



**RESEARCH
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Planted forests in emerging economies: Best practices for sustainable and responsible investments

Authors: Brotto, L.; Pettenella, D.; Cerutti, P.O.; Pirard, R.

Investments in industrial-scale planted forests have grown exponentially in recent years and are included into investment portfolios for various reasons (e.g. diversification, risk mitigation, attractive returns). The rapid growth of planted forests may incur negative social and environmental impacts. Thus, investment companies and fund managers are increasingly interested in using sustainable and responsible investment (SRI) tools (e.g. standards, guidelines, and codes of conduct). However, a classification system for SRI tools in the field of planted forests still lacks consensus.

The present study under the CGIAR Research Program on Forests, Trees and Agroforestry therefore identifies, describes and analyzes SRI tools for planted forests and suggests a framework for the evaluation of their capacity to address environmental, social and governance (ESG) issues.

Four key findings emerged:

- More than 50 SRI tools are used to categorize investments in planted forest. The most common SRI tools used are management standards, bank investment policies and investment rating systems.
- An ESG Reference Document allows a quality assessment of the SRI tools to be undertaken. The most important issues highlighted in SRI tools are: legality, environmental impact and third-party certification. Conversely, issues such as poverty alleviation, minimum percentage of protected areas and prevention of encroachment are not properly addressed.
- SRI tools with the highest overall performance originate from the Forest Stewardship Council (FSC), Gold Standard, RepRisk, Certified B Corporation and FairForest and also include the WWF Responsible Investment Guide and the FTSE4Good Index Series.

- It is important that planted forests are evaluated either through specific SRI tools, or at least with appropriate consideration in order to properly address risk factors such as improvement of livelihoods and the prevention of encroachment and conflicts.

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