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WWF 2009 Forest Carbon Investor Survey: Executive Summary

This document summarizes the headline findings from a research study commissioned by WWF Forest Carbon Initiative and conducted by Brunswick Research. The research was designed to help WWF understand views in the global investor community on the compliance carbon market as a funding source for REDD - proposals for a global policy framework for reducing emissions from deforestation and degradation.

The 2009 Forest Carbon Investor Survey is based on in-depth qualitative interviews with 25 senior investors and investment analysts specializing in sustainability and the environment. Together, the firms surveyed oversee more than US\$7 trillion in assets under management and include global investment firms including: Barclays Capital, Blackrock, Citigroup, Swiss Re and UBS. Interviews were conducted by Brunswick Research between 18 August and 17 September 2009. The views reflected are those of the survey participants and are not attributable to WWF.

The investors surveyed believe:

- There is significant potential for a multi-billion dollar expanded carbon market, however substantial preconditions still need to be met for REDD to succeed
 - Agreement on a climate treaty at Copenhagen, with support from major economies such as China and India, and legislation in the U.S. are key pre-requisites
 - Public sector funding will be vital before a market-based approach can take effect
 - Problems of verification and monitoring can be addressed if there is a strong political framework in place
 - National governments must put in place robust and durable legal frameworks to create certainty for investors
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- REDD is seen as an essential component in the fight against climate change. While investors believe there is significant potential, it is still early days and most investors will remain wary until the conditions, in terms of risk and return, are right.
 - REDD stands apart from other sources of carbon offsets, in terms of biodiversity benefits and development concerns. Investors are conscious that only activities with the highest sustainability standards will have the support of environmentalists and only by incentivizing local people can we be sure of conserving the forests.
 - The challenge for making REDD a reality is primarily a political one, rather than one of economics or on-the-ground implementation. It depends on action in Copenhagen, including action from China and India, as well as legislation in the U.S. Without these there will be no significant funding for REDD.



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- There is a role for a market-based approach but public sector funding is vital in the short-term. Most investors feel that a market mechanism is essential if the significant funds required for REDD are to be harnessed.
- The prerequisites for a market in forest carbon center on minimizing risk for investors. Schemes must be credible and address the issues of permanence, additionality and leakage of deforestation across borders. Robust monitoring and independent verification must be put in place, as should stable legal frameworks.
- Investors have a favorable view of proposals on REDD, also supported by WWF, that recognize the value of a phased approach and a focus on on-the-ground feasibility studies.

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