

White Paper on a New Trend: Timber Investments

Climate change is compelling the financial industry and investors to reconsider their approaches. Innovative solutions are required to achieve ambitious net-zero goals. The timber construction megatrend is creating new investment opportunities in the timber industry and providing investors with the chance to decarbonize their investments through the long-term storage of CO₂ in timber buildings.

For the first time, a comprehensive guide to modern timber investments is being released. This white paper is the result of a collaboration between two Swiss organizations, the *ZHAW School of Management and Law*, and *Timber Finance*.

Modern timber construction is a rapidly growing market: since the "timber turnaround" in 2020, the global timber and construction industry has entered a new growth cycle. Today's investors are increasingly interested in timber's ability to support the decarbonization of the CO₂-intensive construction sector. Timber is the only renewable natural building material that regenerates, stores CO₂ in large buildings, and can replace CO₂-intensive concrete and steel.

The white paper, "Investing in the Modern Forest and Timber Construction Industry," makes a significant contribution towards bridging the knowledge gap between the financial market and the timber and forestry industry. It provides investors with an overview of investment opportunities and sustainability aspects found within the timber value chain. The paper discusses the sustainability impact of timber and various investment products and highlights sustainable timber investment opportunities. The white paper combines original analyses with the review of scientific studies and offers insights into ecological and economic aspects. It embeds "timber" within the current sustainability debate and explains the contributions of forests and timber to the climate with the "3s framework": carbon sequestration, storage, and substitution.

"The importance of the timber industry as a carbon sink is becoming increasingly significant in the financial sector. Sustainable forestry and construction contribute to reducing CO₂ emissions and protecting biodiversity. Strategic investments in the timber industry can support and promote the preservation of forests and their role as carbon sinks," explains Simon Tribelhorn, CEO of the Liechtenstein Bankers' Association.

Compelling Reasons to invest in the Timber and Forestry Industry:

- Modern timber construction, combined with sustainable and climate-effective forest management, is one of the most promising negative emission technologies.
- The timber market has been experiencing rapid growth since the "timber turnaround" in 2020. A new cycle of investment and growth has begun, making timber construction even more competitive in the construction industry.
- Disruptive technologies are expanding possibilities: Timber can now be used in applications such as highway bridges, wooden basements, support structures, and skyscrapers, replacing emission-intensive concrete and steel.

What Investors Can Expect from the White Paper:

- Embedding "Timber" within the ongoing debate in sustainable investing.
- Describing the climate impact of the timber and forestry industry and its economic potential.
- Providing an overview of available timber financial products with an analysis of their risk-return profile.
- Insights on how timber stocks can replace emission-intensive construction stocks in an investment portfolio.

About the White Paper:



The white paper authored by [Timber Finance](https://timberfinance.ch) in collaboration with the [ZHAW School of Management and Law](https://www.zhaw.ch), supported by [Built by Nature](https://www.builtbynature.ch) and the [Migros Pioneer Fund](https://www.migros-pioneerfund.ch), and endorsed by the [Liechtenstein Bankers' Association](https://www.liechtensteinbankersassociation.ch).

You can download the white paper here:
https://timberfinance.ch/english/whitepaper_en

For inquiries, please contact:

Timber Finance: Stefano Charrey, Head of Investment Research

stefano.charrey@timberfinance.ch

+41 (0)44 991 13 44

ZHAW: Prof. Dr. Thomas Richter, Department Banking, Finance, Insurance

thomas.richter@zhaw.ch

+41 (0) 58 934 41 66

About Timber Finance:

Established in 2021, Timber Finance is a leading competence center for modern timber investments. Timber Finance facilitates sustainable investments into the timber and forestry industry through the creation of new financial products, CO₂ certificates, whitepapers, and investment advisory services.

For more information about Timber Finance, please visit: www.timberfinance.ch

Illustrations:



Illustration 1: Forest



Illustration 2: Timber Skyscraper „Rocket“, Winterthur