

Timberland and agriculture

# *Sustainable* investing framework

## **Philosophy**

Our timberland and agriculture businesses create value through the sustainable management of natural resource investments. Our guiding principle is that good stewardship is good business. As managers of major forest and agricultural holdings throughout the world, we create value through our stewardship of people and the environment. We're stewards of our employees and their families, contractors with whom we work, and the communities in which we operate. We're also stewards of the environment—the water, soil, air, plants, and animals entrusted to our care. We seek to manage farmland and timberland to maintain and enhance their ecological health and productivity well into the future.

As a registered investment adviser and fiduciary, we have a duty to manage investments in the long-term best interests of our clients. This requires full consideration of all factors that may have material financial implications for those investments, including environmental, social, and governance (ESG) factors. We believe ESG factors are particularly salient for land-based real asset investments, which is why, we believe, investing responsibly demands that sustainability be core to our investment strategy.

## Roles and responsibilities

Various internal and external representatives keep the timberland and agriculture executive committee apprised of sustainability risks and opportunities. Internally, our risk, economic research, operations, and investment teams identify sustainability risks and opportunities, while externally we collaborate on many business initiatives and with academic institutions focused on addressing sustainable investing.

Sustainable investing for us means integrating sustainability into both acquisition due diligence and asset management.

Our seven-member sustainability office, led by our chief sustainability officer, is charged with implementing this integration with a focus on the key priorities of our sustainability program:

- Climate stability
- Ecosystem resiliency
- Watershed protection
- People empowerment
- Community prosperity

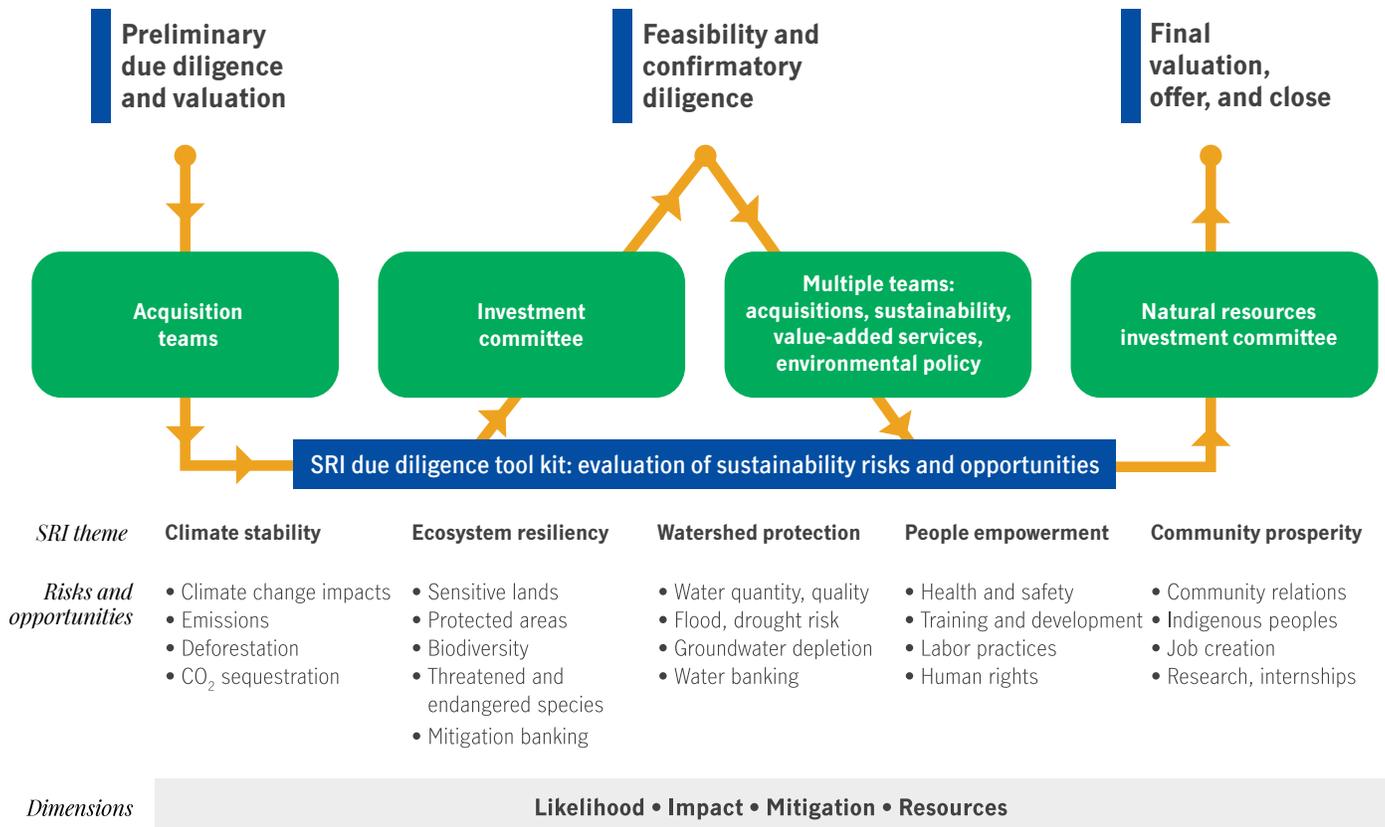
We work closely with our investment and operations teams to build tools and adapt approaches for ensuring we execute on these priorities.

## ESG integration

To ensure that all relevant ESG risks and opportunities are considered in a standardized way across every possible deal, our timberland and agriculture acquisition teams use our

sustainability and responsible investment (SRI) tool kit, which has been developed to enable a consistent and structured approach to assessing the characteristics of an investment opportunity.

### SRI tool kit: how we incorporate sustainability into the investment process



For illustrative purposes only.

## Exclusions

**Deforestation.** Our timberland business follows a strict zero-deforestation commitment, and as a signatory to the 2019 [“Investor statement on deforestation and forest fires in the Amazon,”](#) we fully participate in the global effort to halt deforestation. We ensure that investments we make don’t contribute, directly or indirectly, to deforestation—we would not encourage, for example, clearing forested areas in anticipation of a land transaction to which we are a party. Our commitment further aligns with globally accepted biome- and geography-specific deforestation protocols.

**Tobacco.** In view of the scientific consensus that regular tobacco consumption is unsafe at any level, we’ve determined that growing tobacco is inconsistent with our commitment to sustainability. Therefore, as of January 1, 2020, we neither grow tobacco nor enter leases that allow it to be grown on our managed properties unless it’s explicitly for nonconsumptive uses (e.g., biodegradable structural material).



## Investors

We’re committed to making a positive impact with every investment we manage, even as we aim to expand our strategies to include pure play impact-first investments. These investments may offer opportunities to prioritize environmental and social impacts over financial returns. While these kinds of investments may not fit the portfolio needs of every investor, we believe they can meet the needs of those who are committed to addressing their carbon footprint and who may value other positive environmental or social impacts while also receiving a financial return.

## Collaboration and engagement

Get it done together is one of our values, and collaboration is a cornerstone of our business. We recognize that we can’t specialize in everything, and we seek to establish mutually beneficial relationships with organizations and companies that can complement our strengths and that have a similar culture and values. These relationships not only help us improve our sustainability performance, but they also reflect our conviction that when it comes to solving global challenges, we’re all in this together.



## Peers and industry associations

We support, actively participate in, or are a member of several sustainability organizations, including:

- [American Bird Conservancy](#)
- [Global Impact Investing Network](#)
- [Leading Harvest](#)
- [MIT Joint Program on the Science and Policy of Global Change](#)
- [Michigan State University Forest Carbon and Climate Program](#)
- [Sustainable Forestry Initiative®](#)
- [The Conservation Fund](#)
- [World Business Council for Sustainable Development](#)

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