



# Second-Party Opinion

## The Conservation Fund Green Bond

### Evaluation Summary

Sustainalytics is of the opinion that The Conservation Fund (the "Fund") Green Bond Framework is credible and impactful, and aligns with the four core components of the Green Bond Principles 2018. This assessment is based on the following:



**USE OF PROCEEDS** The eligible category for the use of proceeds – Conservation of Natural Resources and Sustainable Land Use – is aligned with those recognized by the Green Bond Principles 2018. Sustainalytics considers the eligible category to have positive environmental impact and to advance the UN Sustainable Development Goal 15 (Life on Land).



**PROJECT EVALUATION / SELECTION** The Fund's CFO and the General Counsel will assess and evaluate Eligible Projects. Additionally, all Eligible Projects will be reviewed and approved by the Conservation Acquisition Committee, followed by final approval from the Fund's Board of Directors. Sustainalytics considers the project selection process, which includes C-level involvement, to be in line with market best practice.



**MANAGEMENT OF PROCEEDS** The Fund's Finance Department will separately manage and track the net use of proceeds. Pending allocation, the net proceeds will be invested in accordance with the Fund's cash management policies. This is in line with market practice.



**REPORTING** The Fund intends to publish annual information on its website or in its annual report, until full allocation. The allocation reporting will include a description of projects funded, amounts allocated on a project-basis, date of funding and expected conservation outcomes, as well as relevant impact metrics, where feasible. Sustainalytics views the Fund's allocation and impact reporting to be aligned with market practice.

<b>Evaluation date</b>	September 2019
<b>Issuer Location</b>	Arlington, Virginia, USA

### Report Sections

Introduction.....	2
Sustainalytics' Opinion .....	3
Appendices .....	6

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## Introduction

The Conservation Fund (the “Fund”, or the “Issuer”) is a non-profit organization that leverages capital and technical expertise for land conservation and economic development in the US. Its business includes land conservation, community and economic development, training and leadership development, land use planning and investment in the sustainable use of natural resources. The Fund is headquartered in Arlington, Virginia, USA, and was founded in 1985.

The Fund has developed The Conservation Fund Green Bond Framework (the “Framework”) under which it may issue multiple green bonds and use the proceeds to finance/refinance, in whole or in part, future/existing Eligible Green Projects. The Framework defines eligibility criteria in the following areas:

Conservation of Natural Resources and Sustainable Land Use

- a. Land Conservation
- b. Working Forest Protection

The Fund engaged Sustainalytics to review the Green Bond Framework, dated September 2019, and provide a second-party opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2018 (GBP).<sup>1</sup> This Framework has been published on the Fund’s website<sup>2</sup>.

As part of this engagement, Sustainalytics held conversations with various members of the Fund’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Fund’s green bonds. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion of The Conservation Fund Green Bond Framework and should be read in conjunction with that Framework.

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<sup>1</sup> The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

<sup>2</sup> The Conservation Fund Green Bond Framework will be uploaded on [www.conservationfund.org](http://www.conservationfund.org)

## Sustainalytics' Opinion

### Section 1: Sustainalytics' Opinion on The Conservation Fund Green Bond Framework

#### Summary

- Sustainalytics is of the opinion that The Conservation Fund Green Bond Framework is credible and impactful, and aligns with the four core components of the GBP 2018. Sustainalytics highlights the following elements of the Framework:
- Use of Proceeds:
  - The use of proceeds category is recognized as impactful by the GBP 2018. The Eligible Green Projects in this category will provide meaningful environmental contributions.
  - The Fund's Conservation of Natural Resources and Sustainable Land Use category includes acquisition of conservation lands and/or working forests.<sup>3</sup>
    - In the case of conservation lands, the Fund will hold the properties for an interim period and then transfer the properties to government agencies or other conservation partners for long-term protection and management.
    - In the case of working forests, the Fund will develop and implement a sustainable management plan during its interim ownership period, encumber the property with a permanent conservation easement and then transfer the protected property to a third party, or in some cases will transfer the working forest directly to a government agency for long-term management. Conservation easements<sup>4</sup> ensure that the land will be managed for sustainable timber and forestry use.
    - Additionally, the Fund may use proceeds to provide conservation loans to third parties to acquire and protect conservation lands and working forests.
  - The Fund has confirmed to Sustainalytics that timber production is not the primary objective of owning and managing lands<sup>5</sup> and that the Fund will pursue independent third-party certifications, such as SFI and/or FSC, for working forest properties that exceed one year of ownership<sup>6</sup> (see Appendix 1 for additional details on the certification schemes). Sustainalytics recognizes criticism regarding sustainable forestry certifications, including potential issues related to clearcutting, indigenous consultation process, and converting forests to plantations. Nevertheless, Sustainalytics believes that such certifications, along with the Fund's commitment to permanently conserve lands/working forests, will create significant environmental benefits, including the preservation of natural, economic and socio-cultural attributes of lands/working forests.
- Project Evaluation and Selection:
  - The Fund's CFO and the General Counsel will assess and evaluate Eligible Projects. Additionally, all Eligible Projects will be reviewed and approved by the Conservation Acquisition Committee, followed by final approval from the Fund's Board of Directors. Sustainalytics considers the project selection process, which includes C-level involvement, to be in line with market best practice.
- Management of Proceeds:
  - The Fund's Finance Department will separately manage and track the net use of proceeds. Pending allocation, the net proceeds will be invested in accordance with the Fund's cash management policies. This is in line with market practice.

<sup>3</sup> According to the World Resources Institute (WRI), working forests are "forests that are actively managed to generate revenue from multiple sources, including sustainably produced timber and other ecosystem services, and thus are not converted to other land uses such as residential development." WRI, Forests at Work- A New Model for Local Land Protection: [https://wri.org.s3.amazonaws.com/s3fs-public/pdf/forests\\_at\\_work.pdf?\\_ga=2.185148009.1389519292.1553525488-1380470610.1542381255](https://wri.org.s3.amazonaws.com/s3fs-public/pdf/forests_at_work.pdf?_ga=2.185148009.1389519292.1553525488-1380470610.1542381255)

<sup>4</sup> Conservation easement is a voluntary, legally binding agreement that allows a landowner to permanently extinguish the development rights in the property while retaining the ownership of all other property rights. It helps combine land transfer with sustainability by restricting the future use and development of the land.

<sup>5</sup> The Conservation Fund, WFF Management Plan summary:

[https://www.conservationfund.org/images/Working\\_Forest\\_Fund\\_Management\\_Plan\\_Summary\\_and\\_Monitoring\\_Program.pdf](https://www.conservationfund.org/images/Working_Forest_Fund_Management_Plan_Summary_and_Monitoring_Program.pdf)

<sup>6</sup> The Conservation Fund, Forest Certification: <https://www.conservationfund.org/our-work/working-forest-fund/certification>

- Reporting:
  - The Fund intends to publish annual information on its website or in its annual report, until full allocation. Sustainalytics views the Fund’s allocation and impact reporting as aligned with market practice.
  - The allocation reporting will include projects funded, amounts allocated on a project-basis, the date of funding and expected conservation outcomes.
  - The impact reporting may include, where feasible and applicable, qualitative and quantitative indicators including permanently protected land/waters, greenhouse gas (GHG) emissions sequestered, fauna and flora species identified and protected, land managed to third-party sustainability certification, land/waters restored, and sustainable wood/timber production volume.

### Alignment with Green Bond Principles 2018

Sustainalytics has determined that The Conservation Fund Green Bond Framework aligns with the four core components of the GBP 2018. For detailed information please refer to Appendix 2: Green Bond/Green Bond Programme External Review Form.

## Section 2: Sustainability Performance of the Issuer

### Contribution of the Framework to the Fund’s sustainability strategy

Sustainalytics is of the opinion that the Fund has demonstrated a commitment to pursue land, water and wildlife protection, and provide conservation finance and technical assistance to its partners based on the following:<sup>7</sup>

- The Fund, along with its partners, has helped to protect land and water (over 8 million acres) in all 50 US states while creating opportunities for economic development for stakeholders including underserved rural and urban communities and local entrepreneurs. Two of those examples are the following:
  - The Fund partnered with several large companies to protect and regenerate forests and sustainably manage natural resources as part of their corporate sustainability objectives.
  - The Fund has been a critical partner to the Atlanta BeltLine to realize its goal of establishing a 22-mile multi-use trail and connected park system via the acquisition and restoration of an abandoned rail line and adjacent properties.<sup>8</sup> The Fund has been both a lender to the Atlanta BeltLine and an acquirer and interim owner of real estate to help the Atlanta BeltLine and City of Atlanta expand urban parks and trails as part of the Atlanta BeltLine initiative.
- The Fund provided approximately 350 conservation (low-interest) loans to more than 150 partners, thus, protecting more than 140,000 acres of land in the US and Canada. Its conservation loans and technical assistance are designed for non-profit, municipal and tribal organizations in good standing with projects having permanent conservation outcomes, including:<sup>9</sup>
  - Fee title acquisitions, conservation easement acquisitions, trail easement acquisitions, and water rights acquisitions.
  - Development of and/or access to parks or natural area infrastructure, farms, food systems and farm markets.
  - Habitat rehabilitation and restoration.
- The Fund’s Working Forest Fund (WFF)<sup>10</sup> supported the protection of over 600,000 acres of working forests which provide timber for construction and pulp for paper and packaging.
- The Fund’s Freshwater Institute,<sup>11</sup> provides “aquaculture research, engineering and consulting, aquatic veterinary medicine, aquaculture husbandry and production, industry outreach, and water chemistry analysis” to facilitate the growth of sustainable aquaculture.

<sup>7</sup> The Conservation Fund, Our Work: <https://www.conservationfund.org/our-work>

<sup>8</sup> The Conservation Fund, The Atlanta BeltLine: [The Atlanta BeltLine—An Urban Trail That’s Worth Smiling About](https://www.conservationfund.org/images/resources/Conservation_Loans_Program.pdf)

<sup>9</sup> The Conservation Fund, Conservation Loans: [https://www.conservationfund.org/images/resources/Conservation\\_Loans\\_Program.pdf](https://www.conservationfund.org/images/resources/Conservation_Loans_Program.pdf)

<sup>10</sup> The Conservation Fund, Working Forest Fund (Forestry): <https://www.conservationfund.org/our-work/working-forest-fund>

<sup>11</sup> The Conservation Fund, Freshwater Institute- Aquaculture & Water Quality: <https://www.conservationfund.org/our-work/freshwater-institute>

## The Conservation Fund Green Bond

- The Fund's Resourceful Communities,<sup>12</sup> offered zero-cost workshops, individual trainings and coaching to a network of 500 grassroots and community organizations in economically- and socially-distressed regions. It also awarded more than US\$5 million in grants to such organizations and created or retained over 2,200 local green jobs.

Considering the above, Sustainalytics is of the opinion that the Fund's sustainability strategy and actions demonstrate the importance it places on achieving positive environmental and social impacts. Sustainalytics also believes that the Fund's Framework is aligned with its overall sustainability efforts and can support its commitment for the conservation of natural resources.

### Well positioned to address common environmental and social risks associated with the projects

While Sustainalytics recognizes that the use of proceeds from the Fund's Framework will be directed towards Eligible Green Projects that are recognized by the GBP 2018 to have positive environmental impact, Sustainalytics is aware that such projects could also lead to negative environmental and social outcomes. Nevertheless, the Fund's evaluation and due diligence process along with the underlying environmental assessments and post-acquisition monitoring are sufficient and robust, as outlined below:

The Fund's Conservation Acquisition Committee, appointed by the Fund's Executive Committee, evaluates all land conservation projects prior to completing negotiations with landowners and related contractual and due diligence processes. During the inspection period, the Fund's project and legal team members and relevant external parties conduct due diligence investigations of the property, including Phase I Environmental Site Assessment ("Phase I ESA") conducted by an independent third-party as a pre-acquisition requirement for identifying potential environmental contamination liabilities. Phase 1 ESAs are conducted in accordance with the relevant ASTM standards for various property types (ASTM E1527-13 or ASTM E2247-16) in order to meet the requirements of the federal Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA or "Superfund"). The project team may also obtain, where necessary, a Phase II environmental report (involving sampling of the soil, groundwater or other environmental media), a health and/or safety compliance report, and/or a mineral remoteness report.<sup>13</sup> The Fund pursues additional evaluations on a project-by-project basis based on the conditions of the properties intended for acquisition.

After the acquisition of properties, the Fund monitors all of its properties, on an annual basis. For FSC and SFI certified properties, the process includes:<sup>14</sup> (i) monitoring of harvest activity where forests consultants are engaged to inspect and maintain a monitoring schedule for each active logging job with prompt rectification of any issues or concerns, (ii) monitoring of the resources associated with each property on a regular basis with a thorough review/assessment of, among other things, road conditions, erosion control problems, invasive species, the condition of identified High Conservation Value Forests, water quality, and current and part (<2 years) harvest areas with post-harvest regeneration considerations, and (iii) reporting on socio-economic impacts of the certified property being monitored including the volume and acreage of timber sold from the property, contracted work conducted on the property, as well as recreational activities provided.

Due to the above-mentioned procedures, systems and processes, Sustainalytics believes that the Fund has sufficient measures to identify, manage and mitigate environmental and social risks commonly associated with the use of proceeds category.

## Section 3: Impact of Use of Proceeds

### Importance of conservation of working forests

Forestry and other land use, including fisheries, play a critical role in the global carbon cycle and addressing climate change. According to the World Bank Group,<sup>15</sup> global forest area declined by approximately 3.13% (from 41.28 million sq. km to 39.99 million sq. km) between 1990 and 2015. As per the IPCC report on

<sup>12</sup> The Conservation Fund, Resourceful Communities: <https://www.conservationfund.org/our-work/resourceful-communities>

<sup>13</sup> Mineral remoteness evaluation confirms that the potential for solid and fluid mineral development must be "so remote as to be negligible" on the lands for conservation easement. University of Wyoming College of Law, Mineral Remoteness Reports for Conservation Easements: <https://www.uwyo.edu/law/centers/rural-law-center/conservation-easement-conference/mineralremoteness%202011.ppt>

<sup>14</sup> The Conservation Fund, Summary of Our Monitoring Program: [https://www.conservationfund.org/images/The\\_Conservation\\_Fund\\_Public\\_Monitoring\\_Summary\\_for\\_Website\\_2015\\_copy.pdf](https://www.conservationfund.org/images/The_Conservation_Fund_Public_Monitoring_Summary_for_Website_2015_copy.pdf)

<sup>15</sup> The World Bank Group, Forest area (sq. km): [https://data.worldbank.org/indicator/AG.LND.FRST.K2?year\\_high\\_desc=true](https://data.worldbank.org/indicator/AG.LND.FRST.K2?year_high_desc=true)

## The Conservation Fund Green Bond

Agriculture, Forestry and Other Land Use (AFOLU) in 2018,<sup>16</sup> deforestation is one of the major contributors to anthropogenic GHG emissions from the sector. The Fund's use of proceeds will provide significant environmental benefits by permanently preserving the ecological value (including existing carbon pools) of acquired forests in the US, which also aligns with the main mitigation strategies suggested by the IPCC report on AFOLU sector.

Additionally, according to the US Forest Service,<sup>17</sup> the US has the "fourth largest forest estate in the world, including about 8% of the world forests" in 2016, and covering 33.9% of the country's land area.<sup>15</sup> However, 56% of US forested lands and 83% of forests in the eastern half of the country were privately owned in 2016. In order to allow public land trusts, tribal organizations and other entities involved in land conservation to control the ownership of land development rights, which prevent land use changes/development by private entities, conservation easement<sup>4</sup> is a cost-effective alternate to the purchase of all property rights associated with the working forests. Sustainalytics believes that the Fund, through such legally binding agreements for working forests, will enhance the ability of forest lands to continue serving as carbon sinks without allowing significant land use changes and will support essential ecosystem services which, when sustainably managed and/or certified with FSC/SFI, create economic and socio-cultural value.

### Alignment with/contribution to SDGs

The UN Sustainable Development Goals (SDGs) were set in September 2015 and form an agenda for achieving sustainable development by the year 2030. The Fund's green bonds advance the following SDG goal and targets:

Use of Proceeds Category	SDG	SDG target
Conservation of Natural Resources and Sustainable Land Use	15. Life on Land	15.1 By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements. 15.A Mobilize and significantly increase financial resources from all sources to conserve and sustainably use biodiversity and ecosystems.

### Conclusion

The Fund has developed a Green Bond Framework to finance and/or refinance, several Eligible Green Projects that intend to deliver positive environmental outcomes. The Fund has described a process by which proceeds will be tracked, allocated, and managed, and commitments have been made for the allocation and impact reporting.

Sustainalytics believes that the eligible category, Conservation of Natural Resources and Sustainable Land Use, is aligned with the Fund's overall sustainability strategy and will also contribute to the advancement of UN Sustainable Development Goal 15 (Life on Land). Additionally, Sustainalytics believes that the Fund has sufficient measures to identify, manage and mitigate environmental and social risks commonly associated with the Eligible Green Projects funded by the use of proceeds.

Based on the above, Sustainalytics is confident that the Fund is well-positioned to issue green bonds, and that The Conservation Fund Green Bond Framework is robust, transparent, and in alignment with the GBP 2018.

## Appendices

<sup>16</sup> IPCC, Agriculture, Forestry and Other Land Use (AFOLU): [https://www.ipcc.ch/site/assets/uploads/2018/02/ipcc\\_wg3\\_ar5\\_chapter11.pdf](https://www.ipcc.ch/site/assets/uploads/2018/02/ipcc_wg3_ar5_chapter11.pdf)

<sup>17</sup> US Forest Service, State of Forests and Forestry in the United States: <https://www.fs.fed.us/speeches/state-forests-and-forestry-united-states-1>

## Appendix 1: Sustainalytics' Analysis of SFI and FSC Certifications

Certification	Sustainable Forestry Initiative (SFI) <sup>18</sup>	Forest Stewardship Council (FSC) <sup>19</sup>
<b>Background</b>	The Sustainable Forestry Initiative Inc. (SFI) is an independent, non-profit organization that promotes sustainable forest management. It applies to any organization that owns or has management responsibility for forestlands. SFI is endorsed by PEFC, which sets minimum benchmarks to meet or exceed for accreditation. According to the SFI, it is governed by Board of Directors representing environmental, social and economic sectors equally, and has 34 SFI Implementation Committees across North America at the state, provincial or regional level.	The Forest Stewardship Council (FSC) is a not-for-profit, non-governmental organization established in 1993 that promotes environmentally appropriate, socially beneficial, and economically viable forest management by having organization's forest management planning and practices independently evaluated against FSC's standards. The organizational members (such as forestry companies, environmental groups, and retailers) and individual members (such as academics, students, and activists) join one of three chambers (Environmental, Social, and Economic chambers), <sup>20</sup> each holding equal voting and veto power on all FSC matters.
<b>Type of standards and geographic coverage</b>	<ul style="list-style-type: none"> <li>• Forest Management Standard (organizations in the US and Canada, including individual small-scale forests or groups of small-scale forests)</li> <li>• Fiber Sourcing Standard (organizations in the US and Canada that procure wood domestically or globally)</li> <li>• Chain-of-Custody Standard (any organization globally)</li> </ul>	<ul style="list-style-type: none"> <li>• Forest Management certification (for single/multiple applicant(s) – industrial or private forest owners, forest licence holders, community forests, and government-managed forests)</li> <li>• Small and Low Intensity Management Forests (SLIMFs) program (for small forests and forests that are managed at low intensity would be eligible)</li> <li>• Chain of Custody certification (for supply chain companies' planning, practices and products – all operations that want to produce or make claims related to FSC-certified products must possess this certificate)</li> <li>• Controlled Wood verification (for assurance that 100% virgin fibre mixed with FSC-certified and recycled fibre originates from a verified and approved source)</li> </ul>
<b>Principles and criteria (Scope)</b>	Based on SFI 2015-2019 Forest Management Standard, the requirements <sup>21</sup> are based on Principles, Objectives, Performance Measures and Indicators, including measures for protecting water quality, biodiversity, wildlife habitat, species at risk and forests with exceptional conservation value: <ul style="list-style-type: none"> <li>• Sustainable Forestry</li> <li>• Forest Productivity and Health</li> <li>• Protection of Water Resources</li> <li>• Protection of Biological Diversity</li> <li>• Aesthetics and Recreation</li> <li>• Protection of Special Sites</li> </ul>	Based on FSC Principles and Criteria for Forest Stewardship has Principles, including: <ul style="list-style-type: none"> <li>• Compliance with Laws</li> <li>• Workers' Rights and Employment Conditions</li> <li>• Indigenous Peoples' Rights</li> <li>• Community Relations</li> <li>• Benefits from the Forest</li> <li>• Environmental Values and Impacts</li> <li>• Management Planning</li> <li>• Monitoring and Assessment</li> <li>• High Conservation Values</li> <li>• Implementation of Management Activities</li> </ul>

<sup>18</sup> Sustainable Forestry Initiative, SFI 2015-2019 Standards and Rules: [https://www.sfiprogram.org/wp-content/uploads/2015\\_2019StandardsandRules\\_FINAL\\_web\\_Section9-July2018-1.pdf](https://www.sfiprogram.org/wp-content/uploads/2015_2019StandardsandRules_FINAL_web_Section9-July2018-1.pdf)

<sup>19</sup> Forest Stewardship Council, FSC Principles and Criteria for Forest Stewardship: [https://ca.fsc.org/preview\\_principles-criteria-v5.a-1112.pdf](https://ca.fsc.org/preview_principles-criteria-v5.a-1112.pdf)

<sup>20</sup> There are regional differences in the governance structure. For example, FSC Canada established an additional fourth chamber, the Aboriginal Chamber, in 1993, thereby dividing voting and veto power equally among all four chambers. However, internationally, Indigenous Peoples are generally the members of the Social chamber.

<sup>21</sup> SFI has some limitations regarding the requirements for Reserve Areas and GMOs.



## The Conservation Fund Green Bond

	<ul style="list-style-type: none"> <li>• Responsible Fiber Sourcing Practices in North America</li> <li>• Legal Compliance</li> <li>• Research</li> <li>• Training and Education</li> <li>• Community Involvement and Social Responsibility</li> <li>• Transparency</li> <li>• Continual Improvement</li> <li>• Avoidance of Controversial Sources including Illegal Logging in Offshore Fiber Sourcing (only for SFI 2015-2019 Fiber Sourcing Standard)</li> </ul>	
<b>Requirements</b>	Principles, criteria and indicators for forest management are established through processes that includes intergovernmental engagement, such as the Ministerial Conference on the Protection of Forests in Europe (MCPFE). The requirements for the third-party certification bodies are set by the national members of the International Accreditation Forum, such as ANSI, ANSI National Accreditation Board (ANAB) and Standards Council of Canada (SCC).	The certification bodies that conduct audits to FSC's Forest Management Standard must be accredited by Accreditation Services International (ASI), which was founded by FSC in 2006.
<b>Stakeholder engagement<sup>22</sup></b>	It includes public review process with recommendations from multi-stakeholder committees open for 60 days with a final draft of at least 45 days by the Board. SFI does not have a formal dispute resolution process-- the Committee has no obligations to resolve disputes but provide opinions and direction to assist parties that involved.	It includes public consultation (Free, Prior and Informed Consent) open for 60 days. FSC has a formal dispute resolution system. In most cases, the decisions made on FSC complaints can be appealed.

### Appendix 2: Green Bond / Green Bond Programme - External Review Form

<sup>22</sup> There are some limitations with regards to maintaining the consistency across regions for sustainable forestry certifications, such as FSC, especially with how indigenous rights are treated.



## Section 1. Basic Information

<b>Issuer name:</b>	The Conservation Fund
<b>Green Bond ISIN or Issuer Green Bond Framework Name, if applicable: <i>[specify as appropriate]</i></b>	The Conservation Fund Green Bond Framework
<b>Review provider's name:</b>	Sustainalytics
<b>Completion date of this form:</b>	September 2019
<b>Publication date of review publication: <i>[where appropriate, specify if it is an update and add reference to earlier relevant review]</i></b>	

## Section 2. Review overview

### SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarize the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBPs:

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds        | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting                                    |

### ROLE(S) OF REVIEW PROVIDER

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 <sup>nd</sup> opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification   | <input type="checkbox"/> Rating        |
| <input type="checkbox"/> Other <i>(please specify)</i> :                        |  |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

### EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW *(if applicable)*

Please refer to Evaluation Summary above.

## Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

**1. USE OF PROCEEDS**

Overall comment on section *(if applicable)*:

The eligible category for the use of proceeds – Conservation of Natural Resources and Sustainable Land Use – is aligned with those recognized by the Green Bond Principles 2018. Sustainalytics considers the eligible category to have positive environmental impact and to advance the UN Sustainable Development Goals, specifically 15 (Life on Land).

**Use of proceeds categories as per GBP:**

- |  |   |
|--|---|
| <input type="checkbox"/> Renewable energy  | <input type="checkbox"/> Energy efficiency  |
| <input type="checkbox"/> Pollution prevention and control  | <input checked="" type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation   | <input type="checkbox"/> Clean transportation   |
| <input type="checkbox"/> Sustainable water and wastewater management   | <input type="checkbox"/> Climate change adaptation  |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes                             | <input type="checkbox"/> Green buildings  |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | <input type="checkbox"/> Other <i>(please specify)</i> :  |

If applicable please specify the environmental taxonomy, if other than GBPs:

**2. PROCESS FOR PROJECT EVALUATION AND SELECTION**

Overall comment on section (if applicable):

The Fund’s CFO and the General Counsel will assess and evaluate Eligible Green Projects. Additionally, all Eligible Projects will be reviewed and approved by the Conservation Acquisition Committee, followed by final approval from the Fund’s Board of Directors. Sustainalytics considers the project selection process, which includes C-level involvement, to be in line with market best practice.

**Evaluation and selection**

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Credentials on the issuer’s environmental sustainability objectives            | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories               |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |

- Summary criteria for project evaluation and selection publicly available       Other (*please specify*):

#### Information on Responsibilities and Accountability

- Evaluation / Selection criteria subject to external advice or verification       In-house assessment
- Other (*please specify*):

### 3. MANAGEMENT OF PROCEEDS

Overall comment on section (*if applicable*):

The Fund's Finance Department will separately manage and track the net use of proceeds. Pending allocation, the net proceeds will be invested in accordance with the Fund's cash management policies. This is in line with market practice.

#### Tracking of proceeds:

- Green Bond proceeds segregated or tracked by the issuer in an appropriate manner
- Disclosure of intended types of temporary investment instruments for unallocated proceeds
- Other (*please specify*):

#### Additional disclosure:

- Allocations to future investments only       Allocations to both existing and future investments
- Allocation to individual disbursements       Allocation to a portfolio of disbursements
- Disclosure of portfolio balance of unallocated proceeds       Other (*please specify*):

### 4. REPORTING

Overall comment on section (*if applicable*):

The Fund intends to publish annual information on its website or in its annual report, until full allocation. The allocation reporting will include description of projects funded, amounts allocated on a project-basis, date of funding and expected conservation outcomes, as well as relevant impact metrics, where feasible. Sustainalytics views the Fund's allocation and impact reporting as aligned with market practice.

#### Use of proceeds reporting:

- Project-by-project
  On a project portfolio basis
- Linkage to individual bond(s)
  Other (*please specify*):

**Information reported:**

- Allocated amounts
  Green Bond financed share of total investment
- Other (*please specify*):

**Frequency:**

- Annual
  Semi-annual
- Other (*please specify*):

**Impact reporting:**

- Project-by-project
  On a project portfolio basis
- Linkage to individual bond(s)
  Other (*please specify*):

**Frequency:**

- Annual
  Semi-annual
- Other (*please specify*):

**Information reported (expected or ex-post):**

- GHG Emissions / Savings
  Energy Savings
- Decrease in water use
  Other ESG indicators (*please specify*): permanently protected land/waters, fauna and flora species identified and protected, land managed to 3rd part sustainability certification, land/waters restored, and sustainable wood/timber production volume.

**Means of Disclosure**

- Information published in financial report
  Information published in sustainability report
- Information published in ad hoc documents
  Other (*please specify*): website or annual report
- Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

Where appropriate, please specify name and date of publication in the useful links section.

**USEFUL LINKS** (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

**SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE****Type(s) of Review provided:**

- |  |  |
|--|--|
| <input type="checkbox"/> Consultancy (incl. 2 <sup>nd</sup> opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification / Audit                        | <input type="checkbox"/> Rating        |
| <input type="checkbox"/> Other ( <i>please specify</i> ):            |  |

**Review provider(s):****Date of publication:****ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP**

- i. Second Party Opinion: An institution with environmental expertise, that is independent from the issuer may issue a Second Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
- ii. Verification: An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
- iii. Certification: An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. Green Bond Scoring/Rating: An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialized research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

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