



FOREST
INVESTMENT
ASSOCIATES

2023 ESG & Impact Report



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Forest Investment Associates (FIA) is proud to publish our 2023 ESG and Impact Report, which describes why and how we approach ESG in our business and investment activities. It also shares real-world initiatives and outcomes from our investment activities in 2023. Unless otherwise stated, all data pertains to the calendar year 2023, with value and area-based metrics reported as of December 31, 2023. Metrics reporting changes over time refer to activities and outcomes over the calendar year 2023.

We welcome feedback and discussion about this report and our sustainability approach. We can be reached at info@forestinvest.com. For more information on FIA's ESG Policy and ESG Principles, see www.forestinvest.com.

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Cover image: FIA
Contents image: FIA



Contents

3	INTRODUCTION
8	ESG & IMPACT AT FIA
17	MANAGEMENT, MONITORING & REPORTING
28	CASE STUDIES FROM OUR GLOBAL PORTFOLIO
38	LOOKING AHEAD



Introduction



Foreword

On January 1, 2024, I assumed the role of President and CEO at Forest Investment Associates (FIA) from Marc Walley, whose steady and unwavering leadership I am honored to follow. With nearly two decades dedicated to FIA and a career centered around forest investments, I approach my stewardship of FIA, our clients, and our clients' assets with the highest order of commitment.

For 38 years, we have remained true to our mission to provide high-quality, sustainable forest investments that deliver superior performance while cultivating client relationships based on mutual trust and exceptional service. We will continue to be guided by this truth.

As stewards of sustainable forest investments, we endeavor to align investor objectives with tangible on-the-ground outcomes. Forest investments have garnered significant interest across the investor spectrum, driven by increased performance, with one-year (2023) and three-year (2021-2023) gross returns, as reported by NCREIF, standing at 9.45% and 10.49%¹, respectively, alongside inflation-hedging characteristics. Moreover, forestry's recognition as a sustainable, responsible, and ESG-friendly asset class further fuels this interest.

We believe there was and still remains a core investment case for timberland due to its financial

portfolio characteristics, and today there are increasing opportunities to offer forest investment solutions that also fit with clients' broader portfolio and sustainability needs. Our 2023 ESG & Impact Report highlights FIA's ability to generate environmental and social benefits that align with our ESG Principles while steadfastly executing on our fiduciary duty across a diverse client base.

As a global forest investment manager, we recognize the opportunity to deliver meaningful investment outcomes to our clients. In this report, we highlight FIA's longstanding commitment and capacity to achieve biodiversity outcomes, environmental stewardship, nature-based solutions, and to continue building invaluable partnerships across the forest and investment sectors.

Effective communication lies at the core of FIA's values, enabling us to articulate the diverse attributes of our offerings to our clients with clarity and investment conviction. Our annual public ESG and impact reporting is a cornerstone of this communication. I hope you enjoy the report and the chance to connect with FIA's sustainability efforts across the globe.



Michael P. Cerchiaro
President and CEO

FIA Executive Committee, left to right: Darcy Austin, CPA (Managing Director, Head of Client Accounting); Andrew Boutwell (Senior Managing Director, Head of Investment Management); Michael Cerchiaro (President and CEO); Christina Purcell, CPA (Managing Director, Head of Corporate Finance and Human Resources); and MaryKate Bullen (Managing Director, Head of Business Development and Sustainability). Image: FIA

1. <https://user.ncreif.org/data-products/timberland>



Growing Sustainably & with Purpose

Year over year, investment trends demonstrate the growing interconnectivity between sustainability, high-impact investment, and their implementation via well-managed forestry solutions. This trajectory reinforces the need for experienced managers with intimate sector knowledge and experience who can credibly pursue and deliver combined financial and sustainability performance.

Since our entry into forest investment almost four decades ago, FIA has consistently lived its mission to provide high-quality, sustainable forest investments. We believe our business demonstrates the ability to recognize and deliver on emerging trends that both strengthen the forestry asset class and meet important societal and environmental needs.

In 2023, we believe the traditional benefits of forestry again rewarded investors with strong performance. FIA's client-centric approach seeks to combine these financial and portfolio benefits of forestry with investment strategies and asset management approaches that further enhance alignment with client needs, looking for opportunities at the forest level and across the portfolios we manage.

FIA's diverse and collaborative team, which includes foresters, investment management professionals, sustainability practitioners, accountants, and other specialists, is positioned to understand and access both the traditional and expanding array of nature-based solutions presented by the asset class. This combination can offer sustainable economic growth, global prosperity, and the protection and restoration of nature and nearby communities.

Emerging alongside this expanded appreciation for sustainable forestry is an equally impressive development of regulatory and stakeholder expectations, which must be continually addressed. FIA as a whole, and its Business Development and Sustainability Team particularly, provide leadership and management in this critical area. We work closely with clients to address their specific needs

and participate regularly with the wider sustainable investing community, serving in leadership positions to help identify, implement, define, and navigate important changes that can affect the way we invest and manage assets.

Understanding that working forests are solutions for investors and communities, FIA continues to serve its clients by offering the specialized reporting, support, and experience needed to respond to these evolving risks and opportunities. We proudly consider ourselves as leaders in this key area. Moving forward, FIA will expand its strategy and capabilities planning to capitalize on nature-based solutions, including investment opportunities that address climate mitigation and resilience; halt and reverse the loss of nature; and increase the supply of certified renewable forest products into the growing bioeconomy.

We are excited about the potential to scale forestry investments in these areas across our global portfolio and help organizations and investors meet their own growth and strategy needs.





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**FIA's mission is to provide
high-quality, sustainable forest
investments that deliver superior
performance while cultivating client
relationships based on mutual trust
and exceptional service.**

Recognizing the pivotal role of ESG factors in the forestry sector, FIA emphasizes their management for effective risk mitigation and value enhancement in forest management practices. Key practices such as sustainable harvesting, reforestation, and biodiversity conservation exemplify our dedication to responsible forest stewardship. These strategies not only bolster timberland productivity and value over time but also have the potential to boost timber yields, elevate the quality of wood products, and consequently, enhance returns for investors.

FIA views responsible investment as integral to fulfilling our fiduciary duties. We believe that effective ESG

and impact management aligns with our commitment to actively manage investments in accordance with client needs and mandates.

We work with clients to design portfolio allocations that meet their objectives across the dimensions of risk, return, and impact. We increasingly view ESG attributes as an avenue for engaging with our clients and broadening the benefits of forestry in an institutional portfolio. FIA provides customized investment approaches specializing in sustainable forestry and prioritizing meeting our clients' diverse needs while providing exposure to returns generated by sustainable forest management.

**\$5.1
Billion***

IN AUM MANAGED
FOR GLOBAL
INSTITUTIONAL
INVESTORS

4

ACTIVE
COMMINGLED
FUNDS

81%

OF AUM
DEDICATED TO
SEPARATELY
MANAGED
ACCOUNTS

**2+
Million***

ACRES OF
FOREST
INVESTMENTS
ACROSS THE
AMERICAS

412,000

ACRES MANAGED
FOR
CONSERVATION
AND PROTECTION

**6.8
Million***
TONS OF TIMBER
HARVESTED

96%

OF FORESTS
CERTIFIED UNDER
LEADING FOREST
MANAGEMENT
STANDARDS

*Figures approximate as of 12/31/23



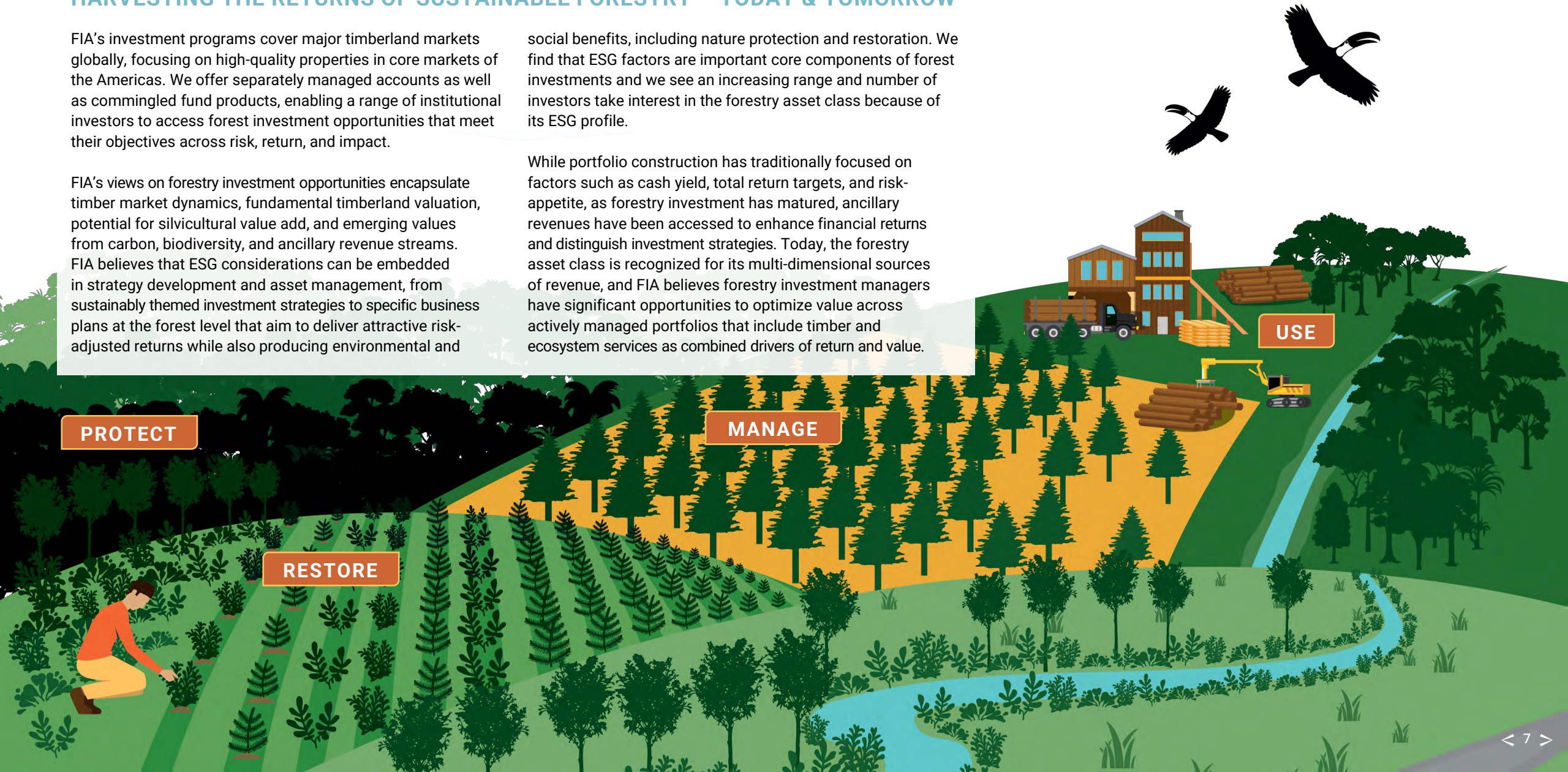
HARVESTING THE RETURNS OF SUSTAINABLE FORESTRY – TODAY & TOMORROW

FIA’s investment programs cover major timberland markets globally, focusing on high-quality properties in core markets of the Americas. We offer separately managed accounts as well as commingled fund products, enabling a range of institutional investors to access forest investment opportunities that meet their objectives across risk, return, and impact.

FIA’s views on forestry investment opportunities encapsulate timber market dynamics, fundamental timberland valuation, potential for silvicultural value add, and emerging values from carbon, biodiversity, and ancillary revenue streams. FIA believes that ESG considerations can be embedded in strategy development and asset management, from sustainably themed investment strategies to specific business plans at the forest level that aim to deliver attractive risk-adjusted returns while also producing environmental and

social benefits, including nature protection and restoration. We find that ESG factors are important core components of forest investments and we see an increasing range and number of investors take interest in the forestry asset class because of its ESG profile.

While portfolio construction has traditionally focused on factors such as cash yield, total return targets, and risk-appetite, as forestry investment has matured, ancillary revenues have been accessed to enhance financial returns and distinguish investment strategies. Today, the forestry asset class is recognized for its multi-dimensional sources of revenue, and FIA believes forestry investment managers have significant opportunities to optimize value across actively managed portfolios that include timber and ecosystem services as combined drivers of return and value.



PROTECT

RESTORE

MANAGE

USE



ESG & Impact at FIA

Sustainable Forestry & Active Management

FIA's integrated forest management programs are directed by a team of experienced sustainable forestry practitioners across the United States, Brazil, Chile, and Mexico.



FIA uses third-party forest management certifications to ensure the integrity of management practices and manage the most material on-the-ground ESG issues. FIA works within certification systems such as the Sustainable Forestry Initiative® (SFI®), which is recognized by the global Programme for the Endorsement of Forest Certification), and the Forest Stewardship Council® (FSC®) and achieved 96% certification of assets under management by area in 2023.

Within the US, FIA administers the forest management programs as part of our long-running forest certification program, which started in 2001. The 2023 audit season included the successful certification of FIA's SFI program properties under the new 2022 SFI Forest Management Standard, which includes updated components related to climate-smart forestry and forest resilience as key advancements in the standard. The FIA FSC-CO20726 program also achieved a successful re-audit.

For investments outside the US, FIA ensures that forest management and certification requirements are clearly embedded into operations of our portfolio companies. Throughout 2023, FIA saw successful certification outcomes and progress across the entire footprint of our Latin American investments. In late 2023, FIA closed on the acquisition of an approximately 29,000-hectare radiata pine plantation, which was successfully certified under the FSC after transitioning ownership. In Brazil, investments in Paraná maintained FSC certification, and preparation work was conducted to achieve FSC certification on our investments in Mato Grosso do Sul.



Our ESG Vision

“Our vision is that FIA continually develops and advances its management and monitoring of ESG matters to benefit its clients, employees, shareholders, and broader external stakeholders. We aspire to demonstrate this through delivering tangible positive environmental and social impact using a data-driven approach to sustainable investment, and we aim for effective and salient communication of ESG management and outcomes.”

ESG COMMITTEE CHARTER

FIA embraces an approach to ESG and impact that values continual improvement. Our team’s deep roots in forest stewardship support us to understand ESG factors within the investments we manage. We are committed to honoring our solid foundation in sustainable forestry through linking our experience to services and solutions for clients that deliver meaningful value from ESG management.

As the firm seeks continual improvement and to keep abreast of the changing ESG regulatory environment, risks, and opportunities for its clients, FIA uses its ESG and Impact Roadmap as a guide. The roadmap focuses on four complementary segments of policy, implementation, management programs, and monitoring that are overseen by the ESG Committee and senior leadership. The roadmap and vision are founded in our fiduciary duty and desire to provide high-quality services to clients and benefits for the many stakeholders of the forests we steward.

Our ESG & Impact Roadmap



Key Components & Purpose

2023 Progress

2024 Targets



ESG Policy

- Establishes ESG strategy and oversight
- Aligns with target frameworks and best practices

- Reviewed alignment with target third-party business and project standards
- Evaluated potential supporting policies

- Evaluate policy conformance against global standards related to concepts of Do No Significant Harm



ESG Integration in Investment Process

- ESG procedures throughout the investment process
- Tools to support execution

- Senior ESG role joined Investment Committee
- Piloted Health & Safety Policy and reviewed potential metrics and targets

- Pilot ESG due diligence screening and questionnaire tools
- Continuously improve support capabilities provided to investment team and portfolio managers
- Review alignment of reporting and disclosure standards (TCFD, TNFD, etc.) with internal procedures



Forest Management Programs

- Regionally specific management programs to ensure alignment to best practices and third-party certification requirements

- Successfully completed the independent audits for both SFI and FSC certification, maintaining certification

- Maintain forest certification status
- Evaluate program efficiencies and opportunities in Latin American certification approach



ESG and Impact Management, Monitoring, and Reporting

- ESG data and KPIs
- Impact measurement, monitoring, and reporting
- Theories of change

- Developed ESG-Impact framework for Latin American nature-based solutions investments
- Continual improvement in GHG emissions and removals accounting

- Enhance client reporting focusing initially on EU regulatory reporting
- Develop ESG Data Process Controls
- Complete first carbon reporting readiness assessment

ESG Policy

2023 was an important moment for the firm's ESG Policy and Governance, as it was the first full year of implementation of the ESG Committee Charter and our updated ESG Policy and ESG Principles, which were both adopted in 2022.

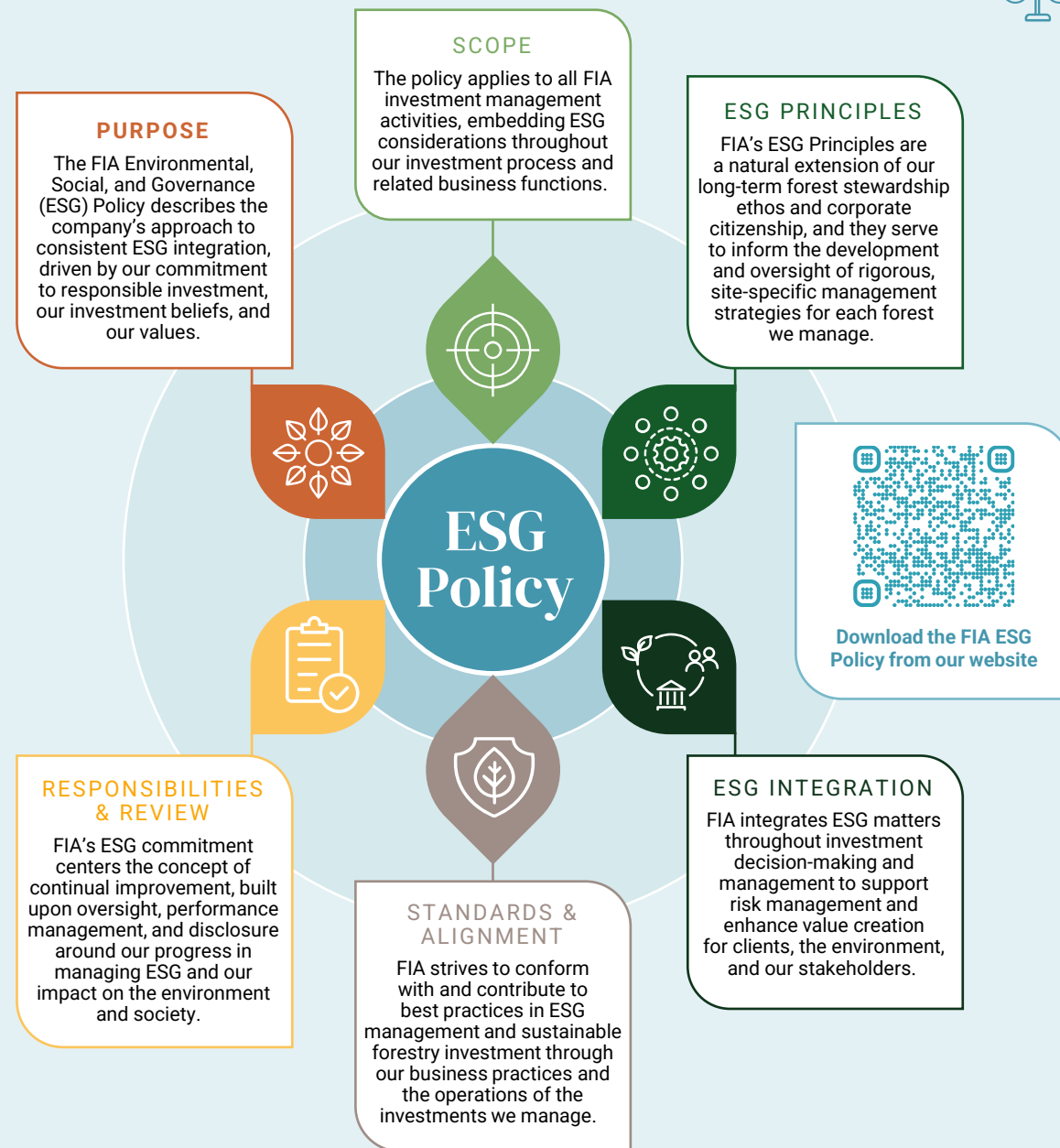
FIA believes that embedding an ESG policy and governance approach is good for our business and for investment performance. Effective governance and oversight are essential components of an ESG management framework, enabling consistent controls and continual improvement across an investment portfolio. Through measures implemented in our ESG and Impact Roadmap, we believe the company benefits from greater transparency, accountability, communication, and data quality on material ESG factors.

Examples of activities to improve our policy and governance approach from 2023 include:

- Evaluation of third-party business and project standards as part of ESG-Impact framework development for nature-based solutions investments.

- Integration of ESG incident reporting within the firm's forest monitoring system via expansion to Corrective Action Request protocols.
- Review and prioritization of potential areas of improvement for firm-level ESG-related policies.
- Including ESG experience in the Investment Committee via appointment of the senior sustainability professional.

As we move forward, FIA is focused on ensuring that our governance approach prioritizes ESG factors and that our policy framework supports the FIA team in effective management of ESG risks and opportunities in an ethical and consistent manner.



ESG Governance

At FIA, we recognize that strong governance and oversight are vital components of an ESG management system, and we remain committed to ensuring that we meet the utmost standards of responsible investment. This commitment is overseen by our highest governance bodies, with the company's ESG Committee reporting to the FIA Board of Directors. Led by the Managing Director, Head of Business Development and Sustainability, the ESG Committee also directly supports both the Investment and Executive Committees in understanding and managing ESG matters and works collaboratively with the Risk Management Committee on issues of shared importance.

To ensure our governance accounts for the range of ESG needs, risks, and opportunities, FIA's ESG Committee membership includes team members from throughout our firm, including each business unit.

Some of the key responsibilities of the committee include:

- Ensuring quality, integrity, completeness, appropriateness, and implementation of the company's policies, practices, and performance as related to ESG matters.
- Promoting the consistent implementation of ESG integration throughout the investment process and supporting FIA's staff in identifying and managing ESG matters in potential and managed investments.
- Supporting the Executive and Investment Committees through the provision of advice and guidance on material ESG topics.

An important complement to ESG leadership and governance is to have the right enabling environment for execution and accountability for sustainability in practice. FIA's approach to ESG integration requires that everyone in our team contributes to upholding our responsible investment commitment.

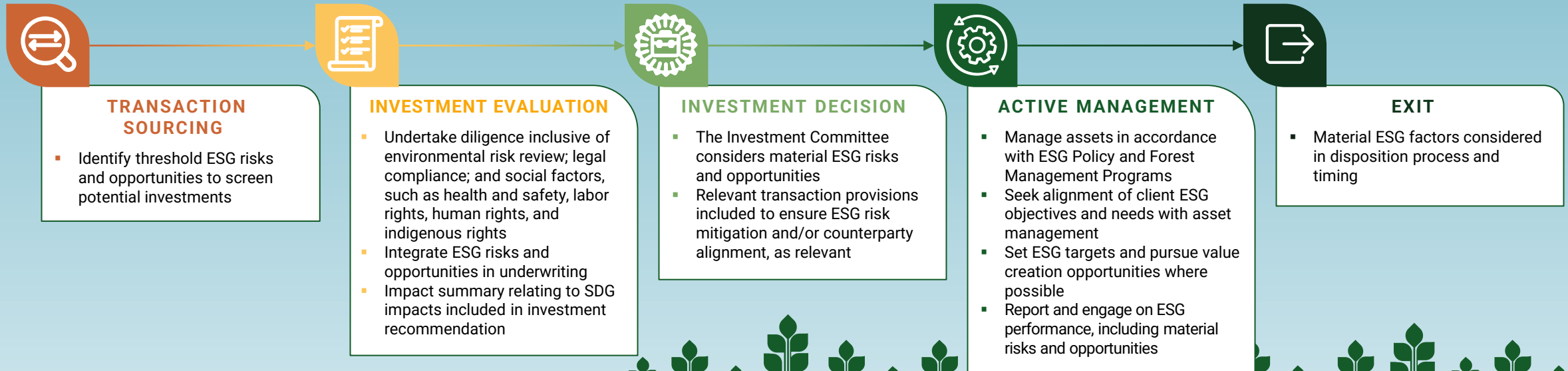


Signatory of:





ESG Integration



Incorporating ESG factors can support forest investment performance. The FIA ESG and Impact Framework offers two pathways for consistently implementing and executing ESG principles in investment management. The first approach involves integrating ESG considerations into the investment process and establishing norms and requirements to ensure that ESG factors are considered during decision-making. The second pathway is through a set of Forest Management Programs that guide on-the-ground forest management practices to manage critical environmental and social risks and benefits.

By integrating ESG factors into the investment process, FIA can consider ESG factors during asset selection and active ownership. FIA has outlined its key steps for ESG integration, specifying core responsibilities throughout the investment management process. In addition, FIA considers ESG factors in investment strategy development, client relations, and stakeholder engagement, further supporting investment performance.



FIA ESG Principles

The ESG Principles are a core part of how we operate as sustainable and responsible investors. The FIA ESG Principles are designed to foster consistent consideration of material ESG factors within all phases of our investment process, while also describing how we aim to manage toward positive net impact.

The ESG Principles are embedded into the ESG Policy, which applies to all investments we manage and is communicated to our local operating partners and key contractors who execute forestry operations. This is critically important so that we have clear expectations and alignment for the on-the-ground forestry activities that take place, which are where many material ESG issues can occur. In addition, FIA applies the ESG Principles to support our further development of investment strategies and initiatives that promote environmental and social benefits alongside commercial forest investments.



FIA ESG PRINCIPLES

Going beyond responsible investment to enable forestry as an ESG solution

FIA created its ESG Principles following a materiality assessment and using an internal working group, which resulted in prioritizing six material themes where FIA believes both risk management and impact opportunities may exist.



6 CLEAN WATER
AND SANITATION



8 DECENT WORK AND
ECONOMIC GROWTH



12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION



13 CLIMATE
ACTION



15 LIFE
ON LAND



ESG PRINCIPLES – FORESTRY AS AN ESG SOLUTION & OPPORTUNITY

FIA's ESG Principles reflect the company's responsible investment ethos and views – that ESG risk management in forestry benefits from a “do no harm” approach and that forestry is positioned as a solution to global ESG challenges where we can “contribute to solutions.”

FIA's ESG Principles align with important themes of the United Nations' Sustainable Development Goals (SDGs), which offer a framework for promoting sustainability and development globally. Through a materiality assessment, FIA has found alignment with five of the SDGs, which guide our efforts to mitigate environmental and social risks while promoting positive ESG outcomes. By emphasizing our connection to the SDGs, we believe FIA shows its commitment to promoting positive environmental and social outcomes through responsible forestry investment.

Do No Harm – Our Do No Harm approach is reinforced by the precautionary principle, safeguards, policies, and best management practices that support FIA in identifying and

managing potential risks. The Do No Harm concept is critical in forestry because it aligns with investor needs for effective ESG risk management as well as growing sustainable finance regulations, such as the EU Sustainable Finance Disclosure Regulation. By avoiding harm to the environment and local communities, forestry investors can mitigate reputational and financial risks associated with unsustainable practices. Adopting the Do No Harm concept not only can help FIA attract investment from responsible investors but can help ensure long-term sustainability, while also promoting the well-being of local communities and protecting valuable ecosystems.

Contribute to Solutions – Our Contribute to Solutions approach is founded in our understanding of the benefits that sustainable forestry and land use can provide, because we see that forestry and forest products are essential for a sustainable future. By identifying material issues where good forest management practice can improve environmental quality, natural capital, and provide societal benefits, the ESG Principles can support thematic ESG investments or meet impact investing requirements through targeting ESG outcomes, such as climate mitigation, biodiversity conservation, and rural economic benefits.



Management, Monitoring & Reporting



Understanding Double Materiality

FIA has undertaken a careful process to evaluate materiality of ESG issues within our investment strategies and portfolio properties.



Double materiality is a concept that considers both the impact of ESG risks and opportunities on financial performance as well as the impact of operations on the environment and society. The ESG metrics we use to manage, monitor, and report on our impact include those that are financially material to investments today as well as those that can be used by stakeholders to understand the impact of our business and

investments on the environment and communities. We believe it is important to consider double materiality and to monitor and report on material impacts from our investment portfolio, because the social license of forestry is critical to our investment success and to realizing the potential for forest investments to scale in response to global environmental and social challenges.

The following pages of the report explore how FIA's ESG Principles translate into real-world implementation through forest investment. This public report shows data aggregated by region, United States or Latin America, for our core ESG indicators. FIA also uses additional ESG data in combination with financial and operational data as part of portfolio management and client engagement. We aspire for ESG metrics to improve investment decision-making while factoring in ESG performance and outcomes.

Promote Forest Health & Productivity

Good forest stewardship is crucial to ensure that forests remain healthy, resilient, and productive, enabling them to produce goods and services for future generations. Forest productivity and health are central to managing and valuing forests, and a range of common forestry data can support understanding of investments from an ESG perspective. For example, measures such as site index, mean annual increment, and merchantable timber volumes provide useful context for growth and production, while advancements in technology are supplying new ways to monitor and report on forest health.



FIA promotes the sustainable intensification of managed forests, which can enhance the production of renewable, certified timber products and wood fiber while managing against adverse impacts.



FIA seeks to protect forests from adverse impacts and regenerate them after harvest to ensure strong productivity.

KEY TENETS OF FIA'S APPROACH TO FOREST HEALTH & PRODUCTIVITY

FIA assesses forest health and environmental threats as part of investment due diligence and ongoing asset-protection measures.



FIA participates in research programs to promote continual improvement in best management practices and silviculture.



FOREST MANAGEMENT AND CERTIFICATION (ACRES)

	IRIS+ ID		UNITED STATES	LATIN AMERICA	TOTAL
Total Area	Land Directly Controlled: Total	OI5408	1,797,583	285,019	2,082,602
Production Area	Land Directly Controlled: Cultivated	OI1674	1,361,178	208,566	1,569,744
Certified Area	Operational Certifications	OI1120	1,764,302	225,075	1,989,377
Area Treated with Chemicals	Land Directly Controlled: Treated with Pesticides	OI2569	101,403	77,535	178,938

HARVEST (TONS)

	IRIS+ ID		UNITED STATES	LATIN AMERICA	TOTAL
Total Harvest Volume	Units/Volume Produced	PI290	5,457,244	1,389,120	6,846,364
Certified Harvest Volume	Units/Volume Produced	PI290	5,264,712	1,160,698	6,425,410
	Operational Certifications	OI1120			

REFORESTATION AND REGENERATION (ACRES)

	IRIS+ ID		UNITED STATES	LATIN AMERICA	TOTAL
Commercial Afforestation Area	Area of Land Reforested	PI4907	-	-	-
Commercial Reforestation Area	Area of Land Reforested	PI4907	56,131	17,852	73,983
Commercial Regeneration Area	Area of Land Reforested	PI4907	7,485	-	7,485

96%

OF GROSS AREA CERTIFIED
TO PEFC AND/OR
FSC STANDARDS

94%

OF HARVEST
PRODUCED FROM
CERTIFIED FORESTS

9%

OF GROSS AREA TREATED
WITH CHEMICALS FOR
SILVICULTURE

81,468

ACRES OF FOREST
REGENERATION AND
RE-PLANTING AFTER HARVEST



Respect for People & Partners in Forestry

Forestry is a vital component of the world economy, employing over 33 million people – 1% of global employment – and contributing over \$1.5 trillion in gross domestic product. In many places, SMEs account for 90% of forest businesses, generating more than half of all livelihoods tied to the forest sector.¹ Acting responsibly along the forest value chain can reduce investment risk, improve operations, and attract talent. Our investment activities are deeply dependent on the strength and vitality of a viable forest sector and rising demand for sustainable forest products. However, more than this dependency, FIA's belief in respect for people and partners in forestry is part of our culture; we want to ensure that our values of trust, respect, and integrity are reflected in the role we play as forestry investors.

We see this ESG theme arise is several key facets of our investment activities and portfolio, and we seek to act intentionally to positively influence our relationships and better outcomes for forest stakeholders. FIA takes seriously its commitment to creating a more vibrant future

in forestry, which is evidenced by the high percentage of employees that are actively involved across a diverse spectrum of industry initiatives, member organizations, and other endeavors. These efforts reflect FIA's commitment to improving health and safety, conservation, workplace equity, and improved science and silvicultural practices.

Health and safety is a key topic for FIA in our supply chain efforts. Forestry can be an inherently dangerous field, with exposure to hazardous conditions and many hours worked in variable environments. Throughout 2023, FIA continued our work on addressing health and safety issues with a focus on measures to manage our influence across the third-party operations within our investment portfolio and managed properties. FIA worked with legal assistance and engaged with key suppliers to identify potential or mutually beneficial health and safety approaches in third-party property management. The firm will continue to review in the coming year.



Image: FIA



Image: FIA



Promote Responsible Water Practices

Responsible investment in forests can help ensure the provision of clean water resources, because forests are crucial for the Earth's water cycles, filtering rainwater, and contributing to weather cycles. In the US, almost a third of drinking water comes from privately managed forests. Best management practices designed to safeguard and promote water quality and quantity, such as riparian buffers and careful road planning, are considered essential in forestry management.

Trees also rely on water for their health, growth, and value, and responsible water practices rated highly in the FIA materiality assessment due to their direct relationships with good water outcomes that are valuable for society and the environment. However, direct water quality

monitoring and management can be costly, and there are few water-related measures that are regularly collected for forest investments. Most safeguards and indicators for water currently focus on proxy information, such as conformance to best management practices, and area or length-based measures, such as area of streamside management zones or length of significant waterways. Fortunately, best management practices are supported by a large body of evidence on avoiding adverse impacts and ensuring good outcomes for water quality, water quantity, aquatic life, and watershed functions. In addition, direct water quality monitoring can be used to assess areas that may be at risk, such as from chemical applications or earthworks, or where focused interventions aim to improve water quality.

Conserve Biodiversity & Nature



Forests are crucial for conserving biodiversity, which, in turn, is essential for the health and productivity of forests. Sustainable forest management aligns with biodiversity conservation and presents a business model for market-based and financial initiatives seeking to enhance the identification and management of biodiversity risks. Forest investors can benefit from protecting biodiversity, as healthy and resilient forests rely on biodiversity to sustain functioning ecosystems that underpin successful forestry investments. FIA's ESG and Impact Framework aims to support and advance our ability to manage and report on biodiversity impacts. While there is increasing interest in the standardization of biodiversity metrics in investment and to develop biodiversity markets, FIA believes that successful biodiversity and nature conservation will remain rooted in local knowledge and site-specific objectives.

Biodiversity management is highly rated in the FIA materiality assessment, and FIA-managed forests are

assessed for the potential presence of threatened and endangered species. Our forest management programs provide a basis for engagement with regional and local conservation planning, seeking to ensure the forests we manage contribute to the broader conservation needs of the landscapes in which we operate. Across the portfolio, cooperative projects with government agencies, nonprofits, and research institutions are active in a range of wildlife, habitat, and conservation projects. In addition, FIA properties are managed to promote forest characteristics that are important for sensitive and locally important species as part of forest management plans and the operating procedures they require. We also take part in the Wildlife Conservation Initiative as a member of the National Alliance of Forest Owners (NAFO), with the objective of contributing to the understanding of biodiversity outcomes on the lands we manage and enhancing industry-wide ability to contribute to positive biodiversity outcomes.



RESTORATION AND CONSERVATION (ACRES)

	IRIS+ ID		UNITED STATES	LATIN AMERICA	TOTAL
Environmental Restoration Area	Ecological Restoration Management Area	PI9556	16,130	293	16,423
Conservation Reforestation Area	Area of Land Reforested	PI4907	11	37	48
Environmental Projects Area	N/A	-	33,479	-	33,479
Area Managed for Conservation or Protection – Total	Protected Land Area: Total	PI4716	344,126	67,638	411,764
Area Managed for Conservation or Protection – Permanent	Protected Land Area: Permanent	PI3924	61,767	57,465	119,232
Biodiversity Assessment (percentage of properties)	Biodiversity Assessment	OI5929	100%	100%	100%



Engage with Stakeholders & Communities

Forests play a crucial role in communities worldwide, particularly in timber-producing areas where forestry is integral to local livelihoods and economies. FIA's commitment to ethical operations and transparency, informed by the deep roots many of our employees have in forestry, shapes the firm's approach to stakeholder engagement. The FIA materiality assessment identified stakeholder and community risks and opportunities as moderately significant, while the impacts of forestry investments on society and communities rated as highly material. As an asset manager, FIA focuses on influencing stakeholders through disseminating guidance via forest certification standards and ensuring management plans support local stakeholder needs and interests. Furthermore, the company's ESG and Impact Framework ensures the application of best practices for stakeholder management and monitoring of emerging social risks and needs.

While FIA keeps internal control over property-level strategy and business planning, forestry consultants perform on-the-ground management, which enables them to be most directly linked to community and stakeholder relations. FIA is proud to work with numerous small and medium businesses in the US, Brazil, and Chile, which are important local employers and that engage with a broad network of specialists for activities such as land preparation, planting, harvesting, community engagement, and transport. The collective reach of this indirect employment is significant. In addition, FIA engages directly at the level of regional and national industry associations and networks to support broader stakeholder issues. FIA team members are actively involved in organizations and initiatives related to forest research, science, policy, markets, wildlife management, and forest sustainability.



Manage Forest Carbon & Climate

Forests are crucial in the global carbon cycle, and the Intergovernmental Panel on Climate Change reports emphasize the need for reaching net zero greenhouse gas emissions worldwide to combat climate change. The latest scientific evidence highlights the importance of managing the vast stores of carbon in forests and using nature-based solutions for climate mitigation and resilience. The forest industry and forestry investors are responding by improving the estimation, management, and reporting of forest carbon. FIA's materiality assessment prioritized managing forest carbon due to the potential to improve forest carbon outcomes and because of exposure to carbon pricing. Managed forests are key to nature-based solutions for climate change, as they sequester carbon dioxide in growing trees, store it in living biomass and healthy soils, and keep long-term carbon storage in wood products. This promotes a positive cycle of carbon accrual, which has even greater total benefits to the climate when wood products substitute for higher-embodied emissions products.

As the climate arena continues to be active in developing policy and standards, FIA maintains an active approach to our three-part commitment around forest carbon and climate – to advocate, manage, and report on activities and impacts for carbon and climate.

Since 2019, FIA has been reporting on forest carbon stocks on the investments it manages, using regionally specific methodologies that convert forest inventory data to estimates of stored carbon in living biomass. While aggregate regional totals are published in this report, FIA provides our clients quarterly and/or annual carbon reporting at the account or fund level and with greater detail, as required. FIA recognizes the importance of carbon metrics and data for investors seeking to set and track climate goals and is committed to improving its carbon reporting capabilities. The company also contributes to efforts to enhance standardization and improve the inclusion of forestry in global carbon reporting and related climate initiatives.





2023 Carbon Reporting



ADVOCATE

We advocate for enabling policies and environments that enhance the contribution of forests and forest products to mitigating climate change.

- Staffed the vice-chair role for NAFO's Air Task Group, which focuses on climate and air quality advocacy issues in the US.
- Supported a multi-stakeholder effort to develop tools for GHG accounting in forests and wood products.
- Continued participation in the GHG Protocol Land Sector and Removals Guidance technical working group and related forest caucus.



MANAGE

We seek to manage climate-related risks and opportunities within our fiduciary duty and look to position our clients and their forests for long-term value.

- Conducted physical climate risk assessment process using third-party tools and internal analysis.
- Continued to evaluate forest carbon offset projects opportunistically and across acquisitions.
- Commenced development of a climate mitigation project pipeline for nature-based solutions investments.
- Began deployment of the firm's first dedicated climate-smart forestry investment portfolio in the US.



REPORT

We report on the contribution of the forestry investments we manage toward mitigating climate change and promoting forest resilience.

- Expanded harvested wood products reporting to include Latin American investments.
- Built out the automated calculation of additional forest carbon pools to support granular carbon reporting across carbon pools to support our US climate-smart forestry activities and portfolio.
- Developed improvement plan for internal carbon reporting capabilities and integration into FIA data management.

FOREST CARBON AND NET SEQUESTRATION (THOUSAND TCO₂e)

	IRIS+ ID	UNITED STATES	LATIN AMERICA	TOTAL
Carbon Storage in Forest Land	N/A	140,013	10,388	150,401
Carbon Stock Change in Forest Land	N/A	3,380	(42)	3,338
Carbon Storage in Harvested Wood Products	N/A	1,609	67	1,676
Net Sequestration	N/A	4,989	25	5,014

The above carbon reporting includes biogenic carbon only. Carbon Storage in Forest Land reporting includes managed production forest, accounting for aboveground carbon stock in commercial forest areas that are inventoried under FIA's inventory procedures and does not include the understory. Other carbon pools in the forest are not included here. Carbon Stock Change in Forest Land is based on the change of carbon stocks over the reporting period and factors out the impact of areas of forest that are purchased or sold during the reporting period. Carbon Storage in Harvested Wood Products accounts for the long-term average carbon storage of products in use and landfills over 100 years in the US and accounts for the carbon storage of products in using the ILCD method for Latin America. Net Sequestration is calculated as the sum of Carbon Stock Change in Forest Land and the Carbon Storage in Harvested Wood Products. Other carbon pools are not reported. FIA can provide additional detail on carbon reporting methodologies and/or carbon reporting at the client account level. This reporting is summarized for public purposes only and should not be considered as part of investment performance data.



Working Forests & Net Carbon Sequestration

2023 Carbon Outcomes Across the FIA Portfolio



Data based on FIA internal analysis for calendar year ending December 31, 2023, for properties under management in the US, Brazil, and Chile. Net sequestration accounts for aboveground forest carbon and the 100-year average for carbon storage in wood products (net of harvest, land sales/purchases, and inventory adjustments).

A photograph of a forest stream with a blue overlay containing text. The stream flows over mossy rocks, surrounded by dense green foliage and trees. The blue overlay is a semi-transparent rectangle with orange L-shaped corner brackets at the top-left and bottom-right.

Case Studies from Our Global Portfolio



CASE STUDY

Managing Forests to Support Landscape-level Diversity in Pennsylvania

The history of Pennsylvania is also a history of forest resource management. In its colonial days, Pennsylvania's towering White Pines were felled for their straight, strong trunks – a highly prized resource that transformed Philadelphia into a shipbuilding power during the Age of Sail. In following centuries, the tannin-rich bark of the state's Hemlocks was a key ingredient for tanneries. The state consistently led the nation in leather production.

By the late 19th century, railroad expansion and technological innovations allowed timber companies to reach previously inaccessible forests. As a result, by the 1920s, Pennsylvania's forest landscape, once covering 90% of the state, was reduced to 20%. In the words of Pennsylvania's Department of Conservation and Natural Resources, Penn's Woods had been turned into stumps and ashes. Due to natural regeneration that occurred into the 1930s, many early successional habitat and early seral ecosystems resulted. Growing over time, these landscapes are now dominated by mature older forests, which occupy 97% of the forest by area.

While mature forests offer ideal habitat for certain species, the lack of young forests is prohibitive to others. This landscape-level imbalance concerns conservation groups, including Audubon Mid-Atlantic, which has documented significant declines in neotropical bird species, such as the Golden-winged warbler, which need both early successional forests to nest and adjacent mature forest to raise their young. According to Joshua Rittenhouse, Forest Program Associate for Audubon Pennsylvania, sustainable timber harvesting plays a critical role in the re-establishment of early successional habitat: "Currently, Pennsylvania's forests consist of about 2-3% early successional or early seral ecosystem. On a state-wide basis, the goal is closer to 10-15%, which is largely dependent upon sustainable forestry operations and harvesting, like those practiced by Forest Investment Associates in northwestern Pennsylvania."

FIA's Operations Manager, Northern Region, Bryan Blankenship agrees. "Sustainably

harvesting mature forests results in closer alignment with historical ecosystem distribution. Young seral environments often emerged from both natural impacts, such as weather and animal intervention, as well as controlled burning employed by Native Americans. The regeneration of cleared forest into early successional habitat is a positive environmental consequence of FIA operations in Pennsylvania that occurs alongside financial returns for our clients. As FIA has onboarded additional acreage in Pennsylvania due to acquisitions in the past couple of years, we have focused on ensuring our harvest planning and ongoing forest management consider such landscape-scale impacts, and we are heartened to see how our sustainable timber harvest also contributes to this important statewide objective of diverse forest ecosystems."

Forest Diversity Supports Healthy Landscapes



Image: Julie K. Covey



CASE STUDY

Wild Salmon Return: Restoring Oregon's Tioga Creek Falls

For millennia, Coho and Chinook Salmon migrating up Southern Oregon's Coos River faced a formidable obstacle in the Tioga Creek Falls. A difficult leap under ideal conditions, passage above the falls rewarded salmon with miles of rich, off-channel habitat, ideal for both spawning adults and growing, young fish. But this annual cycle became almost impossible during the early 20th century, as powerful log drives from upstream timber operations scoured the riverbed, deepening channels and stripping the creek of important sediment. Due to these changes, the falls became a difficult barrier even for even the strongest of fish.

In an early attempt to restore habitat, in the 1960s, the Oregon Department of Fish and Wildlife installed a fish ladder on one side of the falls, while also removing all fallen timber and boulders along the waterway. These well-meaning efforts were designed to improve fish passage upstream. However, the ladder continually filled with debris, restricting migration, while an absence of naturally fallen timber in the water failed to attenuate flows, negatively impacting hydrological conditions and habitat.

"After every heavy rain, the ladder would fill with debris, and a team would be sent on the three-hour journey to clear it," says Allison Tarbox, Restoration Project Manager for the Coos Watershed Association. After decades

of maintenance, in the summer of 2023, FIA and its partners, including the Oregon Department of Fish and Wildlife, the Bureau of Land Management, the Coos Watershed Association, the Wild Salmon Center, the Oregon Department of Forestry, and the Confederated Tribes of the Coos, Lower Umpqua and Siuslaw Indians, began a new restoration effort. After dewatering the falls, workers designed and cut three new channels and several notches into the bedrock. The result, modeled on a successful restoration on the nearby West Fork Millicoma River, was a series of gradual benches and resting pools that allow salmon to migrate upstream and reproduce.

"Tioga Creek is one of the highest producing wild fish streams in the Coos Basin, and the falls represent the last obstruction for its migratory fish on the mainstem," Tarbox says. "So, we were all extremely motivated to help get this problem fixed." With flows returned to a more natural state, newly installed cameras captured images of Coho using the new, more passable channels to successfully leap above Tioga Falls. With this restoration complete, additional efforts to improve hydrological conditions and fish habitat are planned for 2024, including the placement of large, instream wood structures to slow water and create more off-channel habitat, which is essential for growing salmon before returning to the Pacific Ocean.



Image: CoosWA

Carefully monitored restoration work after dewatering the falls. Image: FIA

CASE STUDY

Protecting Southern River Otters with High Conservation Value Areas



Image: Roderich Barria Quintana

“An important aspect of FIA’s sustainable forest management practices,” explains Jorge Echeverría, Director, LatAm Investments, “is defining High Conservation Value (HCV) areas. These can contain flora and fauna that are significant at the ecosystem level.”

In Chile, where FIA manages more than 71,000 acres of pine and eucalyptus forests, FIA has designated areas within seven Toltén River Basin properties as HCV areas. And with good reason: evidence of the endangered huillín, or South America River Otter (*Lontra provocax*),

whose presence is an indicator of healthy aquatic ecosystems.

Despite their elusive nature and importance in traditional Mapuche culture, these endemic otters were hunted to near extinction and face threats. As a result of habitat degradation, pressure from the invasive American mink, and attacks by farm dogs, the huillín now occupies only 10% of its historical range. Fewer than 1,000 of these otters are believed to exist in the wild, earning the huillín a place on the International Union for Conservation of Nature (IUCN) endangered list.

An excellent swimmer, they hunt in Chile’s forested waterways for a protein-rich diet of crustaceans. With a preference for burrows along heavily forested riverbanks, proper forest management and riparian conservation are crucial to ensuring the future of the species.

“Riparian vegetation is key to the survival of the huillín,” says Echeverría. “It provides required burrowing conditions while ensuring that sufficient organic material enters into the water. This maintains a delicate trophic system that supports crustaceans the otters rely on as their primary food source.”

In this way the huillín, like otters worldwide, are an indicator species of aquatic ecosystem health. “By designating intact riparian zones as HCV areas,” continues Echeverría, “FIA preserves native forest and plant cover, while carefully supervising or limiting operational activities. This maintains the sensitive hydrological and habitat conditions required by the otters.”

These areas are also monitored annually by wildlife experts, who thoroughly search each property. Physical signs of otter presence, such as the burrows, are primary indicators, and technology employed by FIA also plays an important role, such as game cameras used to capture images of otters in key habitat areas.

As a result of monitoring efforts, signs of otters have been observed on all seven properties. Two properties containing active burrows have been discovered, and video recordings have been made on another.

“Designating these waterways as HCV areas has informed our management strategies and helps us measure landscape-level ecological health and biodiversity,” says Echeverría.





CASE STUDY

High Fliers: Sustainable Forests for Swallow-Tailed Kites

Although widely considered the most majestic of all raptors, it is estimated that the Swallow-tailed Kite occupies only five percent of its historic North American range. Exact reasons for this decline remain unclear, but it is known that ecosystem and age-class diversity resulting from sound forest management practices contribute to kite habitat and biodiversity requirements, especially when raising their young and preparing for a 5,000-mile annual migration.

As a result, beginning in 2019, FIA joined with other forestry stakeholders to support the American Bird Conservancy (ABC) and the Avian Research and Conservation Institute's (ARCI) Swallow-tailed Kite tracking program. And in 2023, researchers successfully tagged two adult raptors on FIA's Carver's Bay Management Unit in South Carolina, carefully fitting them with GPS tracking to monitor movements and habitat needs during the trip to wintering grounds in South America.

According to the ABC's Southeast Region Vice President, EJ Williams, kites are heavily reliant on diverse forest landscapes that can include pine plantations, like those managed by FIA and other landowners near Georgetown, South Carolina. "Swallow-tailed Kites rely upon large swaths of contiguous forests," explains EJ. "Many such areas have been lost to agriculture and housing. But in large, working forests, kites encounter the right blend of environmental conditions in preparation of their annual migration across the Caribbean Sea to wintering areas in Brazil."

By tracking kite movements, researchers compile important nesting, roosting, and habitat data, which helps scientists and sustainable forestry companies make science-based management and conservation decisions. Unusually social among raptors, Swallow-tailed Kites nest together in neighborhoods, returning to mature trees to roost year after year. Equally important are open landscape and early-stage ecosystems that emerge post-harvest in areas strategically managed near roosting areas, as harvest openings and younger forests provide a diversity of food sources, such as insects, frogs, snakes, and even other small birds. "The rotational lifecycle of working Southern Pine forests provide Swallow-tailed Kites with the variety of habitats they need," adds Williams.

As a result of this ongoing partnership, transmitter data has tracked kites from South Carolina to resting spots in Florida, and eventually down into South America. Together with other tagged kites, scientists can predict exact migratory routes, including stopover and wintering locations. This helps foresters develop harvesting plans that are mutually beneficial to landowners and the birds. "Highly productive, sustainable forest management practiced by FIA," says Madison Akers, FIA's Regional Investment Forester and Carver's Bay property manager, "prevents landscape fragmentation and protects southern forests from other development pressures – doing our part to help the kites keep soaring above."

CASE STUDY

Expanding American Black Bear Populations in Arkansas



Originally known as the Bear State, Arkansas was once home to a thriving American black bear (*Ursus americanus*) population, which was almost extirpated in the early 20th century.

To recover this apex predator, in 1958 the Arkansas Game and Fish Commission began reintroducing bears from Minnesota and Canada into the Ozark and Ouachita Mountains in the state's north and west. These efforts were remarkably successful, and over time bears began returning to southern Arkansas' Gulf Coastal Plain.

In 2021, when the Arkansas Game and Fish Commission (AGFC) began a search for partners to help facilitate a bear tracking program to collect data across southern Arkansas, FIA entered into numerous access agreements across its regional portfolio. After only one month, a female bear,

called Denver by AGFC officials, was located on FIA's Caddo Management Unit and safely fitted with a GPS radio-collar – the very first bear to be tagged on the entire Gulf Coastal Plain.

Gathering data on this regional population is important to scientists and conservationists as the Gulf Coastal population is a recent reintroduction and background data is very limited. The state-of-the-art GPS collars worn by Denver and about 20 other bears send daily information, creating a more scientific understanding of home ranges and habitat use for this bear population. This information helps officials make science-based conservation decisions, including the establishment of strict, quota-based harvesting seasons.

The program also gathers important growth rate and behavioral data. By tracking her movements by GPS, in 2023 conservation officers and scientists were able to locate and sedate Denver. While monitored by a veterinarian team, officials performed a den survey, finding three young cubs, whose health and biometric data was also recorded. As black bear cubs stay with their mother for their entire first year, the program allows researchers to measure cub survival rates and improve population and growth rate models, all of which help drive management decisions for this iconic species in Southern Arkansas.

[WATCH VIDEO >>](#)



CASE STUDY

The Conservation Underground: Creating a Private Reserve for a Cave Ecosystem

More than a mile deep, the *Gruta do Varzeão* (Varzeão Cave) on FIA's Fazenda Kurashiki I property in Brazil is the second longest cave in the southern State of Paraná.

Prior to acquisition by FIA, regional authorities discussed the possibility of purchasing the cave and surrounding pine plantation, hoping to designate it as a natural reserve to boost ecotourism opportunities and the local economy.

When the possibility of state ownership fell through, FIA purchased the property as part of a larger regional acquisition of highly productive pine plantations. In 2023, FIA began a voluntary legal process of converting the cave and 228 surrounding acres into a *Reserva Particular do Patrimônio Natural* (RPPN), a privately owned, state-registered natural heritage reserve.

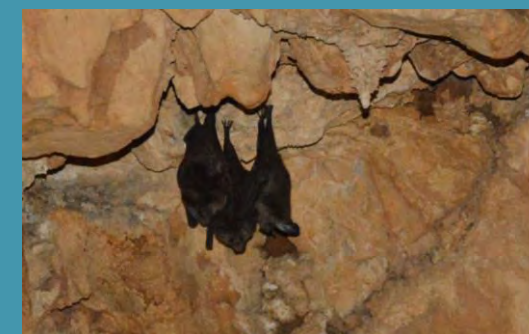
"RPPNs," explains FIA's Director, Brazil Investments, Adriane Villela, "are created by landowners to preserve natural resources in cooperation with the state government. Guaranteeing legal protection and existing in perpetuity, they are often used to protect threatened species or important ecosystems, like the cave and its surrounding Atlantic

Forest buffer – bringing environmental benefits through biodiversity preservation."

RPPNs also play a crucial role in water conservation, which is an important consideration given the cave's sensitive hydrology. As a result, FIA extended the reserve's boundaries beyond minimum requirements to further protect local water resources while promoting ecological connectivity and landscape restoration.

The decision to permanently protect the cave and surrounding area is drawing praise from local stakeholders. Agenor de Matos, Heritage Inspector for the property's manager, is optimistic about what this decision means for his community.

"In 2010, the municipality started promoting what local people call *procissões* – nature walks – to the cave in order to encourage ecological tourism in the area. This has been successful in attracting visitors from the nearby city of Curitiba and other part of Brazil. Because FIA guarantees continued access to the cave and the protected buffer, we benefit not only from FIA's sustainable forestry operations, but this important part of our natural heritage."





CASE STUDY

“Fringe” Conservation for Endangered Orchids in Georgia’s Forests

In June 2023, FIA received a special commendation from Georgia Governor Brian Kemp: 2023 Forestry for Wildlife Partner. The award recognized FIA’s stewardship efforts across the state, including efforts to conserve the globally imperiled (G2) and state critically imperiled (S1) Chapman’s Fringed Orchid.

Considered lost from Georgia for a century, Chapman’s Fringed Orchid once occurred throughout the state’s coastal pine wetlands. After a chance find in 2009, researchers then discovered a handful of small, isolated roadside sites in just three Georgia counties. In 2013, another population was found under a powerline right-of-way along FIA’s Silco Management Unit by researchers from the Atlanta Botanical Garden. In 2020, Georgia Department of Natural Resources (GA DNR) staff met with FIA to discuss surveying Silco to identify new populations and habitat suitable for planting. With FIA and the landowner support, GA DNR Senior Wildlife Biologist Erin Cork went on the discover more than 20 additional plants.

As part of its ongoing work, FIA partners with the GA DNR to develop and support site-specific

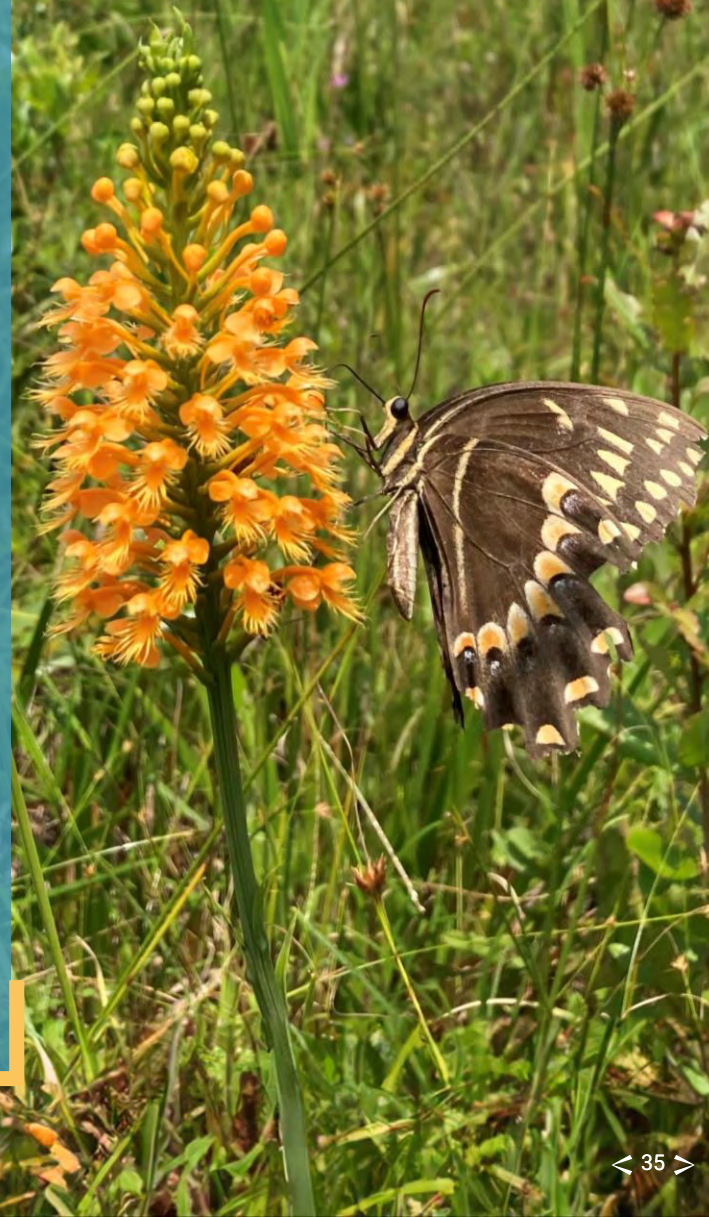
management plans crafted to conserve and expand orchid habitat, as the species requires a sequence of specific environmental conditions to successfully propagate. For example, roadside populations are marked with signage to protect plants from mowing and herbicide treatment. New mowing regimens have also been implemented to decrease competing vegetation, increasing pollination opportunities by swallowtail butterflies during a brief flowering period in August. FIA also works with the GA DNR to design and implement targeted forest thinning activities to minimize impacts to the rediscovered group found within the forest. This thinning also opens the canopy to provide more sunlight to the orchids on the forest floor. Additional management steps, including the possibility of prescribed burning to increase seed germination via contact with fungi in bare clay soils, are also in development.

“The practices we put in place for Silco support the identification and conservation of rare and threatened species like Chapman’s Fringed Orchid and are important to our environmental commitments as part of long-term forest stewardship,” notes FIA’s Chad Lincoln.

This sentiment is echoed by GA DNR’s Erin Cork. “These roadside orchids face numerous threats. A single population could be lost to an ill-timed herbicide application, encroachment from woody vegetation, or even rutting and compaction from vehicles. GA DNR is committed to protecting these roadside populations, and we are especially excited about our partnership with FIA, which provides us the rare opportunity to protect and grow a population of Chapman’s Fringed Orchid where it can be buffered from these threats.”



Image: FIA
From left to right: GA Governor Brian Kemp; Jamie Ulmer (Director, Portfolio Management); Tom Trembath (Operations Manager, Certification); Chad Lincoln (Operations Manager, Southern Region) holding the 2023 Forestry for Wildlife Partner Award; and GA First Lady Marty Kemp.





CASE STUDY

Navigating Climate Change with Science: The Rise of Climate-Smart Forestry

Climate-smart forestry (CSF) practices combat climate change and bolster forest resilience. At its core, climate-smart forestry is not merely about harvesting trees – but rather a holistic approach guided by science and aimed at achieving specific outcomes, including enhancing forest health, mitigating climate impacts, and improving forest resilience. FIA actively promotes awareness and investment in CSF through its investment activities and industry collaboration, which ramped up in 2023 as MaryKate Bullen, FIA's Managing Director, Head of Business Development and Sustainability, served as vice-chair of the NAFO Air Task Group, which launched a CSF campaign.

NAFO's Chief Strategy Officer Kate Gatto explains, "We've engaged with a diverse group of stakeholders who were looking for answers from the forest sector, from builders using wood to consumers seeking sustainable packaging solutions. These groups are united by a common goal: to make responsible choices. They turn to forests and forest products for their inherent benefits – sustainability, renewability, biodegradability.

Yet, they remain concerned about the impact of their choices. This underscores the ongoing need for education about modern, sustainable forest management and the myriad assurances we have in place. It's clear that US private working forests, and the products they produce, are critical parts of any strategy to fight climate change. Ensuring stakeholders have the information they need to embrace forestry and forest products as a climate-smart choice will further enhance our efforts to harness these natural solutions."

Despite the environmental benefits of wood products, challenges persist in quantifying and communicating these advantages effectively. Data and information gaps have hindered the ability to clearly demonstrate the environmental impacts of wood-based solutions. However, advancements in data collection, analysis, and technology are promising. These topics are also priorities for NAFO, its members, and FIA's own climate action activities. Forest investors have potential to improve clarity on data on forest carbon stocks, timber sourcing, and environmental footprints. This empowers stakeholders to make informed decisions and

advocate for sustainable forestry practices.

To further educational efforts and promote common understanding, NAFO launched www.ClimateSmartForests.org and developed FAQ documents for policymakers, investors, and sustainability professionals. "There is no other sector in the economy where aligning with environmental and climate goals so directly supports rural prosperity and the communities dependent on modern, sustainable forestry," said Gatto. "Recognizing and championing these climate-smart outcomes globally not only showcases our commitment to innovation and stewardship but also sets a gold standard for sustainable forestry worldwide."

Defining and implementing CSF practices are imperative when navigating the complex interplay between climate change, forestry, and industry. By leveraging technology, bridging gaps between stakeholders, and advocating for sustainable policies, we can unlock the full potential of forests as a solution to climate change.





CASE STUDY

Working Together to Prevent Forest Fires in Chile

The mutual respect and trust that FIA shares with our partners in forestry has been a longstanding hallmark of our firm's values. One enduring example of this relationship is found at FSP LATAM in Chile, home base of the BS4 Fire Fighting Brigade.

This FIA-supported firefighting unit has a unique bond and special history with the local community, which is evident as it carries out its important mission of fire prevention and control. Brigade operations encompass a large, triangular area known as the Cuel Nielol Sector, north of the city of Temuco. As the area is largely populated by traditional farmers and pastoralists, the fire brigade is a critical resource that protects FIA investments as well as nearby homesteads and livestock.

Composed entirely of local community members, the brigade receives regular training in forest firefighting techniques and works closely with local authorities to prevent and control wildfires in the region. Their work not only contributes to the protection of forests and biodiversity but also promotes social inclusion and local empowerment.

No one illustrates this relationship better than 51-year-old Mariano Curin Necul. An indigenous Mapuche – like 78% of the brigade's members – Mariano has been firefighting for almost 30 years, with 23 of those seasons within the ranks of this special unit. "Chief Mariano,"

says nine-year veteran and fire crew leader Abraham Nahuelpi, "not only teaches us about firefighting. He teaches the whole brigade about creating an environment of mutual respect and accountability."

During summer when the risk of fire is greatest, community members leave their families to staff brigade headquarters, with a minimum of 12 members available for rapid response operations at any time. While on call to support state fire services, many calls responded to by the brigade are small fires that threaten rural farmsteads. This sense of purpose and duty inspires strong feelings among team members.

"I like working in this group, especially as at the same time FSP LATAM recognizes what we do and the demands that we face. This motivates us to keep our commitment high," says Chief Mariano.



Brigade Chief Mariano Curin Necul (right) and Crew Leader Abraham Nahuelpi (left).





Looking Ahead



Our ESG Journey & Future

FIA is proud to share and report on many of the advances made in 2023 regarding the management and monitoring of ESG matters. Our actions and activities have resulted in shared benefits for our clients, employees, shareholders, and the broader community of external stakeholders and partners active in sustainable forestry investments. Looking ahead in 2024, our commitment to delivering continuous improvement and tailored solutions continues to grow as we capitalize on promising investment environments and ESG opportunities.

Meeting increasingly diverse and complex investment, regulatory, and ESG needs requires an openness to new ideas and a commitment to enhancing the performance of our ESG Policy and Principles. Across all of FIA and especially within the Business Development and Sustainability Team, we are dedicated to exceptional service during every single interaction with our clients, stakeholders, and partners. We invite you to reach out directly to share your story and help FIA continue to grow as a leader in sustainable forestry investments.



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