

## CASE STUDY

## NEW FORESTS

## At a glance

When it needed a customised third-party risk and due diligence solution to support its international growth, sustainable investment manager New Forests turned to Ethisbase360.

New Forests' legacy due diligence processes were manual and complex – and no longer suited a company of its size and with such bold ambitions. The result is a genuine partnership built on a shared focus of sustainability that provides New Forests with the essential intelligence it needs to meet its regulatory obligations and make the right partnership decisions in its new markets.

Working with Ethisbase360 has also helped to change perceptions of New Forests' risk and compliance department, positioning it as a true business enabler.

## Background

New Forests is a [sustainable investment manager](#) specialising in responsible forestry. It currently manages more than AUD 5.7 billion (approximately USD 4.4 billion) in assets globally, which includes sustainable timber plantations, rural land, and conservation investments related to ecosystem restoration and protection.

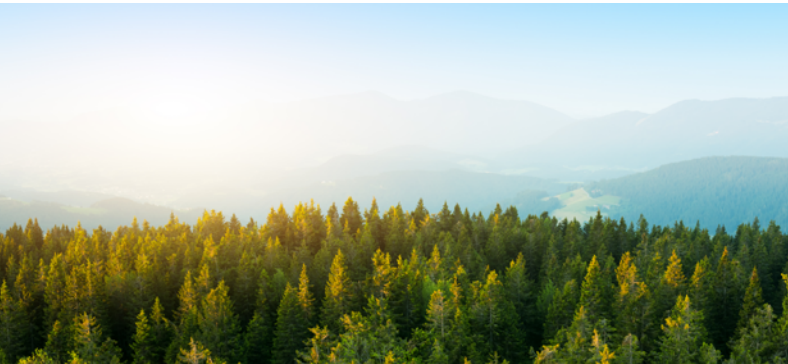
Its clients are mainly institutional investors, such as pension funds, sovereign wealth funds, and development finance institutions, as well as family offices and other sophisticated investors.

The company belongs to a growing number of asset managers with an ESG (Environment, Social and Governance) focus; providing investors with strategies to generate financial returns whilst making a positive impact on the environment, landscapes and local communities.

[According to David Brand, CEO of New Forests](#), land use has been “one of the really under-invested areas” in tackling climate change. “But that is changing. There is an emerging focus on forestry as a sought-after ESG-ready investment.” New Forests fully intends to take advantage of such opportunities.

Founded in 2005, New Forests is headquartered in Sydney, Australia, and has offices in Melbourne, San Francisco, Singapore, and Mt Maunganui (New Zealand). It currently employs over 70 staff members.





*“It was very paper-based; the team spent a lot of time investigating and then completing paperwork in terms of what they found. Obviously, that’s not best practice, which led us to think about finding a different solution.”*

-Paul Kennedy - Global Head of Risk and Compliance, New Forests

## Challenges

Currently, New Forests’ assets, which are mainly large forest plantations, are located in Australia, New Zealand, Northern California and across Southeast Asia. However, the company has plans for global growth, starting with expansion into Africa – and it needs a third-party due diligence program that supports its future plans.

As the business enters new markets, its regulatory obligations have increased. This includes having to comply with relevant US legislation, particularly pertaining to knowing your client (KYC), and stringent Singaporean requirements.

In the last few years, the company’s compliance program has had to evolve in line with its growth and in response to increasing regulation, as well as to meet its investors’ expectations – but its processes needed to catch up.

While the tools used in the past suited the needs of the company at the time, they were labour-intensive and did not support New Forests’ desire to move to a scorecard reporting system, nor did they offer third-party due diligence capabilities.

## Assessing the market

New Forests was aware of a range of solutions on the market that would enable it to conduct due diligence almost instantly, but Ethixbase360 stood out for a number of reasons.

*Its strong sustainability focus and expertise in a number of areas, such as modern slavery and human rights, gave it an edge over its competitors and reassured New Forests that it had found a partner aligned with its ESG values.*

Ethixbase360’s tailored solutions and impressive third-party due diligence capability were a particular draw. New Forests appreciated that it could work hand in hand with the company to create the specific products and services it was looking for rather than having to fit its needs around an off-the-shelf solution. The fact that Ethixbase360 was international and agile enough to support its future needs also made a difference.

Paul Kennedy, Global Head of Risk and Compliance at New Forests explains, “Third-party due diligence is a major requirement for our business, particularly as we grow. We want to understand who we’re dealing with. Are they similarly aligned with us from a sustainability and ESG perspective?”

He continues, “When I looked at the various services provided through Ethixbase360, they very closely mirror the way we were thinking about progressing our third-party risk management program. There was a lot of alignment there.”





*With Ethixbase360, New Forests is able to perform enhanced due diligence quickly to understand the background of any companies it is planning to partner with.*

## The Ethixbase360 Solution and Benefits

For the past year, New Forests has been using a range of Ethixbase360 solutions to help it understand precisely who it is doing business with and avoid risk in different parts of the world.

The first tool New Forests implemented after deciding to partner with Ethixbase360 was the company's anti-money laundering sanctions screening tool – part of its suite of [risk-based screening](#) and due diligence solutions – that enabled it to check its potential clients and partners against global sanctions lists.

“This was an immediate and pressing need given that it had previously been such a lengthy and involved process at New Forests,” says Kennedy.

Ethixbase360's [tools for third-party due diligence and risk management](#) also added significant value to the organisation.

With Ethixbase360, New Forests is able to perform enhanced due diligence quickly to understand the background of any companies it is planning to partner with. This is particularly beneficial as it looks to invest in new markets.

New Forests can now easily identify any red flags, which might include negative media coverage, historic criminal records or any other signs that the company does not share New Forests' sustainability approach – and provides a report to the business.

“It improves the decision-making process and avoids risk,” summarizes Kennedy. “We don't want to partner with a firm that could potentially expose us to reputational or financial risk in the future.”

Additionally, Ethixbase360 supports New Forests with its [Modern Slavery Questionnaire](#), which is designed to help organisations identify, mitigate and manage modern slavery risk in their supply chain. Ethixbase360 is even referenced in the firm's Australian [Modern Slavery Statement](#) submission as one of the third-party due diligence tools it uses to monitor progress towards anti-slavery goals. This is a further testament to the vital role that Ethixbase360 plays in New Forest's due diligence process.



## Benefits

As for the benefits that Ethixbase360 is delivering for New Forests, there are several. These not only include significant time savings but the ability to create robust, comprehensive reports that provide detailed insights into potential partners and clients. This in turn supports better decision-making.

## Making the right partnerships

Sustainable investing is on the rise and there are a number of large corporate and institutional investors eager to cash in on the opportunity. However, are they genuinely focused on mitigating the risks of climate change? Or are their sustainability claims simply greenwash – something they say on their website but don't really mean?

With Ethixbase360's enhanced due diligence, New Forests is able to probe beneath the surface to discover the reality

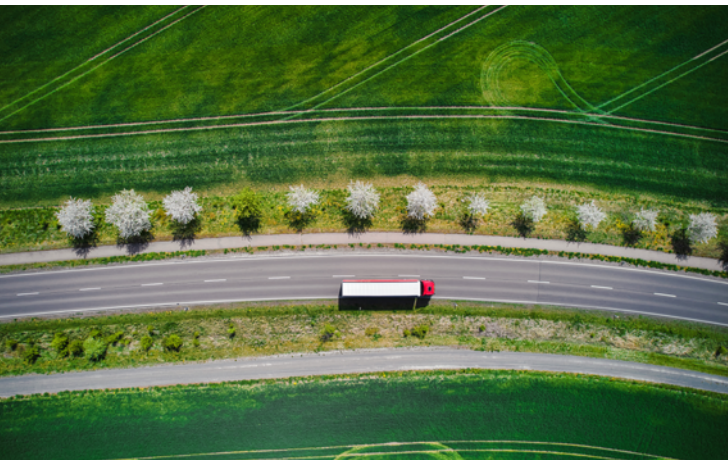
about a potential partner, and there have been times when the reputational risks it has identified have led it to walk away.

## Supporting decision-making during uncertainty

Without the right support, making the right decisions can be much harder as the company expands into unfamiliar territory.

"We're going through a growth period as a business. We're dealing with different third parties that we've never had a relationship with previously," says Kennedy. "We're moving into geographies that we haven't been in before so we need to have the ability to understand the risks, the history of potential joint-venture partners or suppliers, or any third-party we may need to rely on."

Failure to do so could have serious repercussions for the company's reputation.



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## Raising the profile of compliance

Signaling the extent to which Ethixbase360 has established itself as a trusted source of third-party intelligence within New Forests, decision-makers in the business are proactively approaching the risk and compliance department for third-party due diligence assessments.

They appreciate how useful it is to have Ethixbase360 intelligence before proceeding with a new partnership or investor, and the compliance department is viewed as a strategic partner to the business adding value and support.

"We're not here to make our colleagues' lives harder or more difficult; we're here to help the business make smart decisions and ensure operations run more effectively because the entire team knows that they are doing the right thing."

Ultimately, this means that New Forests can safely run the business, onboard new clients, forge new partnerships and invest money in new sustainable strategies with absolute confidence that their risk and compliance team, in partnership with Ethixbase360, is protecting them – and will continue to do so as the business evolves.



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To learn more about the capabilities of Ethixbase360's third-party risk management solutions, [get in touch](#) with Ethixbase360 or [request a demo](#).



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**ETHIXBASE 360**

[www.ethixbase360.com](http://www.ethixbase360.com)

## About Ethixbase360

Ethixbase360 is a value-chain sustainability solutions business that delivers robust technology and data analytics to assist corporations and third parties in creating and maintaining sustainable business practices. We create the most intuitive, robust, and configurable platform to help firms globally elevate their third-party supply chain in the areas of anti-corruption, human rights, environment, and labor. [Contact us today for more information](#).

## Ethixbase360 and Norton Rose Fulbright Modern Slavery Questionnaire

Ethixbase360 entered into an exclusive license and collaboration agreement with a global top 10 law firm\* Norton Rose Fulbright in 2019 to design, develop and maintain a modern slavery supply chain risk assessment questionnaire for third parties. The questionnaire is offered by Ethixbase360 via its Ethixbase360 Third-Party Risk Management platform and is an integral component of the Ethixbase360 Human Rights Module. The questionnaire applies know-how developed by Norton Rose Fulbright using its global expertise in identifying and assessing modern slavery and human rights risks, to provide an indicative risk rating. The rating can be used to assist organizations to manage modern slavery and human rights reporting obligations in multiple jurisdictions. Other components of the Ethixbase360 Human Rights Module include Risk-Based Due Diligence, Policy and Code Management, and Third-Party Training. This technology solution provides companies with the tools they need to identify and resolve hidden modern slavery risk within their supply chains in a truly holistic and efficient manner.