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# **Sustainable Forest Investment Forum**

**Hong Kong  
2010**

**David St. Maur Sheil**

**|Joint Executive Director**

***Association for Sustainable & Responsible Investment in Asia (ASrIA)***



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***Over 30% of Earth's surface covered by forests***

***Large store-house of biological diversity***

***Harbour to threatened species***

***Global Lungs: Breathe in Carbon and Breathe out Oxygen***

***Homes of Indigenous communities and reservoirs of local knowledge***

***6 billion people in the value chain***

***Emerging markets economies depend on forest related income***

# ***Forest Services***

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***Provide Products – wood, paper, food, oils***

***Source of genetic materials for food and medicines***

***Protect water-sheds and prevent erosion***

# Forest Impacts

***Extinction rates up to 1000 times higher than historical averages***

***1970 - 2009***

***Animal populations reduced by 30%***

***the global forest products industry is valued at more than **US\$380 billion*****

***Annual economic loss of forest services calculated at:  
**\$2-5 trillion** (dwarfs banking crisis)***

***How can we unlock this hidden value?***

***UN third Global Biodiversity Outlook (GBO-3)  
The Economics of Ecosystems and Biodiversity (TEEB)***

# ***Why Should Investors Care – What are the Drivers?***

- ***Risks and Opportunities***
- ***Best Practices***
- ***Innovative products, services and financing***
- ***Long-term sustainable investment policies***



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# Risk & Opportunity

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## ***Risks***

- *Reputational and Brand Risk*
- *Regulatory and Standards Risk*
- *Corruption Risk*
- *Supply chain disruption risk*
- *Material Supply Risk*
- *Inflationary Risk*
- *Loss of biodiversity risk*
- *Climate change risk*

## ***Opportunities***

- *Reputational and brand opportunity*
- *Product and services opportunity*
- *Efficiency opportunities*
- *Carbon management opportunities*
- *Innovative financing and investment opportunities*

# Highlights of Lacey Act Amendments

**Amendments provide sweeping and unprecedented criminal, civil and forfeiture authority to combat illegally harvested wood – and all manner of wood products ranging from hardwood flooring to pencils – from being imported into the United States**

**Cases to be based on violation of the law or regulations of the country where the wood originated**

**Importers subject to criminal charges when they “in the exercise of due care should have known” wood was illegally harvested (as well as for “knowing violations”)**

# Best Practice

***Best Practice is built around effective certification, due-diligence, industry co-operation, engagement with informed stakeholders and supply chain management***

## ***Industry Guides to Best Practice***

- *Forest Stewardship Council Standards and Policies*

## ***Investor ‘Sectoral Guidelines’***

- *IFC Environmental Health & Safety Guidelines: Forestry*
- *HSBC: Forest Land and Forest Products Sector Guideline*

## ***Civil Society Guides***

- *WWF Responsible Palm Oil Financing and Investing, and Palm Oil Financing Handbook*

# Investment and Innovative Financing

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***Due-diligence and engagement***

***Green-credit loan program***

***Debt-for-Nature Swaps***

***Conservation Trust Funds***

***Payments for Eco-system Services***

- ***Watershed Conservation Payments***
- ***Carbon Offset Projects***

***REDD scheme***

# The Investment Challenge

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***Avoid risk  
&  
Unlock the  
Hidden Value  
Of  
Forests Products and Services  
Via  
adopting  
Sustainable and Responsible  
Investment  
Policies***

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## **ASrIA Services**

*ASrIA can provide resources, news  
insight and training on ESG issues,  
including forestry industry best  
practice*

**Join our Network**

**Thank You**