



NewForests

RESPONSIBLE INVESTMENT POLICY



New Forests' Responsible Investment (RI) Policy (the "Policy") outlines how New Forests will integrate environmental, social, and governance (ESG) considerations into its investment management activities. New Forests views ESG as the three central components of RI. Effective integration and management of these interrelated components throughout the investment process can lower risk, provide for more stable and durable returns, and support long-term value creation. As an investment manager, New Forests believes RI is a cornerstone of its vision and mission.

This Policy begins with a description of its scope, followed by an outline of New Forests' corporate purpose, vision, and view on the role of RI in active asset management. Following this framing, the Policy explains New Forests' foundational principles and implementation strategies for RI. This Policy also describes the responsibilities of New Forests and its employees as well as how New Forests will report on its RI progress and performance and how it will seek continual improvement as a responsible investment manager.



Scope

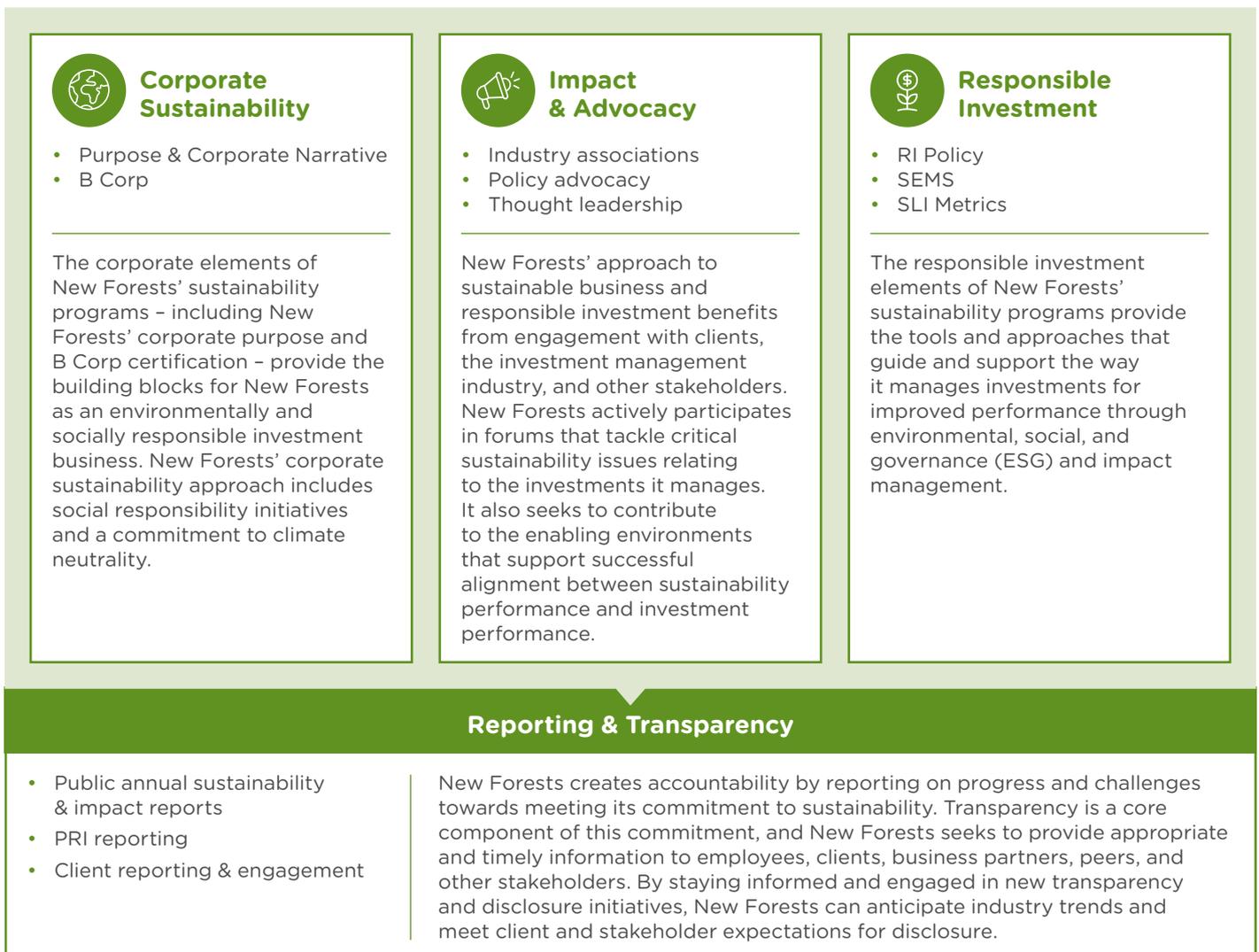
This Policy applies to New Forests’ group-wide operations and all of its investment activities and will be implemented at multiple levels within the business:

- New Forests’ corporate strategy and business planning;
- New Forests’ enterprise risk management approach, which includes ESG risks and opportunities as foundational elements;
- New Forests’ investment strategy and products, including the design of investment vehicles and investment policies;
- New Forests’ asset management, which includes ESG factors in investment evaluation, management goals, and performance evaluation throughout the investment process; and
- New Forests’ approach to client relations and engagement with stakeholders, including how New Forests strives to work with partners who are aligned with its beliefs regarding RI and ESG management.

As an investment manager, New Forests implements RI as part of its fiduciary duty to clients. All investments managed by New Forests are positively screened for long-term, sustained positive impact alongside financial returns and are actively managed. New Forests requires its third-party property managers and agents to apply this Policy to the assets they manage on behalf of New Forests and/or its clients. Where New Forests does not control appointment of property managers or agents with operational responsibility for an asset, it uses its influence to encourage compliance with this Policy.

New Forests’ RI Policy is integrated into its broader sustainability, impact, and advocacy initiatives (Figure 1). The Policy is also a key component of New Forests’ Social and Environmental Management System (SEMS) and its Sustainable Landscape Investment (SLI) framework. New Forests uses internationally recognised standards and systems, including the ISO 14001 Environmental Management Systems and B Corp certification, both of which provide credibility and structure to its sustainability efforts.

Figure 1 - New Forests’ Sustainability Framework



Foundational Principles

New Forests' corporate purpose is investing to create productive and sustainable landscapes for the benefit of our clients and the communities where we operate.

New Forests' vision is to see forestry as a sector helping to lead the transition to a sustainable future.

As global demand for resources grows, there is a need to increase productivity while ensuring the conservation of the world's remaining forests. New Forests seeks to create investment strategies that provide lasting solutions to this challenge. Through responsible management of forests and other real assets, New Forests creates shared benefit for investors and local communities alike. New Forests believes that meeting the needs of a broad range of stakeholders will provide better long-term returns.

New Forests uses RI as a tool to enhance its ESG impact. This includes promoting land use that considers ecosystem services and preserves critical natural values; supporting the development of local communities and promoting diversity, equity, and inclusion; enhancing best practices for governance; and encouraging the development of products that have positive impacts on society and the environment. To account for the complexity of these topics and allow for interdisciplinary solutions, New Forests addresses ESG issues over short-, medium-, and long-term time frames.

Advocacy Priorities

New Forests' advocacy priorities support its purpose and vision. They were chosen for their potential to create material positive ESG outcomes through the investments New Forests manages (Figure 2).

Through these four advocacy themes, New Forests works to address global sustainability goals including climate change mitigation, biodiversity conservation, equitable development for marginalised and vulnerable populations, robust and sustainable supply chains, and healthy communities. By using its voice as a forestry investment manager, New Forests also aims to demonstrate investable pathways that achieve these advocacy goals.

Additionally, New Forests supports the United Nations Sustainable Development Goals (SDGs) and believes it can have the highest positive impacts towards SDGs 8 Decent Work and Economic Growth, 12 Responsible Consumption and Production, 13 Climate Action, and 15 Life on Land. While these four SDGs are New Forests' primary focus, the Goals are interconnected, and New Forests strives to address all of them in its work. New Forests uses its SLI framework to measure its progress towards the SDGs and reports on those efforts via its SDG Dashboard, which is published in its annual Sustainability Report.

Figure 2 – New Forests' Advocacy Priorities



In seeking to scale **natural climate solutions**, New Forests will advocate for policies and industry-led efforts that will enable forestry investment to contribute to positive climate outcomes that also promote biodiversity and the conservation of nature.



In seeking to generate **shared prosperity** at scale, New Forests will advocate for forestry investment models and business practices that will support more engaged, prosperous, and sustainable communities.



In seeking to advance the emergence of a **circular bioeconomy**, New Forests will advocate for policies and industry-led efforts that will support the provision of forest products for a low-carbon and sustainable economy.



New Forests works to advance policies and standards that improve market structure, operating environment, and regulatory conditions that foster **responsible private-sector investment** in the forest sector.

RI Implementation in Active Management

New Forests' RI implementation strategies support its vision and business strategy, allow for successful implementation of its ESG goals, promote responsible asset management on behalf of clients, and contribute positive ESG benefits to the areas and communities in which New Forests manages investments.

Through its RI implementation and investment strategies, New Forests aims to demonstrate best practices for forest and land stewardship across the key implementation areas described below. Using an active management approach allows for greater RI implementation, and New Forests demonstrates this through adhering to corporate governance best practices, performing integrated risk management,¹ seeking majority positions in operating companies it manages in order to have clear control for governance and other issues, and participating in peer collaboration organisations to move the forestry and land use sector towards a sustainable future. The following objectives comprise the principal avenues through which New Forests aims to deliver better RI outcomes for its stakeholders:

- New Forests will be compliant with laws and regulations and will support the investments it manages in demonstrating legal compliance.
- New Forests will strive for management frameworks that promote ESG excellence and the delivery of positive ESG impacts.
- New Forests will implement risk management systems that account for ESG risks and opportunities.
- New Forests will maintain and promote a culture of workplace health and safety for all workers throughout the investment value chain.
- New Forests will encourage community and stakeholder engagement via culturally appropriate programs that foster diversity, equity, and inclusion.

In addition to the above objectives, which are described in greater detail in the following sections, New Forests' approach to RI implementation is informed by its commitments to external ESG-related frameworks, such as those that are mutually agreed with clients and/or that are requirements of organisations of which New Forests is a member. In particular, New Forests works to adhere to best practice guidance from the following organisations and frameworks that connect New Forests to the global community in shared efforts to advance responsible business practices:

- **OECD Guidance for Multinational Enterprises**, including its guidance for **Responsible Business Conduct for Institutional Investors**.
- **UN Guiding Principles on Business and Human Rights**.
- **UN Global Compact**.
- **International Labour Organization and its Core Standards**, as applicable and where locally ratified.

- **Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries, and Forests**.
- The **membership requirements of the World Business Council for Sustainable Development**, including seeking to include New Forests' investment portfolio within the associated management, target setting, and disclosure obligations.

Management Frameworks for ESG Excellence

New Forests manages forestry and land use investments with a commitment to operational excellence, which includes a focus on ESG. New Forests strives for the investments it manages to create sustainable forest and land management systems that address the myriad of ecosystem services and benefits provided from these areas. New Forests believes that sustainable management can lead to greater health and productivity of both the forest and land as well as more efficient use of their many products. Further, New Forests believes sustainable management can improve land use planning; advance human health and wellbeing; and enhance ecosystem services, taking into account ecological, biological diversity, geological, historical, and cultural considerations. New Forests uses a variety of management systems to address these beliefs (Figure 3).

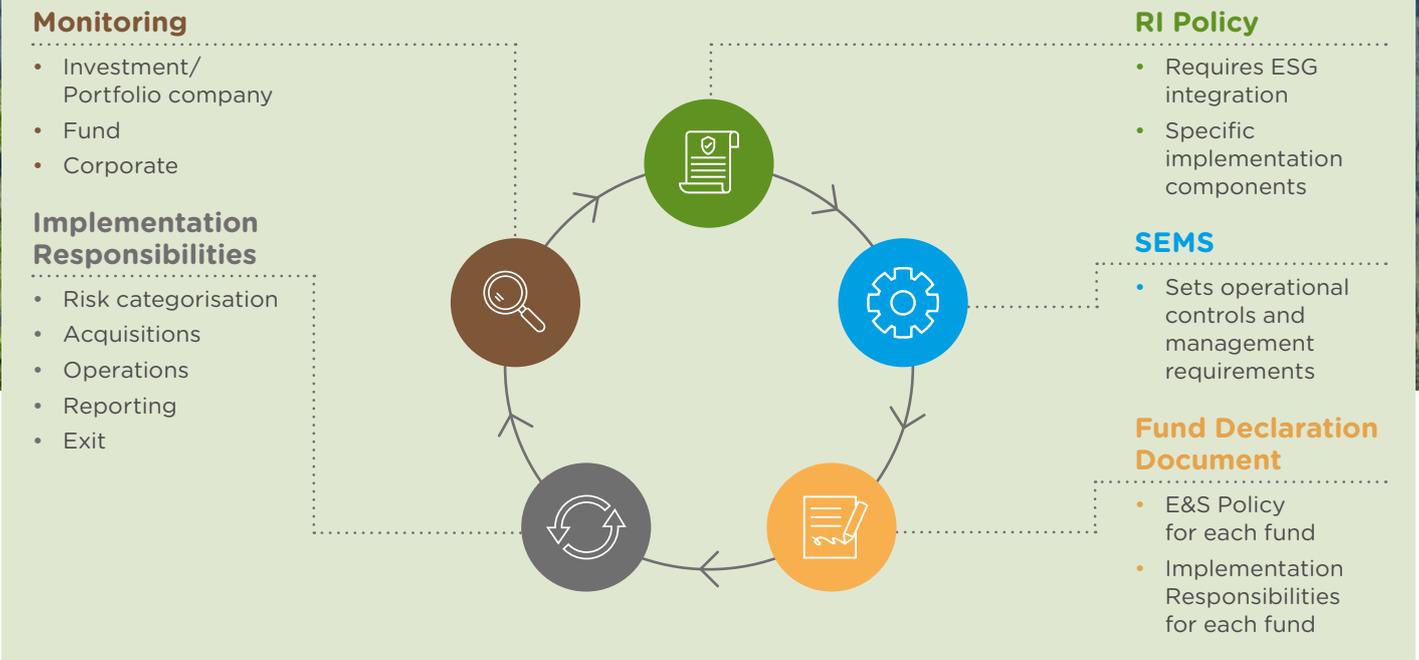
New Forests' proprietary SEMS is designed to systematically identify, manage, and report on environmental and social (E&S) issues and potential impacts of the investments New Forests manages. Aligned to the ISO 14001 standard, the SEMS applies a process of Plan-Do-Act-Check to ensure E&S targets are set, tracked, and completed, with continual improvement as a key focus.

Additionally, New Forests' SLI framework is an ESG and impact management tool, which includes an integrated view of land use planning, ecosystem services, productivity, shared prosperity, risk management, and governance as drivers of investment performance. More information on the application of the SLI framework is provided in the SEMS.

Management practices across New Forests' managed investments will be certified by accredited, independent third parties to meet globally recognised standards for E&S performance, where practicable and commercially feasible. All production forestry investments are required to achieve and maintain certification under one or both of the leading globally recognised sustainable forestry management certification systems, the Forest Stewardship Council® (FSC) or the Programme for the Endorsement of Forest Certification (PEFC). For emerging markets investments, New Forests is also guided by the International Finance Corporation's Environmental and Social Performance Standard (IFC PS), where applicable. Further requirements for forest and land management standards and certification are outlined in New Forests' SEMS.

¹ For example, New Forests uses the DFI Toolkit for Corporate Governance as a reference. View the Toolkit [here](#).

Figure 3 - New Forests' RI Policy & SEMS Integration for Continual Improvement



Risk Management

New Forests conducts detailed ESG risk assessment during the due diligence process to determine whether proposed investments meet required ESG thresholds, which are established through New Forests' risk appetite statement as set by its board of directors and also through the governing and legal documents of investment products, such as Limited Partnership Agreements, side letters, and exclusion lists. New Forests does not tolerate high levels of risk in the following ESG areas: deforestation, destruction of **High Conservation Values**, biodiversity and nature loss, adverse land use change, modern slavery, child labour, or the physical or economic displacement of local communities. If one of these ESG risks is identified in a target asset, New Forests will assess if it can be reversed and/or remedied through active management; if not, New Forests may choose not to invest. More information on ESG risks and opportunities can be found in the SEMS, fund-level Declaration Documents, and the Enterprise Risk Management framework.

Additionally, New Forests assesses climate-related risks and opportunities through its SLI framework and a **reporting framework** aligned with the Task Force for Climate-Related Finance Disclosures (TCFD). New Forests supports climate-risk management and disclosure and aims to align with the TCFD Recommendations through consistent efforts to continually improve the company's climate risk and opportunity management through governance, strategy, risk management, and target setting and reporting.

Compliance with Laws & Regulations

New Forests requires compliance with all applicable laws and regulations related to ESG issues in investments it manages; external managers, agents, and portfolio companies are also expected to meet this requirement. Compliance must include adherence to anti-corruption, anti-bribery, labour, and environmental laws, which New Forests believes are critical for sustainable development. New Forests uses its influence with the investments it manages to promote responsible and ethical business practices, good governance, integrity, and a proactive stance against corruption and bribery.

Culture of Workplace Health & Safety (WHS)

New Forests commits to complying with relevant WHS legislation, codes of practice, standards, and guidelines and to achieving relevant industry best practice WHS standards. This is applied within its business as part of New Forests' WHS Policy, and New Forests supports the investments it manages in their compliance with the spirit of this Policy. New Forests also views WHS as part of a successful risk management framework. New Forests' commitment to seeking to adhere to the ILO Core Labour Standards supports New Forests' pursuit of best practice in WHS, including attention to the rights and dignity of workers, across its portfolio of managed investments.



Community & Stakeholder Engagement

Informed by its status as a Certified B Corp, New Forests considers as its stakeholders its clients/customers, business partners/suppliers, employees, the communities in which it operates, and the environment. New Forests advocates for and strives to promote shared prosperity benefits across its management areas and prioritises the rights, safety, and welfare of communities and individuals who live and/or work in or near the investments it manages. All investment activities uphold the right to Free, Prior, and Informed Consent for affected communities and Indigenous Peoples. New Forests also encourages stakeholder partnership and engagement opportunities that support ESG management in its investment management activities and more broadly in related asset classes. These engagements may include corporate social responsibility activities, consultation and engagement with communities, participation in industry groups and public policy, and partnerships with local or non-profit organisations.

Engagement activities should foster diversity, equity, and inclusion and be appropriate to the scale, location, and cultural and historical context of the investment. Particular attention shall be paid to engaging with vulnerable groups and Indigenous Peoples.

New Forests also demonstrates its commitment to community development by providing stable and safe work opportunities and by supporting local economies, including through locally focused hiring practices and support for local supply chains. New Forests believes that providing workers with a fair, safe, and inclusive workplace and a living wage can minimise risk and promote a positive workplace culture.

Responsibilities

New Forests' Board of Directors has oversight of this Policy. All New Forests' employees are responsible for upholding this Policy, including through integration with the investment process and in management of oversight of third parties involved in asset management. Specific responsibilities related to this Policy are listed in New Forests' SEMS and are defined for each investment product in its SEMS Declaration Document.

Transparency & Reporting

New Forests aims for transparency in engaging with stakeholders related to ESG issues and sharing decision-making criteria and processes with clients and employees. New Forests reports on material ESG issues and activities related to RI in quarterly and ad hoc client reporting, New Forests' Annual Sustainability Report, and in the PRI reporting and assessment framework. Additionally, information related to New Forests' TCFD reporting is available in its Climate Disclosure Report. Public information is available on New Forests' website.

Committed to Continual Improvement

New Forests works towards continually improving management practices and communication with stakeholders related to ESG issues. This Policy will be reviewed on a biennial basis as part of the SEMS Management Review to ensure continual improvement across New Forests' business.



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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.

To learn more, visit us at www.newforests.com.au or contact us at info@newforests.com.au.

Certified



New Forests is part of the Certified B Corp community, a global movement of people using business as a force for good.

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