



# Conservation Forestry Policy on Sustainable Forestry

## Our Values for Forestland Management

- Maintain and enhance productive forests.
- Achieve competitive risk-adjusted returns for our investors through the management of high quality forests over the long term.
- Operate in a manner that protects key forest ecosystem attributes such as soil productivity, water quality, and biodiversity.
- Utilize and support local businesses for services near our properties when possible.
- Operate in a manner that efficiently uses resources and minimizes waste from our forests.
- At all times conduct our business in an ethical, legal, and forthright manner.

## 1. Business Context

Conservation Forestry (CF) is committed to high standards of investment and forest management. We pursue a multidisciplinary approach to timberland management, recognizing that there are five major components to value enhancement and optimization for our investors and the forestlands we manage:

- sustainable timber production,
- the monetization of environmental amenities by working with our conservation partners via easement restrictions and direct purchases of property where possible,
- high amenity land sale opportunities created and allowed by conservation easements and other conservation-oriented restrictions,
- the marketing of recreational and other ecosystem services which are compatible with our conservation goals; and
- the ultimate disposition of high-quality forestlands.

Our reputation for sustainable and transparent management helps us mitigate risk by gaining the support of stakeholders in the community, and allows us to achieve the goals of our partners and clients.

Our Policy on Sustainable Forestry is a synthesis of a variety of sources applicable to timberland management in the USA. This document draws heavily on the certification standards from the Forest Stewardship Council and the Sustainable Forestry Initiative. In addition, we have incorporated concepts from the Forest Conservation Program at The Nature Conservancy (TNC) related to biodiversity analysis and protection. Lastly, portions of this policy were drawn from a range of tools developed by WWF (*Guidelines for Investment in Operations*), ProForest (*High Conservation Value Toolkit*), the Forest Guild (*Tenets of Forestry*), PriceWaterhouseCoopers (*Sustainable Forestry Finance Toolkit*), and the United Nations Principles for Responsible Investment.

Conservation Forestry is engaged in a business which manages forest resources that add value to local communities and the country. Beyond wood and fiber, the forests we manage provide open space, recreation, protection of water quality, carbon storage, and biodiversity, among other societal benefits. Our commitment to the highest ethical standards and sustainable management of our forest resource will help us ensure that the long-term interests of our stakeholders and investors are well-served.

## 2. Scope

Conservation Forestry manages funds that invest in timberland on behalf of pension funds, endowments, and private individuals. This policy applies to all funds managed by Conservation Forestry on behalf of our investors.

Conservation Forestry outsources the day-to-day management of our timberlands to local and/or regional third-party management firms. This approach provides us with the best knowledge of local market dynamics and better local oversight of our properties on a more efficient basis for our funds. It also allows us to engage and support local businesses. All of the firms that work for Conservation Forestry were chosen in part because of their experience and history of managing properties to very high standards in the regions where our properties are located. We establish the operating standards, philosophy, and goals and expect our managers to implement these policies on a day-to-day basis. We thereby maintain a similarly high standard across multiple regions and managers, and oversee them to assure compliance.

## 3. Legal Compliance

### 3.1. Laws and Regulations

Conservation Forestry will comply with all relevant laws and regulations related to fund management and forestland ownership.

### **3.2. Taxes**

CF will comply with tax obligations related to ownership and business operations. CF will follow standard legal processes for resolution of any tax disputes in a timely way.

## **4. Forest Management**

### **4.1. Certification**

Conservation Forestry is committed to an orderly certification of 100% of its timberlands with a preference for the Forest Stewardship Council (FSC) where applicable. Where regional requirements, contractual obligations, or other issues make FSC untenable or economically unsuitable, we will pursue Sustainable Forestry Initiative (SFI) certification, as we believe that the two certification systems are similar in their form. Regardless of the certification system used, we are committed to practicing the best standards of timberland management. CF prefers land managers with prior expertise in managing lands to FSC and/or SFI standards.

### **4.2. Planning**

CF will establish for each property a 10-year forest management plan that incorporates economic and forest stewardship values, and which will be updated periodically. Annual budgets will be based on current and forecasted economic conditions and inventories of the forest resource. The plans will be completed and implemented in collaboration with third-party property managers. CF is responsible for maintaining the underlying data by using systems that link the third-party manager directly to our management systems, thereby assuring compliance with our goals and objectives.

### **4.3. Forests with Critical Conservation Values and Endangered Species**

CF supports the identification of forests critical to conservation values and the protection of identified habitat for federally or state threatened or endangered species. An assessment will be completed as part of the management planning process for each property. Management of identified areas will strive to maintain characteristics which support the conservation values. Where possible, CF will work with conservation partners to move such habitats into appropriate conservation ownership and permanent protection.

### **4.4. Illegal Logging and Controlled Wood**

Currently, CF does not invest in timberland outside of North America. Nevertheless, CF maintains procedures designed to protect against illegally harvested or traded forest products and supports efforts to minimize illegal harvesting.

### **4.5. Plantation Conversion**

CF does not pursue the conversion of native forests to non-native species plantations, and CF seeks to maintain, where practical and feasible, both structural and species diversity within plantations.

### **4.6. Best Management Practices (BMPs)**

CF will follow state BMPs as part of routine management and planning.

### **4.7. Utilization**

CF will promote the use of appropriate harvesting technologies and practices that minimize waste and support sustainable forest utilization where feasible.

### **4.8. Monitoring**

CF regularly conducts field assessments of our forest managers and operations. These assessments evaluate the performance of the land managers at implementing CF's long term and annual plans and provide feedback regarding compliance with CF policies and standards.

## **5. Conservation and Forest Protection**

### **5.1. Water Quality**

CF takes all reasonable efforts to protect water quality on CF lands. Timber harvests will be conducted, and road systems and stream crossings will be constructed and maintained, with the goal of minimizing erosion and sedimentation.

### **5.2. Biodiversity**

In addition to the CF policy on Forests with Critical Conservation Values and Endangered Species, CF lands will be managed with the goal of sustaining biodiversity where practical.

### **5.3. Soil Conservation**

Protection of soils is integral to the long-term sustainability of forestlands. Maintaining and/or enhancing the productivity of our soils enables the forests to remain economically productive for current and future generations. Management planning considers the timing and location of operations that will minimize impacts on the soil resources.

### **5.4. Chemical Use**

CF seeks to minimize the use of chemicals where it does not impact the long-term regeneration or productivity of commercially valuable forests. Application of fertilizers, pesticides, and herbicides will comply with label requirements, laws, and regulations, and will be applied only by appropriately licensed and trained applicators. CF will seek available alternatives to any chemicals listed by the World Health Organization as Type IA and IB or chlorinated hydrocarbon pesticides. These chemicals will only be used if and when all other alternatives have been exhausted, and if the health or sustainability of the forest is otherwise threatened.

## **6. Local Communities, Indigenous Rights, and Health and Safety**

### **6.1. Local Communities**

CF supports local communities and businesses through its choice of managers and contractors, and by reaching out to various stakeholders, community groups and public agencies. Where feasible from a liability and management standpoint, CF provides access to its lands for recreation and general enjoyment through a combination of leases and easements that secure access.

### **6.2. Indigenous Rights**

In the development of management plans, CF reviews key issues associated with indigenous rights claims and attempts to identify culturally and archeologically important sites within our properties.

### **6.3. Health and Safety**

CF promotes logger and forest worker training and safety programs. This may include using language in contracts requiring the use of appropriate safety equipment and training, and requiring that contractors carry sufficient insurance.

## **7. Policy Implementation**

This policy will be implemented and incorporated as part of our routine management planning process, including the completion of 10-year management plans, annual budgets, pro forma financial and forest management analyses, and in periodic reviews of operations.

The Policy is subject to adjustments from time to time at the discretion of the management.