

PRESS RELEASE

BNP Paribas Asset Management acquires majority stake in International Woodland Company

BNP Paribas Asset Management ('BNPP AM') announces the acquisition of a majority stake in leading Danish natural resources specialist International Woodland Company ('IWC'). IWC is headquartered in Copenhagen and has more than 30 years' experience in providing investment management and advisory services within sustainable timberland investments, agriculture investments and ecosystems services, including carbon credits and conservation projects. It oversees EUR 5.5 billion of timberland investment programmes globally. The transaction is expected to close in H1 2023 and is subject to regulatory approval by the Danish Financial Supervisory Authority¹.

The acquisition forms part of the expansion of BNPP AM's sustainable investment offering, as well the broadening of its private markets investment platform, meeting the needs of investors who are increasing allocations to sustainable private investment strategies.

Forestry, agriculture, and related natural capital strategies have attractive risk-return profiles and are important aspects of mitigating climate change and achieving net zero. Forestry, for example, offers appealing investment returns and inflation protection, as well as the potential for carbon capture and conservation projects. Almost all climate scenarios rely on Negative Emission Technologies ('NETs'), particularly forestry and other land use changes, to reach net zero emissions and limit global warming to 1.5-2°C in order to cover biogenic emissions and emissions from hard-to-abate sectors. Beyond this, forestry provides many benefits, including biodiversity preservation and water management, and as the World Resource Institute noted in its recent *Not Just Carbon*² report, the global climate system cannot function without healthy forests.

As an investment market, natural capital is still relatively small, with institutional timberland estimated to be less than USD 100 billion, which equates to about 0.1% of global GDP. This compares to estimated global government expenditure of around USD 500 billion annually on activities that can be harmful to biodiversity³. Nonetheless the natural capital market is evolving rapidly, encouraged by initiatives from the United Nations and other supranational agencies, and expected to be accompanied by the continued development of associated investment and growing client awareness. Private finance clearly has a role to play in addressing the challenges of increasing and protecting natural capital, as well as appealing to institutional investors looking to diversify into uncorrelated assets that can offer an inflation hedge and enhanced risk-adjusted returns. It additionally meets the impact investing requirements of those looking for sustainable investment strategies that can deliver tangible environmental and social impact, and contribute to the UN Sustainable Development Goals.

Otto Reventlow, CEO of IWC, comments:

"We welcome BNP Paribas Asset Management's investment in IWC and look forward to partnering with them to grow the nature-based solutions universe together. Both companies share a vision of combining fiduciary duty and active contribution to the transition to a sustainable world. We believe that wood is the preferred material in a carbon-neutral world, and agricultural production is on an important path to deliver sustainable proteins to the global citizen. This partnership will enable IWC to expand its distribution reach and further its resources on sustainability and the EU taxonomy to the benefit of both our current and future clients."

¹ Finanstilsynet, part of the Ministry of Economic & Business Affairs

² <https://files.wri.org/d8/s3fs-public/2022-10/not-just-carbon.pdf>

³ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/962785/The_Economics_of_Biodiversity_The_Da_s Gupta_Review_Full_Report.pdf



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David Vaillant, BNPP AM Executive Committee Member, comments:

"Our investment in IWC is fully aligned with our commitment to be a leading sustainable asset manager, be forward looking on sustainability-related topics with our clients and increase our focus on sustainable investment strategies, especially within private markets. It is a key component of our Net Zero and Biodiversity roadmaps, as well as being aligned with broader BNP Paribas Group initiatives to protect and restore forests and biodiversity, such as Zero Net Deforestation or Act4nature. We are seeing growing interest from our clients for investing in forestry as an asset class, and via IWC we are very pleased to be able to offer them an enhanced range of sustainable solutions that complement our existing private markets capabilities and contribute to reducing the net zero financing gap while enabling a just transition for nature."

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About BNP Paribas Asset Management

BNP Paribas Asset Management ('BNPP AM') is the investment arm of BNP Paribas, a leading banking group in Europe with international reach. BNPP AM aims to generate long-term sustainable investment returns for its clients, based on a unique sustainability-driven philosophy. BNPP AM's investment capabilities are focused around five key strategies: High Conviction Strategies, Private Debt & Real Assets, Multi-Asset, Quantitative & Solutions (MAQS), Emerging markets and Liquidity Solutions, with investment processes incorporating quantitative and fundamental analysis.

Sustainability is embedded within BNPP AM's strategy and investment decision-making. Among the leaders in thematic investment in Europe, BNPP AM contributes to the energy transition, environmental sustainability and the promotion of equality and inclusive growth. BNPP AM currently manages EUR 488 billion of assets (EUR 605 billion of assets under management and advisory) and benefits from the expertise of around 500 investment professionals and around 400 client servicing specialists, serving individual, corporate and institutional clients in 69 countries.

Source: BNPP AM, as at 30 September 2022

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About International Woodland Company

Established in 1991, the IWC Group is a leading natural resources investment expert with deep experience in global timberland, agriculture, and responsible investment, providing diversification, inflation hedge, and capital appreciation investment opportunities to institutional investors. With more than three decades of experience in these sectors, the IWC Group oversees more than USD 4.8 billion of institutional mandates dedicated to timberland investment programs worldwide. Investments are through primary funds, co-investments, secondaries, and separately managed accounts. More information is available at iwc.dk.

Additional information

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