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# The Path to Net Zero Runs Through the Forest



**Jamie Houston**  
Bluesource Sustainable  
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Jamie Houston is the Chief Executive Officer of Bluesource Sustainable Forests Company, the largest private forestland company entirely focused on management for climate mitigation. He has over 15 years of experience in private equity, forestry, and nature-based investments. Houston leads a team of more than two dozen professionals who are passionate about providing climate solutions through the management of working hardwood timberlands. He is also a registered forester in the State of Mississippi, with a Masters of Forest Resource and Finance from the University of Georgia.

The forests of West Virginia have attracted large-scale institutional investors for more than two decades. In the late 1990s, a group of new timberland investors, backed by institutional capital, began to purchase large blocks of hardwood forests, with a focus on adding value through timber harvesting, sustainable management, and timber value appreciation. As the world has become more engaged and focused on addressing climate goals, the value proposition in West Virginia's forests has shifted to include both sustainable forestry and carbon sequestration. Bluesource Sustainable Forests Company (BSFC), a joint venture between Anew Climate (Anew, formerly Bluesource) and Oak Hill Advisors, was established in October 2021, with the primary goal of acquiring and managing forestlands to optimize for long-term carbon sequestration. Today, BSFC manages over 700,000 acres for this very purpose in West Virginia.

As part of the Anew family of businesses, BSFC brings unmatched scale and opportunity to the forest carbon marketplace. Formed in June 2022 through the merger of longstanding market leaders Element Markets and Bluesource, Anew is a first-of-its-kind climate solutions provider facilitating the decarbonization of the global economy and the clean energy transition through a comprehensive portfolio of market-based solutions. Anew has issued 25 percent of the carbon credits in North America over the last five years. As BSFC's exclusive marketer, resulting credits from carbon management strategies will be available to Anew's broad and diverse international client base, including select Fortune 50 companies and hundreds of others across industries.

In its first year, BSFC purchased 1.7 million acres of former industrial timberlands, including The Forestland Group's (TFG's)

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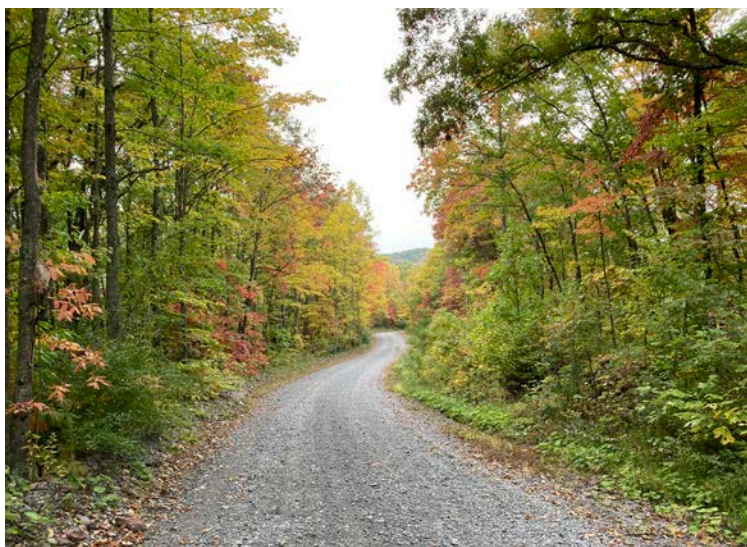
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As a first in the industry, the business structure of BSFC is designed around carbon-conscious silviculture and the primary goal of generating revenue from carbon offset sales to drive the shift to carbon-first management after decades of timber-focus by previous owners. BSFC's management for forest health and biodiversity to maximize the forests' carbon removal ability is providing long-lasting benefits to ecosystems and future generations.

portfolio of forest holdings and an assortment of other properties in New York, Michigan, Tennessee, Alabama, and Mississippi that had undergone a history of industrial timber management. The TFG acquisition, valued at approximately \$1.8 billion, represents the largest private forest carbon investment to date in the United States. In that same timeframe, BSFC became the first of the industry's 10 largest private forestland owners to prioritize climate mitigation practices

across the entire ownership. The purchase was made possible through BSFC and OHA's organization of a consortium of international and domestic investors committed to this climate milestone and the growth potential.

Each property has a story, and each forest is undergoing assessment for an optimal approach of both carbon sequestration and forest management. In West Virginia, approximately half of the 700,000 acres BSFC owns were previously enrolled in Improved Forest Management carbon projects. The remaining will be enrolled in the coming years. BSFC will maintain the lands as working forestlands while adhering to carbon development requirements which are the strictest in the industry, exceeding that of FSC certification. Sustainable harvests, significantly below annual tree growth levels, will prioritize the restoration of native biodiversity, bolster the forests' natural defenses against disasters such as fire or disease, and produce high value timber products. Unlike standard industry practice, where, at best, other timber managers select a small portion of their portfolio to



test carbon returns, BSFC will pay for operational costs and meet its fiduciary responsibility to its investors primarily through carbon revenues.

Continued participation in the carbon market and multi-decade carbon credit generation and sale to organizations investing in offsets, insets, and carbon reduction practices to meet sustainability and net zero goals play a critical role in the success of this large-scale investment and others that BSFC hopes to inspire to follow suit. Prior to the advent of environmental finance, pathways for long-term forest conservation were limited and not available at the scale required for substantive climate change mitigation. Indeed, carbon income is the driving force that allows BSFC to implement lower levels of sound silvicultural harvesting practices to increase carbon sequestration on these healthy forests. The success of this across the industry also relies on the continued value of the knowledge and experience of foresters and their ability to shift their focus on the goals for the land. Through an initial \$4 million contribution, BSFC is forming the TFG Foundation, a non-profit established to create sustainable forestry education opportunities and increase pathways into the growing green economy.

BSFC's lands include over 4,500 miles of rivers and streams, which will directly benefit from improvements in forest health, as well as contribute to healthier habitats within the watersheds and downstream. Initial species assessments will become more robust in coming years but have already identified a host of ecological opportunities to support and enhance biodiversity. Project lands will be protecting habitat for:

- 119+ different tree species
- 225+ species of birds
- over 60 species of mammals
- 238+ species of fish

This is a different approach for a resource critically poised to address what is arguably the largest challenge of our time. The focus for these acquired forests is on the distant horizon, conservatively estimated to remove hundreds of millions of tonnes (metric tons) of carbon over the next century. A significant impact at a pivotal time when the certainty of so much hangs in the balance.

As we walk our lands, we can feel the difference we are going to make for our forests and for our climate. These trees, once assessed for their value in 10, 20 years, are now being looked at for their value in 40, 60, 100 years. This is tangible change for our health and future for all. We're honored and humbled at the opportunity before us, and we hope others will follow suit. ▽