

Climate-smart forestry



EFM

INVESTMENTS & ADVISORY



IA 50
2015
MANAGER



**“What we do in the next 50
years will determine the
next 10,000 years.”**

-JOHAN ROCKSTRÖM

A photograph of a dense temperate forest. The scene is filled with lush green ferns in the foreground and midground. Several tree trunks are visible, heavily covered in bright green moss. The background shows more trees and foliage, creating a sense of depth and a vibrant, verdant atmosphere.

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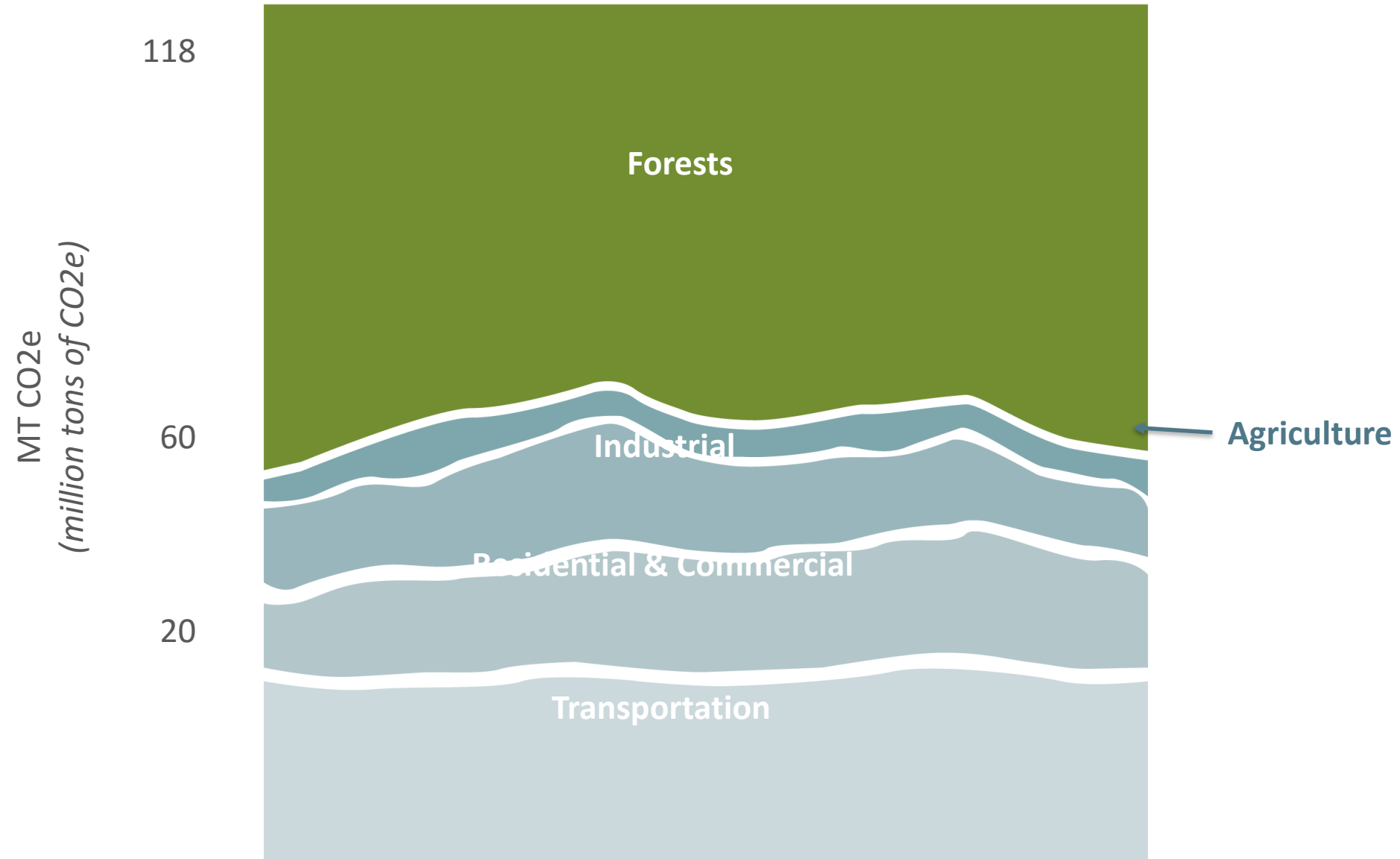
RANKING AND RESULTS BY 2050

22.61 GIGATONS
REDUCED CO₂

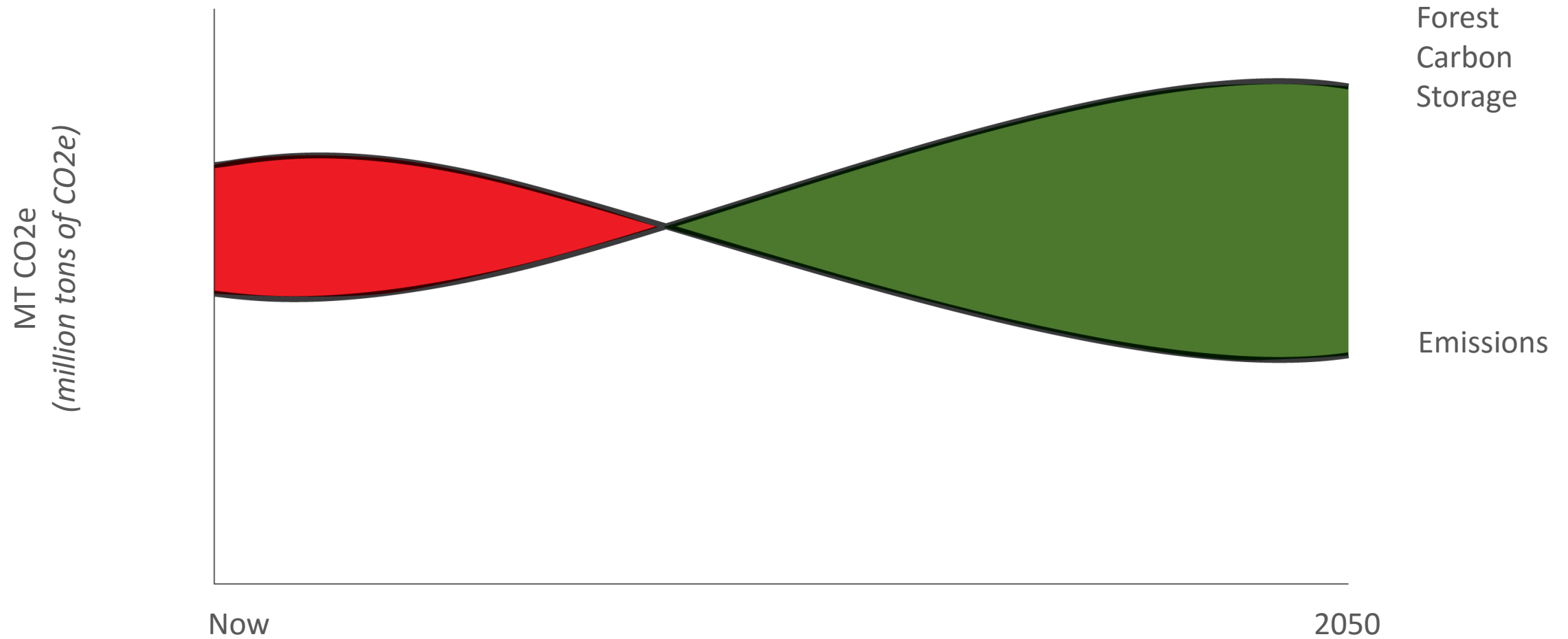
Photo credit: Drawdown

LAND USE
TEMPERATE FORESTS

**Forests are #1 drawdown strategy in the West:
e.g. Oregon annual emissions**



“We need negative emissions. Reduction is no longer enough”

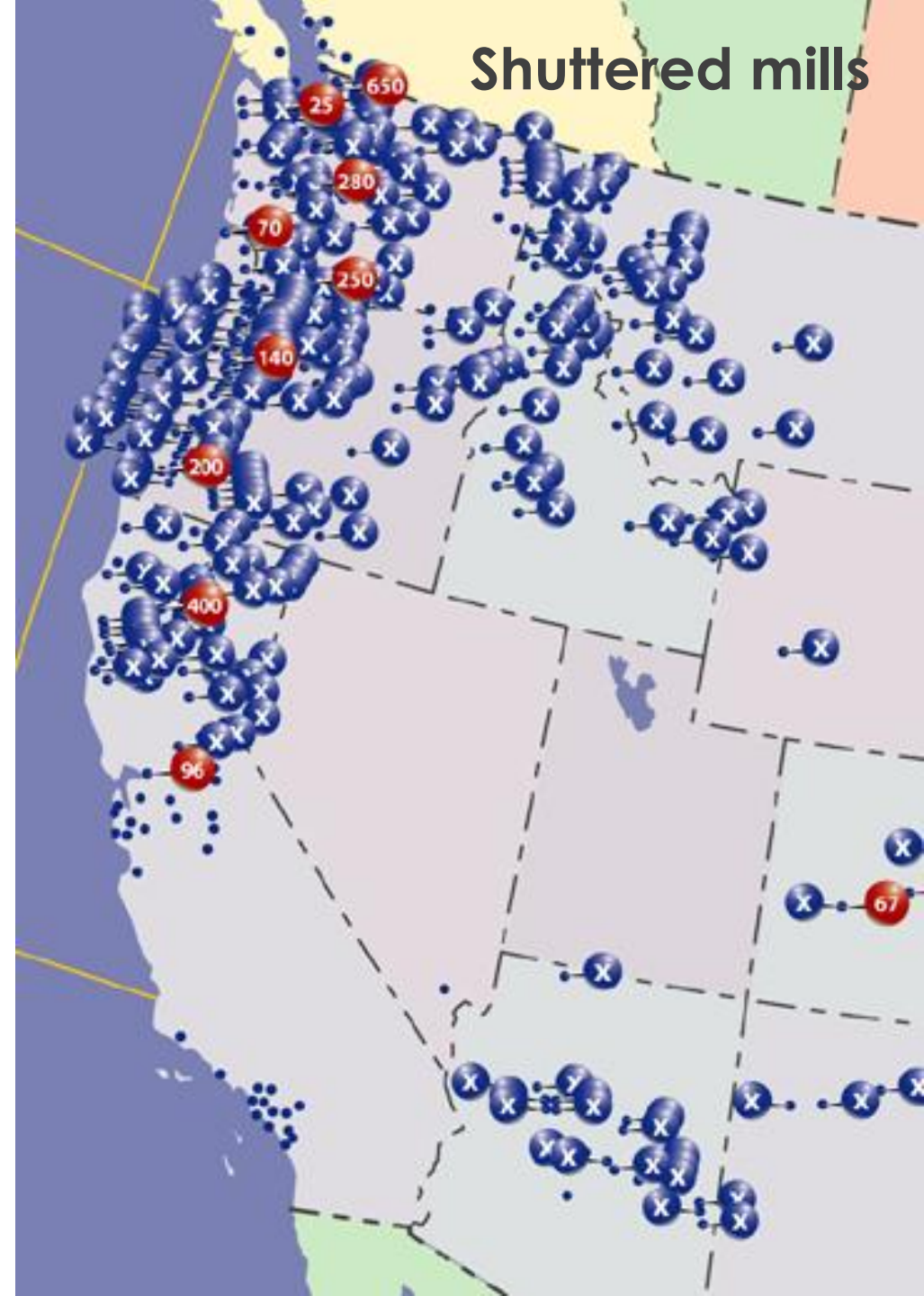


STRATEGIES TO INCREASE CARBON STORAGE IN WESTERN FORESTS:

In the productive temperate rainforests, increase rotations and retain trees (Increase carbon stocks by 50-80% over time)

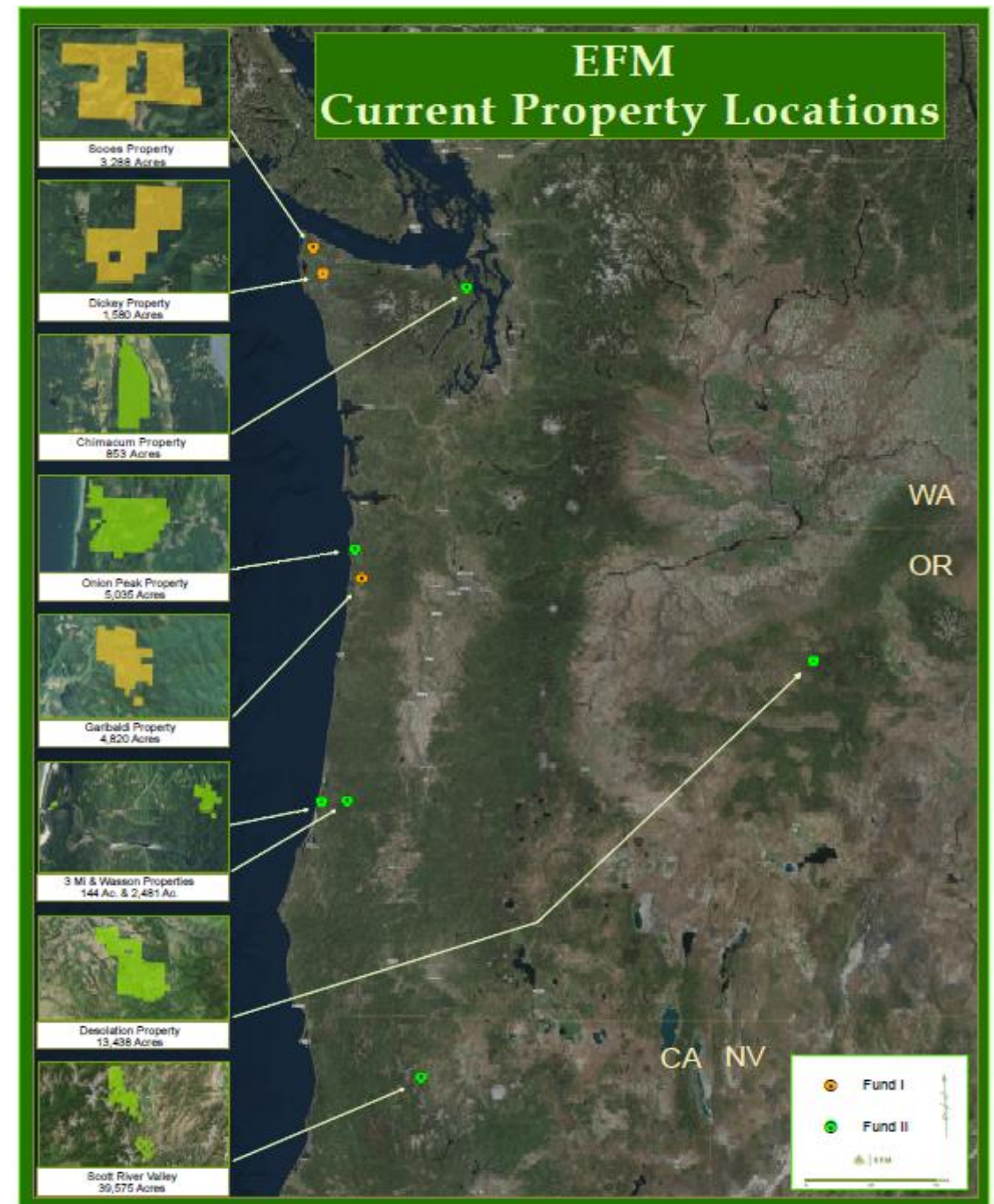
On dry, mixed conifer forests thin dense stands, reduce fire risk, improve grazing practices (Increase carbon stocks by 50-100%)

Facilitate flexible, appropriate-scale wood processing and expand treatment of federal forests (Drawdown)



EFM HIGHLIGHTS

- Two Funds, **\$100M Invested** (2005,2013), perpetual & term
- **75,000 acres** transitioned to FSC management
- **12 properties** under management across CA, WA & OR
- **3 Exits** to Date, **4,500 acres** transitioned to permanent local owners



EFM’S CARBON FORESTRY PROJECT

- The first forest carbon project in Oregon and Washington to be successfully verified and registered under the VCS (third-party) standard.
- General Motors made an anchor 5 year purchase of tons from project to offset impact of Chevy Volt
- The project anticipates sequestering 150,000 tons of carbon over its lifetime, by voluntarily undertaking actions that capture additional carbon on the forest landscape:
 - ✓ Forest Stewardship Council forest management principles
 - ✓ Expanded buffers
 - ✓ Protection of important habitat
 - ✓ Greater retention
 - ✓ Extended rotation ages



“THIS IS EXACTLY THE SORT OF COMMUNITY-BASED, POSITIVE, SOCIAL, AND ENVIRONMENT IMPACT CHEVROLET HOPED TO HAVE WITH ITS VOLUNTARY EMISSION REDUCTION COMMITMENT.” -

DAVID TULAUSKAS, DIRECTOR OF SUSTAINABILITY FOR GENERAL MOTORS COMPANY,

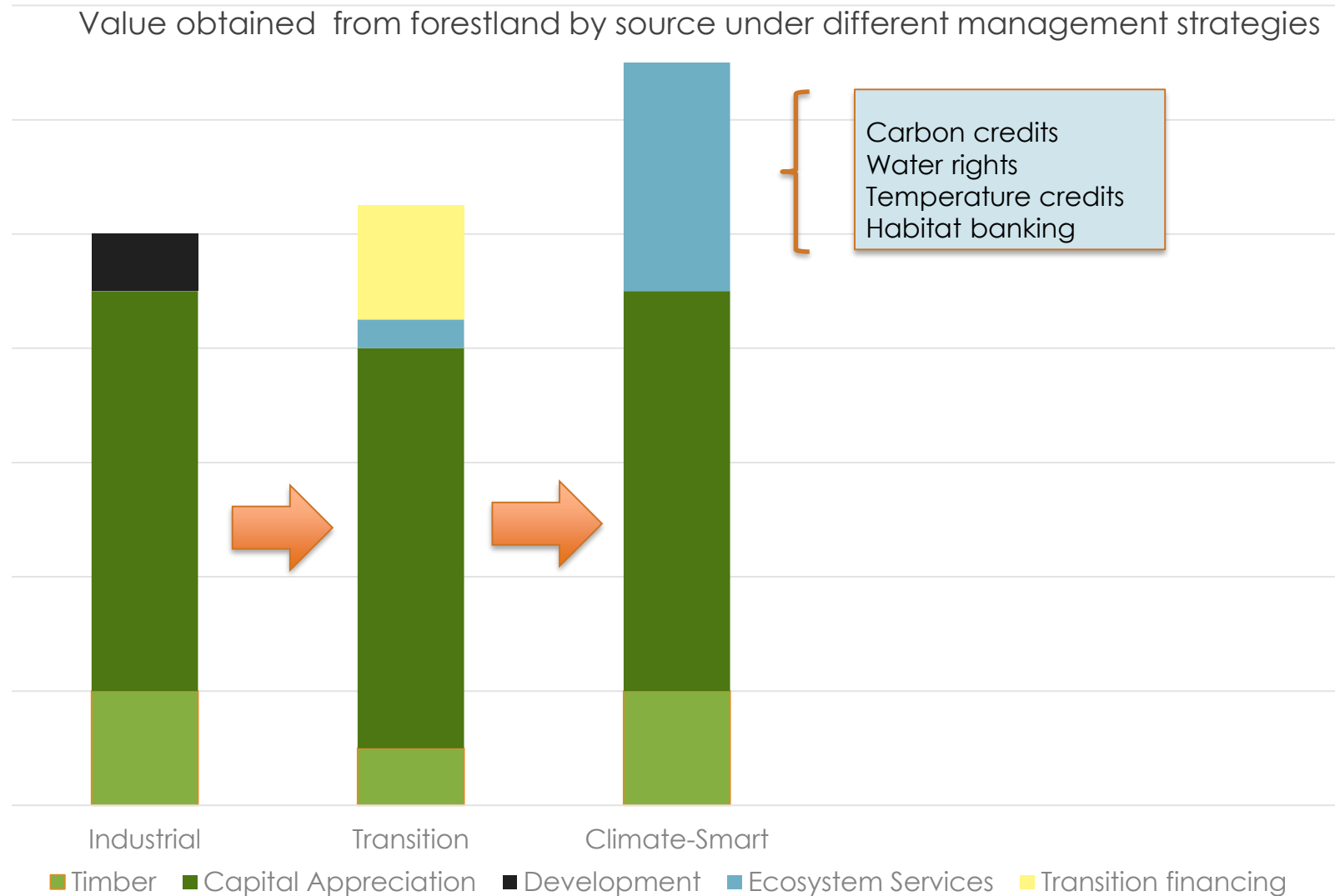
HIGHLIGHTS

LOCATION	Oregon, Washington, California
SIZE	982 Acres (first instance)
STANDARD	VCS
METHODOLOGY	VM003 IMPROVED FOREST MANAGEMENT
STATUS	ACTIVE SINCE 2010
REGISTRY	MARKIT
VERIFIER	RAINFOREST ALLIANCE / SCS
LEGAL	FEE OWNERSHIP
TENURE	30 years
VCUs AVAILABLE	88,000 (first instance)

THE CRITICAL ROLE OF CARBON MARKETS IN DRAWDOWN

- Current price too low to stimulate changes in forest management for most commercial operators.
- Carbon market participation largely limited to land trusts, tribes, and landowners with stocking above regional averages eligible for initial large carbon payment.
- Absent a carbon “bump” compensation for changing management practices towards carbon sequestration requires equivalent of a credit price of \$40-100+/credit absent a windfall “bump”
- As transitional or permanent strategy, couple carbon with compensation for biodiversity, water, public access, and other ecological and social benefits of older, structurally complex forests.

TRANSITION FINANCING REQUIRED TO STIMULATE CLIMATE-SMART FORESTRY



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