

Sustainability of Forest Investments



CASE STUDY ON BÜRGER:WALD:INVEST IN CANADA



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1 INTRODUCTION

Green stocks are gaining popularity, and policy initiatives aim to align investments with Sustainable Development Goals. The Global Nature Fund (GNF) and OroVerde - the Tropical Forest Foundation are investigating the market for forest investments in Germany as part of their joint project "Investments for forest and biodiversity conservation - Developments and trends". In this context, case studies on selected investments were conducted to examine them more closely in terms of ecological, social and economic criteria.

The focus of this case study is the continuous cover forestry Investment of Bürger-Wald-Invest GmbH & Co. KG with special focus on project areas in Canada. To support the on-site analysis, GNF has assigned the Canadian company ACFOR Forestry Management!

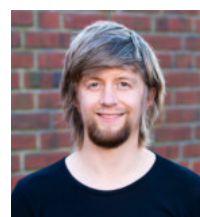
This case study only focuses on the analysis of the project areas in New Brunswick, Canada, even though Bürger-Wald-Invest GmbH & Co. KG has also acquired forest areas in Neustadt, Germany in 2022. According to GNF and OroVerde, the trial of the continuous cover forestry in Canada is a particularly interesting aspect, especially since the concept there, as in other parts of the world, is still insufficiently tested and widespread.



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2 THE INVESTMENT: CONTINUOUS COVER FORESTRY CONCEPT PROMISES YIELD AND FOREST PRESERVATION

Provider and executor of the investment is Bürger-Wald-Invest GmbH & Co KG (BWI). They are the direct owners of the assets located in Germany. The forests and other assets located in Canada are directly owned by the Canadian subsidiary Citizen-Forest-Invest Inc. Its capital shares are 99 percent held by the German Bürger-Wald-Invest GmbH & Co KG. 1 percent of the shares are owned by CB Verwaltungs-GmbH, based in Münster. VA Behrens Ideen- und Verwaltungs-GmbH acts as general partner (=shareholder with unlimited liability) of Bürger-Wald-Invest GmbH & Co. KG and is responsible for the administration.

For simplification, the provider and implementer of the investment will be referred to with the abbreviation "BWI". BWI's objective is to offer an ecologically sustainable and economically viable forest investment. BWI sees the compatibility of economy and ecology as a prerequisite for achieving an appropriate yield in the long term. They consider the investment as a pilot project and want to show that near-natural forest projects with private capital are possible and profitable.

Provider & implementer	Bürger-Wald-Invest GmbH & Co KG (BWI)
Investment locations	Distribution of funds: approx. 60% in Canada (New Brunswick), 40% in Germany
▶ Project site Canada	41 plots/1,985 ha in New Brunswick (see Fig. 1)
▶ Project site Germany	approx. 100 ha in Neustadt/Harz
Goals and concept	Restructuring and management according to the continuous cover forestry method
Certificates	B.A.U.M. e.V. - Sustainability Report from 2021

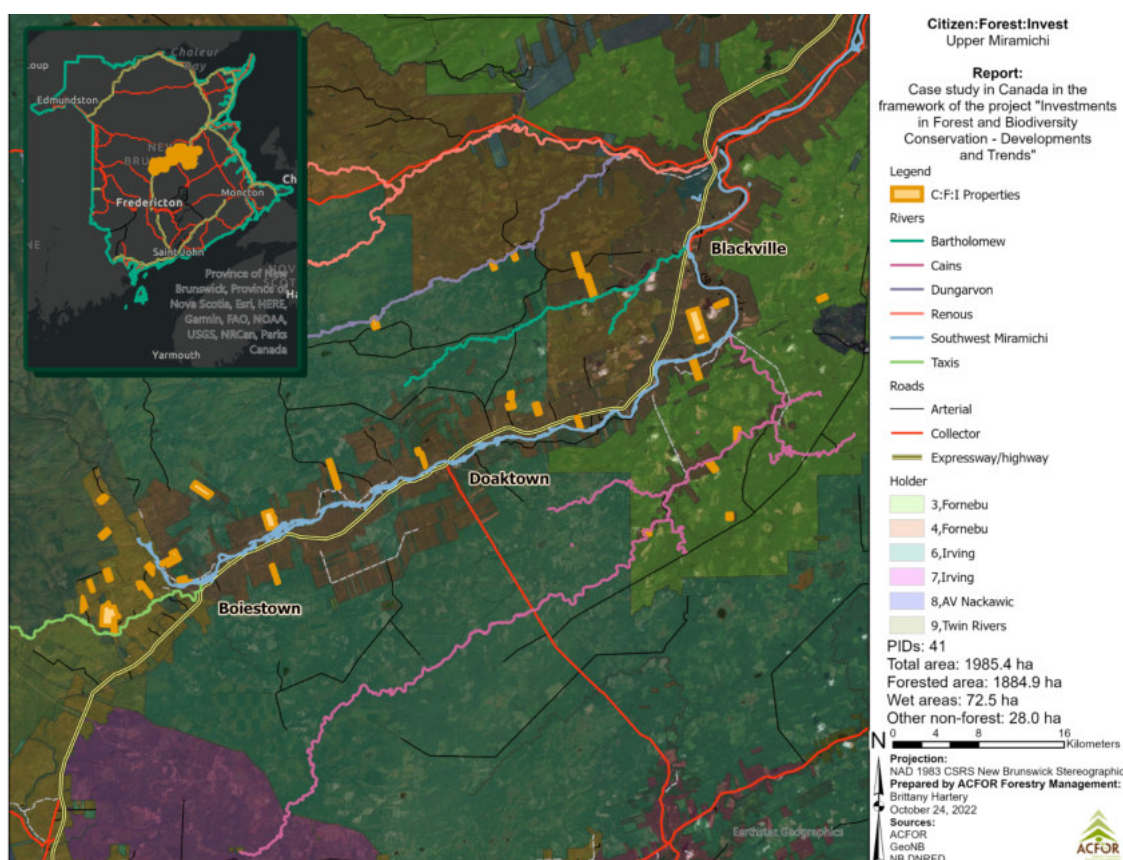


Fig. 1: The BWI project areas (orange) around Doaktown, New Brunswick

Type of investment	Direct shareholdings
Target group	Institutional investors and affluent individuals (later also retail investors)
Start and term	October 2020 – forever
Exit options	Termination possible from the end of 2031, Sale theoretically possible at any time, but no organized secondary market available
Minimum investment volume	200,000 €
Investment volume	5-9 million € (increase to 20-40 million € within 3-7 years)
Target yield	approx. 3-5 % per year (distribution plus increase in value of the properties)
Planned distribution (year 1-10)	approx. 1.25 % per year
Possibilities of influence for Investors	Investors are shareholders with the corresponding asset, control and management rights (among other things, voting rights at the shareholders' meetings).
Website	https://buergerwaldinvest.de



The investment relies heavily on the implementation of the continuous cover forestry concept. This promises higher long-term economic profitability while maintaining continuous forest cover and species and structural diversity.

The Continuous Cover Forestry method

The concept of continuous cover forestry was developed in Germany in the 1920s by Alfred Möller. A continuous cover forest is a near-natural, mixed, uneven-aged, managed forest adapted to the site. Möller's approach was intended to counteract the economic and ecological problems caused by the conversion of large areas of forest to conifer plantations in the pursuit of maximizing timber yields.

These uniformly aging monocultures and widespread clearcut harvesting resulted in, among other things, reduced resistance to natural disturbances such as pest infestation, deterioration of soil health and site productivity, and loss of biodiversity.

Continuous Cover Forestry principles

- ▶ It forms a tree population that is diverse in terms of species, age and height.
- ▶ Lower-quality trees are harvested initially to increase the proportion of quality trees to optimize profits.
- ▶ Undergrowth and ground vegetation are kept in place to improve the forest climate and provide the soil with nutrients.
- ▶ To promote an optimal litter layer composition for soil moisture, no more than 30 percent of the trees shall be conifers.
- ▶ Silvicultural interventions are carried out very gently and selectively. Harvesting takes place in winter on frozen ground to avoid disturbance of the soil. The use of heavy machinery is excluded.
- ▶ All trees that are growing vigorously are left in place. Trees that have exceeded their maximum annual growth, or are diseased or malformed, are removed.
- ▶ Openings in the existing structure that are wider than the height of the surrounding trees will not be permitted.
- ▶ All deadwood and cavity trees are kept in place. Utilization is opportunistic: useful trees are not harvested immediately when they reach the target size, but when the market value is high. The aim is to achieve a balance between ecology and economy.
- ▶ Planting may be required during the transformation phase, but natural regeneration is preferred.



Conversion of an age-class forest to a permanent forest (Illustration: Wilhelm Bode in cooperation with Naturwissenschaftliche Rundschau)

3 THE PROJECT REGION: NEW BRUNSWICK ON THE CANADIAN ATLANTIC COAST

The predominant stand type in the New Brunswick project region is Acadian forest. Characteristic species include red spruce (*Picea rubens*), yellow birch (*Betula alleghaniensis*), sugar maple (*Acer saccharum*), and balsam fir (*Abies balsamea*).

New Brunswick is 85 percent forested, with about half privately owned and the other half owned by the province. The presence of a dominant forest industry dates back to the early 19th century. Today's industrial forestry is characterized by the production of coniferous timber in age-class forests, often with a cycle of clearcutting, dense planting, herbicide use to reduce competition from fast-growing broadleaf species, and thinning. In some parts of the province, pesticides are used to control the spruce budworm (*Christoneura fumiferana*). The current forestry industry in New Brunswick consists mainly of softwood sawmills and pulp mills.

4 ANALYSIS

The following analysis considers ecological, social and economic aspects of the investment with a special focus on the project areas in Canada. It is based on literature research and interviews. Site visits were also conducted at several BWI properties².

4.1 ECOLOGICAL ASPECTS

► Management According to Continuous Cover Forestry

On the BWI project areas the conversion to continuous cover forests has started. At one site, commercial thinning was conducted by the local forest management company ACFOR in winter 2022. This involved harvesting 39 percent of the wood supply in cubic meters, including trail areas, to open the canopy for natural regeneration (cf. Fig. 2). Harvest residues were left on the site (cf. Fig. 3). continuous cover forestry. This tree species does not have a good future prospect against the background of climate change. So far, mainly balsam fir, red maple and red spruce have rejuvenated, but also red oak and sugar maple seedlings were observed (cf. Fig. 4). ACFOR considers the promotion of natural regeneration to be essential for the development of productive forests. The trees present at the individual sites have adapted to the specific soil and climatic conditions in a way that is only possible under natural conditions. According to the assessment of ACFOR, GNF and OroVerde, it is therefore positive that BWI relies primarily on natural regeneration in the conversion to permanent forest (cf. Fig. 5).



Fig. 2: First thinning operation (winter harvest): Trees are removed individually, leaving a thinned stock of trees for natural regeneration, no clear-cutting.



Fig. 3: Harvest residues remain on the areas. In the shrub layer, growing hardwoods can be seen, in the background there is a mixed species structure.



Fig. 4: Natural regeneration with maple



Fig. 5: Example of natural regeneration on the project plots

However, in order to establish a continuous cover forest within a realistic timeframe, ACFOR estimates that planting may still be necessary on some areas. To reduce the carbon emissions that would result from numerous site visits to plant seedlings, BWI is considering drone seeding. This would also allow selection of seedlings and guarantee direct growth. From the perspectives of GNF and OroVerde, this is generally positive, provided that there is adequate monitoring and success control.

The management of forests is carried out according to the principles of continuous cover forestry without clear-cutting. Only in the case of calamities (severe damage caused by fire, pests, storms or similar) would a deviation from this rule be permitted. However, it is unlikely that this will occur at all, since the risks of large-scale forest fires, large-scale insect infestations or large-scale windthrow events are lower on the project areas than in other forms of management, due to the location and the continuous cover forestry applied. From GNF and OroVerde's perspective, the renunciation of clear-cutting is to be evaluated positively under all circumstances. In the case study, this is enhanced by the fact that most BWI properties are located near major rivers in the Miramichi River watershed and clearcutting would have further negative impacts on water supplies in the region. Intact canopies delay the impact of raindrops, allowing precipitation to percolate well into the soil, preventing flooding and erosion.

Soil ecology also benefits from avoidance of clearcutting. In the case study, tree stumps, tree relics and dead wood were kept in their original state on the plots, as it is common with the continuous cover forestry (cf. Figs. 6 and 7). This is positive from GNF's and OroVerde's point of view, since in this way life structures for animals, plants and fungi are preserved and furthermore organic material and nutrients are returned to the soils and trees in the sense of a closed cycle system.



Fig. 6: Dead wood that remains on the site



Fig. 7: Tree stumps are also left on site, if possible

► **Soil Protection through Gentle Harvesting Techniques**

Because forests in New Brunswick generally yield less profit per tree than in Germany, on many farms harvesting is only profitable if it is done with heavy machinery. BWI also uses such machinery, but makes modifications to reduce soil disturbance, such as using wide "high flotation" tires that compact the soil less. Secondly, harvesting is timed to take place on frozen ground to avoid ruts and reduce soil compaction. In addition, to protect the soil, mats of twigs and other brush are laid out in front of the harvesting machine to ride on so that it does not dig into the soil (cf. Fig. 8). In addition, harvesting is limited near watercourses (at least 30 m buffer zone) to reduce sedimentation and erosion (cf. Fig. 9).



Fig. 8: Harvesting is done by machine, but on frozen ground and mats of crop residues



Fig. 9: Harvest-free buffer zone (30 m) around water bodies

► **Set-aside Areas**

BWI has the objective to exclude at least 5-7 percent of its forest areas from forestry use and to leave them to natural development. From the point of view of GNF and OroVerde, setting aside areas for ecological and especially biodiversity reasons is generally positive. However, the percentage of land could be set even higher. In its preliminary recommendations for technical screening criteria for the EU Taxonomy³ of August 2021, the Platform on Sustainable Finance proposed a set-aside share of 10 percent for near-natural managed forest areas.

In 2023 BWI will select the areas to be set aside in consultation with the ecological expert committee of the Bürger Sinn Stiftung, the permanent forest expert Wilhelm Bode, and the local management. According to BWI, other criteria will be considered in addition to the High Carbon Stock (HCS) stand, such as the extent to which the forest areas are accessible for harvesting in winter so that harvesting can be done gently on frozen ground.

GNF and OroVerde welcome the fact that for the selection of areas, various criteria relevant to the site and the prevailing biodiversity will be taken into account.

► **Biodiversity**

According to BWI, the overall ecological goal of the investment is to develop, promote, and expand resilient, permanent mixed forests to protect species and mitigate climate change. To this end, the continuous cover management method is used, which ensures continuous canopy cover over all forested areas. According to ACFOR, this has a positive effect on biodiversity because there is little disturbance to the soil and undergrowth, and fewer organisms die or are displaced.

ACFOR points out that the Acadian forest consists of over 50 different plant species and age classes, all of which are ecologically important. Although tolerant hardwoods are underrepresented in New Brunswick today due to industrial forestry, it would not be appropriate to convert the entire area to these trees. Certain species are also dependent on conifers. For example, the Bicknell's Thrush requires balsam fir forests for breeding. BWI takes this into account by preserving selected stands of balsam fir. According to ACFOR, in general the complexity of the forest requires that the knowledge of different local experts is incorporated and that the conversion is carried out in a way that is appropriate to the site. BWI takes this into account by preserving selected stands of balsam fir. In general, the complexity of the forest requires that the knowledge of different local experts be incorporated and that the conversion be carried out in a way that is appropriate to the site, ACFOR said.

From GNF and OroVerde's perspective, preservation and reconstruction of species- and structure-rich forest areas are important, not only to preserve the often unique biodiversity, but also to create ecosystems that have a high resilience to changing climatic conditions or threats from pests. Here, BWI's commitment is positive when important site characteristics are taken into account.

► **Establishment of Permanent Sample Plots**

For the certification of its carbon certificates, BWI is in the process of introducing sample plots. According to ACFOR, GNF and OroVerde, these should also be used to assess the condition of the forest both before and after forestry interventions in order to make informed management decisions and learn from past interventions. This can also increase transparency for investors and stakeholders.

► **Controlling Minority of Charitable Foundations**

The permanence of the project forest is secured by a legal guarantee. BWI has stipulated in its statutes that "a sale or an exchange or a consolidation with other areas is only permissible if either the permanent continuation of the ecological concept laid down here [...] is secured or immediately and in return land of at least the same size and quality is acquired". The management principles of the permanent forest method are also laid down in the statute. To ensure compliance with these elements, a controlling minority of non-profit foundations with a focus on civil rights and environmental protection (Winfried Schmidt Foundation and Bürger Sinn Foundation) hold 10.1 percent of the business shares. Changes to the statutes require 90 percent of the votes, so the foundations can and will block any unecological decision, in accordance with their foundation value. The Bürger Sinn Foundation also acts as an external controller of forest management. It receives support from the German continuous cover forestry expert Wilhelm Bode, Diplom-Forstwirt and former head of the Saarland forestry authority, and decides whether certain practices also meet the ecological management criteria laid down in the statutes. In the opinion of GNF and OroVerde, BWI stands out positively from other investment providers with the institutional safeguarding of the ecological claim in the statutes.

4.2 SOCIAL ASPECTS

► Local Population and Indigenous Groups

BWI properties are located in the traditional areas, not recognized by the state, of the Mi'kmaq people. First Nations communities in New Brunswick are struggling to make land claims on government lands but, according to local operator RainCloud Forests, respect private lands in the region, especially when it comes to rebuilding and preserving the Acadian Forest. ACFOR believes that the concepts BWI wants to implement align well with the views of locally present indigenous groups about forest management, which often focus on long-term, intergenerational benefits. There are no people or communities that live on or depend on the private BWI lands for their livelihoods. Therefore, there are no direct negative impacts to people or communities. In an initial discussion between the local implementing organization of the investment RainCloud and the Mi'gma'we'l Tplu'taqnn Incorporated (MTI) organization established by the Mi'kmaq First Nation in New Brunswick, MTI representatives were supportive of the project activities and expressed no significant concerns. BWI's land ownership also does not encroach on other private lands or rights-of-way, as assured by the local law firm Connors Silwell and through discussions between BWI and neighboring landowners. The lease with a fishing camp on the Taxis River has been maintained and arrangements are in place with the Snowmobile Club for access prior to the winter season.

From the perspective of GNF and OroVerde, the consultation process with indigenous groups does not currently meet the international standards of the UN Declaration on the Rights of Indigenous Peoples, which requires free, prior and informed consent from indigenous peoples for activities on their territories. BWI states that the Covid pandemic has made it difficult to contact indigenous peoples. It was not possible to enter the country during the pandemic, and indigenous representatives did not respond to written attempts to contact them.

► Public Debates

Many families in New Brunswick own forest land. The population works, hunts, harvests or recreates in the forest. The extent and intensity of forest use are often the subject of social and political debate. For example, New Brunswick has one of the most liberal policies in the country regarding the use of glyphosate in forest management, and it is used extensively in industrial forestry. Civil society advocacy groups are pressuring the government to ban the use of glyphosate on state land. The leader of the provincial Green Party has even made this a focus of his campaign. The forest industry's counter-argument is that "cleaning up" conifer monocultures, by killing off competing fast-growing hardwood species would then no longer be possible. BWI excludes the use of biocides on its land as a matter of principle and is thus closer to civil society interest groups than the forest industry in the region in this debate.

► Local Value Chains and Services

Local value chains and services are promoted by hiring local professionals and selling wood to local sawmills. All employees in Canada receive adequate wages that are above the provincial minimum wage. Employment protection, health and social insurance are regulated by law.

4.3 ECONOMIC ASPECTS

► Timber Market

Coniferous wood prices in New Brunswick are less than half of those in Germany. The influence of the timber industry lobby and large corporations in the region has led to a stagnation of the prices of primary forest products, despite the largest increases in timber prices in history worldwide. Therefore, the region is a very tightly controlled market where price changes are not expected in the short to medium term. According to ACFOR, this is precisely why BWI needs to pay attention to the long-term environmental and social value of all measures compared to costs. In other words, it is difficult to recover the costs of interventions and infrastructure through timber sales. Therefore, according to ACFOR, efficiency improvements and well thought-out measures are necessary to implement the continuous cover forestry concept according to plan in an economically viable manner. In the long term, market conditions are unpredictable. Against this background, the temporally flexible marketing of wood, as provided for in the BWI concept, is to be evaluated positively from the point of view of ACFOR, GNF and OroVerde.

► „dauer:wald:zertifikate“ (Carbon Certificates)

The sale of carbon certificates is included in the return expectations as an additional source of income to timber harvesting and lease income. The certificates will be generated on both set-aside and permanent forest land and issued based on the Verified Carbon Standard (VCS). The project design was developed by RainCloud Forests and is certified by TÜV Nord. In the process, BWI's planned management of the area was compared to the region's standard clearcut forest management, and the higher carbon sequestration in the targeted permanent forests was evaluated as a potential for additional carbon storage. Operators anticipate that the amount of timber harvested over time on the project lands will be similar to conventional management and therefore no displacement effects are expected in the market. The BWI documents for issuing carbon certificates emphasize ecological and conservation aspects of the forest ecosystem, however, these are not currently independently verified in the VCS process. GNF and OroVerde generally recommend an additional certification of the ecological and social aspects of climate projects, for example through the Climate, Community and Biodiversity Standards.

► Land Acquisition Costs

The significantly lower land acquisition costs in Canada are an important factor in the profitability of the investment. According to BWI, it was possible to acquire the land there around 90 percent cheaper than in Germany. BWI points out that an economically viable investment would not have been possible purely with German project areas.

5 ASSESSMENT REGARDING THE EU TAXONOMY

The EU Taxonomy is a law to increase the transparency of companies and financial market actors with regard to their environmental sustainability in relation to six environmental goals (climate change mitigation, climate change adaptation, sustainable use of water resources, circular economy, pollution prevention, ecosystem protection and biodiversity). This is intended to promote the sustainability transformation of the European economy. Details can be found on our EU Taxonomy website (<https://en.oroverde.de/our-expertise/what-is-the-eu-Taxonomy>).

The EU Taxonomy requires three business groups to disclose information on the environmental sustainability of their business activities:

1. Financial market participants and providers of financial products,
2. Large companies (until 2024: >500 employees, >20 million euros in total assets or >40 million euros in sales, from 2025: companies that meet two of three criteria: >250 employees, >40 million euros in sales or >20 million euros in total assets).
3. All listed companies except micro-enterprises with fewer than 10 employees

BWI does not belong to any of these groups and is therefore not subject to disclosure requirements⁴. BWI also has no plans to become Taxonomy compliant. In the context of this case study, it was nevertheless examined to what extent the investment would fulfill essential criteria for forest management of the EU Taxonomy⁵.

For the following review, BWI's investment is considered as a whole. Therefore, the German project areas are also taken into account.

In order to make a Substantial Contribution (SC) to the environmental goal of "climate protection," BWI's investment would have to meet the following criteria:

- (1) Preparation of a forest management or reforestation plan or equivalent instruments
- (2) Analysis of climate benefits
- (3) Ensuring durability
- (4) Regular review of criteria fulfillment

Classification in relation to the climate protection criteria of the EU Taxonomy:

Forest management plan	Not met. There is no forest management plan or equivalent that meets all the requirements under the climate Taxonomy. For Canada, BWI has only a rough multi-year plan. Harvesting plans do not yet exist, and their preparation will not be completed until 2024 at the earliest, according to BWI. There is also no forest management plan for Germany. Currently, there is only an economic plan, which is being implemented with initial maintenance, planting and high thinning measures.
Analysis of climate benefits	Partially met. As part of the preparation for certification by the Verified Carbon Standard, BWI has projected the emissions from its project areas in Canada under normal regional management and compared these with the expected reductions through adapted forest management. It becomes clear that over a 30-year period, emissions of greenhouse gases can be saved in relation to the comparison scenario. However, not all sub-criteria are met in the calculation of climate benefits: The analysis does not capture the forest litter and soil carbon pools affected by forestry activities. In addition, the climate benefit analysis is only available for the project areas in Canada, but would also have to be carried out for the forest areas in Germany acquired in 2022, as both project sites are part of the same investment.
Durability	Partially met. There is a contractual guarantee for the area that the forest will remain. Another sub-criterion requires a forest management plan and is therefore currently not fulfilled.
Regular review	Probably met. The Taxonomy stipulates that compliance with the criteria for a significant contribution to climate protection is regularly verified by authorities or independent third parties. The Ecology Expert Committee of the Bürger Sinn Foundation (see 4.1 Ecological Aspects - Controlling Minority of Nonprofit Foundations) is contractually charged with verifying compliance with the ecological management principles. Furthermore, synergies could arise here if BWI obtains certification from the VCS, which provides for a regular audit. Here it would be important to check whether the verification for the VCS and that of the technical committee covers all points relevant for the EU Taxonomy.

In addition to the SC criteria mentioned above, there are other requirements that must be observed:

- The so-called Do No Significant Harm (DNSH) criteria, according to which impairment of the remaining environmental objectives must be avoided. The alignment with the DNSH criteria cannot be done at this time because the requirements for the non-climate related environmental objectives of the Taxonomy have not yet been determined. As soon as these are defined, the DNSH criteria for the climate-related environmental objectives will be adjusted again.
- Minimum requirements for the protection of human and labor rights⁶ (including UN Guiding Principles on Business and Human Rights⁷, OECD Guidelines for Multinational Enterprises⁸, ILO Declaration on Fundamental Principles and Rights at Work⁹).

6 CONCLUSIONS

To conclude, from GNF's and OroVerde's point of view, the following aspects should be highlighted from the case study:

► Early Phase of the Investment

The project and the investment are still in a relatively early phase and have a long time horizon with regard to the conversion of the project areas to continuous cover forestry management. Therefore, the intended ecological benefits and economic profitability cannot yet be conclusively assessed. The motivation and expertise of RainCloud Forests and BWI are good prerequisites.

► Implementation of the Continuous Cover Forestry Concept

If implemented in a manner consistent with the concepts described, the environmental and social benefits will far exceed the status quo of industrial forestry in New Brunswick. BWI seeks to restore the original Acadian forest. This means establishing permanent mixed forest with a variety of age classes on project lands where conifers of the same age currently predominate. The predominant conifer forest is a human-modified but established ecosystem. However, since the conversion is to take place primarily through natural regeneration and over a long time horizon of several decades, no short-term, drastic and therefore problematic interventions are to be expected from an ecological perspective. The long-term economic viability of the new system, on the other hand, must be proven over time, especially because of the costs of more ecological management, which are difficult to calculate for the duration, compared to the regionally low timber prices. Low profitability targets have been formulated here, especially for the initial phase of conversion. So far, these targets have been exceeded.

► Indigenous Rights

Even if it is not common in the region and is not considered essential by the operators, GNF and OroVerde believe that free, prior and informed consent as well as closer consultation of the project participants with the First Nations living in the region are essential. International experience has shown that land use conflicts in the context of environmental projects arise, among other things, from a lack of communication, which can jeopardize good and proper project goals in the long run. Furthermore, international agreements and practical examples show a clear way to deal with potential land use conflicts, even if the national legal situation does not require it. Expansion and continuation of dialogue, not only with First Nations leadership, is therefore important.

► Risk Tolerance

Because BWI's investment is a direct investment, the risk of loss is higher than with other types of investments such as funds that diversify the capital invested. Compared to other forest investments, however, the high ecological standards reduce certain total loss risks such as large-scale forest fires, insect infestations or windthrow events. According to BWI, the risk is reduced by other elements, including the high financial reserves in the investment and the diversification into different regions and currency areas.

7 TRANSFERABLE LESSONS - APPROACHES FOR SUSTAINABLE FOREST INVESTMENTS

GNF and OroVerde have identified some transferable content from the case study that can provide direction for sustainable forest investments.

► Continuous Cover Forestry Concept

There are many forest investments on the market, but by no means all of them are geared not only to economic but also to ecological and social criteria or take even minimal requirements into account. There are forest management concepts that combine economic and ecological aspects and whose understanding of sustainability goes beyond harvesting only as much wood as has grown back. Ecological sustainability is promised, for example, by the consistent implementation of the permanent forest concept. A sustainable management concept should be fundamental to any forest investment.

► Adapted Ecological Solutions

Management concepts must be adapted to the specific local conditions in order to reconcile ecological sense with economic performance. Interventions in existing ecosystems should only take place after careful consideration of the ecological opportunities and risks.

► Long-term Investment

From the perspective of GNF and OroVerde, an essential characteristic of BWI is the long-term forest conservation. It is intended to ensure that the project areas are permanently protected from conversion, sale or unecological practices or a shift away from continuous cover forestry principles. This is formally excluded by contractual regulations and by the blocking minority of nature conservation-oriented foundations. Mechanisms such as these appear to be effective in ensuring the long-term survival of (re)afforested, renaturalized or sustainably managed areas. In the sense of long-term economic viability, low returns are set at the beginning in order to enable stable returns in the long term.

SOURCES AND FOOTNOTES

- ¹ ACFOR Forestry Management was contracted by the local implementing agency of the investment, RainCloud Forests, in 2022 to design and implement timber harvesting on one of the BWI project areas. ACFOR Forestry Management assured GNF of its unbiased factual critical analysis of the investment and project areas prior to the engagement
- ² ACFOR conducted two detailed visits, one to the site treated in 2022 (PID 40039737, on Highway 8 east of Doaktown) and one to the "flagship" site (PID 40090193, on the road to Holtville near Boiestown). Other visits were brief stops at sites along major roads. These visits took place on October 17, 2022
- ³ European Commission (2022): Call for feedback by the Platform on Sustainable Finance on preliminary recommendations for technical screening criteria for the EU taxonomy: https://finance.ec.europa.eu/publications/call-feedback-platform-sustainable-finance-preliminary-recommendations-technical-screening-criteria_en
- ⁴ Mazars (n.d.): Taxonomy Regulation: new disclosure requirements for the classification of sustainable activities: [https://www.mazars.de/Home/Services/Sustainability/Was-Sie-auf-dem-Schirm-haben-sollten/Taxonomie-VO-neue-Offenlegungspflichten#:~:text=Die%20Verordnung%20\(EU\)%202020%2F,Directive%20\(NFRD\)%20verpflichtet%20sind](https://www.mazars.de/Home/Services/Sustainability/Was-Sie-auf-dem-Schirm-haben-sollten/Taxonomie-VO-neue-Offenlegungspflichten#:~:text=Die%20Verordnung%20(EU)%202020%2F,Directive%20(NFRD)%20verpflichtet%20sind)
- ⁵ This cursory review does not constitute legal advice
- ⁶ The minimum protection requirements are defined in Article 35 of Delegated Regulation (EU) 2019/2088: <https://eur-lex.europa.eu/legal-content/de/ALL/?uri=CELEX:32019R2088>
- ⁷ Office of the German Global Compact Network (2014): Guiding Principles for Business and Human Rights: <https://www.auswaertiges-amt.de/blob/266624/b51c16faf1b3424d7efa060e8aaa8130/un-leitprinzipien-de-data.pdf>
- ⁸ OECD (2011): OECD Guidelines for Multinational Enterprises: https://www.oecd-ilibrary.org/governance/oecd-leitsatze-fur-multinationale-unternehmen_9789264122352-de;sessionid=ssADWJnhoIDZau9lDb4tVeOGQObcu8NqyOmeJrP.ip-10-240-5-182
- ⁹ International Labour Organization (1998): ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up: https://www.ilo.org/wcmsp5/groups/public/---europe/---ro-geneva/---ilo-berlin/documents/normativeinstrument/wcms_193727.pdf

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