



LEA 02	Disclosures Monetary	Reason Gateway	Principle PRI 1,2,3
<p>Type of engagement Individual/internal staff engagements</p>	<p>Reason for interaction</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> To support investment decisionmaking in & company related ESG issues <input checked="" type="checkbox"/> To influence corporate practice or identify the need for additional or other specific <input type="checkbox"/> We do not engage via internal staff <input type="checkbox"/> To support investment decisionmaking in & company related ESG issues <input type="checkbox"/> To influence corporate practice or identify the need for additional or other specific 		
<p>Type of engagement Collaborative engagements</p>	<p>Reason for interaction</p> <ul style="list-style-type: none"> <input type="checkbox"/> To support investment decisionmaking in & company related ESG issues <input type="checkbox"/> To influence corporate practice or identify the need for additional or other specific <input type="checkbox"/> We do not engage via collaborative engagements <input type="checkbox"/> To support investment decisionmaking in & company related ESG issues <input type="checkbox"/> To influence corporate practice or identify the need for additional or other specific 		
<p>Type of engagement Service provider engagements</p>	<p>Reason for interaction</p> <ul style="list-style-type: none"> <input type="checkbox"/> To support investment decisionmaking in & company related ESG issues <input type="checkbox"/> To influence corporate practice or identify the need for additional or other specific <input type="checkbox"/> We do not engage via service providers <input type="checkbox"/> To support investment decisionmaking in & company related ESG issues <input type="checkbox"/> To influence corporate practice or identify the need for additional or other specific 		

RI TRANSPARENCY REPORT

2014/15

New Forests Pty Limited

About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2014-15 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six [Principles for Responsible Investment](#). It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator
Ⓜ	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO 01	Signatory category and services	✓	Public							✓
OO 02	Headquarters and operational countries	✓	Public							✓
OO 03	Subsidiaries that are separate PRI signatories	✓	Public							✓
OO 04	Reporting year and AUM	✓	Public							✓
OO 05	Breakdown of AUM by asset class	✓	Asset mix disclosed in OO 06							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Segregated mandates or pooled funds	🔒	n/a							✓
OO 08	Breakdown of AUM by market	✓	Public							✓
OO 09	Additional information about organisation	✓	Public							✓
OO 10	RI activities for listed equities	🔒	n/a							✓
OO 11	RI activities in other asset classes	✓	Public							✓
OO 12	Modules and sections required to complete	✓	Public							✓

Overarching Approach				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OA 01	RI policy and other guidance documents	✓	Public							✓
OA 02	Publicly available policies / documents	✓	Public							✓
OA 03	Policy components and coverage	✓	Public	✓	✓					
OA 04	Conflicts of interest	✓	Public							✓
OA 05	RI goals and objectives	✓	Public							✓
OA 06	Main goals/objectives this year	✓	Public							✓
OA 07	Governance, management structures and RI processes	✓	Public							✓
OA 08	RI roles and responsibilities	✓	Public							✓
OA 09	RI in performance management, reward and/or personal development	✓	Private							✓
OA 10	Collaborative organisations / initiatives	✓	Public				✓	✓		
OA 11	Promoting RI independently	✓	Public				✓			
OA 12	Dialogue with public policy makers or standard setters	✓	Public				✓	✓	✓	
OA 13	ESG issues in strategic asset allocation	✓	Public	✓						
OA 14	Allocation of assets to environmental and social themed areas	✓	Public	✓						
OA 15	ESG issues for internally managed assets not reported in framework	✓	Public							✓
OA 16	ESG issues for externally managed assets not reported in framework	🔒	n/a							✓
OA 17	RI/ESG in execution and/or advisory services	🔒	n/a	✓	✓					
OA 18	Innovative features of approach to RI	✓	Public							✓
OA 19	Internal and external review and assurance of responses	✓	Public							✓

New Forests Pty Limited

Reported Information

Public version

Organisational Overview

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Basic Information

OO 01	Mandatory	Gateway/Peering	General
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OO 01.1 Select the services you offer.

Fund management

% of assets under management (AUM) in ranges

- <10%
- 10-50%
- >50%

Fund of funds, manager of managers, sub-advised products

Other, specify

Execution and advisory services

OO 02	Mandatory	Peering	General
-------	-----------	---------	---------

OO 02.1 Select the location of your organisation's headquarters.

Australia

OO 02.2 Indicate the number of countries in which you have offices (including your headquarters).

- 1
- 2-5
- 6-10
- >10

OO 02.3 Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

FTE

48

OO 03	Mandatory	Descriptive	General
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OO 03.1 Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

- Yes
- No

OO 04	Mandatory	Gateway/Peering	General
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OO 04.1 Indicate the year end date for your reporting year.

31/12/2014

OO 04.2 Indicate your total AUM at the end of your reporting year, excluding subsidiaries you have chosen not to report on, and advisory/execution only assets.

	trillions	billions	millions	thousands	hundreds
Total AUM		2	512	837	261
Currency	AUD				
Assets in USD		2	335	181	377

OO 04.5 Indicate the level of detail you would like to provide about your asset class mix.

- Approximate percentage breakdown to the nearest 5% (e.g. 45%)
- Broad ranges breakdown (i.e. <10%; 10-50%; >50%)

OO 06

Mandatory

Descriptive

General

OO 06.1 To contextualise your responses to the public, indicate how you would like to disclose your asset class mix.

- Publish our asset class mix as percentage breakdown

	Internally managed (%)	Externally managed (%)
Listed equity	0	0
Fixed income – corporate	0	0
Fixed income – government	0	0
Fixed income – other	0	0
Private debt	0	0
Private equity	0	0
Property	0	0
Infrastructure	0	0
Commodities	0	0
Hedge funds	0	0

Forestry	98	0
Farmland	0	0
Inclusive finance	0	0
Cash	0	0
Other (1), specify	2	0
Other (2), specify	0	0

'Other (1)' specified

Conservation Investments - Forest Carbon and Mitigation Banking

- Publish our asset class mix as broad ranges
- Publish our asset class mix as per attached file (the following image formats can be uploaded: .jpg, .jpeg, .png, .bmp and .gif)

OO 08	Mandatory to Report Voluntary to Disclose	Peering	General
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OO 08.1 Indicate the breakdown of your organisation's AUM by market.

Market breakdown	% of AUM
Developed Markets	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50 %
Emerging, Frontier and Other Markets	<input type="radio"/> 0% <input checked="" type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %

OO 08.2 Additional information. [Optional]

- New Forests manages geographically-focused investment strategies across three regional investment programs.
- Sustainable timberland investment in Australia and New Zealand (developed markets)
 - Sustainable forestry in Southeast Asia (emerging and frontier markets)
 - Conservation forestry and ecosystem restoration in the United States (developed markets)

OO 09	Voluntary	Descriptive	General
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OO 09.1

Provide any additional information about your organisation, its mission, strategies, activities or investments which are important to contextualise your responsible investment activities.

New Forests is a sustainable real assets investment manager offering leading-edge strategies in forestry, land management, and conservation.

Founded in 2005, we offer institutional investors targeted opportunities in the Asia-Pacific region and the United States and have more than AUD 2.5 billion in assets under management. Our assets include sustainable timber plantations, rural land, and conservation investments related to ecosystem restoration and protection. New Forests focuses on managing our clients' assets for a future in which landscapes will encompass both production and conservation values. New Forests manages over 600,000 hectares of land and forests and is headquartered in Sydney with offices in San Francisco and Singapore.

New Forests' investment strategies take into account a long-term view of economic and market trends and emphasise positive environmental, social, and development outcomes. We concentrate on buying well and then steadily adding value through productivity enhancements, market development, and a focus on commercial management.

- **Sustainable timberland investment in Australia and New Zealand.** Timberland investment in Australia and New Zealand offers access to mature timber markets, well-established forestry management systems, and new opportunities from increasing Asian demand for wood products. Investors can be exposed to Asian growth while investing in a stable, low-risk business environment. New Forests is the largest timberland investment manager in Australia and has operated in New Zealand since 2005.
- **Sustainable forestry in emerging markets of Southeast Asia.** Tropical Southeast Asia is an emerging market for sustainable plantation forestry investment by institutional investors. Our Southeast Asian investment strategy focuses on certified plantation forestry with an emphasis on technological and silvicultural improvements and a rigorous approach to environmental and social values and good governance. With an eye toward future growth, New Forests manages the first dedicated institutional timberland fund in Southeast Asia.
- **Conservation forestry and ecosystem restoration in the United States.** Forestry investment in the United States has evolved beyond traditional timber management to also encompass returns driven by conservation management strategies and the valuation of ecosystem services in growing environmental markets. New Forests' US business focuses on strategies related to conservation forestry, mitigation banking, and forest carbon. We established the first institutional fund investing in both forest carbon and mitigation banking and have developed additional investment products that build on our track record.

Gateway asset class implementation indicators

OO 11

Mandatory

Gateway

General

OO 11.1

Indicate if in the reporting year you incorporated ESG issues into your investment decisions and/or your active ownership practices in the following internally managed asset classes.

- Forestry
- Other (1)
- None of the above

'Other (1)' [as defined in OO 05]

Conservation Investments - Forest Carbon and Mitigation Banking

OO 12.1

The modules and sections that you will be required to complete are listed below.

This list is based on the percentages provided in your AUM breakdown and your responses to the gateway indicators. You are only required to report on asset classes that represent 10% or more of your AUM. You may report voluntarily on any applicable modules or sections by selecting them from the list. Fixed Income and Infrastructure are voluntary.

Core modules

- Organisational Overview
- Overarching Approach (including assets which do not have a separate module)

Closing module

- Closing module

New Forests Pty Limited

Reported Information

Public version

Overarching Approach

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Responsible investment policy

OA 01	Mandatory	Gateway/Core Assessed	General
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OA 01.1	Indicate if you have a responsible investment policy.
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- Yes
 No

OA 01.2	Indicate if you have other guidance documents or more specific policies related to responsible investment.
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- Yes
 No

OA 01.3	Provide a brief description of the key elements of your responsible investment policy or, if you do not have a policy, of your overall approach to responsible investment. [Optional]
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New Forests is committed to a responsible investment approach in our business. Our Responsible Investment Policy sets out how we integrate environmental, social, and governance (ESG) considerations into our investment programs. We do this in order to lower risk and support stable returns from our investments, but also because of commercial opportunities associated with innovative approaches to forest and land management.

New Forests' Responsible Investment Policy was approved by the company's Board of Directors in March 2015. The Responsible Investment Policy applies to all New Forests' investments, and shall be implemented at three levels in our business:

- New Forests' corporate strategy and business plans;
- Investment strategy and products, including the design of investment vehicles and investment policies; and
- Asset-level management, including ESG management goals and performance evaluation throughout the life of the investment.

The Responsible Investment Policy includes statement of beliefs regarding responsible investment and aspirational commitments for what New Forests seeks to achieve through responsible investment. In addition, the policy refers to specific tools, guidance, and strategies that support the implementation of the policy.

The Responsible Investment Policy is a component of the company's Social and Environmental Management System. The SEMS is designed to systematically identify, manage, and report on social and environmental aspects and potential impacts of New Forests' investments by:

- Establishing a consistent approach to social and environmental management across all investment activities;
- Monitoring performance and identifying areas for corrective action;
- Providing management controls to ensure corrective actions are taken and lead to continual improvement in performance; and
- Ensuring management review and Board-level oversight of the system as a whole.

OA 02	Mandatory	Core Assessed	PRI 6
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OA 02.1	Indicate if your responsible investment policy is publicly available.
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- Yes

OA 02.2 Provide a URL to your responsible investment policy.

URL

<http://www.newforests.com.au/wp-content/uploads/2015/03/RIPolicy.pdf>

No

OA 02.3 Indicate if your other policies or guidance documents related to responsible investment are publicly available.

Yes

No

OA 02.5 Additional information. [Optional]

New Forests approved and published its Responsible Investment Policy in March 2015. This policy supersedes our Social and Environmental Policy, which was issued in 2010 and has been publicly available on our website.

Our SEMS is a proprietary system that enables our proactive management of social and environmental issues associated with our investment activities. As such, we believe it is an important competitive advantage. Therefore, we do not make this information public. Clients and other interested stakeholders can request a copy of the SEMS, and clients are welcome to review associated internal documentation and audit reports.

OA 03 **Mandatory** **Core Assessed** **PRI 1,2**

OA 03.1 Indicate the components/types and coverage of your responsible investment policy and guidance documents.

Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach	<input checked="" type="radio"/> Applicable policies cover all AUM
<input checked="" type="checkbox"/> Engagement/active ownership policy	<input type="radio"/> Applicable policies cover a majority of AUM
<input checked="" type="checkbox"/> Specific guidelines on corporate governance	<input type="radio"/> Applicable policies cover a minority of AUM
<input checked="" type="checkbox"/> Specific guidelines on environmental issues	
<input checked="" type="checkbox"/> Specific guidelines on social issues	
<input checked="" type="checkbox"/> Asset class-specific guidelines	
<input checked="" type="checkbox"/> Screening/exclusion policy	
<input type="checkbox"/> Other, specify	
<input type="checkbox"/> Other, specify	

OA 04 **Mandatory** **Core Assessed** **General**

OA 04.1

Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.

Yes

OA 04.2

Describe your policy on managing potential conflicts of interest in the investment process. [Optional]

New Forests has a Conflicts of Interest (COI) policy in place that applies to all directors, officers, and employees of the company. This information summarises key aspects of the rationale for and composition of the COI policy. Our COI policy reflects the variety of controls, procedures, and oversight mechanisms that New Forests has adopted in order to identify and manage conflicts of interest that may arise.

Identifying real and potential conflicts of interest is the responsibility of all New Forests' board members, committee members, and employees, and in particular, each individual is responsible for:

- Being aware of and complying with the obligations of the policy.
- Formally disclosing all personal interests, regardless of materiality, in accordance with the policy.
- Assessing whether personal and business interests conflict or have the potential to conflict with their duties.
- Avoiding a conflict of interest, where possible.
- Complying with any New Forests directives in relation to the management of conflicts of interest.

The components of our COI policy include guidance and instruction on:

- Identifying COIs
- Managing COIs
- Implementation of the policy and responsible parties
- Recordkeeping
- Report of breaches
- Oversight mechanisms

To ensure COIs are appropriately managed, New Forests shall implement an appropriate response by controlling, disclosing, and avoiding real and potential COIs, where appropriate. In addition, New Forests shall record all COIs in a Conflicts of Interest Register. The register shall include details of the COI and the steps taken to manage the conflict of interest in a way that the quality of New Forests' financial services is not significantly compromised as a result of controlling the effects of the conflicts.

No

Objectives and strategies

OA 05

Mandatory

Gateway/Core Assessed

General

OA 05.1

Indicate if your organisation sets objectives for its responsible investment activities.

Yes

OA 05.2

Indicate how frequently your organisation sets or revises objectives for responsible investment.

- At least once per year
- Less than once per year

OA 05.3

Indicate how frequently your organisation formally reviews performance against its objectives for responsible investment.

- Quarterly
- Biannually
- Annually
- Every two years or less
- It is not reviewed
- No

OA 05.4

Additional information. [Optional]

New Forests sets responsible investment goals as part of corporate business planning and reviews and reports on performance on an annual basis in our Annual Sustainability Report. At the level of each investment fund, asset management targets are set in order to comply with the company's Social and Environmental Management System. Key social and environmental performance and issues are reported each quarter for all funds, and annual internal audits of SEMS compliance (including with objectives for asset management and certification) are conducted for each fund. Finally, each staff member has a key performance indicator related to responsible investment that is reviewed biannually as part of performance reviews and evaluation.

OA 06	Voluntary	Descriptive	General
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OA 06.1

List your three main responsible investment objectives you had set for the reporting year. For each, indicate any key performance indicators you set to measure your progress and also indicate your progress towards achieving your objectives.

- Add responsible investment objective 1

Objective 1	Develop a corporate sustainability plan for the New Forests group of companies.
Key performance indicators	Elements of plan integrated into corporate business plan
Describe the progress achieved	New Forests convened a two-day internal sustainability workshop to develop the company's position on a new sustainability plan and/or the improvement of existing systems.

- Add responsible investment objective 2

Objective 2	Increase engagement with clients, property managers, and investee companies to enhance monitoring and review of ESG performance
Key performance indicators	Engagement meetings held with sample of clients, property managers, and investee companies
Describe the progress achieved	ESG engagements took place with clients, property managers, and all portfolio companies during the reporting year, ranging from client surveys to company trainings.

- Add responsible investment objective 3

OA 06.2	List your three main objectives for responsible investment implementation for the next reporting year and indicate any key performance indicators you intend to use to measure your progress.
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Add responsible investment objective 1 for the next reporting year

Objective 1 for the next reporting year	Expansion of corporate sustainability program beyond SEMS compliance
Key performance indicators	Sustainability included throughout business strategy review

Add responsible investment objective 2 for the next reporting year

Objective 2 for the next reporting year	Increase ESG engagement activities and involvement with PRI where possible
Key performance indicators	<ul style="list-style-type: none"> - Conduct ESG calls between New Forests and clients' ESG teams - Participate in PRI-organised events, working groups, and networks

Add responsible investment objective 3 for the next reporting year

Objective 3 for the next reporting year	Communicate ESG improvements, stewardship, and success stories
Key performance indicators	<ul style="list-style-type: none"> - Case studies developed and published - Thought leadership on sustainability in forest and land management published - Quarterly reports include ESG success stories, as applicable

Governance and human resources

OA 07	Voluntary	Descriptive	General
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OA 07.1	Provide a brief description of your organisation's governance, management structures and processes related to responsible investment.
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New Forests is committed to conducting business in a responsible and ethical manner. We have in place a governance and compliance framework driven by regulatory compliance (including for the company's Australian Financial Services Licence); funds management governance, administration, and operational control systems; and a Social and Environmental Management System. Key aspects of New Forests' approach include a body of company policies and procedures and regular compliance training.

New Forests' governance bodies work across the business to promote ethical and responsible decision making; recognise and manage risks; maintain fiscal responsibility; lay a solid foundation for management and oversight; and ensure the company makes timely and balanced disclosures. This governance approach is also closely linked to the involvement of senior management and the New Forests Board of Directors in ensuring our business' success, including our commitment to responsible investment.

Our responsible investment activities are directly integrated into this governance framework via our Social and Environmental Management System (SEMS) and its related Responsible Investment Policy. New Forests' SEMS operates across our business with integration at the Board, corporate, and investment product levels. New Forests' Board of Directors is responsible for setting the company's Responsible Investment Policy. The SEMS is administered at the corporate level by the SEMS Manager with responsibility for overseeing the implementation of the SEMS, including oversight of its implementation within all New Forests' investment products and annual evaluation and reporting as part of internal SEMS audits. At the investment product level, Portfolio Manager(s) are

responsible for applying the guidance in the SEMS to each investment product and integrating the SEMS policies throughout the investment management process as defined in the SEMS Declaration Documents. The SEMS Manager reports on SEMS performance, at least once per year, to the Risk and Compliance Committee and the New Forests Board of Directors for review and recommendations for continual improvement. The Board provides input and feedback, which are used to generate improvement within the SEMS and New Forests' business in terms of managing material ESG issues.

I would like to attach an organisation chart (the following image formats can be uploaded: .jpg, .jpeg, .png, .bmp and .gif)

To upload the image click the Save button below

OA 08	Mandatory	Gateway/Core Assessed	General
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OA 08.1	Indicate the roles present in your organisation and for each, indicate whether they have oversight and/or implementation responsibilities for responsible investment.
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	Roles present in your organisation
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- Board members or trustees
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Other Chief-level staff or head of department, specify
Executive Director, Investor Services

- Oversight/accountability for responsible investment
- Implementation of responsible investment
- No oversight/accountability or implementation responsibility for responsible investment
- Portfolio managers
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Investment analysts
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Dedicated responsible investment staff
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- External managers or service providers
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Other role, specify
- Other role, specify

OA 08.2	Indicate the number of dedicated responsible investment staff your organisation has. [Optional]
----------------	---

	Number
--	--------

3

OA 08.3	Additional information. [Optional]
----------------	------------------------------------

New Forests has a Manager, Sustainability & Communications who leads the company's sustainability and responsible investment programs and has oversight for the system, reporting both to the Risk & Compliance Committee and the Board of Directors on responsible investment activities across the New Forests group of companies. Within funds management teams, there are sometimes investment analysts/managers who have dedicated ESG-related roles and implement responsible investment throughout investment analysis, acquisition, and asset management (e.g., Manager, Operations - ESG for our Tropical Asia Forest Fund and Manager, Operations - Stewardship & Conservation for our Australian assets).

Promoting responsible investment

OA 10	Mandatory	Core Assessed	PRI 4,5
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OA 10.1	Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.
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Select all that apply

- Principles for Responsible Investment

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
 Moderate
 Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.
[Optional]

New Forests has pursued opportunities to increase engagement with the PRI, including through the PRI mentoring program, the PRI in Person 2014 event and pre-workshops, and was recently admitted to a PE work stream working group.

- Asian Corporate Governance Association
 Association for Sustainable & Responsible Investment in Asia

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
 Moderate
 Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.
[Optional]

Partial year member. Note that as of mid-2014 New Forests has decided not to renew its membership in ASrIA. We did not feel that we were able to contribute significantly to ASrIA's current objectives, nor did we feel that the membership was providing membership benefits that supported our business.

- Australian Council of Superannuation Investors
 CDP Climate Change

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
 Moderate
 Advanced
 CDP Forests

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced
- CDP Water
- CFA Institute Centre for Financial Market Integrity
- Council of Institutional Investors (CII)
- Eumedion
- Extractive Industries Transparency Initiative (EITI)
- Global Investors Governance Network (GIGN)
- Global Real Estate Sustainability Benchmark (GRESB)
- Institutional Investors Group on Climate Change (IIGCC)
- Interfaith Center on Corporate Responsibility (ICCR)
- International Corporate Governance Network (ICGN)
- Investor Group on Climate Change, Australia/New Zealand (IGCC)
- Investor Network on Climate Risk (INCR)/CERES
- Local Authority Pension Fund Forum
- Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify
RIAA

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.
[Optional]

Note that as of mid-2014 New Forests has decided not to renew its membership in RIAA. We did not feel that we were able to contribute significantly to RIAA's current objectives, nor did we feel that the membership was providing membership benefits that supported our business.

- Shareholder Association for Research and Education (Share)
- United Nations Environmental Program Finance Initiative (UNEP FI)
- United Nations Global Compact
- Other collaborative organisation/initiative, specify
Forest Stewardship Council Australia and Forest Stewardship Council, A.C.

Your organisation's role in the initiative during the reporting year (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

New Forests has a representative participating in the FSC Australia Standards Development Group to develop an Australian FSC standard and has contributed financial resources to the standards development process.

New Forests is also a member of FSC International and has participated in participating in small working groups on key topics such as forest conversion. We also attended the General Assembly and spoke at related events.

- Other collaborative organisation/initiative, specify

Global Impact Investing Network

Your organisation's role in the initiative during the reporting year (see definitions)

- Basic
 Moderate
 Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

New Forests joined the GIIN this year and began using the Impact Reporting and Investment Standards in our ESG monitoring of fund assets.

- Other collaborative organisation/initiative, specify

National Mitigation Banking Association

Your organisation's role in the initiative during the reporting year (see definitions)

- Basic
 Moderate
 Advanced

- Other collaborative organisation/initiative, specify

Australian Forest Products Association

Your organisation's role in the initiative during the reporting year (see definitions)

- Basic
 Moderate
 Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

New Forests has contributed to AFPA's policy development processes, particularly to support proactive lobbying around climate change policy, and has sponsored policy forum events.

OA 11

Mandatory

Core Assessed

PRI 4

OA 11.1

Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.

Yes

OA 11.2

Indicate which of the following actions your organisation has taken to promote responsible investment, independently of collaborative initiatives.

- Provided or supported education or training programmes for clients, investment managers, broker/dealers, investment consultants, legal advisers or other investment organisations
- Provided financial support for academic or industry research on responsible investment
- Encouraged better transparency and disclosure of responsible investment practices across the investment industry
- Spoke publicly at events and conferences to promote responsible investment
- Wrote and published in-house research papers on responsible investment
- Encouraged the adoption of the PRI
- Other, specify

No

OA 11.3

Additional information. [Optional]

Some examples of activities for promotion of responsible investment include:

- We led training for portfolio companies and property managers on ESG and responsible investment
- We conducted an analysis of key ESG management areas in our client relationships and included the results in a competitive analysis report that supported our sustainability workshop. We have shared an extract of results with members of the PRI, some clients, and others.
- We have worked with DFI clients to streamline the ESG reporting we provide to them over the past two years, and included client reporting expectations in portfolio company and property manager trainings and meetings.
- We include information about our PRI signatory status and how we pursue responsible investment and sustainable forest management during informational meetings with prospective clients, timber customers, investee companies, and government representatives (e.g. including one or more slides in a presentation pack).
- We have included information about our approach to responsible investment in investment, forestry, and other types of conferences, including responsible investment conference presentations in addition to those highlighted in the collaborations noted above.
- We published our PRI Public Responsible Investment Report on our website, and we include reference to the PRI in our standard marketing materials and slide deck templates.
- We have joined the working group on ESG in DDQs as part of the PRI's Private Equity work stream.

OA 12

Voluntary

Additional Assessed

PRI 4,5,6

OA 12.1	Indicate if your organisation - individually or in collaboration with others - conducted dialogue with public policy makers or standard-setters in support of responsible investment in the reporting year.
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- Yes
 - Yes, individually
 - Yes, in collaboration with others

OA 12.2	Select the methods you have used.
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- Endorsed written submissions to governments, regulators or standard-setters developed by others
- Drafted your own written submissions to governments, regulators or standard-setters
- Participated in face-to-face meetings with government members or officials to discuss policy
- Other, specify

OA 12.3	Where you have made written submissions (individually or collaboratively) to governments and regulatory authorities, indicate if these are publicly available.
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- Yes, publicly available
- No
- No

OA 12.4	Additional information.
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New Forests contributes to public policy dialogue regarding climate change, forest stewardship, water rights and policy, mitigation banking, forest carbon, and other issues that relate to key ESG impacts of our investments. These activities include direct dialogue and engagement, written submissions, working group participation, and activities via industry groups. Although these submissions are made openly and directly by New Forests or via collaborations, they are not always publicly available online.

ESG issues in asset allocation

OA 13	Voluntary	Descriptive	PRI 1
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OA 13.1	Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between geographic markets.
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- Yes
 - Allocation between asset classes
 - Determining fixed income duration
 - Allocation of assets between geographic markets
 - Other, specify

OA 13.2

Describe how you apply ESG issues in strategic asset allocation and/or allocation of assets between geographic markets.

New Forests' business model is to provide investment management services related to forestry and conservation investments in the Asia Pacific and the United States. We present a set of geographically defined investment strategies within the forestry asset class that encompass timber, ecosystem services, and rural land markets, and we seek to attract sophisticated institutional investment clients with an orientation towards sustainable and responsible investment. Our approach to responsible investment addresses key sustainability risks and opportunities, and takes into account macro events and drivers such as climate change, population growth, and natural resource depletion. Each strategy we develop includes these factors in investment thesis and strategic asset allocation. This includes incorporating social and environmental impact assessment and management as part of investment strategy development as well as directly through ESG management practices within investment products.

Strategic asset allocation for ESG consideration is a key factor of the types of assets in which we invest in - forestry and conservation investments. For example, in our Australia and New Zealand Forest Funds, we have investment exclusions around investing in native forests (motivated by ESG factors), but as a whole the investment funds are dedicated to sustainable plantation forestry capable of third-party certification. In this way the entire allocation has already accounted for ESG issues, but we continue to apply ESG integration processes through investment selection.

New Forests also sets asset allocation targets based on the ESG considerations of different geographic markets by country, for example as in the case of our Tropical Asia Forest Fund (TAFF). TAFF has a "tier 1" allocation with emerging market countries selected for a combination of ESG factors that will support investment activities (e.g. rule of law, investment readiness, assets of scale, clear land tenure, etc.) while still enabling ESG improvements for assets within those countries (e.g. environmental management improvements, enhanced stakeholder engagement, improved corporate governance, etc.). The "tier 2" countries offer more challenging investment conditions, generally speaking, due to both ESG factors and the scale and quality of assets. For some of our clients with a particularly strong responsible investment and impact orientation, investing in these frontier markets is a primary motivation for investing in TAFF, whereas others take a more cautious approach to investing in emerging markets and prefer to limit exposure to frontier markets. Therefore, we seek to balance tier 1 and tier 2 countries within the TAFF portfolio through geographically based asset allocation strategies.

No

OA 14	Voluntary	Descriptive	PRI 1
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OA 14.1

Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.

Yes

OA 14.2

Indicate the percentage of your total AUM invested in environmental and social themed areas.

% of total AUM

100

OA 14.3

Please specify which thematic area(s) you invest in and provide a brief description.

	Area
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- Clean technology (including renewable energy)
- Green buildings
- Sustainable forestry

	Asset class invested
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- Forestry
- Other (1)

Conservation Investments - Forest Carbon and Mitigation Banking

	Brief description of investment
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All of New Forests' funds are focused on sustainable forestry and conservation investments, providing a combination of social and environmental benefits in addition to commercial returns.

- Sustainable agriculture
- Microfinance
- SME financing
- Social enterprise / community investing
- Affordable housing
- Education
- Global health
- Water
- Other area, specify

No

OA 14.4	Additional information.
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New Forests' ability to develop and execute forward-looking investment strategies is supported by our view of the long-term sustainability of the assets and sectors in which we invest. Alongside the evolution of forestry plantations into an institutional asset class, there is also growing consensus on the need for holistic solutions that integrate production and conservation efforts at a landscape scale and mechanisms like third-party certification that provide transparency through supply chains to consumers on the underlying source of wood products. A key part of the evolution to a stabilisation of natural forests will be successful implementation of new markets for ecosystem services like carbon, biodiversity, and water catchment protection. While these eco-markets are still in their early stages, we expect that they will be supported by investors and will in turn reward investors who take a wider view of their responsibilities and the social and environmental outcomes from their investments.

Asset class implementation not reported in other modules

OA 15	Voluntary	Descriptive	General
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OA 15.1

Describe how you address ESG issues for internally managed assets for which a specific PRI asset class module has yet to be developed or for which you are not required to report because your assets are below the minimum threshold.

Asset Class	Describe what processes are in place and the outputs or outcomes achieved
Forestry	<p>The main process through which ESG issues are managed in our forestry investments is the implementation of our Social and Environmental Management System (SEMS). As part of our governance framework, SEMS issues are managed and reported in the Management Committee, Risk & Compliance Committee, and to the Board of Directors. New Forests' SEMS is designed to systematically identify, management, and monitor social and environmental issues associated with our investment activities. The SEMS establishes a framework for each New Forests investment product to determine how it will comply with New Forests' Social and Environmental Policy by requiring the development of a SEMS Declaration Document for all investment products. This Declaration Document includes required steps for risk categorisation, due diligence, asset management, recordkeeping, and reporting. An annual internal audit of New Forests' compliance with the SEMS is conducted for each fund, resulting in annual audit reports that are used for management review, client reporting, and annual sustainability reporting.</p> <p>New Forests' SEMS includes guidance for the use of internationally-recognised third-party standards and certification schemes. The Certification and Standards Guidance of the SEMS sets a minimum standard for the use of third-party certification and standards across all of our funds. For forestry assets, we seek to achieve forest management certification with the Forest Stewardship Council (FSC) for all eligible assets. In cases where an asset is not eligible for full FSC certification, an alternate standard will be selected. The SEMS also includes standards guidance for the use of Environmental Management Systems, the IFC Performance Standards, and forest products chain of custody certifications. Thus, a main objective of the SEMS is achieving and maintaining the appropriate third-party certifications, which results in certified assets that can sell certified timber products.</p>
Other (1) [as defined in Organisational Overview module]	<p>As with forestry, ESG issues of our Forest Carbon and Mitigation Banking investments are managed through our SEMS and within relevant committees as noted above. In addition, our investments in this asset class are fundamentally dedicated to delivering positive environmental outcomes, such as greenhouse gas emissions reductions through forest carbon sequestration and storage or increasing area of streams and wetlands through restoration of degraded ecosystems. Owing to this importance, ESG issues are prominent in the day-to-day portfolio management, such that the environmental services goods will be created, verified, and brought to market. The SEMS also has explicit guidance for third-party certification and standards to be pursued for our environmental markets investments. As with forestry, our environmental markets investment funds are subject to annual internal audits.</p>

OA 15.2

Additional information.

In addition to the processes described above, New Forests employs operational management staff who have oversee third-party property managers and investee companies, working closely across a variety of ESG issues above and beyond certification requirements.

Innovation

OA 18

Voluntary

Descriptive

General

OA 18.1

Indicate whether any specific features of your approach to responsible investment are particularly innovative.

Yes

OA 18.2

Describe any specific features of your approach to responsible investment that you believe are particularly innovative.

New Forests has developed its business around forward-thinking conservation and forestry investment. In August 2014 we convened an internal two-day sustainability workshop on continual improvement in our sustainability programs that was attended by key stakeholders from each business division and by all levels of staff from analyst to executive. The workshop objectives included evaluating the performance and structure of our SEMS, identifying improvements that could be made within our corporate sustainability program, and management of environmental, social, and governance (ESG) issues. The workshop also included a review of material ESG issues for our business and investments. Finally, the major goal of the workshop was to identify and discuss possible short-term and long-term sustainability objectives the company might pursue to better manage risks and take advantage of opportunities to enhance returns and grow our business. New Forests is continuing to develop these goals alongside business strategy, and the company will develop a set of leadership targets and goals that are driven by sustainable business opportunities.

We are now developing the concept of shared value within our business, focusing on the central driver that "New Forests seeks investment solutions to enrich landscapes and communities for our shared future."

Some of our additional innovations and achievements include:

- being a fund manager wholly-dedicated to forestry and conservation investments that seek to deliver commercial returns
- the only timberland investment management organisation that publishes an annual sustainability report or uses metrics for social and environmental performance (to the best of our knowledge)
- implementing a company-wide social and environmental management system that applies consistent standards across all investment products and includes an audit system, management review, and continual improvement
- collaborating with Native American tribes to include tribal lands in California's cap-and-trade scheme, which provides revenue to support sustainable forest management on ancestral lands - for example see: <http://blogs.edf.org/californiadream/2014/10/30/how-californias-climate-policy-is-saving-the-forest-and-preserving-a-way-of-life/#sthash.wPI6wVOA.dpuf>
- timberland fund manager with regionally-based teams able to provide local presence and insight, which enhances our ability to identify and manage ESG issues and engage with stakeholders
- developing first-of-their-kind funds for regulated environmental markets opportunities, targeting a sophisticated institutional client base
- developing and launching the first institutional investment fund dedicated to plantation forestry in Southeast Asia
- engaging with clients throughout due diligence to foster collaboration on ESG issues management (in the case of our Tropical Asia Forest Fund) - these engagements include field trips, regular email and phone communication, and two-way information exchange
- robust due diligence process for review of ESG risks and opportunities and ability to comply with leading internationally-recognised standards for social and environmental performance

No

Assurance of responses

OA 19	Voluntary	Additional Assessed	General
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OA 19.1	Indicate whether your reported information has been reviewed, validated and/or assured by internal and/or external parties.
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Yes

OA 19.2	Indicate who has reviewed, validated and/or assured your reported information.
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- Reviewed by Board, CEO, CIO or Investment Committee
- Validated by internal audit or compliance function
- Assured by an external independent provider, specify name

OA 19.3	Describe the steps you have taken to review, validate and/or assure the content of your reported information.
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This report was prepared by the corporate sustainability manager, who is the main PRI contact for the organisation. It was reviewed by the company's Executive Committee (CEO, COO, CFO, and Executive Director, Investor Services). Final review was completed by the Director of Legal, Risk, and Compliance.

No