



Sustainable forestry with professionalism and passion

Finnfund is a development financier. We build a sustainable world by investing in responsible and profitable businesses in developing countries.

Climate change, youth unemployment and other global challenges call for urgent private investments. We make those investments happen in a sustainable and profitable manner. Our investment criteria are profitability, sustainability and positive development impact.

Sustainable forestry is one of our key sectors – together with renewable energy, sustainable agriculture, and financial institutions.



Finnfund key facts:

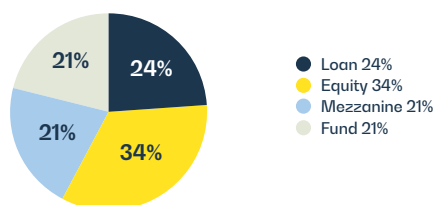
- Over 35 years of experience
- EUR 150–200 million invested in 20–30 projects per year in total
- 80 employees in Helsinki
- Total assets EUR 500 million, portfolio and commitments EUR 800 million
- Funding from the Finnish government, retained earnings from investments and loans from the private capital markets
- Owned by the State of Finland 94.1%, Finnvera 5.8%, Confederation of Finnish Industries 0.1%

Our forestry portfolio

- Commercial plantations and related industries, such as sawmills, panel & board mills
- Both direct investments and indirect investments through funds
- Portfolio and commitments EUR 122 million in total (incl. funds, Dec 2018)
- Share of investment portfolio and commitments 20% (incl. funds 3%, Dec 2018)

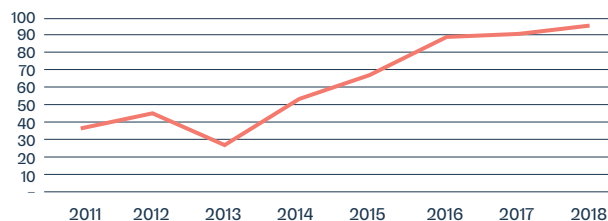
Forestry investments by instrument (%)

Total EUR 122 million (Dec 2018)



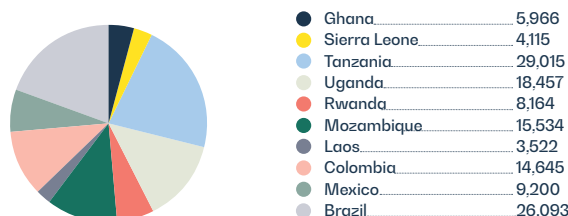
Direct investments in sustainable forestry

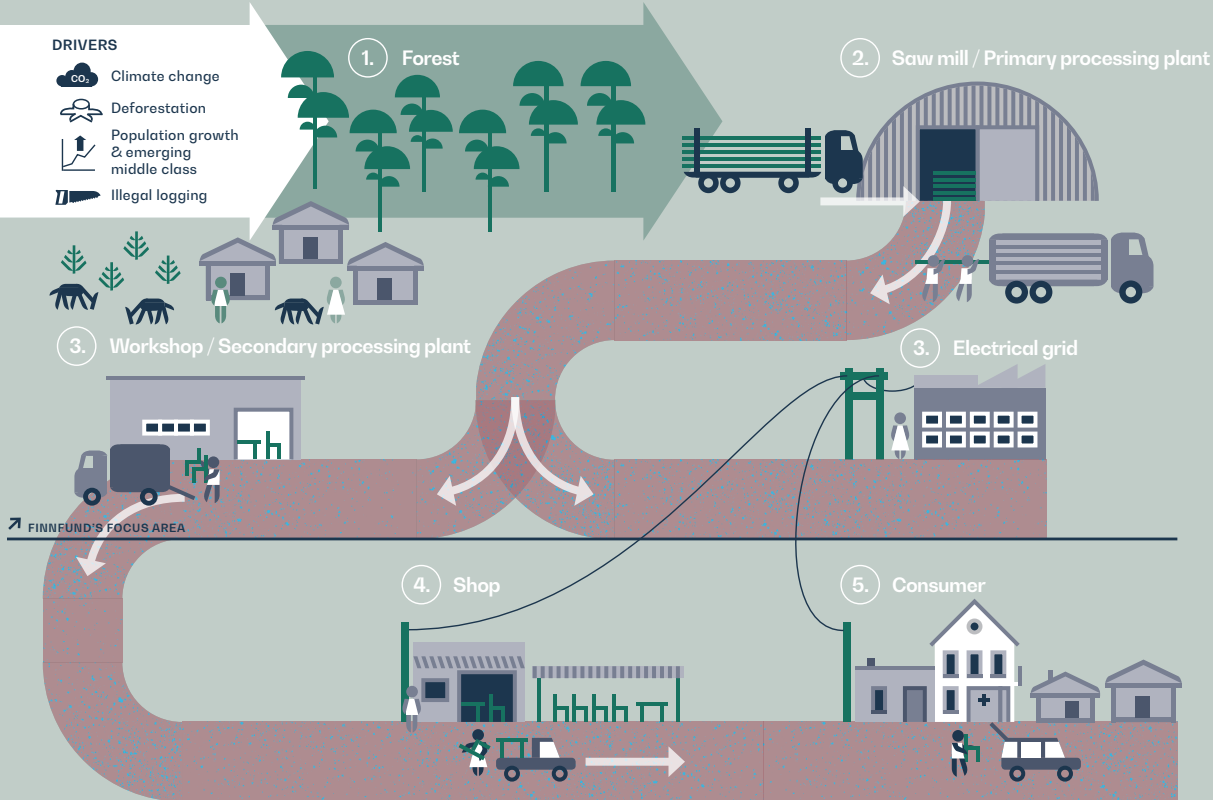
(portfolio and commitments, EUR million, Dec 2018)



Plantation forest cover in hectares, direct investments

Total 134,711 hectares (Dec 2017)

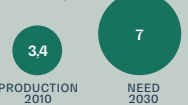




- SUSTAINABLE FORESTRY**
- Fights against climate change and deforestation
 - Enhances product quality
 - Increases domestic production and employment – enhances balance of payments
 - Increases legal trade of wood
 - Develops rural areas
 - Increases public revenue

- CHALLENGES**
- Need for skilled labour
 - Worker health & safety and fair wage
 - Land acquisition and community collaboration
 - Fire risk
 - Biodiversity protection
 - Long investment period – changing operational environment
 - Developing markets and rudimentary infrastructure
 - Weak governance and legal system

GROWING NEED FOR SUSTAINABLE ROUNDWOOD
(billion m³ / year)



► More pressure to cut natural forests. Forest loss is already a major problem particularly in Africa and South America.
SOURCE: WWF 2012

Why sustainable forestry

Sustainable forestry helps fight urgent global challenges, such as climate change mitigation and adaptation, deforestation, biodiversity loss, erosion and water security. Good jobs and training, improved infrastructure and other benefits that sustainable forestry brings can accelerate development, particularly in rural areas.

The supply gap of forestry products is growing fast, hence there is a growing need for sustainable timber – as well as for climate-smart impact investments. This all makes sustainable forestry an attractive investment both from impact and economic perspectives.

In 2017, our forestry investments managed

867,000 ha
of sustainable forest
– of which

814,900 ha
are FSC® certified

In 2017, our direct forestry investments employed

6,800
people – of which

1,100
were women

In 2016, our forestry investments sequestered
530,000 t CO₂eq

Attributed according to Finnfund's share of the funding

For more information,
please visit
www.finnfund.fi

How and where we invest

We only finance projects with responsible implementation, lasting development impact and financial returns that reflect the risk. Our investments vary from one million to 25 million euros, with Finnfund always carrying a smaller share than the project sponsor.

Tailored financing instruments:

- equity as a minority shareholder
- mezzanine financing to improve capital structure
- loans with maturities of up to 15 years.

Returns are recycled into new investments. We also seek to catalyse institutional investors to invest more in developing countries. We adhere to international responsibility practices, such as IFC Performance Standards and UNGP, and we expect the same high standards of our investees and partners. We also have our own guidelines regarding, for example, responsible tax. We encourage our forestry clients to become certified, e.g. under the FSC®, and provide support along the journey.

Finnfund as a partner:

- Strong expertise in forestry
- Dedicated team with long experience
- Established network – we help to build partnerships with international financiers and technology suppliers
- Thorough but swift investment process
- Financing solutions tailored for each project
- We help investees adhere to international sustainability standards
- Continuous monitoring and support throughout the investment period