

The background of the entire page is a photograph of a dense forest of tall, slender trees with green foliage, reaching up to a clear blue sky.

# IWC's 2017 ESG Report

Copenhagen, June 2018

**International  
Woodland  
Company A/S**

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## Executive summary

The IWC Group<sup>1</sup> is pleased to provide you with our first corporate level ESG report, IWC's 2017 ESG Report, summarizing our responsible investing approach (**chapters 1 and 2**) and its results (**chapter 3**). Building on a matured sustainable foundation and aiming to accord with the ESG field development and investor requirements for ESG transparency, IWC has decided to streamline its sustainability approach even further and report on our efforts, accordingly.

Many international initiatives and guidelines are continuously emerging or spreading – the Paris Agreement and the related Paris Pledge for Action, the Bonn Challenge, the UN Sustainable Development Goals, the Task Force on Climate-related Financial Disclosures, and so on – that in a certain way aim at natural resources restoration and preservation, and would ultimately enable capital movement towards sustainable investments. That is why, we believe we have laid down the right principles towards investing in sustainably managed natural resources that could have otherwise be adding to the global issue of deforestation, negatively contributing to climate change.

We are proud that today, our clients' trust and our ESG approach have resulted in forest investments of more than a million of worldwide hectares that are sustainably managed and are providing multi-dimensional benefits to stakeholders, alongside capital protection to our investors.

IWC is striving to follow best industry practices in our ESG reporting, thus any comments for improvements and questions in relation to this report are welcomed.

<sup>1</sup> International Woodland Company A/S; IWC Investment Partners A/S; CWI US, Inc.; International Woodland Company Australia Pty Ltd.

# 1 ESG framework

## 1.1 Organization

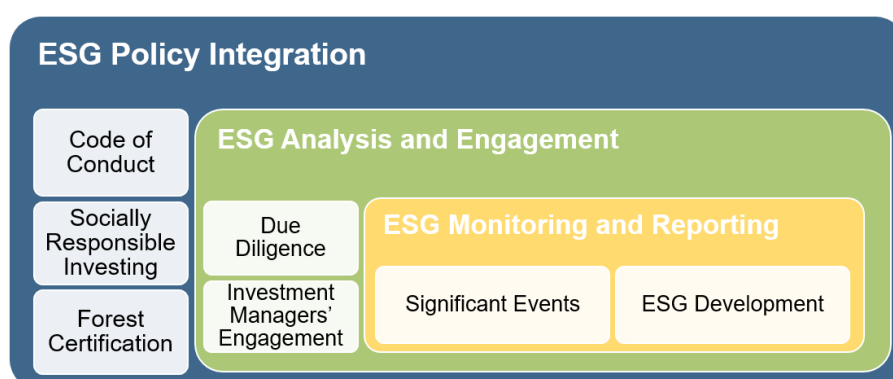
The IWC Group ('IWC') is a leading natural resources investment expert with deep global experience with responsible timberland and agriculture investments. By advising and managing timberland investments, the group has provided diversification, inflation hedge, income, and capital appreciation investment opportunities to institutional investors for more than 25 years. It currently oversees approximately USD 5.3 billion of institutional mandates dedicated to timberland investment programs worldwide, and employs 24 professionals, based in Copenhagen, USA, and Australia. Investments are located in North America, Latin America, Europe, Africa, Asia, and Oceania (Figure 1).



**Figure 1**  
IWC's global footprint

**At IWC, ESG is steered by three key principles:**

- Compliance with law and relevant international norms ('The Norms' see [Appendices](#))
- Socially responsible and sustainable investing
- ESG analysis integration into the investment process.



**Figure 2**  
IWC's ESG approach

As IWC endeavours to play an active role in this field, we are a signatory of the United Nations Principles for Responsible Investment (UNPRI) and the Danish Sustainable Investment Forum (DanSIF), a member of the Forest Stewardship Council (FSC), and we participate in the Programme for Endorsement of Forest Certification (PEFC) stakeholder consultation forum.

## 1.2 ESG policy

IWC is committed to the principles governing socially responsible investing and sustainable natural resources management. In IWC's view, environmental, social, and governance (ESG) factors affect an organization's bottom line, its natural and human capital, the adjacent communities, and stakeholders; ergo impact the investments' risk-return profile. Integrating ESG criteria into IWC's investment management and monitoring processes is a blueprint for sustainable investments. That is why, IWC is carrying socially responsible and environmentally sound investments in sustainably managed natural resources and is considering ESG matters in addition to investments' financial viability.

## 1.3 ESG integration

- *Pre-investment ESG incorporation:* In its assessment and selection of investments, IWC reviews ESG matters associated with the underlying assets, investees, and portfolios, alongside financial returns. In this process, IWC is governed by its key principles and relevant procedures throughout the due diligence and investment decision processes
- *Post-investment ESG incorporation:* Post-acquisition, IWC is following a risk-based prioritization approach to monitor and address ESG-related matters with the investment managers, with whom strategic ESG matters are occasionally considered and discussed. When there are material issues, or potential material issues identified, the management of such are included in an engagement plan, supporting the integration and disclosure of ESG matters at the underlying investment level in order to lower the investment overall risk.

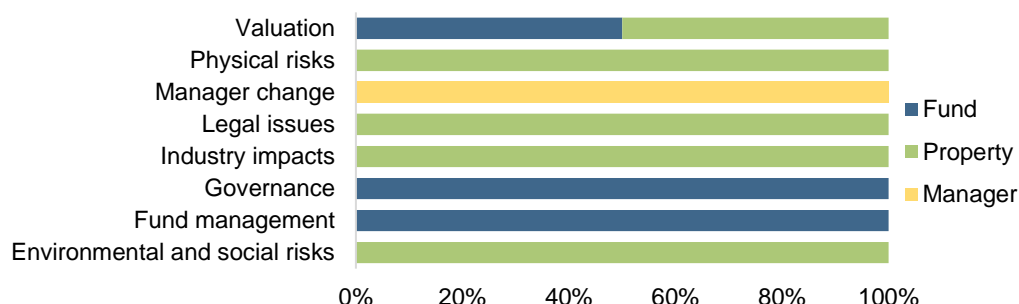
## 1.4 ESG monitoring and engagement

IWC defines three ESG risk categories related to assets' ESG sensitivity - low, medium, and high - and to investment managers' ESG capability - good, average, and outstanding. Categorization is based on IWC's investment teams' assessment of the geography, land ownership, history of the investment and manager, asset characteristics, local industry reputation, compliance with ESG-relevant norms, and ESG practices at investees, etc.

Low-risk investments would require IWC's standard monitoring and involvement, whereas medium/high-risk investments or materialized ESG risks would set forth an engagement plan with the relevant investment manager, targeting areas for development or the remediation of a materialized adverse (significant) event. The period for addressing such may vary, depending on the magnitude (scope, scale, and irremediableness) of the adverse event (development area) and the consensus with relevant stakeholders.

On a continuous basis, monitoring is carried via property and annual conferences visits, regular communication with and reporting from investment managers. Relevant information is stored in IWC's proprietary database. Should a significant event materialize, including of an ESG matter, an internal procedure for classifying and managing it is triggered. The event may be of informational character, of medium, or of high significance, and could pertain to the investment vehicle, manager, or property. For the year 2017, Figure 3 below illustrates some of the main places of events monitored (right-side legend) – fund, manager, property, and some of the related sub-categories of significant events' (left-side axis) frequency (proportional share of events registered). For instance, if one looks at the valuation sub-category of events (left-side axis), one would see that 50% of the events occurring in this category are related to the valuation of an underlying property and 50% – to valuation change on a fund level (investment vehicle). The figure also shows that, to date, all significant events related to environmental and social risks have occurred on a property level.

**Figure 3**  
Significant events  
categories in 2017



## 2 Investment principles and governance

### 2.1 Timberland principles

ESG risks and opportunities are largely incorporated in some of the most comprehensive forest certification schemes, such as the Forest Certification Scheme ('FSC') and the Programme for the Endorsement of Forest Certification Schemes ('PEFC'), which are cornerstones of IWC's Forest Certification Policy. Furthermore, these organizations have endorsed several national certification schemes, pertaining to Latin America, Oceania, North America, etc., as compliant to the former management principles. Although not fully harmonized, both FSC and PEFC have focus on forest health and biodiversity, environmental protection, human rights, and stakeholders' engagement, that are ensured by best management practices application and periodically verified by third-party auditing bodies. Only a forest management that is sustaining the provision of forests' goods and services (economic, environmental, and social) for the long-term, while maintaining and improving forest's health, is eligible for certification.

Furthermore, forest certification schemes' scope is compatible with several renown international guidelines or initiatives (Figure 4), such as the:

- International Finance Corporation's Environmental and Social Performance Standards ('IFC PS') - a widely accepted benchmark for the financial industry to manage social and environmental issues in project financing;
- Organization for Economic Cooperation and Development Guidelines for Multinational Enterprises ('OECD MNEs') - a set of recommendations adopted by some governments, addressed to multinational companies on what constitutes Responsible Business Conduct ('RBC');
- United Nations Global Compact ('UN GC') - launched in 2000 as a call to companies around the world to align their strategies and operations with ten universal principles.

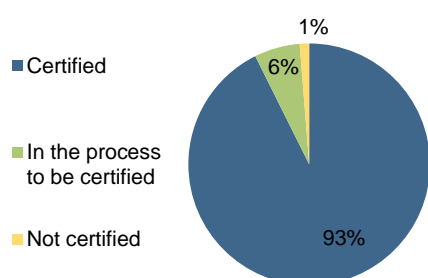
The choice of initiatives and guidelines, to map forest certifications and ESG categories on, is driven by a research of investors' preferences (supported initiatives and guidelines), the guidelines' comprehensiveness, and recent trends (*OECD (2017), Responsible business conduct for institutional investors: Key considerations for due diligence under the OECD Guidelines for Multinational Enterprises*). Figure 4 below is used to illustrate comparison among some of these guidelines. Each guideline refers to, or embeds, other internationally adopted principles or norms (such as the UN Guiding Principles for Business and Human Rights, International Labor Organizations Rights at Work, etc.), hence we believe their scope to be quite comprehensive. For illustrative purposes, some of the categories' names are combined or slightly modified, and the guidelines main principles are related to different ESG (individually marked with the letters E, S, and G) and Responsible Business Conduct (marked RBC) categories.

**Figure 4**  
Illustrative scope  
of international  
initiatives' relation  
to ESG and RBC  
matters

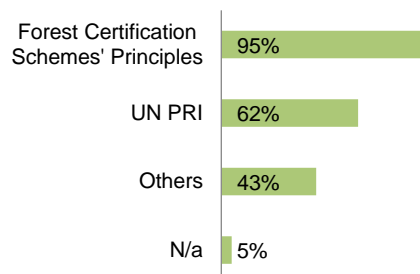
International Guidelines/Principles' relation to ESG/RBC	IFC PS	OECD MNE	UN GC	FSC (PEFC)
E: Biodiversity Conservation and Enhancement				
E: Environmental/Social Risks Assessment (EMS/ESMS)				
E: Resource Efficiency and Pollution Prevention				
E: Sustainable Management of Living Natural Resources				
S: Community Health, Safety, and Security				
S: Fundamental Human Rights				
S: Grievance mechanism				
S: Indigenous Peoples				
S: Labor and Working Conditions				
S: Land Acquisition and Involuntary Resettlement				
G: Anti-Corruption				
G: Competition and Taxation				
G: Compliance with Law				
RBC: Consumer Interests				
RBC: Cultural Heritage				
RBC: Due Diligence related to RBC				
RBC: Information Disclosure				
RBC: Science and Technology				
RBC: Socio-economic conditions maintenance				

As Figure 4 shows, forest certification schemes are addressing a large portion of ESG and RBC matters, which supports IWC's main investment governance principle with regards to ESG matters: to work toward attaining the most appropriate, recognized third-party forest certification. The application of IWC's principles can be seen in Figure 5 below, showing the percentage of IWC's assets under advice or management that are certified (approximately 93%) or in the process to become certified (6%). Those that are not certified (1%), are either not relevant to have forest certifications in place – mitigation bank investments, which at their core are structured to achieve certain science-based environmental outcomes – or the assets are in disposition process, or are a very small fraction of an investment vehicle. However, no matter the status, all assets are managed under sustainable forestry principles (forest certification schemes' principles). In addition, IWC and the investment managers are abiding to other ESG-related principles, which, as Figure 6 shows, are most often those of UN PRI.

**Figure 5** Certified assets



**Figure 6** Investment managers\* abiding to  
ESG-related principles



\* including IWC and  
mitigation banks  
(n/a)

## 2.2 Agriculture principles

As a new asset class in IWC's portfolio, agriculture will further develop its sustainable strategy and guidelines. However, agriculture investments are currently focused on Europe and, as such, abide to the European laws and regulations, which have a high regard of human rights, environment, and resources management.

## 2.3 ESG governance

**Strategic oversight** is entrusted to the Board of Directors (BoD) who sets and endorses the company's ESG Policy. The Chief Executive Officer (CEO) has an overall management responsibility and ensures the policy is adhered to and, when relevant, reports to the BoD and external stakeholders on ESG performance and progress. The Chief Investment Officer (CIO) supports the CEO and is strategically and operationally following the ESG Policy, especially when new investment opportunities are analyzed in his role as Chair of the Investment Committee.

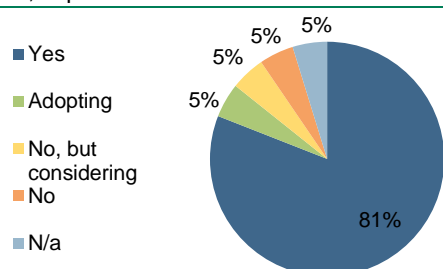
**Oversight and implementation** is anchored with the relevant investment and forestry professionals and due diligence managers. The CIO is responsible for the policy development and implementation, including for the assignment of roles and responsibilities for ESG monitoring of investments. The due diligence managers, investment professionals, and ESG specialists (external/internal) are responsible for (i) ESG considerations during due diligence of new investment opportunities and monitoring of holdings post-acquisition; and for (ii) assessing IWC's sustainability policies and processes alignment with global practices.

## 2.4 Investment managers

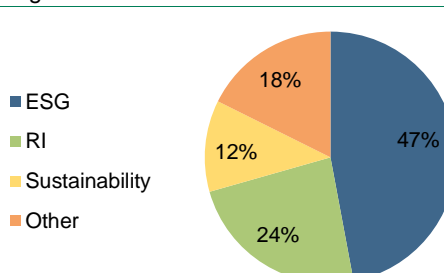
Building on a comprehensive Socially Responsible Investing (SRI) Framework, IWC has initiated a process of updating its ESG Framework, to account for newly emerging sectoral guidelines and trends<sup>1</sup> and investors' requirements for higher ESG transparency. This resulted in a new ESG Policy, issued post YE 2017, that encompasses all previously effected SRI policies and procedures (see Figure 2). Slight adjustment of related guidelines and procedures - due diligence questionnaires, post-investment engagement, and reporting - was also initiated. Even though amendments are incremental, IWC's aim to achieve higher ESG integration, improve forward-looking awareness towards mega trends like climate change, and deepen stakeholders' engagement, led to the review of all IWC's internal and external investment managers' ESG approach. A process that will be continued and improved throughout 2018 and years to come, to address investors' demand for ESG performance data and to engage further with investment managers.

As a result of our recent ESG review, and as Figure 7 below indicates, almost all IWC's investment managers have an ESG policy, or similar, in place. Those who do not have one in place yet are, either adopting (5%), or contemplating to adopt (5%). Those who do not have, nor contemplate to have (5%), are having other type of ESG-related guidelines on top of the Forest Certification Schemes' principles, such as a code of ethics, environmental policy, anti-corruption policy, etc., as shown in Figure 8. Both figures are describing the full number of managers IWC is working with.

**Figure 7** Investment managers' ESG policy, or similar, in place



**Figure 8** ESG-related policies at investment managers



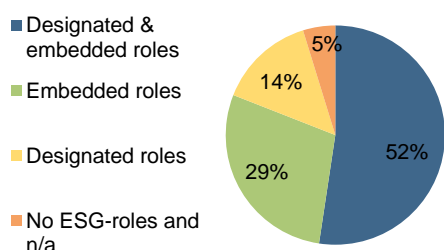
Note 1:

OECD Guidelines for Multinational Enterprises, Task Force on Climate-related Financial Disclosures', UN Sustainable Development Goals

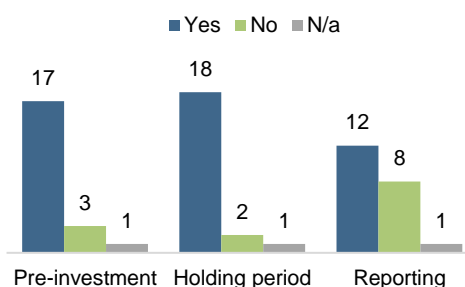


With relation to the way ESG matters are handled at investment management organizations, the ESG roles and responsibilities within these organizations are commonly embedded in other roles - executives, investment professionals, and administrative staff - which is reasonable, minding the ESG broad scope and importance for natural resources investments. As Figure 9 shows, 52% of the investment managers have ESG roles assigned to specifically designated roles and embedded as responsibilities in other roles; 29% have ESG responsibilities assigned to other roles (investment, administrative, operational, etc.); 14% have specifically designated ESG roles – meaning high focus is put on the ESG performance; and only 5% are not having any ESG responsibilities assigned to either specific or other roles. In the latter case, though, the investments pertain to conservation and mitigation investments in matured markets, which aim at achieving certain environmental outcomes and as such they must take into account ESG issues at construction and monitoring, with highest focus on the environmental ones.

**Figure 9** ESG capacity – roles allocation



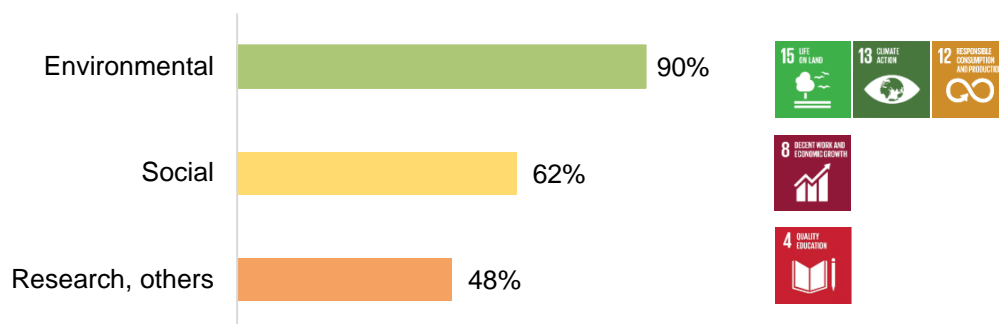
**Figure 10** ESG integration



ESG integration into an investment lifecycle – due diligence, investment decision, monitoring and reporting during holding – is a very important process from risk management perspective and, as Figure 10 shows, the number of investment managers integrating ESG matters in an investment lifecycle is quite high – 17 out of 21 in the case of pre-investment due diligence and decision making, 18 – in the case of monitoring for potential risks and opportunities to address these, and 12 – in the case of reporting ESG-related data. The area requiring most development seems to be the ESG reporting one, which is a trend on a global level, especially when it comes to unifying metrics to compare ESG-related performance across assets or managers. It is worth noting, that of the nearly 60% investment managers reporting on ESG matters, half are doing so in a separate ESG/Sustainability report; the rest are incorporating some metrics in their quarterly/annual fund reports. It is IWC's aim to guide investment managers to streamline their ESG incorporation efforts and report regularly on important ESG metrics.

Even though not many of IWC's investment managers have set non-financial impact objectives, often there are some targets related to sustainable forestry and certification, which produce environmental, social, and economic outcomes. From the organizations that do set objectives (Figure 11), most often these are:

- environmental (90% of the objectives type) – carbon footprint reduction, carbon storage, land water and species conservation, wetland and streams restoration, water buffers providing for natural timber stands around rivers, etc.;
- social (62%) – rural jobs creation, local industry supporting, educating and supporting of small-hold farmers in the developing world, healthcare services and education to employees and contractors, community friendly policies and activities, etc.;
- research and others (48%) - financing climate change research universities globally, participating in research cooperatives, ancient and cultural objects managing, etc.



**Figure 11**  
ESG-related  
objectives

## 2.5 Stakeholders' engagement

### Clients

To respond to IWC's clients' sustainability/ESG approaches, we are occasionally discussing and analyzing our clients' ESG frameworks, strategies and requirements. This process provides valuable information that will support our ESG Report further improvement and performance measurement.

### Investment managers

IWC has reviewed and engaged with all its investment managers to update knowledge of their ESG practices and deliver the report herewith. IWC continuously deepens the communication to improve ESG integration and reporting at both ends.

### ESG conferences and forums

During 2017, IWC has participated in several ESG-related conferences, such as the DanSIF Annual Meeting, PEI Responsible Investment Forum, UN PRI's Annual General Meeting, etc., to increase the organization's ESG knowledge and capture new trends and requirements, which are used to improve IWC's ESG framework and set future ESG-development goals.

### Employees

Employees' training requirements, to enhance ESG integration into financial analysis and climate change scenarios considerations, will further be assessed and potentially planned.

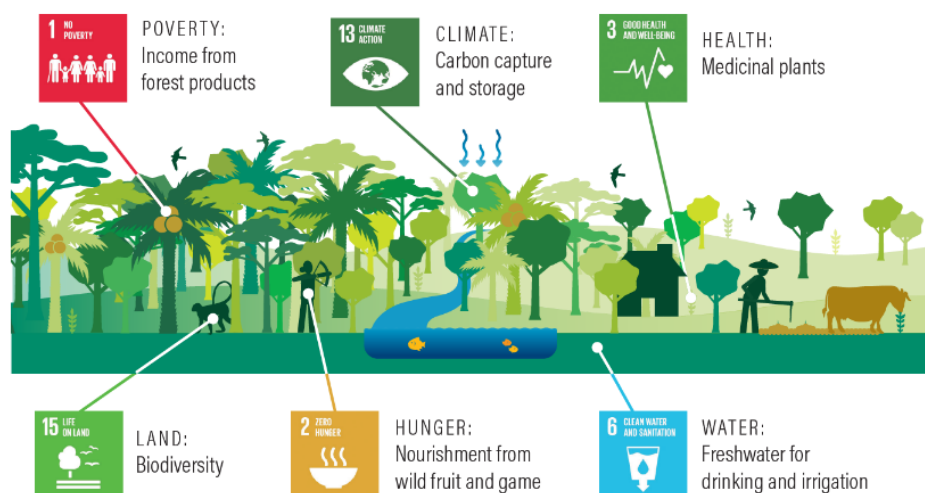
## 3 ESG reporting and evolution

IWC is planning to report annually on the preceding year's ESG performance in its own report. Even though, IWC, in its investment considerations and holding, analyzes climate-related factors, we recognize the importance of forward-looking climate-related risks consideration and disclosure, as stipulated by the Task Force on Climate-related Financial Disclosures' (TCFD) recommendations. Therefore, we are planning to consider the recommendations practical implications to enhance further materiality assessments and to align with our clients' expectations in relation to ESG and Sustainable Development Goals (SDG) reporting.

### 3.1 Benefits of sustainable forestry

Sustainably managed forests combat natural forests deforestation, land degradation, and biodiversity loss; while providing direct forest products and services. At socio-cultural level, these could be timber and non-timber products and services, such as – foods, constructional and interior materials, medicine, recreational and hunting activities, etc. – that contribute to peoples' livelihood, income generation, and employment. At the environmental level, these could be ecosystem services, such as water filtration, soil, biodiversity, wildlife habitat preservation, wind flow regulation, carbon sequestration, etc.

Forest carbon stocks and stock changes (flux) are measured in five pools: aboveground biomass, belowground biomass, dead wood, litter, and soil organic carbon. The aboveground biomass of a tree constitutes the major portion of the carbon pool and is the most important and visible carbon pool of the terrestrial forest ecosystem<sup>2</sup>. In addition, changes in harvested pools – harvested wood-products (HWP) in end-use and HWP in solid-waste disposal sites (SWDS) – are also being estimated.



**Figure 12**  
Examples of sustainable forestry benefits

Source: *Why Forests? Why Now?* (Center for Global Development, 2016) and World Resource Institute

In general, and as illustrated in Figure 12, sustainable forestry contributes to the achievement of several Sustainable Development Goals<sup>3</sup> (SDGs, see [Appendices](#)) related to food, water, health, energy, human safety, and biological diversity. For the climate and development, forests are essential, and especially for local families in tropical regions, where more than 20% of the household income is derived from forests<sup>4</sup>. Many scientists argue the world cannot meet the Paris Agreement without stopping tropical deforestation and let damaged forests recover, which could reduce current annual global greenhouse gas emissions (GHG), more cheaply (by 28%) and quickly (by 4-5 years), by as much as 24 to 30%. In fact, if tropical deforestation were a country, its emissions would be greater than those of the European Union<sup>5</sup>. The illustration in Figure 12 represents only a fraction of, or the most obvious, SDGs a forest can contribute to, but there may be others, depending on the investment region and project specific characteristics and objectives.

In our 2017 ESG report, IWC has estimated (where not directly reported by investment managers), and is disclosing on, the carbon dioxide (see Footnote 2) stored in the aboveground mass of trees (mostly merchantable), acknowledging that this is a conservative method probably underestimating forests' full potential to store and sequester carbon dioxide. On the other hand, IWC has not considered GHG from forestry operations and business travels related to managing and monitoring the assets.

The overall conclusion is that by investing in sustainably managed forests, IWC's clients, investment managers, and IWC are contributing to several of the UN SDGs and so are the vehicles structured to achieve positive environmental outcomes – mitigation and conservation banks. Following are some examples of the multi-dimensional benefits of sustainable forestry and mitigation banking and their relation to the UN SDGs.

**Note 2:**

Kuimi T. Vashum and S. Jayakumar, *Journal of Ecosystem and Ecography*, ISSN: 2157-76259

**Note 3:**

The 17 SDGs adopted on 25 September 2015 by the UN General Assembly to transform our world, are covering a broad range of social, environmental and development issues

**Note 4:**

Arid Angelsen et.al, *World Development*, Vol.64, pp. S12-S28, 2014

**Note 5:**


*Why Forests? Why Now?*  
Center for Global Development





<sup>2</sup> In thousands (abbreviated with 'k') or million (abbreviated with 'm') tons of carbon dioxide equivalents – tCO<sub>2</sub>e. The term is defined by the global warming potential (GWP) of each greenhouse gas (GHG) in relation to a given weight of carbon dioxide for a set period. GWPs are used to convert emissions of GHG to a relative measure (known as carbon dioxide equivalents) and the weighting factor currently used for carbon dioxide = 1 (see United Nations Framework Convention on Climate Change and Kyoto Protocol for more information).



## 3.2 ESG performance and investment examples

In 2017<sup>6</sup>:



	<ul style="list-style-type: none"> <li>8+ million tCO<sub>2</sub>e sequestered (~1.25 million EU citizens' CO<sub>2</sub> emissions<sup>7</sup>)</li> <li>+ 220 mtCO<sub>2</sub>e stored in standing timber</li> <li>0.900 mtCO<sub>2</sub>e under permanent protection</li> </ul>
	<ul style="list-style-type: none"> <li>1+ million hectares of sustainably managed forests (~ twice the forest area of Denmark<sup>8</sup>)</li> <li>+ 55,000 trees planted, providing habitat for terrestrial biodiversity restoration</li> </ul>
	<ul style="list-style-type: none"> <li>23+ million of m<sup>3</sup> of sustainable wood supplies (~ 200 000 houses<sup>9</sup>)</li> <li>primarily used for renewable buildings and energy</li> </ul>
	<ul style="list-style-type: none"> <li>15+ lakes/ponds protected</li> <li>45+ km of streams/rivers protected</li> <li>500+ ha of wetlands restored</li> <li>30+ km of streams restored.</li> </ul>

Note 6:

All assets under advice or management by IWC

Notes 7 and 8:

The World Bank Data, 2014 and 2015, resp.

Note 9:

Average estimate between wooden and brick houses; "Gør noget ved klimaforandringerne: Brug træ"



**Figure 13**  
Stream mitigation bank investment in North America - before restoration



**Figure 14**  
Stream mitigation bank investment in North America - after restoration



## Investment project<sup>10</sup> – Latin America – vintage year 2016



### Sustainable forestry benefits

- **8,500 ha** of sustainably managed timberland (**25-30,000 ha** at full-scale):
  - previously degraded farmland reversed into eucalyptus forest
  - halted biodiversity loss
- **~160 000 tCO<sub>2</sub>e** in standing timber; **~61 000 tCO<sub>2</sub>e** sequestered in 2017:
  - contributing to climate change mitigation and adaption
  - wind- and waterflows regulation, protecting surface from erosion
- **~250,000 tons of certified pulp** to be derived at investment's full-scale:
  - offsetting demand from natural and unsustainably managed forests
- **~345 people benefited** from forest-related jobs:
  - 36% increase in jobs' creation in the region of operations
  - increased tax revenues, providing better socio-economic conditions.

#### Note 10:

All investment projects are represented on IWC's and our clients' share of interest, not on the full projects' scale.

m = million

k = thousands

ha = hectares

## Investment projects – Latin America – vintage years 1996-2013



### Sustainable forestry and community initiatives

- **40,000 ha** of sustainably managed timberland:
  - in addition, approximately 6,000 ha of conservation area
  - biodiversity preservation – 23 fauna species monitoring
  - natural forests and endangered species identified and monitored
- **~6 mtCO<sub>2</sub>e** in standing timber; **~600 000 tCO<sub>2</sub>e** sequestered in 2017
- **76% local employment**
- **local community support:**
  - health programs support – personalized doctor visits
  - education support – Montessori school built for appr. 60 students/year extended also to adjacent communities (appr. 30/year); training on small-scale agriculture and conservation in primary schools.

## Investment projects – North America – vintage years 2008; 2013

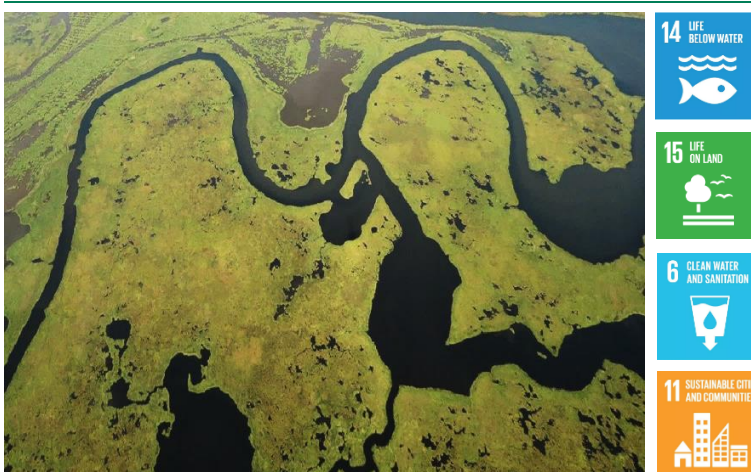


## Sustainable forestry and conservation practices

- **21,000 ha** of sustainably managed timberland:
  - in addition, 10,000 ha permanently protected area
  - 4 threatened or endangered species habitat (US) protection
  - 80,000 trees planted in 2017
- **~2 mtCO<sub>2</sub>e** in standing timber under permanent protection
- **5% of lakes/ponds and rivers/streams** permanently protected:
  - contributing to water-related ecosystems protection and restoring, and
  - reduction of upstream pollution of degraded waterways and drain lands
- **Sustainably harvested fiber** supplies to local pellets producer contributing to fossil-fuel energy replacement
- **~3,000 ha public-open area**
- **~200 people in forestry-related jobs.**

m = million  
k = thousands  
ha = hectares

## Investment projects – North America – vintage years 2011; 2016

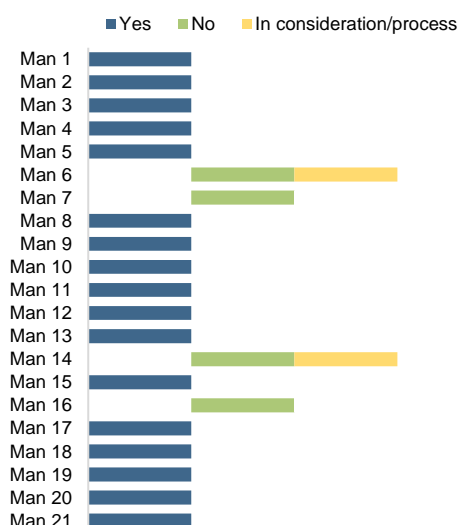


## Mitigation banks delivering “no net loss” and/or “environmental gains”

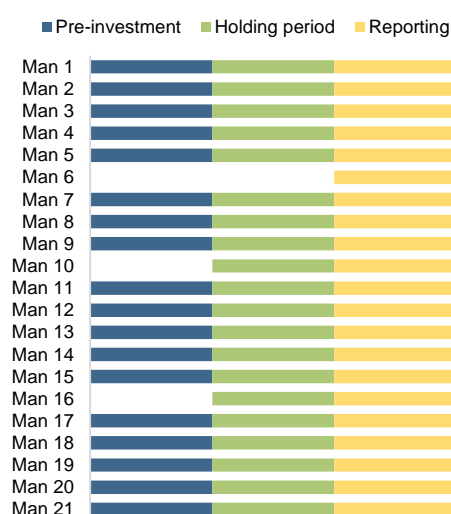
- **32+ km of streams restored in 2017:**
  - amounting to **68 km** of restored streams for the investments lifecycle
  - contributing to water-related ecosystems protection and restoration
- **136+ ha of wetlands restored in 2017:**
  - amounting to **3,650 ha** of restored wetlands for the investments lifecycle
  - reduction of upstream pollution of degraded waterways and drain lands
- **55,000+ newly planted trees in 2017:**
  - amounting to **358,539 of trees** planted for the investments lifecycle
  - contributing to CO<sub>2</sub> sequestration and biodiversity conservation.

## International Woodland Company (IWC) – Portfolio's ESG performance

**Figure 1** ESG Policy, or similar, in place



**Figure 2** ESG integration



### Key indicators

ESG is well-integrated across IWC and our investment managers (Figures 1-2).

*m* = million

*k* = thousands

*ha* = hectares

**Figure 3**

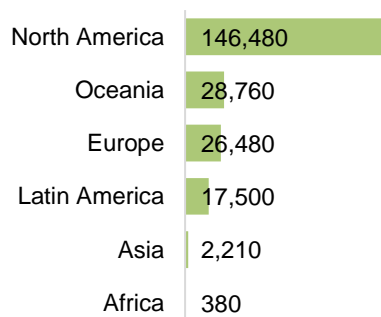
Forest certification

**~1.2 million ha sustainable forests**

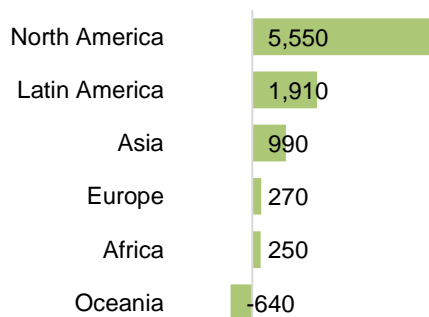
92.6% of the portfolio's forest area is certified; 6.1% in the process to be certified; 1.3% not certified, yet managed as such.



**Figure 4** ktCO<sub>2</sub>e in standing timber



**Figure 5** net ktCO<sub>2</sub>e sequestered in 2017



**~222 mtCO<sub>2</sub>e**

in standing timber

**8.0+ mtCO<sub>2</sub>e**

sequestration in 2017 (~1.25 m EU citizens' CO<sub>2</sub> emissions).



- Figures 3-5 – Exclude leased assets or timber deeds (no land ownership), liquidated assets or funds, and mitigation banks (forest certification is not relevant).

Figures 4-5 – North America represents a high portion of IWC's portfolio in terms of forest area, hence the carbon uptake. Yet, North America's 2017 uptake could be overestimated, as, for some of the properties, harvesting data was not available.

## 4 Disclaimer

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## 5 Appendices

### Guidelines, principles, and norms from which IWC's ESG Policy and underlying procedures are inspired:

- Forests certification schemes' (FSC, PEFC, etc.) principles
- International Finance Corporation's Performance Standards on Social and Environmental Sustainability ('IFC PS')
- OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions
- Organization for Economic Development and Cooperation Guidelines for Multinational Enterprises ('OECD MNEs')
- UN Convention against Corruption ('UN CaC')
- United Nations Global Compact's 10 Principles ('UN GC')
- United Nations Guiding Principles on Business and Human Rights
- United Nations Principles for Responsible Investment ('UN PRI').

### Sustainable Development Goals<sup>11</sup>:

- **Goal 1: No Poverty** - "End poverty in all its forms everywhere."
- **Goal 2: Zero Hunger** - "End hunger, achieve food security and improved nutrition, and promote sustainable agriculture."
- **Goal 3: Good Health and Well-Being for People** - "Ensure healthy lives and promote well-being for all at all ages."
- **Goal 4: Quality Education** - "Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all."
- **Goal 5: Gender Equality** - "Achieve gender equality and empower all women and girls."
- **Goal 6: Clean Water and Sanitation** - "Ensure availability and sustainable management of water and sanitation for all."
- **Goal 7: Affordable and Clean Energy** - "Ensure access to affordable, reliable, sustainable and modern energy for all."
- **Goal 8: Decent Work and Economic Growth** - "Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all."
- **Goal 9: Industry, Innovation, and Infrastructure** - "Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation".
- **Goal 10: Reducing Inequalities** - "Reduce income inequality within and among countries."
- **Goal 11: Sustainable Cities and Communities** - "Make cities and human settlements inclusive, safe, resilient, and sustainable."
- **Goal 12: Responsible Consumption and Production** - "Ensure sustainable consumption and production patterns."
- **Goal 13: Climate Action** - "Take urgent action to combat climate change and its impacts by regulating emissions and promoting developments in renewable energy."
- **Goal 14: Life Below Water** - "Conserve and sustainably use the oceans, seas and marine resources for sustainable development."
- **Goal 15: Life on Land** - "Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss."
- **Goal 16: Peace, Justice and Strong Institutions** - "Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels."
- **Goal 17: Partnerships for the Goals** - "Strengthen the means of implementation and revitalize the global partnership for sustainable development."

Note 11:

Source: United Nations,  
Sustainable Development  
Knowledge Platform