

# Green Bond

FRAMEWORK



## Preamble

The Nature Conservancy (TNC or we/our) works across the globe, in 76 countries and territories, and all 50 states in the U.S. to conserve the lands and waters on which all life depends. Our vision is a future where people and nature thrive. The actions we take this decade will define the planet's path over the next century. We are taking on the dual threats of accelerated climate change and unprecedented biodiversity

**The proceeds of the Green Bond are expected to help us achieve these 2030 Goals.**

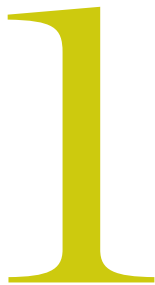
loss; and maximizing resilience and benefits for our most precious ecosystems and vulnerable communities. By letting science guide our focus and equity guide our execution, we can shape a better 2030 and beyond, for people and our planet. In the next decade, we are working to protect people and the planet by avoiding or sequestering 3 billion metric tons of carbon dioxide equivalent, and conserving 650 million hectares of healthy land, 30 million hectares of freshwater,

and 4 billion hectares of oceans—our 2030 Goals. The proceeds of the Green Bond are expected to help us achieve these 2030 Goals.

Grounded by decades of local on-the-ground experience, we maximize our ability to affect change by bringing together real-world solutions, policy expertise, sustainable financing and collaborative partnerships. Working with partners around the world, we have protected more than 125 million acres of critical terrestrial and aquatic habitat and we operate more than 100 marine conservation projects.

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Use of Proceeds



TNC intends to allocate the net proceeds of Green Bond issuance to finance and / or refinance, in whole or in part, new and / or existing “Eligible Green Projects.” Such allocations can occur both in the form of direct investments by TNC or conservation loans or grants made to third parties. TNC intends to use the Green Bond proceeds for Eligible Green Projects funded in the two years prior to the issue date of the bonds or the later of three years after the issuance or the funds are fully utilized. The following table provides a non-exclusive illustrative list of certain of TNC’s activities that fall within ICMA’s 2021 Green Bond Principles. The proceeds of the Green Bond may be used to support projects similar to those listed in the table.

CATEGORY	ILLUSTRATIVE ACTIVITIES
Environmentally Sustainable Management of Living Natural Resources and Land Use	<p><b>Soil Health Practices:</b> Promote the widespread adoption of farming practices that capture and store carbon in the ground and those that improve soil’s ability to store and recycle water and nutrients. This includes using cover crops that can be planted after harvest of a primary crop to help slow soil erosion, enhance water availability, and increase biodiversity; reducing or eliminating tillage, the stirring and turning over of soil; and rotating crops between fields each season to help keep soils fertile, biologically active, and intact. Expenditures include costs for research, evaluation, trainings, and project implementation as well as grants and loans.</p> <p><b>Sustainable Fisheries:</b> Support fishery and aquaculture projects that reduce negative impacts and create benefits for biodiversity, reduce carbon emissions and generate livelihood improvements for fishers and farmers. This includes deploying on-board cameras and other technology on commercial fishing vessels to capture fishing activity to improve regulatory compliance and help managers set sustainable annual catch limits, as well as working with government partners to evaluate and recommend sustainable fishery practices and design sustainable fishery management plans. Where projects involve certification, the products will be certified under Marine Stewardship Council (MSC), Best Aquaculture Practices (BAP) or Aquaculture Stewardship Council (ASC) standards. Expenditures include costs for research, evaluation, purchasing of sustainable fishery equipment and technologies, and project implementation as well as grants and loans.</p> <p><b>Sustainable Forestry:</b> Restore and enhance ecological integrity of forests while promoting and protecting local jobs and timber economy through sustainable forest management. This includes repairing watersheds, reconnecting waterways, and obtaining third party certification<sup>1</sup> through development of certified markets. Expenditures include costs for research, evaluation, land acquisition, and project implementation as well as grants and loans.</p>

<sup>1</sup> Generally, Forest Stewardship Council (FSC), Sustainable Forestry Initiative (SFI), American Tree Farm System (ATFS) or a standard approved under the Programme for the Endorsement of Forest Certification Schemes (PEFC). In certain circumstances, we adhere to locally recognized sustainability standards that TNC experts and scientists have determined provide sufficient protection.

CATEGORY	ILLUSTRATIVE ACTIVITIES
<b>Terrestrial and Aquatic Biodiversity Conservation</b>	<p><b>Protecting Coastal Areas:</b> Working with non-governmental organization (NGO) partners, we use science and technology to understand vulnerabilities in the coastal environment and develop targeted protection plans used to influence policy or engage in projects to address identified vulnerabilities. This includes projects like development of artificial reef structures to protect coastlines, mangrove protection, and other green infrastructure projects. Expenditures include costs for research, evaluation, community outreach and education, project implementation and grants.</p>
<b>Sustainable Water and Wastewater Management</b>	<p><b>Sustainable Rivers:</b> Utilize science and monitoring equipment to determine flow requirements for rivers to support wildlife and then creating operating plans for dams, structures or water usage in order to achieve flows that support the environment (for example, scientific prescriptions for the timing, quantity and quality of water flow that must occur downstream and upstream of dams in order to revive and sustain critical ecological functions and habitat for species). Expenditures include costs for research, evaluation, education, and project implementation including water flow and quality monitoring equipment, as well as grants.</p> <p><b>Water Management:</b> Engage in science modeling, provide technical capacity to local partners, and negotiate partnerships related to water usage and engage in watershed restoration in order to improve water quality and availability for consumption. Expenditures include costs for research, evaluation, project implementation, technology such as software for modeling and grants.</p>
<b>Climate Change Adaptation</b>	<p><b>Natural Climate Solutions (NCS):</b> A TNC led study that found NCS can provide one third of the emissions reductions needed to address the climate crisis. We are working to establish projects and influence policy in some of the highest emitting countries in the world to implement practices to promote conservation such as peatland restoration, landscape restoration, and Indigenous communities stewardship programs. Expenditures include costs for research, outreach and education, evaluation, trainings, equipment required for restoration activities, project implementation, and grants.</p> <p><b>Restoring Habitats to Reduce Impacts of Climate Change:</b> TNC works with NGO partners to protect and restore natural habitats, such as mangroves and coral reefs, that help reduce the impact of severe storms and floods. Projects include ecosystem-based disaster risk reduction measures that harness natural systems to prevent and reduce natural hazards and climate change impacts. For example, protecting and supporting the growth of coral reefs that provide cost-effective natural barriers from waves, storms and floods, or planting more mangrove trees, which grow roots that mitigate coastal erosion, provide food and other services, and store carbon. Expenditures include costs for research, evaluation and project implementation including purchasing materials for artificial reef structures and diving equipment, as well as grants.</p>

CATEGORY	ILLUSTRATIVE ACTIVITIES
Energy Efficiency	<b>Transitioning TNC's Buildings:</b> Convert fossil-fuel heating sources in TNC's offices and facilities to high-efficiency air-source, ground-source or water-source heat pumps. Expenditures include costs for evaluation and project implementation, including direct purchase of materials.

Renewable energy	<b>Renewable Energy Transition:</b> Support a faster and better energy transition that protects wildlife and habitat, supports communities, and increases emission reductions. We will advance solar and wind development in ways that reduce demand for new hydropower projects, with the goal of preserving critical ecosystems and free-flowing rivers. Projects include siting research to help identify ideal locations for renewable energy projects that do not contribute to additional carbon release (for example, targeting already degraded lands), and education of stakeholders including local governments and businesses to advance these projects on specific sites. We also intend to expand large-scale solar array systems on TNC facilities—both offices and preserves that can support electricity needs on-site. Expenditures include costs for research, evaluation, education, project implementation, including direct purchase of solar arrays and other materials, and grants.
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Process for project evaluation and selection	<div>2</div> <p>Projects that are funded through Green Bond proceeds will be assessed and evaluated through our standardized internal review process, which will include a review to ensure the project is an Eligible Green Project. Our standard process includes review by a local project review committee, followed by review by TNC's Oversight Committee comprised of the Chief Conservation Officer, Chief Finance Officer, General Counsel and Global Head, Impact Finance and Markets. In some cases, there will be a final review by a committee of the Global Board of Directors.</p> <p>All projects must further TNC's charitable purpose and mission to conserve the lands and waters on which all life depends. TNC's Code of Conduct, Policies and Procedures mandate various environmental and social safeguards be integrated into the project approval and implementation processes to manage and mitigate environmental and social risks associated with the use of proceeds.</p>
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Management of proceeds	<div>3</div> <p>Green Bond proceeds will be separately managed and tracked accordingly by TNC's Finance Department. Pending use, the net proceeds from the offering will be invested in cash, cash equivalents and debt securities. Payment of principal and interest on the bonds will be made from TNC's general funds and will not be directly linked to the performance of any Eligible Green Projects.</p>
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## Reporting

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Starting on or prior to the first anniversary of the issuance date of the Green Bonds and thereafter, throughout the life of the bonds, TNC will make and keep readily available information on the allocation of amounts equal to the net proceeds from the offering, to be updated annually until full allocation, and as necessary thereafter in the event of material developments. Such information will be made publicly available on the TNC's website ([www.nature.org](http://www.nature.org)).

This information will include, subject to confidentiality considerations in relation to the projects to which TNC is subject, descriptions of projects funded, amounts funded per project, date of initial funding, expected conservation outcomes, the share of financing to refinancing and any applicable impact metrics (see below).

Relevant impact metrics may include a selection of the following:

- Land, freshwater and marine ecosystem protected (hectares)
- Land, freshwater and marine ecosystem protected with improved management (hectares)
- GHG emissions sequestered or avoided through emission reduction (tons CO2 equivalent)
- People benefiting from nature to adapt to climate change (number of people)
- People with improved security of rights over natural resources, sustainable economic opportunity, or ability to participate in decision making about natural resources (number of people)

## External Review

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**Second Party Opinion**

TNC has engaged an external review provider for a Second Party Opinion on this Framework.

**Verification**

TNC may request on an annual basis, starting one year after issuance and until the earlier of maturity or full allocation of proceeds, a limited assurance report of the allocation of the bond proceeds to eligible uses, provided by our external auditor (PWC or any subsequent external auditor) or another qualified entity.

**DISCLAIMER**

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