



# CLIMATE TRANSPARENCY REPORT 2020

New Forests Pty Limited

# About the Climate-related Disclosure Indicators

Climate has been identified as a top priority for PRI signatories, with over 70% of asset owners reporting this as the most important long-term trend they are acting on.

The FSB Task Force's guidance on climate-related financial disclosure aim to create a single framework for disclosure on assessment and management of climate-related risk. The recommendations, supported by investors representing US\$22 trillion, identify four main disclosures, Governance, Strategy, Risk Management, Metrics and Targets, and include specific guidance for asset owners and managers.

As a result, the PRI introduced climate-related disclosure indicators that can be used to align with the TCFD recommendations in the 2020 PRI Reporting Framework.

## About this report

This report is an export of only the climate-related indicators from the 2020 Reporting Framework response. The full Public Transparency Report is available here (<https://reporting.unpri.org/surveys/PRI-reporting-framework-2020/-545F395B-F9CE-4BB7-8486-CC5E292E3A02/79894dbc337a40828d895f9402aa63de/html/2/?lang=en&a=1>). It shows the responses to all the completed climate indicators, even those you chose to keep private. It is designed for your internal review or – if you wish - to share with your stakeholders.

The PRI will not publish this report on its website if you have designated your 2020 climate reporting as “private”. Otherwise, you will be able to access the Climate Transparency Report of your organisation and that of other signatories on the [PRI website](#) and on the [Data Portal](#).

To easily locate information, there is a **Recommendation index** which summarises the indicators that signatories complete and disclose. The report presents information exactly as it was reported as per signatory preference. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory are presented in this report.

# TCFD Recommendations Index

Strategy and Governance - CC			TCFD Recommendation			
Indicator	Reported	Disclosure	Governance	Strategy	Risk Management	Metrics & Targets
SG 01.6 CC	✓	Public				
SG 01.7 CC	✓	Public				
SG 01.8 CC	✓	Public				
SG 01.9 CC	✓	Public				
SG 01.10 CC	✓	Public				
SG 07.5 CC	✓	Public				
SG 07.6 CC	✓	Public				
SG 07.7 CC	✓	Public				
SG 07.8 CC	-	Public				
SG 13.1	✓	Public				
SG 13.2	✓	Public				
SG 13.4 CC	✓	Public				
SG 13.5 CC	✓	Public				
SG 13.6 CC	✓	Public				
SG 13.7 CC	✓	Public				
SG 13.8 CC	✓	Public				
SG 14.1	✓	Public				
SG 14.2	✓	Public				
SG 14.3	✓	Public				
SG 14.6 CC	✓	Public				
SG 14.7 CC	-	Public				
SG 14.8 CC	✓	Public				
SG 14.9 CC	-	Public				
SG 15.1	✓	Public				
SG 15.2	✓	Public				
SG 15.3	✓	Public				

Symbol	Status
✓	The signatory has completed this sub-indicator
-	The signatory did not complete this sub-indicator.
	This indicator is relevant to the named TCFD recommendation
Within the first column "Indicator", indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.	

# ORGANISATIONAL OVERVIEW

This section provides an overview of your organisation. These characteristics are used to define your peer groups.

MAIN CHARACTERISTICS	
<b>Name</b>	New Forests Pty Limited
<b>Signatory Category</b>	Fund Management - Majority
<b>Signatory Type</b>	Investment Manager
<b>Size</b>	US\$ 1 - 4.99 billion AUM
<b>Main Asset Class</b>	>50% Forestry Internally Managed
<b>Signed PRI Initiative</b>	2010
<b>Region</b>	Oceania
<b>Country</b>	Australia
<b>Disclosure of Voluntary Indicators</b>	100% from 38 Voluntary indicators

# New Forests Pty Limited

## Reported Information

### Public version

### Strategy and Governance

## 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.

## Investment policy

SG 01	Mandatory	Public	Core Assessed	General
-------	-----------	--------	---------------	---------

**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

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

SG 01 CC	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General
----------	-------------------------------------------	--------	-------------	---------

SG 01.6 CC	Indicate whether your organisation has identified transition and physical climate-related risks and opportunities and factored this into the investment strategies and products, within the organisation's investment time horizon.
------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Yes

Describe the identified transition and physical climate-related risks and opportunities and how they have been factored into the investment strategies/products.
------------------------------------------------------------------------------------------------------------------------------------------------------------------

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. However, despite that the forest industry, combined with agriculture, currently contributes around 24% of global GHG emissions coming from land use, 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 bioeconomy, 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.
4. Carbon markets and offsets

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 minimize financial losses. A full description of New Forests' assessment of physical and transition risks to our business and how they factor into our investment strategies and products is available in New Forests' Climate Disclosure Report, available on our website. This report was designed to be aligned to the TCFD.

No

SG 01.7  
CC

Indicate whether the organisation has assessed the likelihood and impact of these climate risks?

Yes

Describe the associated timescales linked to these risks and opportunities.

The world's forests face real and rising physical risks of climate change, as well as specific opportunities arising from climate finance and the need to invest in mitigation, adaptation, and resilience. New Forests assessed the most material short-, medium-, and long-term transition and physical risks as related to our investments in the forest sector. Our assessment of time scale considers issues affecting near-term management of assets and our ability to invest capital, to add value to investments during a typical closed-end fund holding period, and to address the long-term planning 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 80 years in semi-natural managed forests of the US). Additional information can be found in New Forests' TCFD Climate Disclosure Report (March 2020).

No

SG 01.8  
CC

Indicate whether the organisation publicly supports the TCFD?

Yes

No

SG 01.9  
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**

As an investment manager, the principle climate-related risks and opportunities arise in the asset management function for the capital we deploy and the investments we manage for our clients. Climate-related opportunities are considered in strategic asset planning, which typically follows an annual cycle for review, budgeting, and execution. These are principally driven by wood fibre and carbon market opportunities but may also include additional climate positive activities like increasing biological growth, supply chain efficiency, operating efficiency, and engaging in environmental restoration and conservation projects that promote ecosystem resilience.

Climate considerations feature throughout New Forests' policies and procedures that support asset management. New Forests' Social and Environmental Management System (SEMS) requires the identification of significant environmental risks and that operational management controls be in place to manage significant risks. Operational controls include applying responsible forest management practices to achieve high-quality, third-party forest management certification for all production forestry investments. Additionally, New Forests' Sustainable Landscape Investment (SLI) framework is the company's environmental, social, and governance (ESG) and impact management tool, which includes an integrated view of land use planning, ecosystem services, productivity, shared prosperity, risk management and governance. The SLI framework has climate impact reporting, as well as metrics on factors that can support climate positive asset management.

Climate change-related risks are integrated into New Forests' enterprise risk management (ERM) framework, such that significant policy, market, and environmental risks related to climate change are monitored and discussed. The ERM is guided by the risk appetite statement endorsed by New Forests'

Board of Directors and includes regular review of risks at the New Forests corporate level, as 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. The ERM includes a workbook-based risk assessment tool that is applied as part of due diligence and investment appraisal, as well as a dedicated component focused on key risk parameters that span transition and physical risks. The assessment results are documented and considered in investment decisions. During asset management, the ERM requires that asset risk registers be developed and regularly maintained as part of active management. 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.

No

**SG 1.10  
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 published a TCFD-aligned Climate Disclosure Report (as of March 2020). This report is publicly available on our website. Future integration anticipated.

- We currently do not publish TCFD disclosures

## Governance and human resources

**SG 07 CC**

**Mandatory to Report Voluntary to Disclose**

**Public**

**Descriptive**

**General**

**SG 07.5  
CC**

Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.

Board members or trustees

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Risk Officer (CRO), Investment Committee

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues



Other Chief-level staff or heads of departments

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Portfolio managers

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Investment analysts

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Dedicated responsible investment staff

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Investor relations

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

External managers or service providers

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Other role, specify (1)

**Governance Team & Risk & Compliance Team**

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Other role, specify (2)

**Company Secretary**

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

**SG 07.6**  
**CC** For board-level roles that have climate-related issue oversight/accountability or implementation responsibilities, indicate how these responsibilities are executed.

New Forests' Board supported the company to undertake its Climate Risk & Strategy Work Plan, which includes alignment with the TCFD Recommendations. The Board reviews and approves the Climate Disclosure Report and will have oversight for New Forests' Climate Neutrality Commitment, which comes into force in 2020.

Board members have oversight of sustainability initiatives and approve changes to guiding documents such as the Social & Environmental Management System (SEMS), the Sustainable Landscape Indicators (SLI), and the Responsible Investment Policy. All of these systems have climate-related guidance, primarily through the identification and management of physical and transition risks.

**SG 07.7**  
**CC** For management-level roles that assess and manage climate-related issues, provide further information on the structure and processes involved.

Jointly, the Executive Committee has oversight for integration of climate-related issues throughout the business, including in funds management as part of fiduciary duty.

The Managing Directors of each New Forests region (Australia-New Zealand, Southeast Asia, and the United States) is responsible for ensuring compliance with New Forests' policies and fiduciary duty as an investment manager for their given geography. This includes managing climate-related risks and opportunities.

Operations Directors are responsible for ensuring climate-risk management and opportunities are considered and managed for all assets for which they are responsible. Operations Directors work with their internal teams, third-party managers, and investees to ensure compliance with New Forests' ESG and RI policies, including for climate issues.

Investment Directors and Associate Directors have responsibility for integrating climate-related risk assessment in investment appraisals and incorporating appropriate climate-related risks and opportunities into investment documentation, including IC papers and recommendations.

The Head of Risk and Compliance has oversight for all climate-related risk management and is a co-lead of the Climate Risk & Strategy Work Plan for New Forests.

The Investor Services team, guided by the Director of Sustainability & Communications, ensures inclusion of climate-related issues in all relevant investor communication and documentation. The Director of Sustainability & Communications is a co-lead on the Climate Risk & Strategy Work Plan and is responsible for the Climate Disclosure Report.

## ESG issues in asset allocation

SG 13	Mandatory	Public	Descriptive	PRI 1
-------	-----------	--------	-------------	-------

**SG 13.1** Indicate whether the organisation carries out scenario analysis and/or modelling, and if it does, provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).

- Yes, in order 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, in order 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, our organisation does not currently carry out scenario analysis and/or modelling

<b>SG 13.2</b>	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

<b>SG 13.3</b>	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 ANZ 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 while still enabling ESG improvements. 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 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 that meets emerging investor demand for low-carbon investments.

New Forests plans to add quantitative scenario analysis and has initiated a program for integration of scenario analysis in its ANZ investment program as a testing ground for this approach.

<b>SG 13 CC</b>	<b>Mandatory to Report Voluntary to Disclose</b>	<b>Public</b>	<b>Descriptive</b>	<b>General</b>
-----------------	--------------------------------------------------	---------------	--------------------	----------------

<b>SG 13.4 CC</b>	Describe how your organisation is using scenario analysis to manage climate-related risks and opportunities, including how the analysis has been interpreted, its results, and any future plans.
-------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Initial assessment

Describe

All New Forest prospective investments have been screened for climate-related risks and opportunities. To date, the scenario analysis is largely qualitative, though the company is working to quantify its process via improved TCFD-alignment and carbon footprinting. Where available, New Forests uses third-party programs and data that present climate scenario information relevant to forestry assets. New Forests analyzes climate-related risks and opportunities as part of its prospective investment due diligence using a standardised climate risk assessment tool.

- Incorporation into investment analysis

Describe

New Forests integrates sensitivity analysis, including factors that may be materially driven by climate issues, into its modelling and appraisal for prospective investments. New Forests also uses third-party programs and data, where available, to understand the potential impacts of climate-related issues on prospective investments.

- Inform active ownership
- Other

SG 13.5  
CC

Indicate who uses this analysis.

- Board members, trustees, C-level roles, Investment Committee
- Portfolio managers
- Dedicated responsible investment staff
- External managers
- Investment consultants/actuaries
- Other

SG 13.6  
CC

Indicate whether your organisation has evaluated the potential impact of climate-related risks, beyond the investment time horizon, on its investment strategy.

- Yes

Describe

New Forests analyses climate-related risks on short, medium, and long-term time scales to best understand the relevant factors. Part of this is due to the long timeframe of forestry investments. Additionally, the company has looked at risks beyond the investment time horizon due to the understood long-term nature of climate change and its associated impacts.

- No

SG 13.7  
CC

Indicate whether a range of climate scenarios is used.

- Analysis based on a 2°C or lower scenario
- Analysis based on an abrupt transition, consistent with the Inevitable Policy Response
- Analysis based on a 4°C or higher scenario
- No, a range is not used

Provider	Scenario used	
IEA	<input type="checkbox"/> Beyond 2 Degrees Scenario (B2DS)	
IEA	<input type="checkbox"/> Energy Technology Perspectives (ETP) 2 Degrees scenario	
IEA	<input type="checkbox"/> Sustainable Development Scenario (SDS)	
IEA	<input type="checkbox"/> New Policy Scenario (NPS)	
IEA	<input type="checkbox"/> Current Policy Scenario (CPS)	
IRENA	<input type="checkbox"/> RE Map	
Greenpeace	<input type="checkbox"/> Advanced Energy [R]evolution	
Institute for Sustainable Development	<input type="checkbox"/> Deep Decarbonisation Pathway Project (DDPP)	
Bloomberg	<input type="checkbox"/> BNEF reference scenario	
IPCC	<input type="checkbox"/> Representative Concentration Pathway (RCP) 8.5	
IPCC	<input checked="" type="checkbox"/> RPC 6	
IPCC	<input checked="" type="checkbox"/> RPC 4.5	
IPCC	<input checked="" type="checkbox"/> RPC 2.6	
Other	<input checked="" type="checkbox"/> Other (1)	<div style="background-color: #0070C0; color: white; padding: 2px;">Other (1) please specify:</div> Australian Climate Futures (CSIRO)
Other	<input type="checkbox"/> Other (2)	
Other	<input type="checkbox"/> Other (3)	

**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 increasing exposure to acute and chronic physical risks, e.g. 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.

	trillions	billions	millions	thousands	hundreds
Total AUM		5	598	762	725
Currency	AUD				
Assets in USD		3	792	599	687

Specify the framework or taxonomy used.

All of 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]

New Forests' vision is for forestry to become a leading sector in the transition to a sustainable future. The interconnectedness of the forest sector and climate change is central to this vision, with sustainable forestry and nature-based climate solutions (NCS) both essential in any climate mitigation pathway that can achieve the goals of the Paris Agreement. While this response focuses on climate, there is rising recognition of the need to understand the impact and risk of business on nature and biodiversity, as well as the risks and opportunities that businesses face relating to nature and biodiversity. Climate and biodiversity are both included in New Forests' vision, which drives our business planning and strategy, making climate change, climate impact, and other environmental and social impacts central considerations in our business.

New Forests' business strategy anticipates increasing risks from climate change, primary related to physical risks to forestry assets, but also believes there are positive opportunities for the forest sector in the global transition to a zero-carbon economy. Key trends affecting our business include climate regulation and demand for sustainable materials and sustainable investments. New Forests is positioned to benefit from positive feedback cycles linked to increased demand for low carbon investment, increased timber demand for low-carbon fibre and building materials, and product and investment innovation in NCS.

With an ongoing cycle of carbon sequestration and storage - both in the forest and in sustainable forest products - forestry investments align with a low-carbon economy, particularly with opportunities in the growing circular bioeconomy. Such investments may also benefit from carbon pricing if they can increase the amount of carbon stored in biomass over time. New Forests anticipates sustainable forestry investments will meet the emerging requirements for green finance and sustainable investment. For example, under the EU Sustainable Finance Taxonomy, forestry investments only qualify as sustainable if they include forest certification and GHG accounting. When considering the overall life cycle for timber and wood fibre products, it is also important to consider downstream emissions associated with transportation and timber processing. Innovation and operating efficiencies throughout the sector will continue to deliver emissions reductions throughout the supply chain while also contributing to the long-term storage of carbon in durable wood products.

New Forests' investment strategies have the potential to bring capital to forestry-based climate change mitigation, adaptation, and resilience solutions. New Forests' regional investment strategies promote climate action, such as:

- Our US Carbon Forestry strategy monetises carbon sequestration through the California emissions cap-and-trade market, combining carbon finance with timber harvest revenue, informed by proprietary analysis to target high carbon value properties.

- Our investment program in Southeast Asia includes a mandate to undertake additional climate mitigation activities, such as environmental restoration, reforestation, and avoided deforestation, as part of forestry investments that combine production and conservation.
- Our Australia and New Zealand investments participate in carbon markets via the New Zealand Emissions Trading Scheme and the Australian Carbon Climate Solutions Fund.

SG 14 CC	Voluntary	Public	General
----------	-----------	--------	---------

SG 14.6 CC	Provide further details on the key metric(s) used to assess climate-related risks and opportunities.
------------	------------------------------------------------------------------------------------------------------

Metric Type	Coverage	Purpose	Metric Unit	Metric Methodology
<b>Portfolio carbon footprint</b>	<input checked="" type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	To understand overall climate impact of funds and contribution to carbon removals	tCO2e	Proprietary carbon calculations, moving toward GHG Protocol
<b>Exposure to carbon-related assets</b>	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input checked="" type="checkbox"/> Minority of assets	Minority is due to low-carbon nature of sustainable forestry		
<b>Other emissions metrics</b>	<input checked="" type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Carbon stock in biogenic carbon (forest carbon)	tCO2e	

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

- Ⓒ Processes for climate-related risks are 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 are critical to address the climate crisis. Relevant 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.

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.

Processes for climate-related risks are not integrated into overall risk management

SG 15	Mandatory to Report Voluntary to Disclose	Public	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

	Percentage of AUM (+/-5%) per asset class invested in the area
--	----------------------------------------------------------------

100

**Sustainable forestry investment in Australia and New Zealand.** Forestry 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