

An aerial photograph of a river winding through a dense, lush green forest. The river is the central focus, with its banks covered in thick vegetation. The trees are a mix of deciduous and coniferous species, creating a rich tapestry of green. The lighting is bright, suggesting a sunny day, with some reflections on the water's surface.

THE  
CONSERVATION FUND

2022  
**GREEN BOND  
IMPACT REPORT**



## Executive Summary

In 2019, The Conservation Fund issued \$150 million of Taxable Green Bonds (Working Forest Conservation Program) — an innovative, first-of-its-kind financing instrument dedicated to land conservation in the U.S. This distinctive security has demonstrated the capacity to scale up the Fund’s Working Forest Fund®, a unique program that acquires and permanently protects at-risk forestland in the United States to help mitigate climate change, support rural communities, sustain livable cities and enhance climate resilient and adaptive landscapes.

This report describes how our Green Bonds have helped us achieve our critical working forest protection goals through December 31, 2022. The impact metrics and project stories featured here highlight our ability to invest the bond proceeds into projects that will create lasting conservation and climate outcomes while supporting local communities that depend on one of our country’s most important natural resources — forests.

# GREEN BONDS



© Jay Brittain

## Reducing Forest Loss in America

The Conservation Fund is the nation's leader in acquiring and permanently protecting threatened timberland. Forest conservation is an important part of our mission to protect critical lands and waters while providing greater access to nature, strengthening local economies and enhancing climate resiliency.

America's forests generate important life-sustaining benefits for people, wildlife, climate and communities. Yet these critical landscapes are at risk of becoming fragmented and lost by increasing demand for residential and commercial development and agricultural conversion.

Our Working Forest Fund is an innovative, effective and proven vehicle that ensures large forested landscapes can continue to be sources of sustainably harvested timber for lumber, paper and packaging, while supporting rural communities, jobs, recreational opportunities, drinking water, carbon capture benefits and important wildlife habitat. In this way, we are creating lasting outcomes that balance economic prosperity, environmental protection and climate resiliency.

The Working Forest Fund has allowed us to secure conservation opportunities for nearly 1 million acres of U.S. forests; by the end of 2022, we had permanently protected more than 600,000 of those acres.



From 2007 to 2017, an estimated 7.5 million acres of forestland in the U.S. were lost — equivalent to losing a forest as large as Yellowstone National Park every three years.<sup>1</sup>

## Increasing Impact via Leveraged Investment

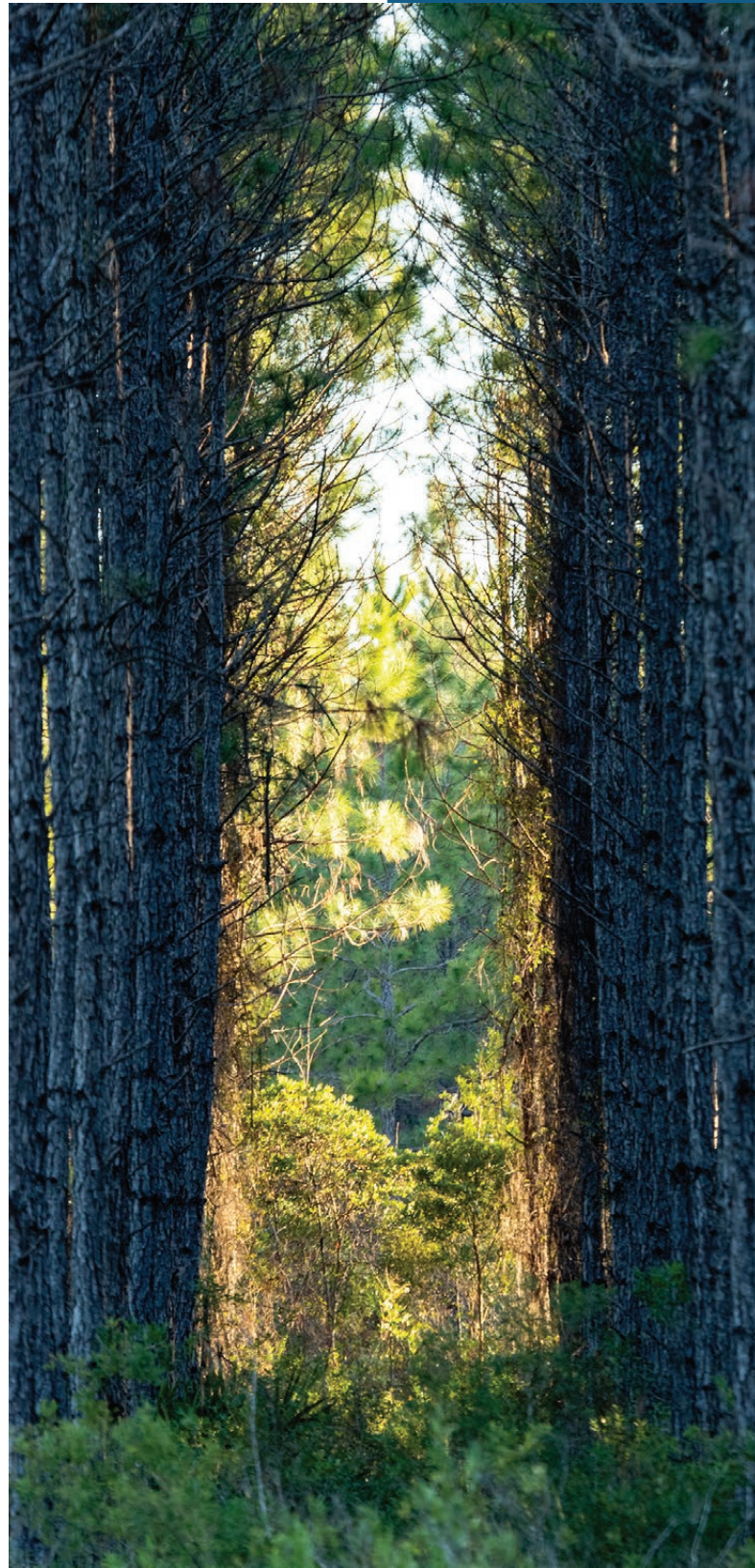
The Fund achieves a leveraged impact from the Green Bonds in two ways. First, we expect to utilize the proceeds more than once during the 10-year term of the bonds, allowing us to acquire additional at-risk forests. Since the initial use of the bonds, the Fund has reinvested — or will soon reinvest — \$34 million into additional projects, bringing the total area of forests impacted through the Green Bond proceeds to over 420,000 acres.

Second, the Fund leverages bond proceeds by identifying mission-aligned climate investors and philanthropic partners to provide further acquisition capital. Combined with this additional private and public financing, the Green Bond proceeds have secured forestlands valued at three times the original bond offering, impacting forests valued at over \$453 million in 11 states: Alabama, Florida, Georgia, Maine, Minnesota, New York, Oregon, Pennsylvania, Virginia, Washington and Wisconsin.

## Prioritizing Climate and Community Benefits

With capital raised through the Green Bonds, the Fund has been able to purchase 14 forests with high conservation values for wildlife connectivity, climate resiliency and water quality protection. All of these forested landscapes provide critical carbon capture that could be lost if they were open to agricultural conversion or development.

To date, Working Forest Fund projects utilizing Green Bonds have generated \$342 million in annual economic impact. In addition, the forests secured using bond proceeds store an estimated 108 million metric tons of carbon dioxide equivalent, comparable to the annual carbon emissions from 23 million passenger vehicles. We implement permanent conservation solutions that ensure these forests remain forested, benefiting nearby communities and local economies by maintaining timber harvesting that can support roughly 2,800 jobs and by providing new and continued recreational access. In addition, Green Bond proceeds help maintain biological diversity in each of these vibrant ecosystems by connecting conserved lands and maintaining wildlife migration corridors that support ecological health and aid wildlife adaptation to changing environmental conditions.



Photos (Clockwise, L-R): © Stacy Funderburke | © Jay Brittain | © NPS / Jacob W. Frank

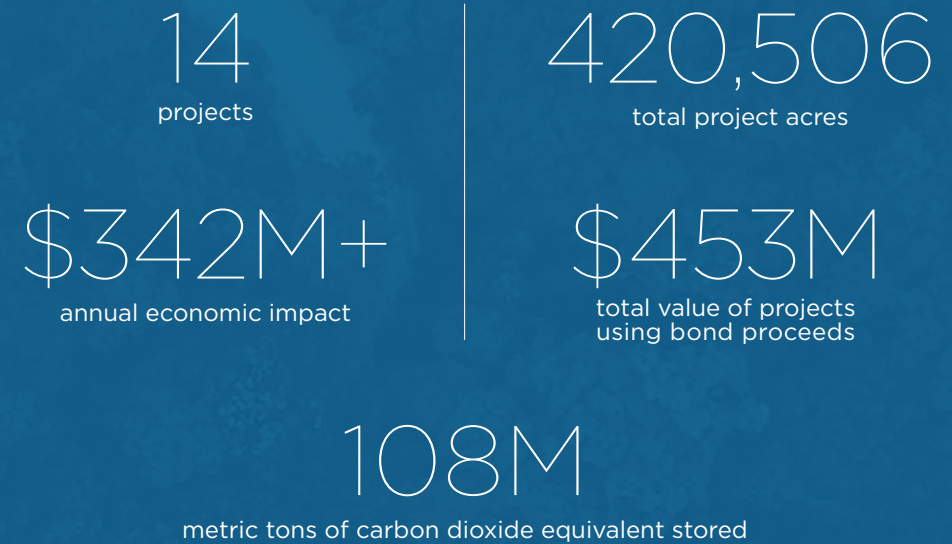
# KEY MILESTONES

through December 31, 2022

- ✓ \$3 million of forests acquired per \$1 million of bond proceeds.
- ✓ More than 720,000 metric tons of carbon dioxide equivalent stored per \$1 million of bond proceeds.
- ✓ 2,800 acres acquired per \$1 million of bond proceeds.
- ✓ \$150 million in Green Bond funds invested by November 3, 2021, impacting 315,532 acres.
- ✓ Reutilization of Green Bonds funds has allowed us to impact 104,974 acres in three states.
- ✓ More than \$34 million of the original proceeds have been returned from their initial projects and are either reinvested or awaiting reinvestment.

# PORTFOLIO OVERVIEW

through December 31, 2022



## The Working Forest Fund

The Working Forest Fund is a financially sustainable model pioneered by The Conservation Fund in 2009 to ensure at-risk forests are never broken apart or degraded, forever protecting their multi-faceted benefits. Where others focus on reversing forest loss through afforestation, reforestation and the natural regeneration of forest ecosystems, we specialize in preventing forest loss before it happens. Our primary goal is advancing our mission by permanently protecting forested landscapes and ensuring sustainable management in perpetuity, thus distinguishing us from Timber Investment Management Organizations (TIMOs) and Real Estate Investment Trusts (REITs).

We achieve this vision by finding and buying the most important, at-risk private forests in America. We then work with local partners to implement conservation solutions that prevent the conversion and development of the forestland while identifying opportunities to optimize natural resource management, habitat restoration potential and climate and community benefits. These solutions could involve the sale of the working forest's fee interest to public conservation agencies or the sale of conservation easements that provide public access and recreation and allow continued timber harvesting that follows sustainable forestry best practices. Once a conservation easement is secured, our Working Forest Fund sells the permanently protected forest to a private buyer, recovering the invested capital for redeployment in another forest acquisition and advancing our mission.



# A VITAL SOLUTION FOR A BRIGHTER FUTURE



© Joshua Earle

## Mitigating Climate Change

Our forests are one of the most effective carbon removal systems operating at scale today and represent a critical component of global climate solutions. In the United States alone, forests remove 10% to 15% of our annual greenhouse gas emissions.<sup>ii</sup> Experts advise that halting forest loss and prioritizing restoration could potentially contribute more than a third of the total climate change mitigation required by 2030.<sup>iii</sup>

While planting trees and innovative carbon capture technologies are promising strategies, they won't deliver benefits at scale until far into the future. In the meantime, safeguarding mature private forests from the pressure of development and parcelization can be done — and is being done — effectively with little risk; the Working Forest Fund has demonstrated that by fully conserving 17 forests in 10 states amounting to more than 600,000 acres.



© Ian Shive

## Supporting Rural Communities

Forests are foundational economic drivers for many communities. U.S. working forests support 2.9 million jobs in forestry and wood product manufacturing and provide \$128.1 billion in annual payroll.<sup>iv</sup> Outdoor recreation on U.S. Forest Service lands supports over 205,000 jobs annually and adds more than \$13 billion to the national economy.<sup>v</sup>

Recognizing the vital economic contribution forests provide, we seek to integrate economic objectives into every Working Forest Fund project we undertake, strengthening communities dependent on jobs anchored by our natural resources. Green Bond-funded projects have created or maintained more than 2,800 jobs and produced a total economic impact of over \$342 million. As natural resource depletion accelerates across the country, the need has never been greater for coordinated and collaborative efforts to conserve natural landscapes that support jobs, help expand interest in natural resource-based careers and rejuvenate population bases in our rural communities.



© Enrico Della Pietra

## Sustaining Livable Cities

Our cities and forests — their health and their future — are innately interconnected. According to a report by World Resources Institute and Pilot Projects, forests, whether in, near or far from metro areas, provide cities with four benefits: human health and well-being, climate regulation, clean and reliable water supply and biodiversity protection.<sup>vi</sup>

Forests can be a cost-effective method to help improve and stabilize city water resources; cities like New York, Boston and San Francisco realize significant savings in water treatment from forests that naturally maintain water quality. The forests conserved using Green Bond proceeds contribute surface water to watersheds that support roughly 12 million downstream consumers. The Green Bond portfolio includes more than 108,000 acres of forestland in watersheds with above average importance to surface drinking water.<sup>vii</sup>



© Flickr User: L'Eau Blueu

## Enhancing Wildlife Habitat

### Restoring Longleaf Pine Habitat | Gopher Tortoise

Projects funded by Green Bond proceeds in Georgia and Florida have protected and helped restore fire-resilient longleaf pine habitat for the gopher tortoise, a keystone species whose burrows provide shelter for more than 350 wildlife species.



© Chris McCafferty

### Ensuring Habitat Connectivity | Northern Spotted Owl

The Fund has contributed Green Bond proceeds toward securing sensitive working timberlands in the Columbia River Gorge in Oregon and Washington that offer critical migration connections for a variety of wildlife, including the northern spotted owl, from the Columbia steppe habitat to high-elevation mixed conifer forests.

## Resilient Landscape Impact of Green Bond Projects



45,092

resilient acres that provide native species with a range of microclimatic diversity essential to survival as the climate shifts



139,591

climate flow zone acres that provide connectivity for species migrating in response to climate change



11,341

climate corridor access acres, which are crucial pathways for species movement

# PROJECT INVESTMENTS

## IMPACT METRICS:

Since program founding in 2009 through Dec 31, 2022, and inclusive of projects utilizing Green Bond proceeds.



957,191  
acres secured\*



\$831M  
annual economic impact



7,166  
jobs created or maintained

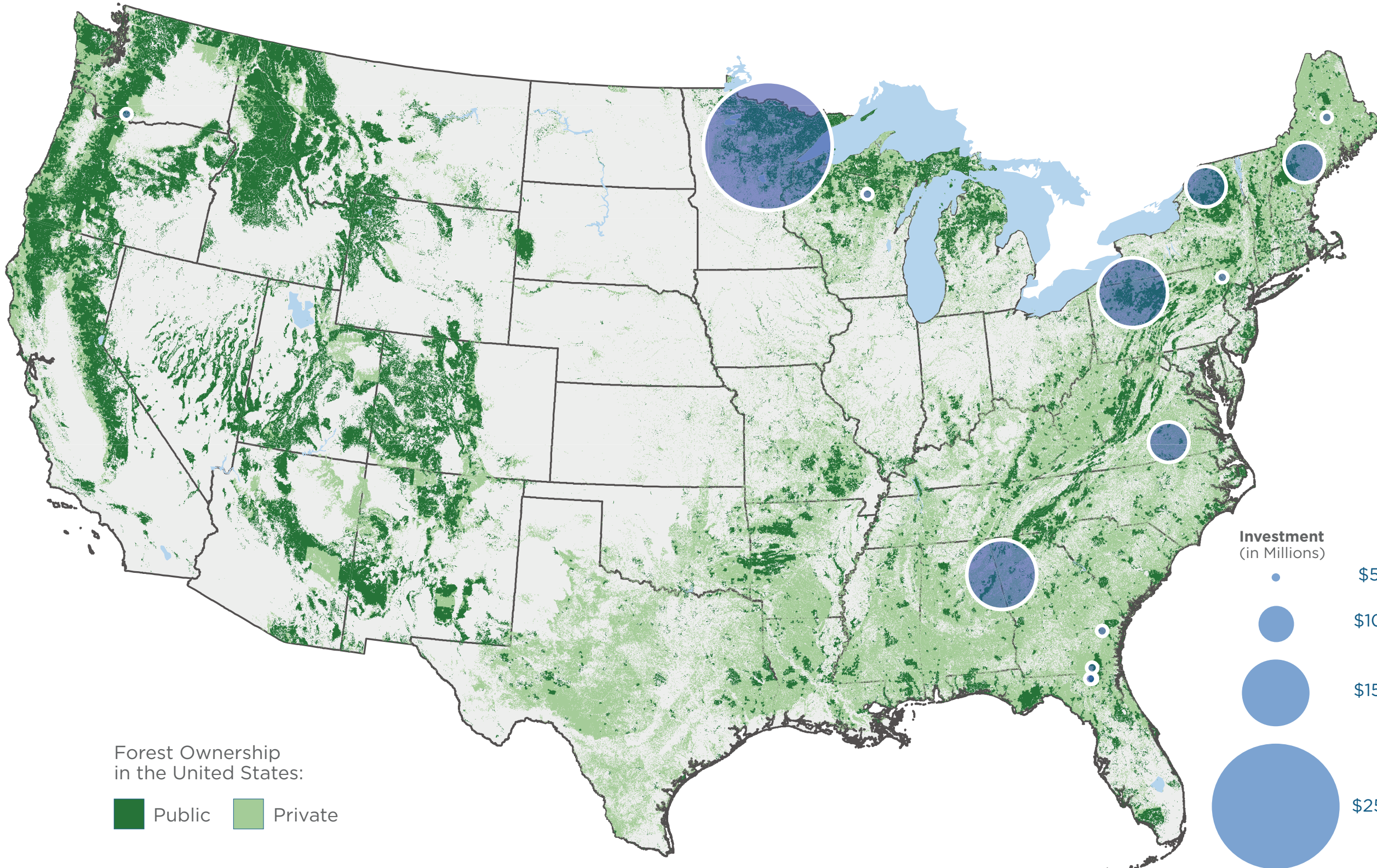


234M  
metric tons of carbon dioxide  
equivalent stored



1,926  
miles of streams and  
rivers protected

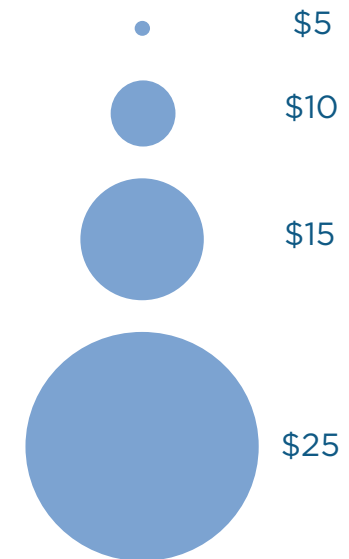
\*of this total, the Working Forest Fund has permanently conserved over 600,000 acres and is actively fundraising to conserve an additional 350,000 acres on a permanent basis



Forest Ownership  
in the United States:

- Public
- Private

Investment  
(in Millions)





**Project Spotlight**

# Suwannee River Woodlands

## Florida

Since the 1980s, The Conservation Fund has prioritized protecting land in the Suwannee River watershed for water quality and quantity, wildlife habitat, recreational access and to fight climate change. Proceeds from our Green Bonds enabled us to acquire and manage approximately 14,000 acres in this critical north Florida region, which we call our Suwannee River Woodlands. Now in U.S. Forest Service ownership, the land has been conserved and added to the Osceola National Forest.

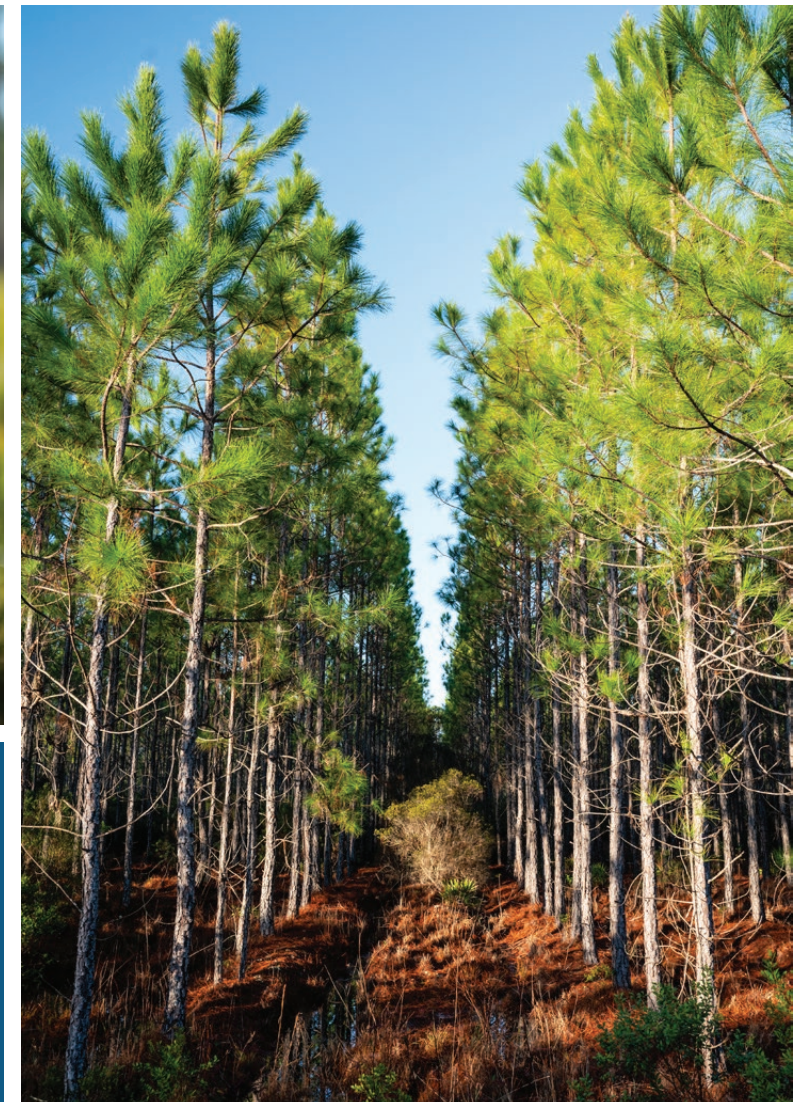
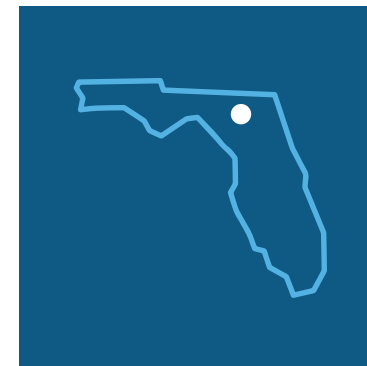
This biodiverse landscape stores approximately 3.23 million metric tons of carbon dioxide equivalent and is an essential source of clean water that filters about 20 billion gallons of water per year. Over time, the restoration of longleaf pine forests within the Suwannee River Woodlands will enhance habitat for numerous species, including Florida black bear, gopher tortoise, wood stork and many more.

Originally covering over 90 million acres in the Southeast, longleaf forests have been reduced to just under 5 million acres today. Longleaf ecosystems are one of the most threatened and ecologically diverse ecosystems in the world and provide habitat for 30 threatened and endangered species and more than 900 plant species found nowhere else on earth.



From its headwaters in southern Georgia, the Suwannee River winds 246 miles to the Gulf of Mexico.

As one of the last remaining free-flowing rivers in the Southeast, the Suwannee is part of one of the most biodiverse ecosystems in the country.



All photos: © Stacy Funderburke





© Emilee Nelson

Project Spotlight

# Minnesota's Heritage Forest

## Minnesota

In 2013 we began working with PotlatchDeltic, a leading for-profit timberland owner that was looking to divest most of its lands in Minnesota. We identified the forests with the most valuable conservation and economic benefits — located mostly within the headwaters of the Mississippi River — and acquired 72,000 acres in 2020 through the Working Forest Fund.

With nearly 40% of Minnesota's Heritage Forest located within the Bois Forte Reservation boundary, we were presented with an exciting opportunity to reunite the land with its original stewards. In what is likely the largest land-back effort in Indian Country history, we partnered with the Indian Land Tenure Foundation and the Bois Forte Band to restore roughly 28,000 acres of Minnesota's Heritage Forest to the Band for ongoing ownership and protection.

This type of enduring solution for naturally and culturally important lands benefits both the environment and communities. The Bois Forte Band of the Minnesota Chippewa Tribe first sought to safeguard its land by entering into a treaty with the United States in 1854. But 20 years later, the federal government set aside that treaty, subdividing the Band's land and selling much of it to timber companies and homesteaders. Our project helped to restore some of the Band's historic land base lost to federal allotment policies, ensuring long-term stewardship, expanding economic opportunities and enabling the Band to exercise greater control over its territory.



Structured like a checkerboard of properties with different owners, most of the land within the reservation boundary of the Bois Forte Band of the Minnesota Chippewa Tribe is not actually owned by the Band.

This historic effort restored 21% of the Band's total land base within the Bois Forte Reservation for its 3,500 members.



Photos (Clockwise L-R): © Jay Brittain | © Jay Brittain | © Bois Forte Band of Chippewa | © Jay Brittain



**Project Spotlight**

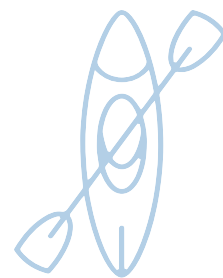
# Columbia Gorge Forest

## Washington and Oregon

Few places in the U.S. can match the ecological significance of the Columbia River Gorge. A biologically diverse region and world-class destination for nature enthusiasts, these culturally significant forests provide First Foods and natural resources for tribes and Indigenous people, support livelihoods and connect a critical landscape of national forests, wild and scenic rivers and other conserved lands.

In 2021, a large family-owned company in the Pacific Northwest — known as SDS Lumber — announced its intent to sell its lumber and plywood mills and 96,000 acres of working forestland in the gorge across Washington and Oregon. The land faced urgent threats of intensive harvesting and conversion to nonforest uses. And while the scale of this property posed an immense challenge, we knew we had to act.

Together with a consortium of business partners, we designed a competitive purchase solution that balanced conservation with community sustainability. An affiliate of The Conservation Fund purchased roughly 35,000 acres of the property, and we are working to place conservation easements on the remaining portion. This solution is designed to enable the forest to continue to provide valuable wood products, jobs and environmental benefits. Sustainable management of Columbia Gorge Forest also will support critical habitats for wildlife, including rare species like the northern spotted owl, Oregon spotted frog and golden eagle.



The rivers within Columbia Gorge Forest are essential for salmon recovery and premiere destinations for rafting and kayaking.

Rafting enthusiasts worldwide come to experience the grand waterfalls, powerful rapids and stunning scenery.

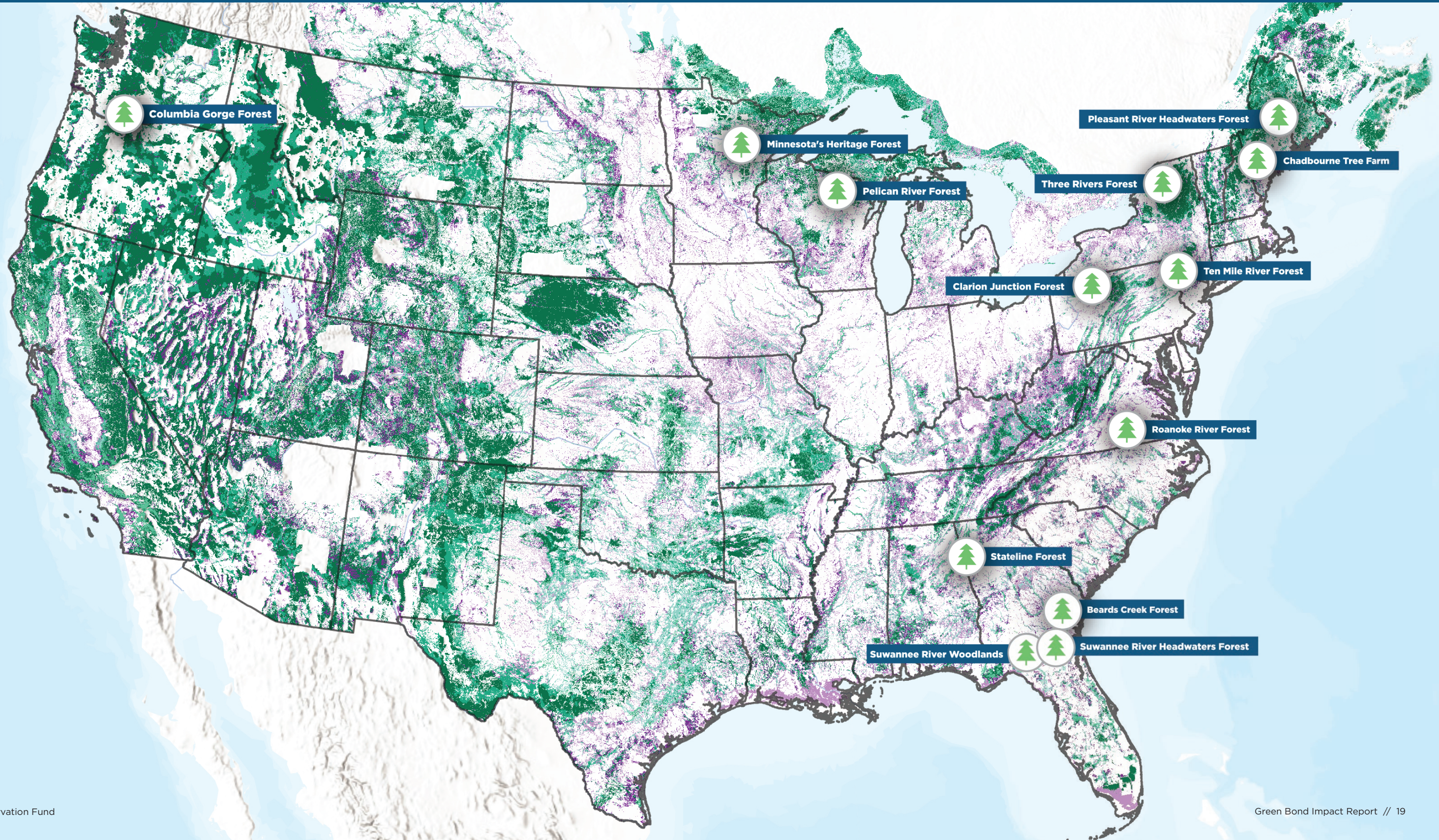


All photos: © Ian Shive

# GREEN BOND PROJECTS TO DATE

## Resilient and Connected Network

- Resilient Land with Recognized Biodiversity
- Resilient Land
- Climate Flow Zone with Recognized Biodiversity
- Climate Flow Zone
- Climate Corridor with Recognized Biodiversity
- Climate Corridor





Chadbourne Tree Farm  
MAINE

## From Our CFO, John Gilbert

Our forests are natural treasures that provide numerous life-sustaining and climate-mitigating resources. As America’s leader in land protection, The Conservation Fund is uniquely positioned to strike the right balance between conservation and development, enabling the forests to continue to deliver essential economic, ecological and societal benefits.

Our Green Bonds are one example of this mobilization in action, but there is more that needs to be done to implement the next generation of conservation in America. We are expanding efforts to collaborate with mission-aligned partners to help us buy and conserve at-risk lands on a joint basis. Concurrently, we seek additional philanthropic support so that the scale of our mission impact can meet the needs of society.

Together we can conserve the environmental value, positive economic impact and climate essential role of one of our country’s most important natural resources — large working forests — and protect those assets for generations to come.



John Gilbert  
Executive Vice President and CFO

- i Emma M Sass, Marla Markowski-Lindsay, Brett J Butler, Jesse Caputo, Andrew Hartsell, Emily Huff, Amanda Robillard, Dynamics of Large Corporate Forestland Ownerships in the United States, Journal of Forestry, Volume 119, Issue 4, July 2021, Pages 363–375, <https://doi.org/10.1093/jofore/fvab013>
- ii <https://www.fs.usda.gov/research/sites/default/files/2022-04/hot-topic-carbon-status.pdf>
- iii <https://www.iucn.org/resources/issues-brief/forests-and-climate-change>
- iv And Griscom, B. W. et al. Proc. Natl Acad. Sci. USA 114, 11645–11650 (2017). <https://www.pnas.org/doi/full/10.1073/pnas.1710465114>
- v [https://nafoalliance.org/wp-content/uploads/2018/11/Forest2Market\\_Economic\\_Impact\\_of\\_Privately-Owned\\_Forests\\_April2019.pdf](https://nafoalliance.org/wp-content/uploads/2018/11/Forest2Market_Economic_Impact_of_Privately-Owned_Forests_April2019.pdf)
- vi The Outdoor Recreation Economy: Outdoor Industry Association [https://outdoorindustry.org/wp-content/uploads/2017/04/OIA\\_RecEconomy\\_FINAL\\_Single.pdf](https://outdoorindustry.org/wp-content/uploads/2017/04/OIA_RecEconomy_FINAL_Single.pdf) Pg. 15
- vii <https://publications.wri.org/better-forests-better-cities/executive-summary#findings-from-the-scientific-literature>
- viii (Spatial Data Credit: USDA Forest Service, 2019. Forests to Faucets 2.0 Spatial Dataset; Underlying Statistics Credit: Mack, Erika; Lilla, Rebecca; Claggett, Sally; Sun, Ge; Caldwell, Peter. 2022. Forests to Faucets 2.0: connecting forests, water, and communities. Gen. Tech. Rep. WO-99. Washington, DC: U.S. Department of Agriculture, Forest Service, Washington Office. 32 p. <https://doi.org/10.2737/WO-GTR-99>)

