

Domini Forest Project

Introduction to Foundational Documents

December 2023

For those interested in the evolution and current status of Domini's Forest Project, we have prepared a series of background documents that provide an overview of our eight-year journey that began in 2016 with our commitment to a system-level approach to investment.

These documents provide a general overview of the Forest Project, its origins, and its implementation, including a backgrounder on the concept of system-level investment and our decision to commit to its incorporations in our investment processes. We summarize the evolution of our thinking as we implemented various aspects of the Forest Project. A timeline with an overview of the primary processes involved and corresponding activities over the years is included. An elaboration of the process steps describes our major initiatives along with evaluations of their impacts and potential next steps.

With regards to the particulars of our approach to the Project, we describe the techniques that we adopted to contend with the systemic challenges, risks, and rewards that arise in the context of forests and related lands. We provide an historical overview of our engagements with companies, peers in the investment community, and others on forest-related issues over the years. We summarize the seven major themes through which we believe that we can effectively exercise system-level influence in support of our systemic risk management goals and briefly assesses progress in our undertakings in each area. We delve into our definitions and goals for the six major types of forest we have identified. Finally, we put forward our view on a useful distinction between value creation and value extraction when it comes to forests and related lands. The two approaches can be melded into a single hybrid model that combines short-term portfolio-level investment considerations with the long-term management of systemic risks and opportunities that impact the economy and investment opportunities across all industries and asset classes.

The following is a brief description of each of these foundational documents.

- I. "Introduction to Foundational Documents" An overview of the ten documents in this series, which provides background on the framework for Domini's commitment to a system-level approach to investment and particulars on our approach to its implementation in the context of the Forest Project.
- II. "System-Level Investment: Domini's Commitment" A backgrounder on the why, who, and what of system-level investment and Domini's commitment to this practice.
- III. "Yesterday, Today, and Tomorrow: Evolution of the Forest Project" An account of how we came to initiate the Forest Project and an overview of various twists and turns encountered on the road to implementation.
- IV. "Domini's Forest Project: A Timeline by Process" A detailed timeline of our Forest Project initiatives organized by six process steps that Domini has followed.

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- V. “Processes, Impacts, Evaluation, and Next Steps” A discussion of specific Domini initiatives taken with a focus on 2022-2023, their direct and indirect impacts, our evaluation of their successes and limitations, and plans for next steps.
- VI. “Forest Engagement Overview” An historical overview of our forest-related engagements over the years with specific companies and others on forest-related challenges.
- VII. “System-level Advanced Techniques” A description of the ten advanced techniques designed to exercise influence at a system level and Domini use of them in the implementation of the Forest Project.
- VIII. “Themes, Leverage Points, Initiatives, and Progress” An analysis of our initiatives grouped by our seven key themes and their corresponding leverage points. We explain why we view each theme as representing a challenge that offers leverage for the management of investment and systemic-risks, and assessments progress we may have seen toward that change.
- IX. “Forest-related Definitions and Goals” Definitions and descriptions of the six types of forest-related lands that we have identified, accompanied by goals for each type of land and what investors’ best practices might be to aid in achieving those goals.
- X. “Value Creators: Forest-related Business Model Change in the 21st Century” A backgrounder on a hybrid business model that balances the sort of value creation and value extraction that we view necessary for forest-related lands to contend with the complex investment- and system-level challenges of the 21st century. This backgrounder includes specifics on how investors might influence a transition to this hybrid business model.

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