who oversee and support third-party property managers and operating companies, working closely across a variety of ESG issues above and beyond certification requirements. ESG reporting and monitoring is integrated throughout every step of our asset management to ensure a continual focus and enable us to work together with portfolio companies and property managers to manage ESG risk and capture value from ESG opportunities.

**SG 18.1** Indicate whether any specific features of your approach to responsible investment are particularly innovative.

Yes

**SG 18.2** Describe any specific features of your approach to responsible investment that you believe are particularly innovative.

New Forests has developed a conceptual model called Sustainable Landscape Investment that encapsulates six themes that we believe drive sustainability performance in forestry investment. 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 launched an ESG and impact monitoring and reporting framework in 2018, which is being piloted across the entirety of our portfolio. Through 2019 we anticipate continuing to implement this framework while deepening its linkages throughout the investment process and our asset management governance.

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 - we have proven scale is possible with AUD 5+ billion in assets and capital managed to an environmentally themed fund with 100% RI coverage and impact monitoring
- 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; in 2017 we announced a market-leading transaction that included the retiring of the Bering River coal rights in exchange for development of a forest carbon offset program on timberlands owned by the Chugach Alaska Corporation
- Hosting innovative convenings of investors, civil society, government, and the private sector to advance the discourse on how institutional investors can advance the sustainability shift of the forest sector to be an asset class that generates substantial climate benefits and supports sustainable development. For example, in May 2017, New Forests hosted the Forests as a Climate Solution investment symposium, which included diverse participation from more than 100 investors, NGOs, government, and businesses active in the development and promotion of forest-climate solutions.
- 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, and subsequently developing a blended finance structure working with philanthropic investors to bring mission-driven capital alongside large-scale institutional investment in sustainable forestry in the region.

No



CM1 01	Mandatory	Additional Assessed	General
CM1 01.1	Indicate whether the reported information you have provided for your PRI Transparency Report this year has undergone:		
	<input type="checkbox"/> Third party assurance over selected responses from this year's PRI Transparency Report <input type="checkbox"/> Third party assurance over data points from other sources that have subsequently been used in your PRI responses this year <input type="checkbox"/> Third party assurance or audit of the correct implementation of RI processes (that have been reported to the PRI this year) <input checked="" type="checkbox"/> Internal audit of the correct implementation of RI processes and/or accuracy of RI data (that have been reported to the PRI this year) <input checked="" type="checkbox"/> Internal verification of responses before submission to the PRI (e.g. by the CEO or the board) <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Whole PRI Transparency Report has been internally verified</li> <li><input type="checkbox"/> Selected data has been internally verified</li> </ul> <input checked="" type="checkbox"/> Other, specify <p style="margin-left: 20px;">Legal, Risk and Compliance team has reviewed the whole report</p> <input type="checkbox"/> None of the above		
CM1 02	Mandatory	Descriptive	General
CM1 02.1	We undertook third party assurance on last year's PRI Transparency Report		
	<input type="checkbox"/> Whole PRI Transparency Report was assured last year <input type="checkbox"/> Selected data was assured in last year's PRI Transparency Report <input checked="" type="checkbox"/> We did not assure last year's PRI Transparency report <input type="checkbox"/> None of the above, we were in our preparation year and did not report last year.		
CM1 03	Mandatory	Descriptive	General
CM1 03.1	We undertake confidence building measures that are unspecific to the data contained in our PRI Transparency Report:		
	<input type="checkbox"/> We adhere to an RI certification or labelling scheme <input type="checkbox"/> We carry out independent/third party assurance over a whole public report (such as a sustainability report) extracts of which are included in this year's PRI Transparency Report <input checked="" type="checkbox"/> ESG audit of holdings		
	CM1 03.4	Describe the process of external/third party ESG audit of holdings, including which data has been assured.	
		<p>All forestry assets are subject to third-party certification requirements, which include regular audits of key ESG issues in each asst. New Forests' internal compliance processes also require quarterly and annual reviews of asset-level compliance with ESG requirements and fund-level review of significant ESG matters. These are assured through internal compliance requirements using compliance and risk registers.</p> <input type="checkbox"/> Other, specify <input type="checkbox"/> None of the above	
CM1 04	Mandatory	Descriptive	General
CM1 04.1	Do you plan to conduct third party assurance of this year's PRI Transparency report?		
	<input type="checkbox"/> Whole PRI Transparency Report will be assured <input type="checkbox"/> Selected data will be assured <input checked="" type="checkbox"/> We do not plan to assure this year's PRI Transparency report		
CM1 06	Mandatory	Descriptive	General
CM1 06.1	Provide details of the third party assurance of RI related processes, and/or details of the internal audit conducted by internal auditors of RI related processes (that have been reported to the PRI this year)		
	What RI processes have been assured		
	<input type="checkbox"/> Data related to RI activities <input checked="" type="checkbox"/> RI policies		
		Specify	
		Internal compliance reporting and SEMS	
	<input checked="" type="checkbox"/> RI related governance <input type="checkbox"/> Other		
	When was the process assurance completed(dd/ mm/yy)		
	multiple		
	Assurance standard used		
	<input type="checkbox"/> IIA's International Standards for the Professional Practice of Internal Auditing <input type="checkbox"/> ISAE 3402		

- ISO standard
- AAF 01/06
- SSE18
- AT 101 (excluding financial data)
- Other

Specify

New Forests' compliance system requires regular attestations and reviews of compliance against the company's SEMS and RI requirements at the asset and fund levels.

CM1 07	Mandatory	Descriptive	General
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**CM1 07.1** Indicate who has reviewed/verified internally the whole - or selected data of the - PRI Transparency Report . and if this applies to selected data please specify what data was reviewed

- CEO or other Chief-Level staff

Sign-off or review of responses

- Sign-off
- Review of responses

- The Board

Sign-off or review of responses

- Sign-off
- Review of responses

- Investment Committee
- Compliance Function
- RI/ESG Team
- Investment Teams
- Legal Department
- Other (specify)