



Financing Innovation

## Bridging the Gap between Timber and Finance

### Insights into Practice

Thomas Fedrizzi, Corporate Finance

WoodPoP Meeting, Zürich, April 1<sup>st</sup>, 2025

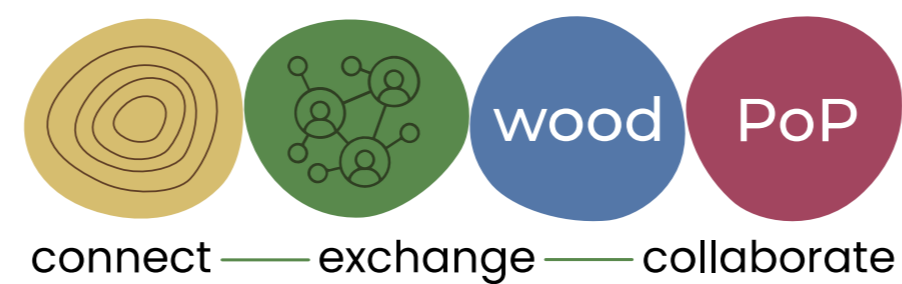


Image: UBS Timber Skyscraper, Itten Brechbühl



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# About

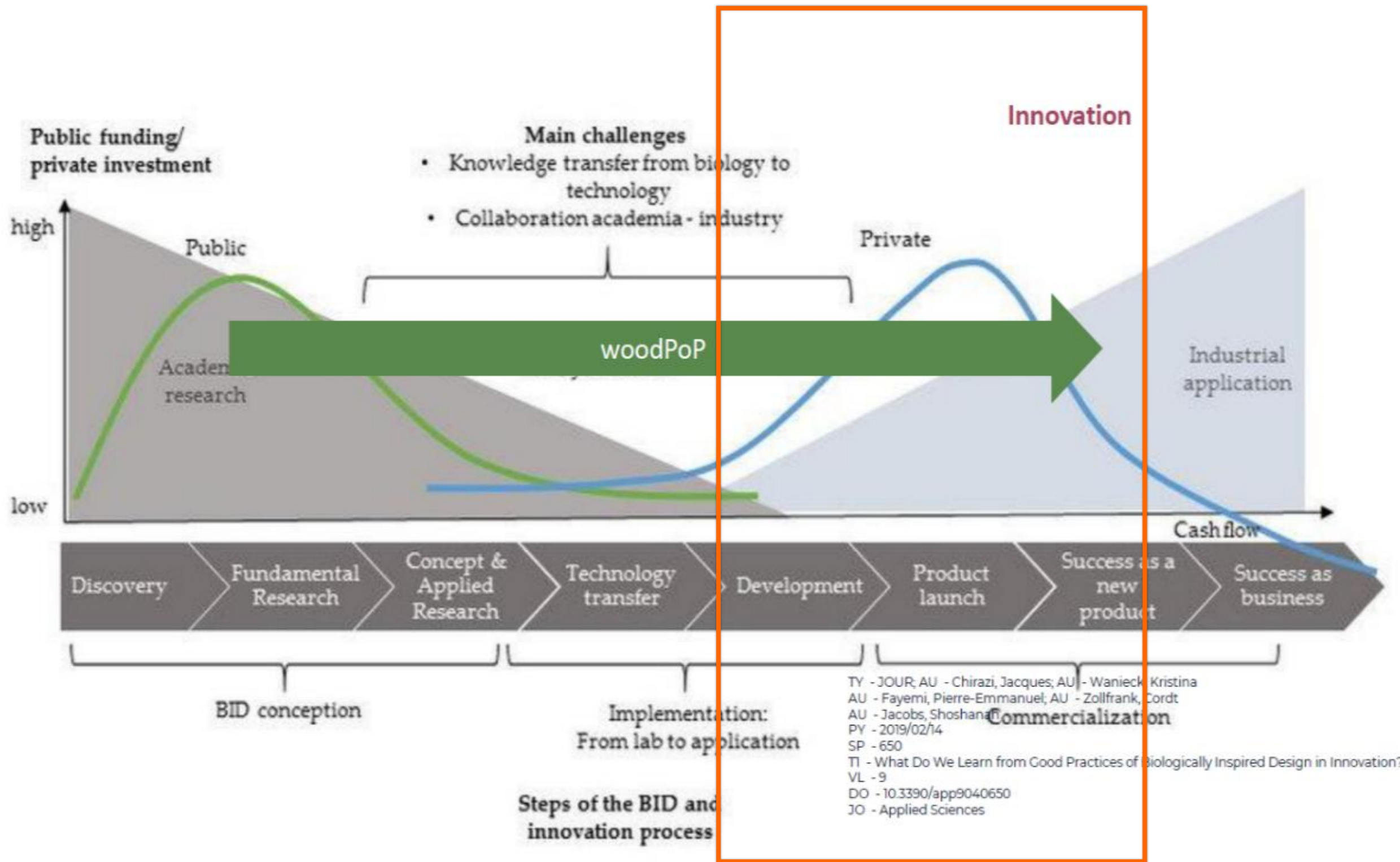
- “Timber Innovation ourselves”, founded in 2021, based on 30 years of experience in timber engineering and finance
- Regulated investment advisor, intermediary company
- Association as knowledge hub with memberships

## Mission:

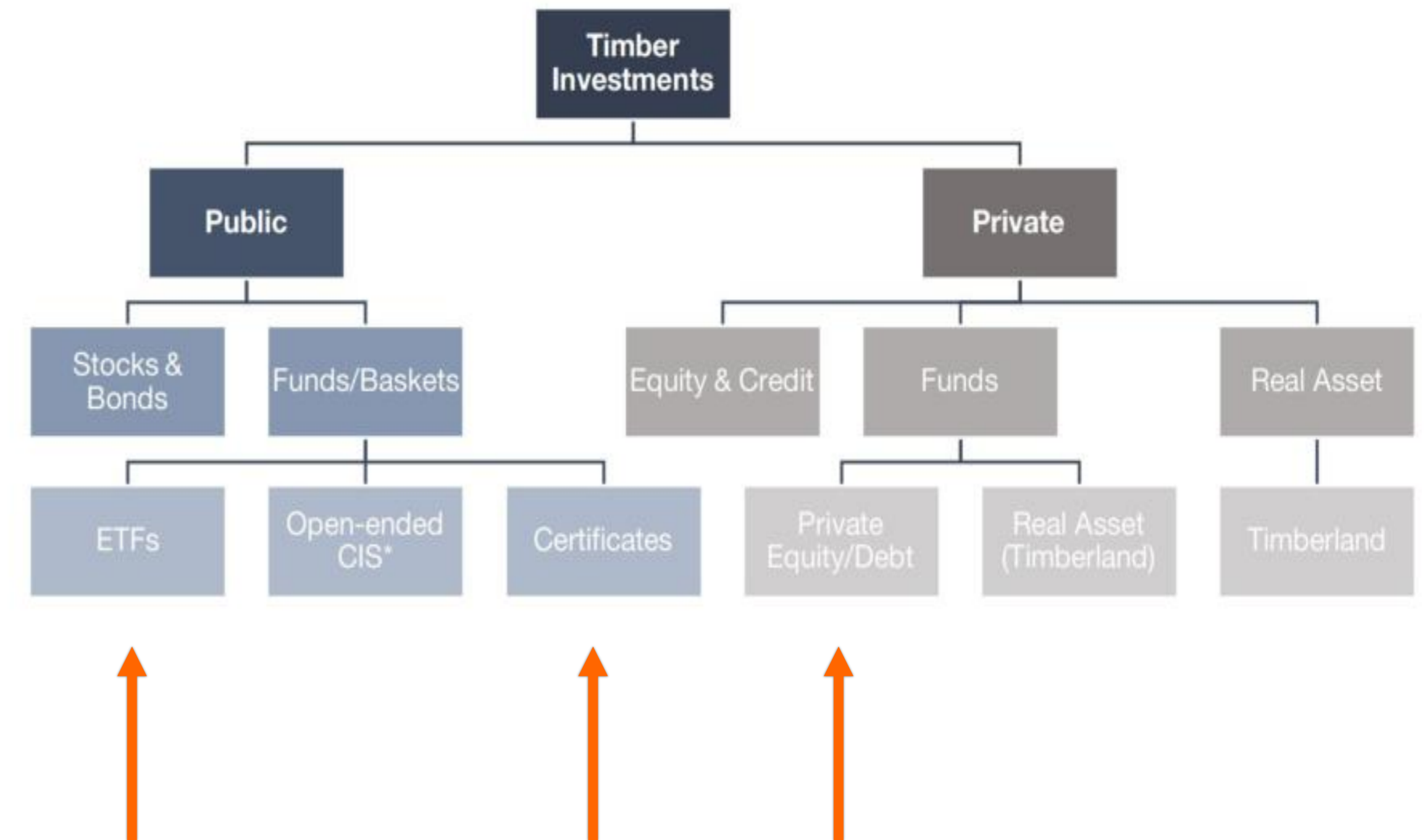
- Unlock capital for the timber industry value chain
- Monetize climate potential of timber

# Different Instruments

- Financial Needs



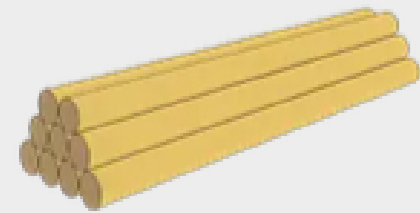
- Financial Source/Instrument/Product/Asset Class



# E.g. Innovation Projects (1)

Generations

## The 3rd generation in timber construction technology

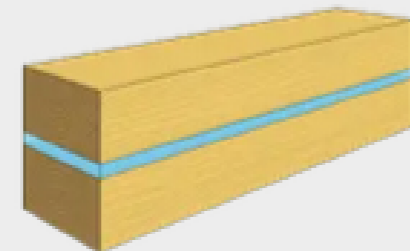


### 1 | Generation

#### Timber Structures 1.0- the origin of timber construction

Felling trees, removing branches, debarking them, sawing them into beams if necessary, and erecting buildings. That was the first generation of timber construction.

Centuries

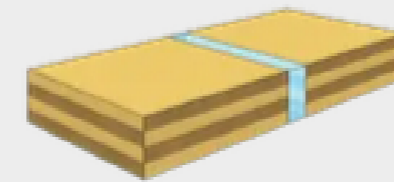


### 2 | Generation

#### Timber Structures 2.0 - the familiar technology

Since the 20th century, trees have been sawn into boards, dried, planed and glued into glulam. This allows beams to be created that are longer than trees are tall. Beams transfer the loads to the supports.

20<sup>th</sup> century



### 3 | Generation

#### Timber Structures 3.0 - Timber becomes better than concrete

The TS3 technology connects timber components on the edge. This makes it possible to produce panels of any size. Beams are no longer necessary thanks to high-tech column heads. Timber construction is thus conquering the spheres of conventional concrete construction.

2010 – 2025  
Stage: Serie A  
[www.ts3.biz](http://www.ts3.biz)



## Timber Basements

The construction industry has a duty and must significantly reduce its CO<sub>2</sub> emissions in order to comply with the Paris climate agreement. This can only be achieved by dispensing with steel and concrete in building construction. The next logical step is to do away with concrete in basements and floor slabs.

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

>2022  
Stage: Seed  
[www.timbase.com](http://www.timbase.com)



## Scrimber

With scrimber technology, timber logs are no longer sawn in a sawmill, but are shredded into long strands with large drums, dried, and then pressed into rectangular pieces. This is a very efficient process for producing load-bearing components for long-term carbon storage.

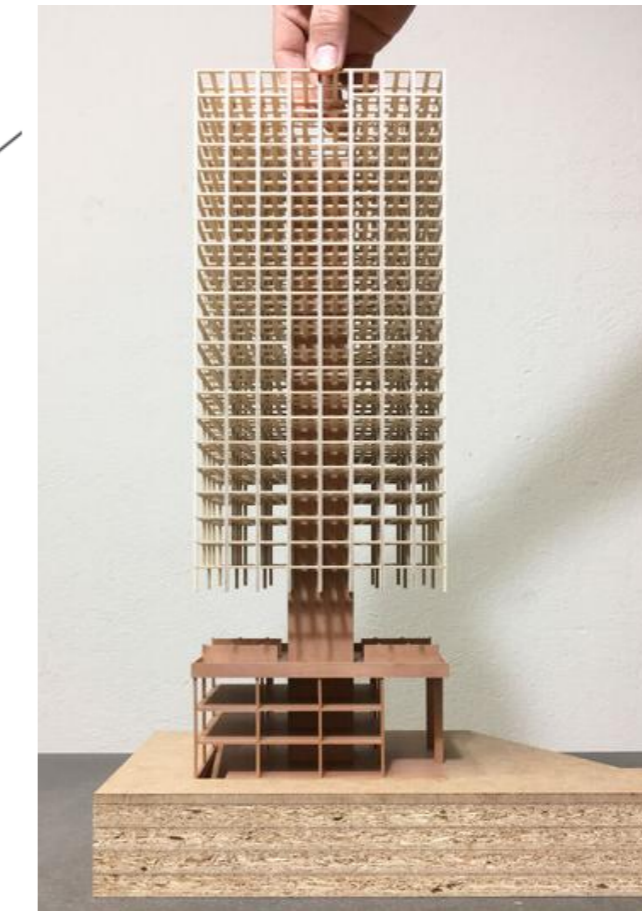
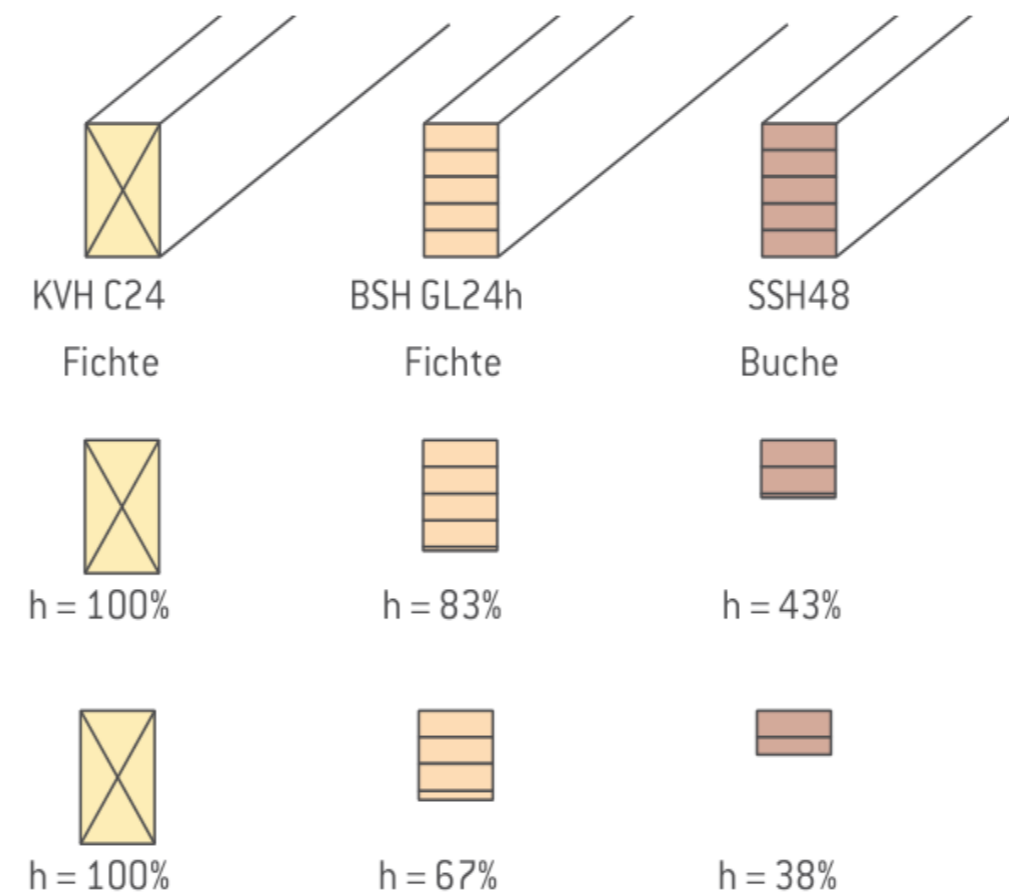
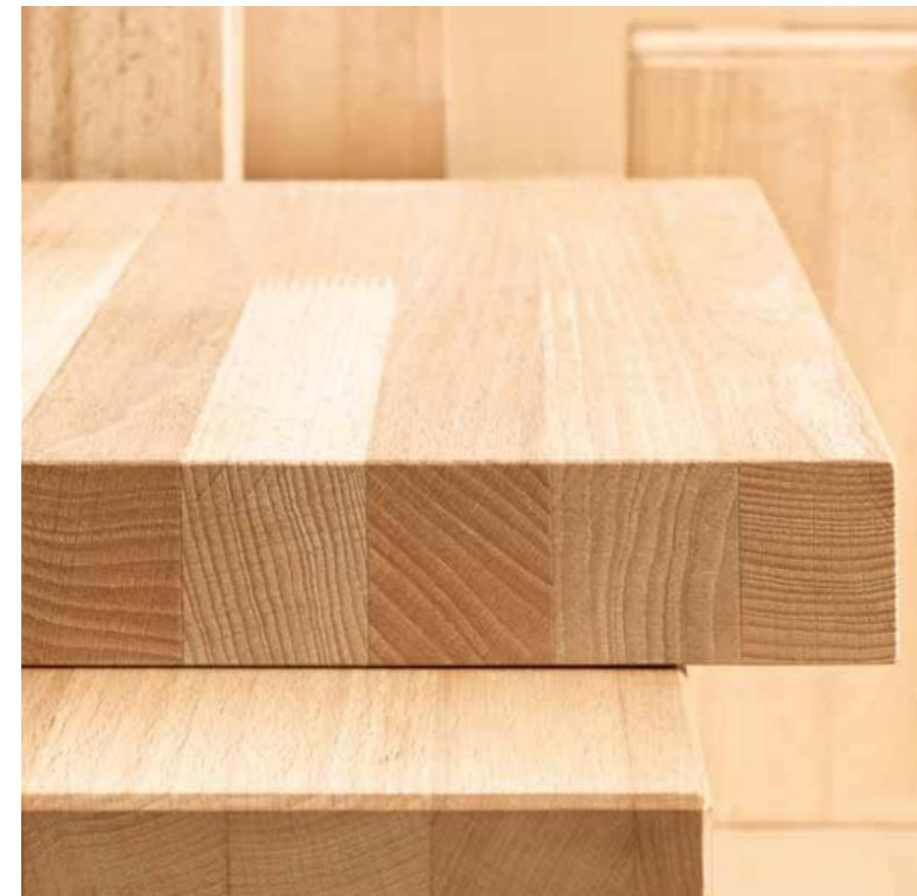
[www.scrimber.com](http://www.scrimber.com)

>2025  
Stage: Grant, Pre-Seed  
[www.scrimber.com](http://www.scrimber.com)

- Long Experience in capital raising

# Innovation Project 2: Fagus Suisse SA

## Glulam/CLT Technology and Manufacturing Plant for Beech/Hardwood



[www.fagussuisse.ch](http://www.fagussuisse.ch)

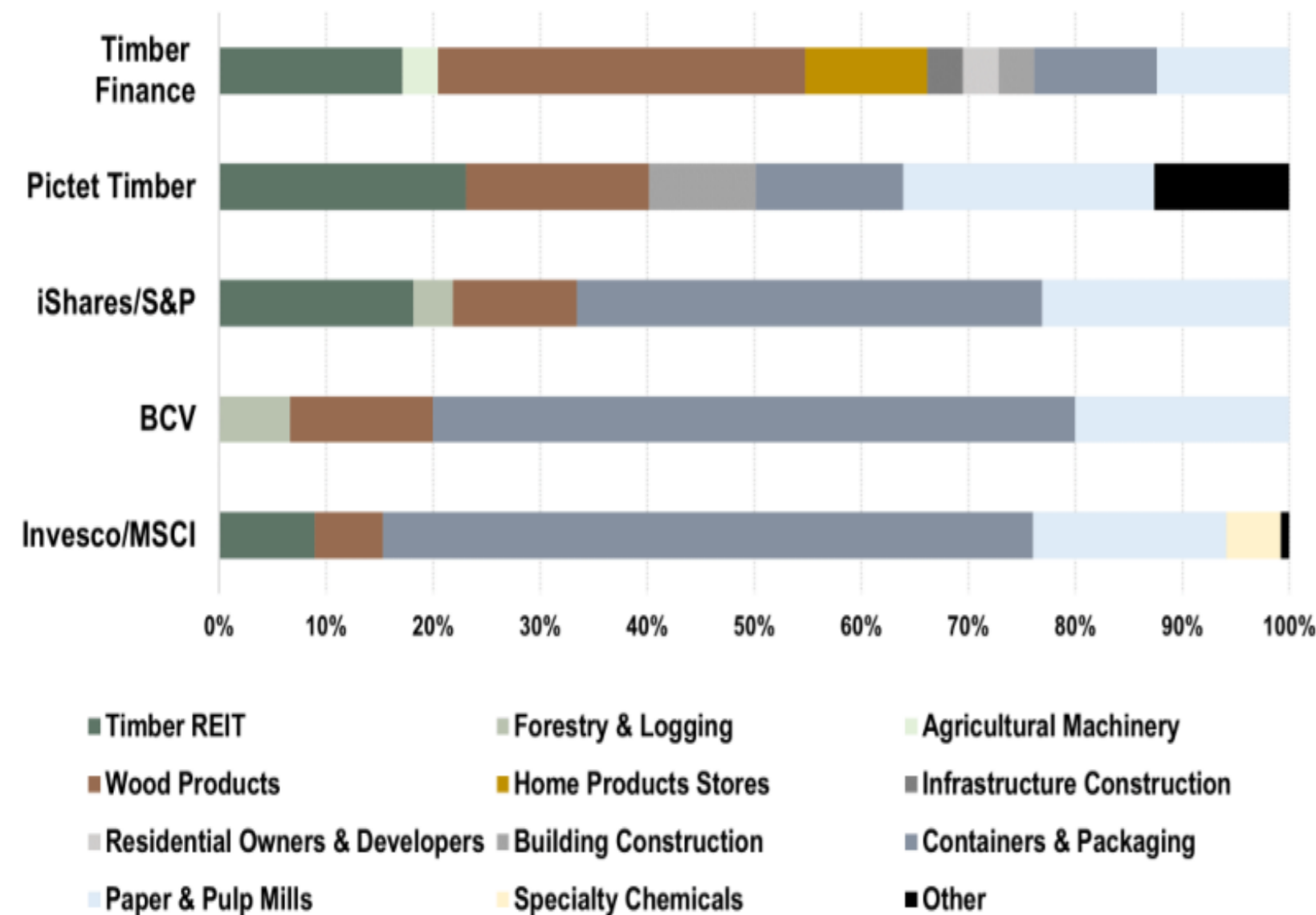
[www.zwhatt.ch](http://www.zwhatt.ch)

### Financing History:

- 2014: R&D Product: 200K, Grants
- 2016: Feasibility manufacturing process: Pre-Seed capital, 250K
- 2018: Build up plant: 5M Seed Capital (Private Placement); 6M loans (secured, unsecured)
- 2021: Working capital, start-up losses: 2M Seed Capital (Private Placement)
- 2025: ?
  - **Distinction between product development and manufacturing financing**
  - **Getting the industry involved**
  - **Funding takes time (1 year)**

# Timber Finance Equity Investors

Exposure of diversified liquid financial products



- Little knowledge and expertise, No benchmarks for (Mass) Timber in investment communities (markets, products)
- Suboptimal reputation (old economy, low performance)
- If wood, then timberland investment (real asset class), not industry
- No intermediaries (advisors, investment managers, research)
- Often illiquid assets (forest, not tradable, no Securitization, family owned SME's)
- Higher regulatory hurdles for direct investments
- Only a few financial Products. Currently 5 Timber industry based investment products ETF, AMC's (see chart)
- **Low awareness of Mass Timber potential**

# Bridging the Gap



## INVESTING IN THE MODERN FOREST AND TIMBER CONSTRUCTION INDUSTRY

A White Paper on sustainability, value creation, investment profiles and financial products for a systematic and climate-relevant investment in timber.

- Educate Private and Institutional Investors
- Develop diversified “investment grade” Timber investment products
- Convert illiquid Assets (e.g. PE/PD) into tradable liquid assets
- Establish “Blended Finance Products” for not risk-adjusted Investment Sectors to leverage public funds and unlock private Capital (e.g. Impact Funds)
- Join upcoming Currency and Asset “CO<sub>2</sub>”
- Monetize the strongest timber advantage: CO<sub>2</sub>-Storage Potential

Two Product Lines for Two Markets:



**Finance Markets**



**Carbon Markets**

# Instruments



## Financial Markets

### Completed:

- Timber Finance Carbon Capture & Storage Index
- ZKB Tracker Certificate on Timber Finance Forest-based Construction Basket (listed at SIX Exchange)
- Investment-Research and Advisory
- Private Placements

### Work in Progress:

- Timber Mortgage
- Blended Finance Timber Industry Fund
- Timber Carbon Removal Fund



## Carbon Markets

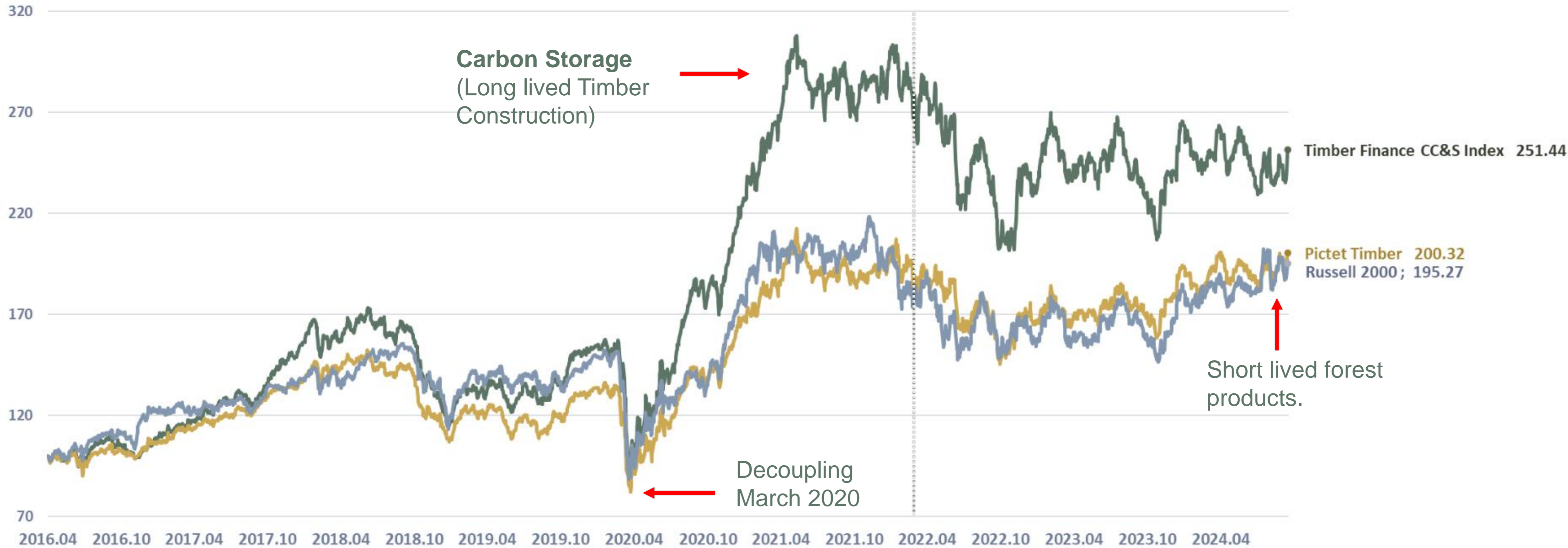
- First ICROA-compatible Carbon Removals for Timber Construction

- SaaS model for real estate developers



# E.g. Index/ETF

Timber Finance Carbon Capture & Storage Index



- 25 listed companies in the long living mass timber value chain, EU/US/CAN
- The index was launched on 22/2/2022, data prior to this date is backcasted. [Index Calculator: Solactive](#)

# Sustainability Parameters



## Climate Impact

- Forest Area: 588,240 Km<sup>2</sup>\*
- Forest Growth: 200 mln M<sup>3</sup> p.a
- CO<sub>2</sub> Sequestered: 170 Mt CO<sub>2</sub>-eq p.a
- Annual harvest: 60-94% of growth



## EU Taxonomy / SFDR

- 100% of the companies are also included in **Article 8 & 9 Funds**
- 23.5% of revenues are EU Taxonomy eligible\*\*



## Emission Intensity

- Scope 1-2 GHG per mln Sales: 133 t CO<sub>2</sub>/\$
- Scope 1-3 GHG per mln Sales: 604 t CO<sub>2</sub>/\$
- >48% Reporting Scope 1-2
- >33% Reporting Scope 1-3



## SBTi Commitments

- 43% Set near term targets
- 19% Set Net-Zero Targets\*\*\*



\* Forest are owned, managed and leased

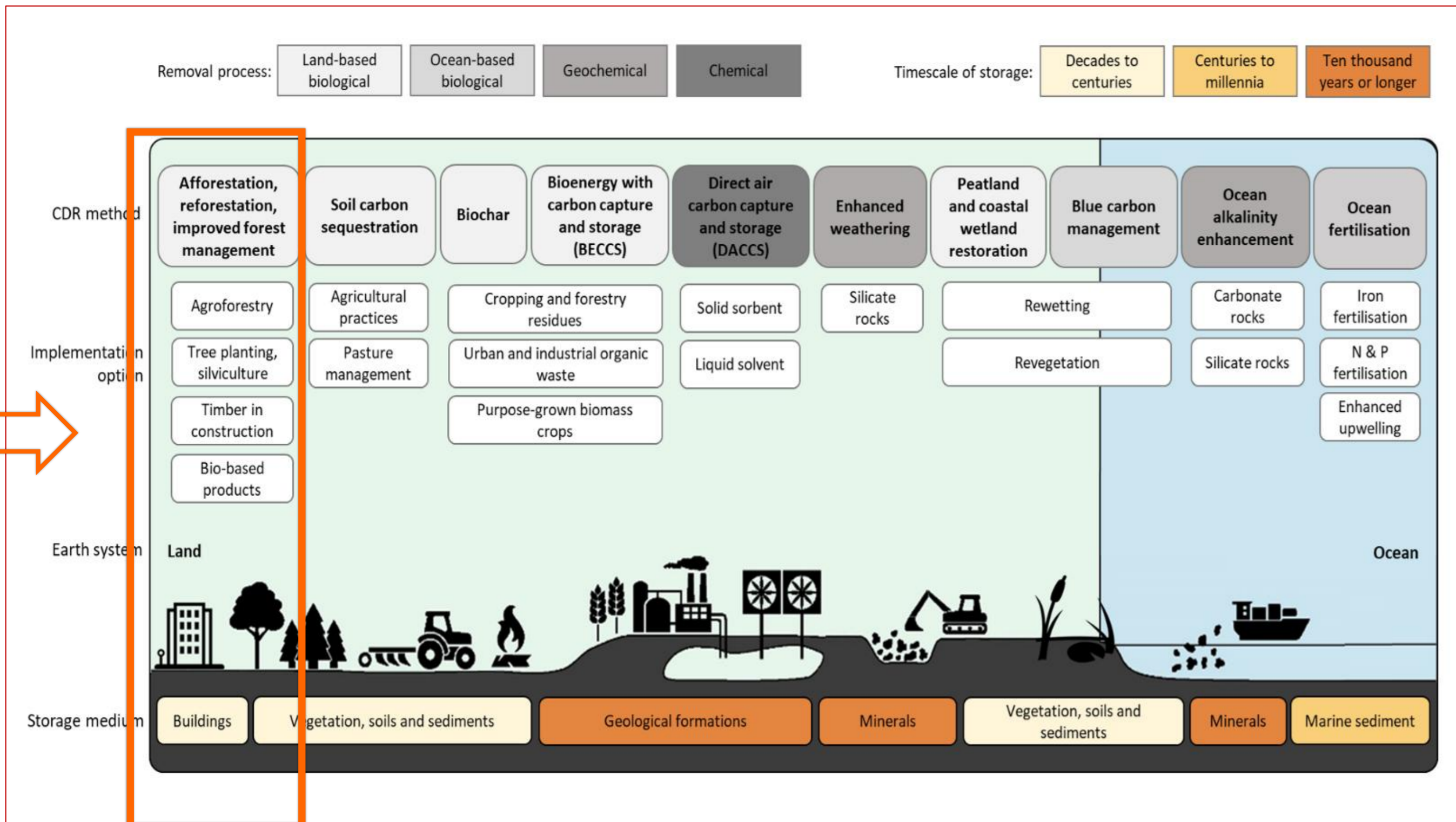
\*\* Only companies reporting Taxonomy metrics are included

\*\*\* 1-2% for Russell 2000

# Carbon Removal Markets



Now the IPCC has recognized that carbon removals are critical to addressing climate change, it's time to act



Energy, Climate change, Environment  
**Climate Action**  
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## Certification of permanent carbon removals, carbon farming and carbon storage in products

The EU carbon removal certification framework aims to scale up carbon removal activities and fight greenwashing by empowering businesses to show their action in this field.

PAGE CONTENTS

- About carbon removals and carbon farming
- Certification scope
- What are high quality carbon removals?
- Expert Group on carbon removals
- Documentation
- Related links

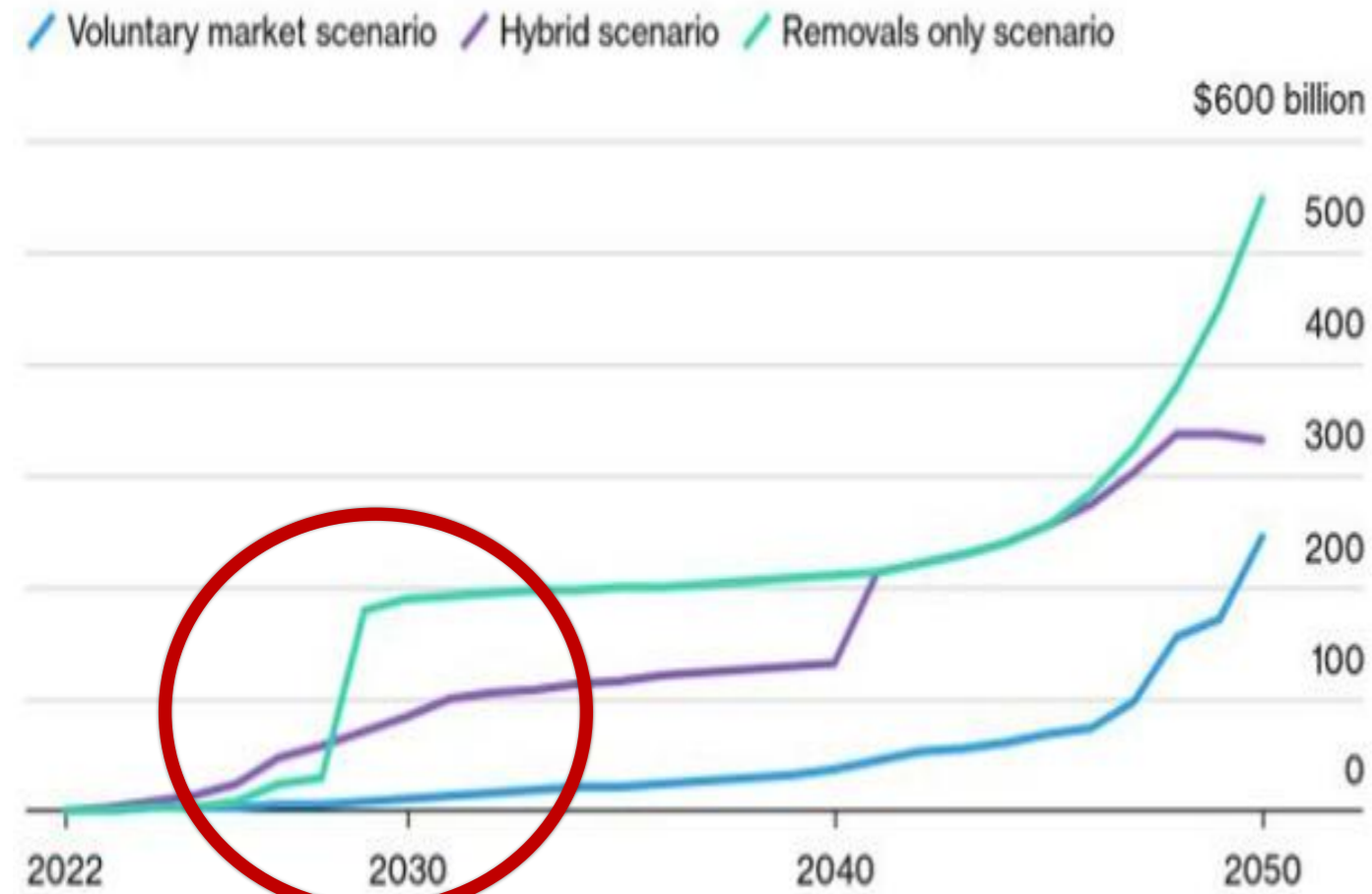


- **First removal solution for the core business of real estate and construction sector**

- **The Mass Timber supply chain is the only established industry who's products store carbon at a reasonable price (Negative Emissions)**

# Carbon Market Growth

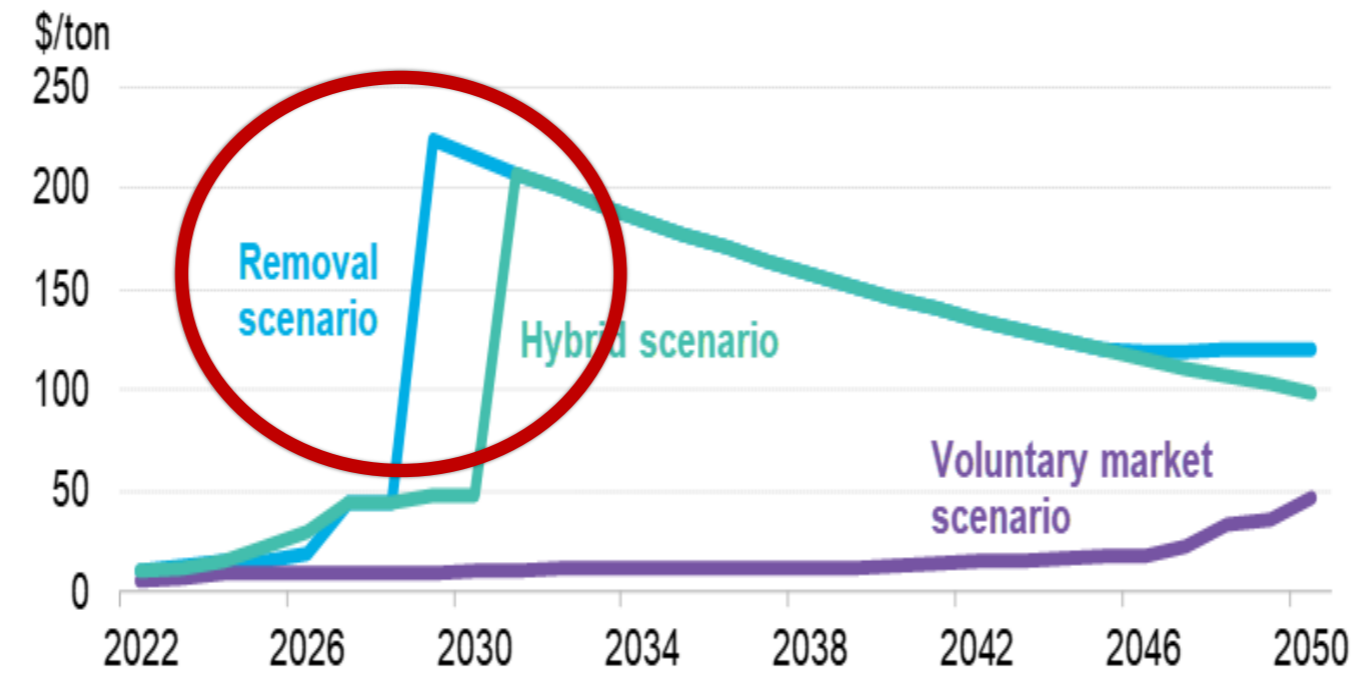
The value of the carbon offset market could top \$500 billion in 2050



Source: BloombergNEF  
Note: Scenarios are based on intersection of price, supply and demand, and are not necessarily representative of how the market will evolve. The voluntary market scenario assumes the current voluntary market design remains out to 2050. The removals only scenario assumes only removal offsets are allowed. The hybrid scenario looks at a gradual evolution of the market.

BloombergNEF

Figure 1: Carbon offset prices, by scenario



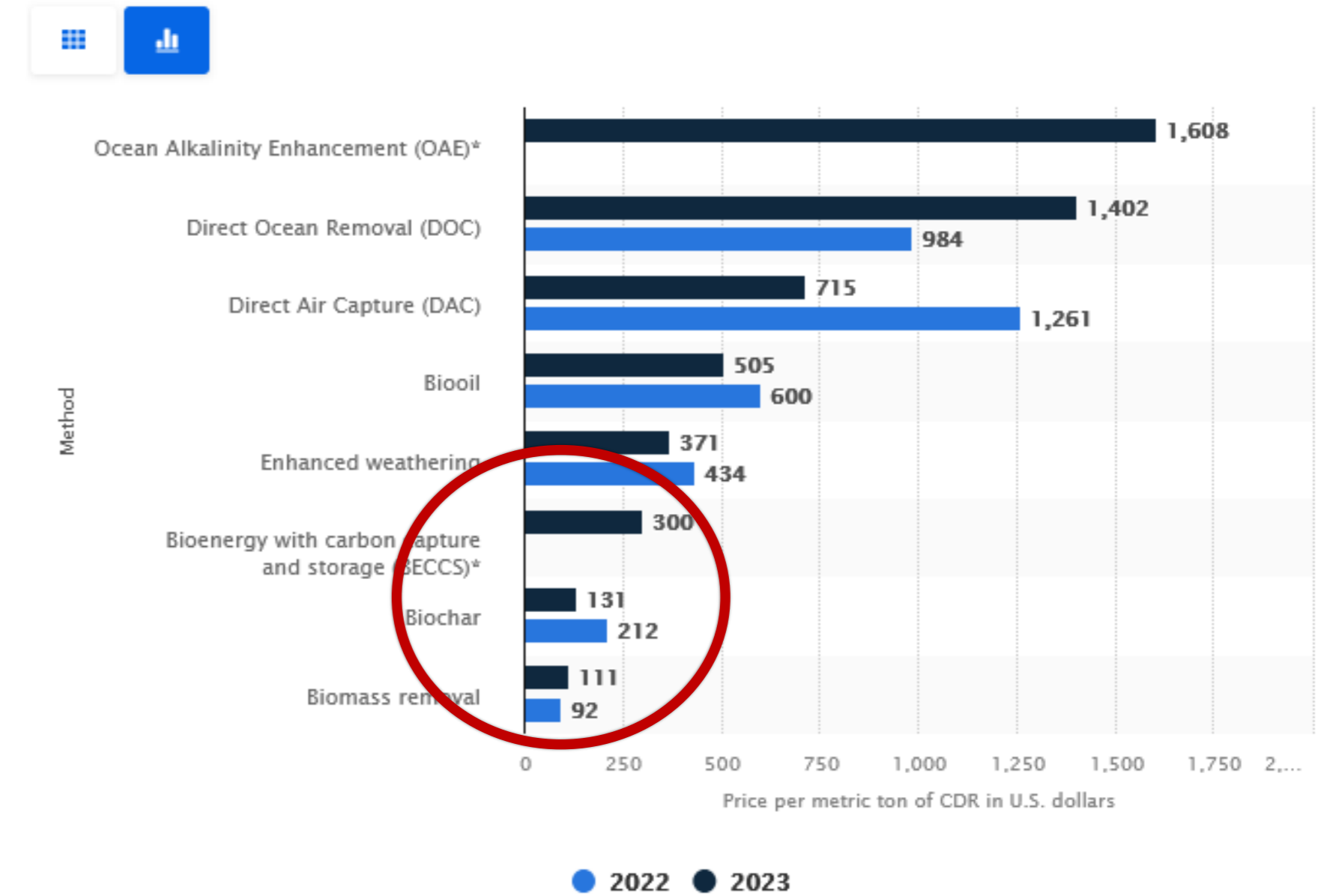
Source: BloombergNEF. Note: Chart shows forecasted prices, rather than actual prices.



Energy & Environment > Environmental Technology & Greentech

## Average selling price of carbon dioxide removals (CDR) worldwide in 2022 and 2023, by method

(in U.S. dollars per metric ton of CO<sub>2</sub> removal)

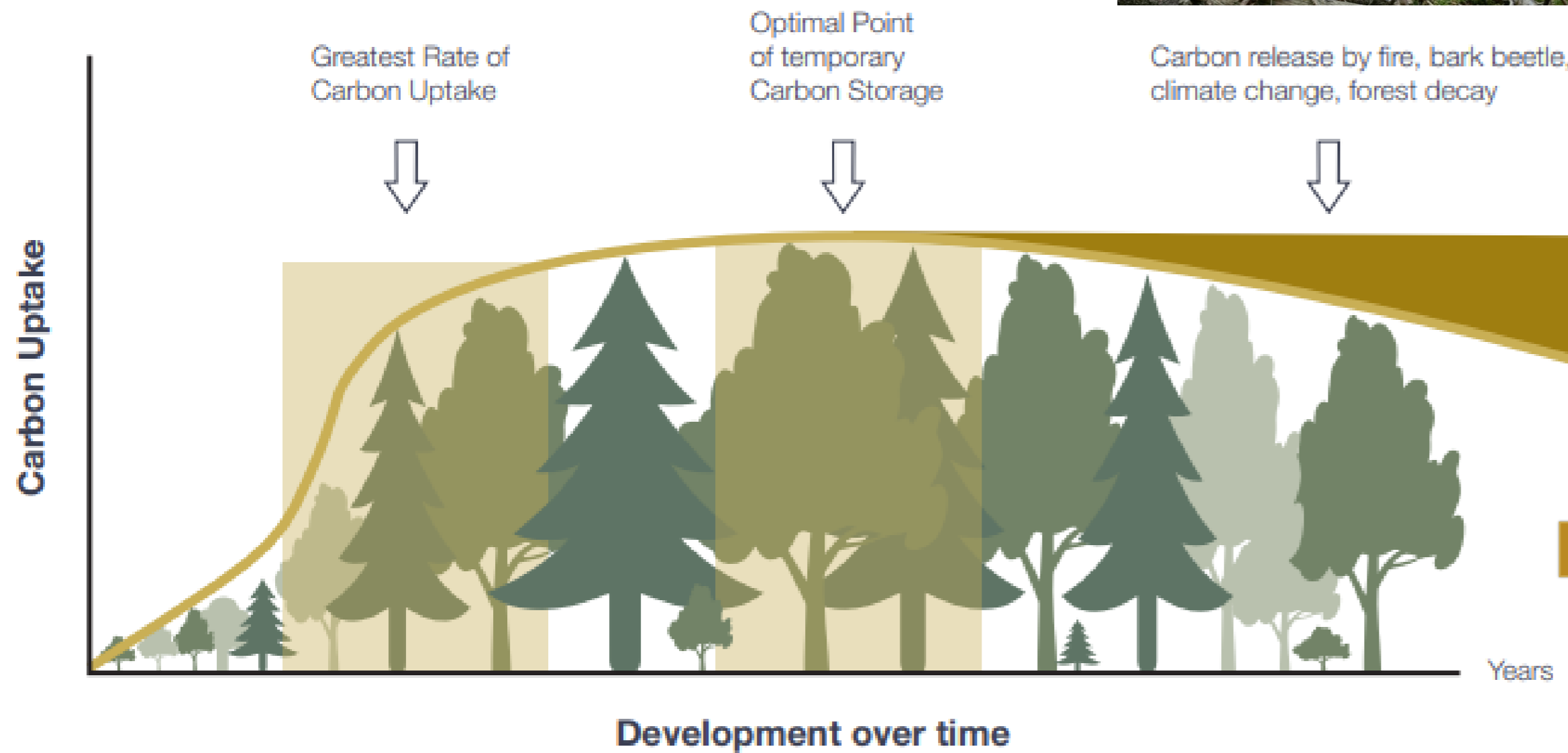


- Jump in volume by 2030, doubling by 2050
- With \$150 most competitive CDR prices for first ICROA certified removals
- EU plans CO<sub>2</sub> removal certification framework for the building sector from 2028

# New Allocation of CO2 Storage

## CO2-Sequestration in the forest

## CO2-Storage in timber construction



Change of perspective from forest to timber construction for permanence requirements of Removals

# Mass Timber Carbon Removal Framework

## Consultative Working Group



### Consultative Working Group



METHODOLOGIES > METHODOLOGY FOR MASS TIM...

## Methodology for Mass Timber Constructions

### ON THIS PAGE

OVERVIEW



STATUS	Draft Methodology Development
SECTORAL SCOPE	6. Construction
DEVELOPMENT ID#	M0166
STAGE	Under Development

The proposed methodology serves as a framework for quantifying the environmental benefits of using mass timber in the construction of buildings. By substituting the use and production of conventional structural building elements with mass timber products, GHG emission reductions are achieved as the project activities increase long-term carbon storage in the building pool. The proposed methodology is globally applicable.

### SUMMARY OF DEVELOPMENT

The concept note was developed and submitted by Timber Finance Management AG, Green Canopy NODE, South Pole Carbon Asset Management Ltd., and Gordian Knot Strategies (open on external sites). The concept note is currently at "Stage 3: Draft Methodology Development" of the VCS Methodology Development and Review Process, 4.3 (PDF)

# Additional Resources

- **Index:**
  - [Timber Finance Carbon Capture & Storage Index](#)
  - [Index Guidelines Solactive](#)
- **Tracker:**
  - [ZKB Tracker on the Timber Finance Forest-based Construction Basket](#)
  - [SIX Symbol TIMBRZ, Valor CH1235763658](#)
- **Research:**
  - [Timber Equity Investment Research](#)
  - [White Paper Modern Timber Investments](#)
- **Carbon:**
  - [Mass Timber Carbon Removals Information](#)
- **Awards:**
  - [World Economic Forum](#)
  - [Frontrunner, \*\*Built by Nature\*\*](#)

**>> Join the Timber Finance Association [here](#):**





Thank You!

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