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Weyerhaeuser plans to sell carbon offsets connected to its timberland in Maine.

# America's Most Prolific Logger Recasts Itself as Environmental Do-Gooder

Weyerhaeuser uses new climate math to court green investors, while cutting down as many trees as ever

*By*

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KIBBY TOWNSHIP, Maine— [Weyerhaeuser](#) Co. has cut down more trees than any other American company since its founder started logging before the Civil War. Environmentalists have long treated it as an enemy.

Now, the new math of carbon emissions is enabling the lumber producer to cast itself as something quite different: a force for environmental good.

Its 10.6 million acres of U.S. timberland act as a giant sponge for carbon dioxide, which Weyerhaeuser says more than compensates for the greenhouse gases it emits by felling trees, sawing them into lumber and distributing wood products.

Although Weyerhaeuser is cutting down as many trees as ever and plans to increase lumber production 5% in the next few years, it says its net carbon footprint is negative—so much so that it is offering carbon dioxide storage capacity to other companies. Weyerhaeuser expects a new unit dedicated to helping other firms offset their emissions to generate \$100 million a year in profit by the end of 2025.

“I don’t think there are many companies in the world with a better environmental story than Weyerhaeuser,” said Devin Stockfish, chief executive officer of the Seattle-based company. “The moment is really ripe for us.”



Weyerhaeuser grows more than 40 species in its Northern timberlands.

No one debates that trees absorb carbon-dioxide as they grow. There is less agreement about [whether using trees to offset corporate emissions](#) actually benefits the environment.

Corporate executives and scientists [who have criticized the carbon-offset market](#) say the offsets sold by timberland owners allow other companies to pay a relatively small price to avoid reducing their own emissions. They also say forest-preservation pacts that produce offsets often don't substantially change logging practices, which means they essentially pay timberland owners for behaving as they would anyway.

Lately, potential buyers have begun demanding that offsets represent actual reductions in planned tree-cutting, and sellers want higher prices to justify lost logging income. Deal-making has slowed.

“The vast majority who are signing up are doing business as usual,” said William Sonnenfeld, a forestry consultant who worked for three decades for timberland owners and investors. “Most people game the system.”

Russell Hagen,

who oversees the climate unit as Weyerhaeuser’s chief development officer, said the company is “very focused on making sure that any project we bring to the market is the highest quality, meets the highest standards.”

Weyerhaeuser is America’s largest private landowner. Its timberlands range from expanses of Douglas fir in the Pacific Northwest to [pine plantations across the South](#) to the North Maine Woods. Altogether, its trees cover an area roughly twice the size of New Jersey.

Weyerhaeuser says those trees remove about 14 million metric tons of carbon dioxide from the atmosphere each year. It says another 10 million metric tons are held in timberlands owned by others that supply its mills, and in the logs it sells to others.

Weyerhaeuser produces about 950,000 miles of lumber a year and more than enough wood panels to cover Manhattan four sheets thick. Even though lumber doesn’t continue absorbing carbon dioxide, the company takes credit for another 11 million tons of carbon held in those wood products. It reasons that carbon continues to be stored in the lumber after it goes into houses and other structures, which wouldn’t be the case if a tree fell and decayed on the forest floor.





Weyerhaeuser officials Ben Dow, left, and Alicia Robbins examine plots in Maine slated for a carbon-offset project.



Logging will continue on the property, but the volume and frequency will change to allow carbon-offset sales.

Taking credit for carbon in harvested wood, manufactured products and on timberlands owned by others is inconsistent with guidelines other companies use for their emissions accounting. Ara Erickson, Weyerhaeuser's vice president of corporate sustainability, said the company is pushing its case with the organizations that set carbon standards.

A recent corporate reorganization at Weyerhaeuser created a "natural climate solutions" unit to help other companies scrub carbon from their books.

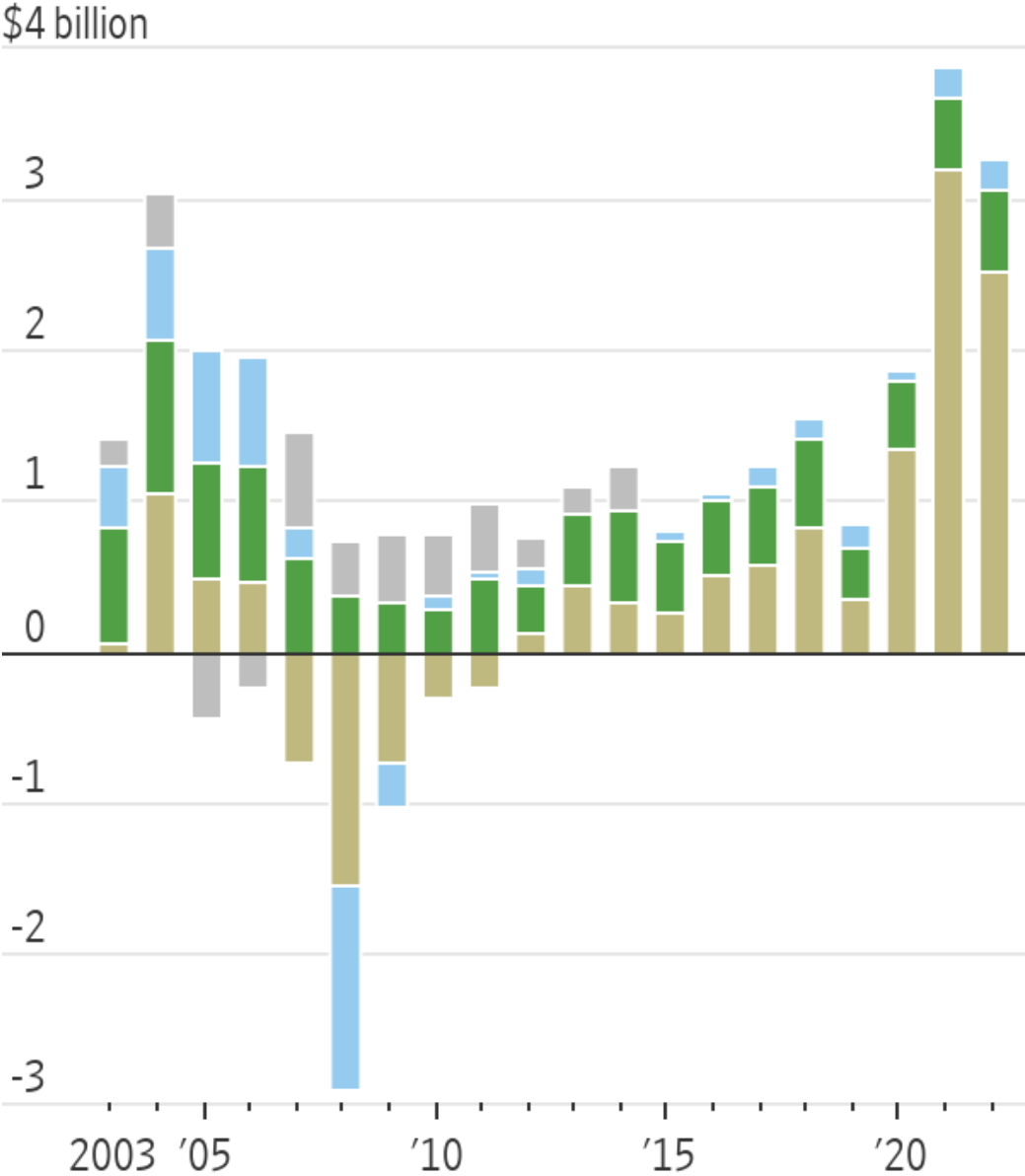
Weyerhaeuser already leases space on its timberlands for solar panels and wind turbines, and it sells land parcels to conservation groups. Developers can pay to restore or preserve wetlands on company land so they can build on sensitive habitats elsewhere.

New ventures include carbon offsets and geologic sequestration, which will involve piping factory exhaust into porous rock thousands of feet beneath its Gulf Coast pineries. Last year's climate, tax and healthcare law boosted tax credits for

companies that capture their own emissions, which Weyerhaeuser expects will increase demand for the sequestration facilities it is building.

# Weyerhaeuser annual operating income

- Wood products
- Timberlands
- Real estate, energy & natural resources
- Discontinued businesses



Source: FactSet



Weyerhaeuser executives hope its climate unit will persuade investors that its land—and its shares—should be valued higher, and that it is an attractive stock for investors motivated by environmental concerns. Its shares are down 12% since it launched the initiative in September 2021, despite robust profits [during the pandemic lumber boom](#), compared with a 5% decline in the S&P 500 index.

Albert Chu, a portfolio manager at Newton Investment Management who specializes in natural resources, said the firm's stock pickers are rethinking how they value timberlands and trees. Carbon values will become a bigger part of the equation, he said, but for now decisions to invest in forestry stocks remain based on wood demand.

In November, Oak Hill Advisors LP, a unit of [T. Rowe Price Group](#) Inc., made one of the largest U.S. timberland purchases in years, paying \$1.8 billion for hardwood forests in 17 states, with [plans to reduce logging and accumulate carbon](#). In December, Manulife Investment Management, one of the nation's largest timberland owners, said it would [pool \\$500 million](#) to buy properties where carbon will be the priority.

“For large timberland purchases, carbon is an integral part of valuation, just as timber is,” said Anton Pil, head of global alternatives for J.P. Morgan Asset Management. The wealth manager's timberland investment arm, Campbell Global, recently [bought more than \\$500 million worth of commercial woodlands](#) in Mississippi, Oklahoma and Arkansas and said it would balance logging with sequestration.



Trees in Weyerhaeuser's Northern timberlands are harvested after 54 years, on average, 25 years longer than in fast-growing Southern pineries.

Weyerhaeuser logs about 2% of its land each year and plants more than 130 million saplings a year to replace much of what it cuts. Company scientists have selectively bred trees over the decades to grow bigger, faster and better for lumber-making than the ones they replace. The company says those new breeds will sock away carbon dioxide faster than the ones cut down, allowing it to boost sequestration and wood production at the same time.

"There is a pretty significant difference in the genetics of the trees that we grow versus what would have grown naturally," Mr. Stockfish said.

According to the company's latest tally for investors, Weyerhaeuser's trees and wood products removed 35 million metric tons of carbon from the atmosphere in 2021. It said that was more than four times the 7.4 million metric tons emitted running its mills and logging equipment, fertilizing, distributing wood products and down the supply chain to home builders.

Critics of forest-carbon markets who work in and study the woods contend that many offset deals fail to significantly change land management by paying timberland owners to preserve forests they never would have clear-cut, including those too rugged or remote to log economically.

Jerry Franklin, professor emeritus at University of Washington's School of Environmental and Forest Sciences and a longtime Forest Service researcher, reviewed Weyerhaeuser's carbon disclosures and said the company doesn't grow trees long enough to maximize carbon sequestration and that its single-species tree farms in the Northwest and South don't offer the same environmental benefits as natural forest ecosystems. "What they would like to do is to be paid additionally for what they're doing already," he said.

Frederick Weyerhaeuser was already a lumber baron when he and partners founded the eponymous company in 1900 in Tacoma, Wash. The company became a pioneer of reforestation, planting the first U.S. tree farm on 120,000 acres in Washington and declaring in advertisements that "Timber is a Crop!"

Weyerhaeuser and rivals were vilified in the 1990s by environmental groups, which used the Endangered Species Act to limit logging of the Northwest's old-growth forests by suing on behalf of the northern spotted owl. Ensuing logging restrictions on federal lands, however, ended up boosting the value of the company's unencumbered timber.

In 2010, Weyerhaeuser merged with Plum Creek Timber Co., a railroad spinoff that clear-cut old land grants. Weyerhaeuser began scouting opportunities beyond logging on Plum Creek's 6.3 million acres, identifying waterfront lots that might fetch top dollar for vacation homes and tracts worth developing near highways.

In New England, timber markets have declined with the paper business. Weyerhaeuser owns about 950,000 acres in Maine, New Hampshire and Vermont. Executives identified 50,000 acres in Maine near the Canadian border for Weyerhaeuser's first carbon-offset project.

The company lets its Northern woods regrow naturally rather than replanting them, clearing away less valuable trees to make way for more commercial species such as spruce, sugar maple and yellow birch.

Ben Dow, who manages Weyerhaeuser's Northern timberlands, said it takes decades longer in Maine for trees to reach a size suitable for sawmills, the main buyers of the timber these days. The plan is to keep logging, but harvest fewer acres and less frequently, allowing carbon to amass while the trees grow big enough for lumber, he said.

Last year, company foresters measured trees on about 300 plots to help estimate how much carbon the property holds and how many offsets it can sell as the trees grow. Weyerhaeuser executives expect to start creating offsets in Maine this year and are looking for buyers.

"The offset opportunity is to continue to operate as a timber company, with some adjustment," said Alicia Robbins, vice president of portfolio analytics and business development at Weyerhaeuser.





Trailers await logs in Weyerhaeuser's Maine timberland.

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