

INVESTOR INITIATIVE FOR SUSTAINABLE FORESTS

The 21st century economy will be shaped by powerful environmental, social and governance (ESG) factors such as climate change, population growth and energy demand. Global investors are increasingly aware that transitioning to a low carbon economy will require capital markets to integrate ESG factors into policies, business strategy and decision-making, and capital allocation.

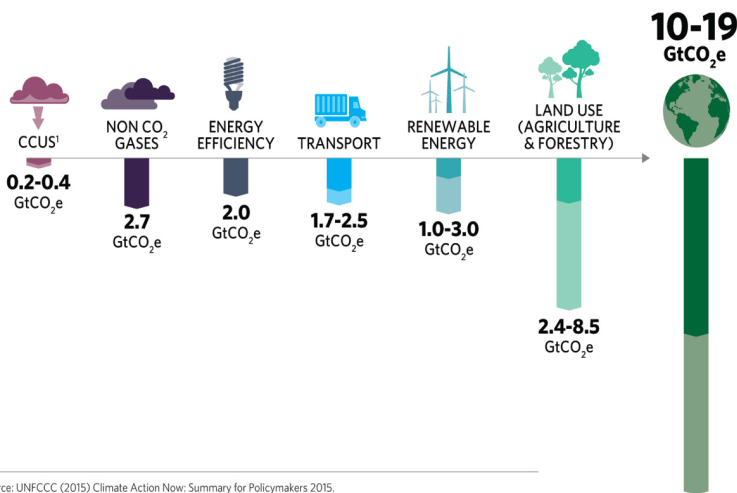
The Investor Initiative for Sustainable Forests (IISF) is a working group of Ceres' Investor Network, and a joint collaboration with the PRI, that aims to:

- Raise awareness of the potential material financial risks of deforestation for companies sourcing commodities such as cattle, soy, palm oil and timber.
- Provide salient and credible information on the environmental and social impacts of deforestation, as well as solutions for improved investment decision-making and corporate engagement.
- Foster investor engagement with companies to eliminate deforestation from company supply chains.

The group offers peer-to-peer sharing of leading ESG and Natural Capital risks identification and integration of those risks in investment strategies and engagement practices. By helping institutional investors to engage directly with companies on their deforestation risks, and invest in companies with strong supply chain management practices, it aims to drive broader, more systemic change. Members conduct research to address the gaps in institutional investors' assessment and measurement of deforestation risks, and share leading deforestation risk analysis practices to drive deeper integration of the impact of land use change into the investment decision-making process.

A TIMELY OPPORTUNITY FOR ACTION: LAND USE MITIGATION POTENTIAL

MITIGATION POTENTIAL BY 2020



- The 2016 UNEP Emissions Gap Report stresses the importance of pre-2020 action in order to achieve a <2° carbon budget.
- Emissions reductions from land use have the potential to mitigate 2.4-8.5 GtCO₂e by 2020 - that's up to 50% of the carbon budget in the short-term.

Commercial agricultural is responsible for two-thirds of tropical deforestation and is a key driver of the conversion of peatlands, which store some of the highest quantities of carbon on the planet. The conversion of forests, savannahs and peatlands to agriculture creates an enormous amount of carbon pollution, roughly 11 percent of total GHGs globally¹. This exacerbates agriculture's contribution to climate change and its harmful impacts, including water scarcity, lower yields and less reliable production because of droughts and floods.

Source: UNFCCC (2015) Climate Action Now: Summary for Policymakers 2015.
¹Carbon Capture, Utilization, and Storage, involving removing CO₂ from the atmosphere, recycling it for use, and storing safely.

By producing high-quality financial and risk analyses, material and relevant to both companies and investors, IISF seeks to drive better climate and sustainability decisions. The vision is to reframe climate and deforestation risks as a core business interest for major corporations up and down the soft commodity supply chain.

¹ World Resources Institute, Creating A Sustainable Food Future, 2013-14

ENGAGEMENT OBJECTIVES, STRATEGIES & TACTICS

IISF's overarching goal is to align capital markets with conservation goals by incentivizing companies to address deforestation, which is driven by production of soft commodities such as cattle, soy, palm oil and timber.

Ceres and PRI will work with investors on short- and medium-term goals such as:

- Identifying deforestation risks in investors' portfolios
- Developing new valuation and risk measurement tools that incorporate the full range of current and emerging commodity risks
- Developing a best practices strategy and reinforcing corporate commitments to implement deforestation-free soft commodities and food supply chains
- Expanding and standardizing the range of commodity disclosures to include emerging risks and current externalities
- Working with corporate directors to incorporate higher standard commodity risk management into business practices and incentive systems

Ultimately, Ceres aims to enable systemic change that will incentivize companies to be more proactive in addressing natural resource risks and opportunities.

ACTIVITIES & PARTICIPATION

The Investor Initiative for Sustainable Forests

The Investor Initiative for Sustainable Forests is open to asset owners and asset managers interested in fostering sustainable food supply chains, and assessing and integrating material risks associated with land change in investment decision-making and corporate engagement strategies. To be placed on the email list please contact Nathalie Wallace at wallace@ceres.org.

How Often Do Members Meet?

The group meets on a monthly basis via conference call. Additionally, Ceres hosts investor-led peer learning sessions throughout the year. These educational webinars are a forum for members to share ESG and zero-deforestation related practices, ideas, research and integration methods with the group. Experts are also regularly invited to help the coalition gain a deeper understanding of specific ESG and deforestation risks in equity and debt portfolios.

GOVERNANCE OF GROUP

Ceres' Investor Network and PRI staff guide the strategy and agenda of the Investor Initiative for Sustainable Forests with advice from an Advisory Committee of investors, and with members' input.



For more information or to join:
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