

**FAMILY FOREST IMPACT FOUNDATION, LLC BOND
TAXABLE SERIES 2022A (GREEN BONDS)**

2023-2024 IMPACT REPORT

On July 7th, 2022, the Family Forest Investment Foundation, LLC (“FFIF”), a disregarded LLC under the American Forest Foundation (AFF), issued \$10 million Series 2022A taxable bonds (the “2022A Bond”) to capitalize the Family Forest Carbon Program (“FFCP”). The bonds serve to drive ESG investment in nature-based climate change mitigation activities and have a 10-year, bullet maturity. AFF provided an unconditional and irrevocable guaranty behind the 2022A Bond to provide a Moody’s Baa1 rating which has remained stable through May 2024.

Proceeds from the sale of the bonds were used to catalyze this first-of-its-kind carbon offset program which, to date, has:

- Enrolled 277 family landowners in FFCP
- Covered an area of over 36,000 acres of Central Appalachian forestland
- Provided and / or facilitated technical assistance and incentive payments to participating landowners to engage in sustainable forestry, expected to result in over 660,000 metric tons of CO₂ being sequestered by 2044
- Established monitoring, reporting and verification of FFCP practices, enabling high quality, third-party verified carbon offsets to be sold in the voluntary carbon market, from which sale proceeds will be used to repay debt service on the bonds and other FFCP operations.

The 2022A Bond is the first obligation under FFIF’s Master Trust Indenture (MTI), structured to permit flexibility in capital plan management, including bespoke security provided behind individual supplemental notes as the program expands.

The 2022A Bond received a “Green Bond” designation, with a Second Party Opinion providing by Kestrel Verifiers affirming compliance with Green Bond Principles. In accordance with this, FFIF has prepared this impact report tracking FFCP’s alignment and progress towards various UN Sustainable Development Goals.

Series 2022A Bond proceeds are allocated solely to the Family Forest Carbon Program and overseen by the Family Forest Impact Foundation (“FFIF”) management committee. Funds are held in a trustee account (Wilmington Trust, N.A.) and in temporary permitted investments as defined by FFIF’s investment policy and as specified in the 2022A Offering Memorandum.

USE OF PROCEEDS

For the two-year period of July 1, 2022, to June 30, 2024, FFIF utilized bond proceeds specified in the 2022A Offering Memorandum for the following programmatic expenses:

- Implement marketing activities to develop awareness of the program among landowners leading to enrollment in the FFCP.
- Provide family forest landowners with incentive payments to adopt forestry practices that improve forest health and carbon storage.
- Provide technical assistance to landowners to enable them to implement FFCP practices.
- Monitor, report on, and verify the results of families implementing those practices, thereby generating third-party verified carbon credits for sale within the international voluntary carbon market.

- Connect with companies and other institutions seeking to purchase verified carbon credits as part of their climate commitments and secure their participation as buyers through long-term ERPAs.
- Communicate with key stakeholders regarding the program’s expansion.
- Administer the program and adjust the financial and business model based on observed business results.

The following table details the breakdown of use of proceeds across expense categories for the two-year period ending June 30, 2024.

Category	Total
Salary and Benefits	4,657,988
Consultant and Contracted Services	1,110,210
Interest & Amortization Expense	873,648
Landowner Engagement	522,893
Travel and Meetings	175,362
Landowner Incentives	70,022
Supplies and Materials	12,133
Postage and Other	4,135
Report Total	7,426,391

Most bond resources went towards investment in the AFF implementation team executing activities including pre-enrollment of landowners and related marketing and communication activities, along with procurement and administrative services to enroll landowners. Other investments involved the engagement of corporate buyers in purchasing FFCP credits as well as monitoring, reporting and verification activities for credit generation.

Practice implementation focused on expansion of AFF’s Growing Mature Forest and Enhance Your Woodlands practices carried out in Pennsylvania, West Virginia, New York, Vermont, and other states along the Appalachians. Other funds were used for landowner incentives and other implementation costs, effectively leveraging the green bond to drive enrollment in the program.

The following section summarizes the full amount of landowner incentives paid during this timeframe, including those from the green bond and those sourced via other funding opportunities made possible by the green bond.






IMPACT

Impact of the FFIF green bond proceeds from July 2022 to June 2024 in the Central Appalachian region correspond with the following achievements characterized within the framework of global Sustainable Development Goals (SDG) and program performance to date. Note that progress on these SDG contributions was broadened to include SDG 1 (No Poverty) and SDG 8 (Decent Work and Economic Growth) to mainstream FFCPs Diversity, Equity, Inclusion and Justice (DEIJ) related investment commitments of at least 3.5% of bond proceeds (\$335,000):

- **DEIJ investments (SDG 1):** Efforts were taken to target special interest communities such as landowners of color, landowners with extra small land holdings, or heirs’ property landowners. However, these efforts were undertaken by leveraging grants from corporate entities. Though efforts such as these were not made directly through the input of the green bond, there have been landowners who have directly or indirectly benefited from these efforts and enrolled in the program from special interest communities, and those landowner incentive payments were funded by the bond. For instance, an estimated 2.03% of the landowners enrolled in the program are African

American, Indigenous, or other people of color (BIPOC), 8.1% are low-income, and 0.5% are both BIPOC and low-income. Collectively then, 9.63% are either BIPOC or low-income. Moving forward, the program is taking steps to improve tracking of these impacts while also respecting landowner privacy considerations.

- **Funds distributed to rural landowners (SDG 8):** FFCP distributed more than \$2.8 million to rural landowners during this reporting period, with \$70,022 coming directly from green bond resources.
- **Third-party verified carbon credits (SDG 9,13):** For the 2022 – 2024 period, we estimate FFCP has generated close to 100,000 metric tons of CO₂e removals from the atmosphere, which will be third-party verified by early 2025. These removals account for estimated leakage, permanence, and uncertainty. The process required by Verra to issue verified carbon units (VCUs) or carbon credits involves site visits by a third-party verification body and responses to verification body findings.
- **Total enrolled acreage (SDG12):** The program enrolled 36,562 acres in Pennsylvania, West Virginia, and Western Maryland from July 1, 2022, through June 30, 2024. Over the course of their contracts these 36,562 enrolled acres will generate approximately 667,000 metric tons of CO₂e mitigation.
- **Number of enrolled landowners (SDG 17):** FFCP enrolled 277 landowners in Pennsylvania, West Virginia, and Western Maryland from July 1, 2022, through June 30, 2024.
- **Improved forest resilience and health metrics, diversity of plant and animal species, and (SDG 15):** Unlike the third-party verified process of VCU issuance, direct forest resilience and health metrics are not quantitatively measured by the program given high transaction costs involved. However, FFCP foresters are anecdotally seeing early indications in our first cohorts that the change in forest carbon on enrolled properties exceeds the change in forest carbon in matched, unenrolled properties, likely indicating that these properties have been managed for a variety of better forest health outcomes. Moreover, forest management plans are developed in partnership with professional foresters for enrolled properties, following best management practices specified in landowner contracts. These practices include the removal of invasive shrubs and trees, supporting riparian buffers, creating small gaps in the canopy to encourage forest regeneration, and selective thinning aimed at promoting the growth of the largest, healthiest trees in the stand.
- **Expansion of the Program into other regions (SDG 17):** Between July 1, 2022, and June 30, 2024, FFCP expanded into Michigan, Minnesota, Wisconsin, Alabama, Georgia, Kentucky, Maine, New Hampshire, New York, North Carolina, Ohio, South Carolina, Tennessee, and Virginia, to add to existing availability in Maryland, Massachusetts, Pennsylvania, Vermont, and West Virginia.

<p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> 	<p>Industry, Innovation and Infrastructure (Target 9.4)</p> <p><u>Possible Indicators</u></p> <ul style="list-style-type: none"> Third-party verified carbon credits
<p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> 	<p>Responsible Consumption and Production (Target 12.2)</p> <p><u>Possible Indicators</u></p> <ul style="list-style-type: none"> Total enrolled acreage
<p>13 CLIMATE ACTION</p> 	<p>Climate Action (Target 13.1)</p> <p><u>Possible Indicators</u></p> <ul style="list-style-type: none"> Improved forest resilience metrics Third-party verified carbon credits
<p>15 LIFE ON LAND</p> 	<p>Life on Land (Target 15.2)</p> <p><u>Possible Indicators</u></p> <ul style="list-style-type: none"> Improved forest health metrics Diversity of plant and animal species
<p>17 PARTNERSHIPS FOR THE GOALS</p> 	<p>Partnerships for the Goals (Target 17.17)</p> <p><u>Possible Indicators</u></p> <ul style="list-style-type: none"> Number of enrolled landowners Expansion of the Program into other regions