

# Blue Forest: Fighting Fire with Finance

April 2023





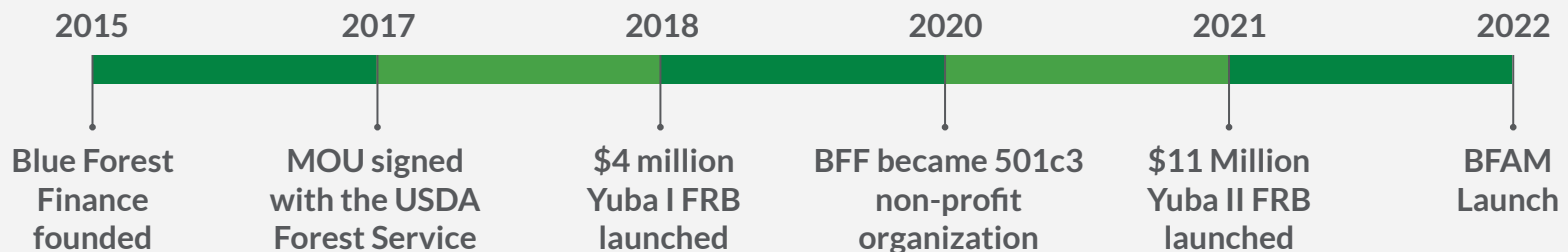
# An Innovative Conservation Finance Organization

## About Our Organization

- ▶ Blue Forest Finance Inc. (“Blue Forest” or “BFF”) is a mission-driven, non-profit organization creating **sustainable financial solutions to environmental challenges**.
- ▶ An **interdisciplinary team of 30** scientists, finance experts, and engineering professionals.
- ▶ Blue Forest’s signature financial product, the **Forest Resilience Bond** (“FRB”), deploys private capital to finance forest restoration projects on private and public lands that reduce the risk of catastrophic wildfire and enhance landscape resilience.



## Timeline



# The Leading Conservation Finance Manager

## Successful Impact Investing Track Record

- ▶ **Leading conservation finance project developer** focused on reducing wildfire risk through forest restoration; first investment partner of the USDA Forest Service.
- ▶ Managing **\$15 million** for the Yuba I & II FRBs; **successful proof-of-concept validation** for the conservation finance mechanism and the pilot-to-scale sequencing model.
- ▶ **Established brand built on rigorous impact management, measurement, and reporting:** in-depth Annual FRB Impact Report aligned with the **UN Sustainable Development Goals**.
- ▶ Recognized as an “**Emerging Impact Manager**” by ImpactAssets in 2022 and 2023.



IA 50<sup>®</sup>

2022  
EMERGING IMPACT MANAGERS

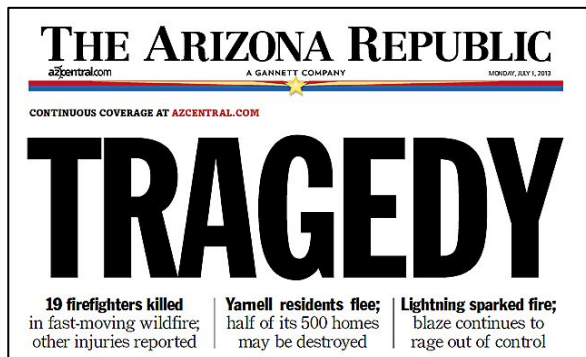
Newer impact fund managers to watch that demonstrate future potential to create meaningful impact.\*



## II. The Wildfire Challenge



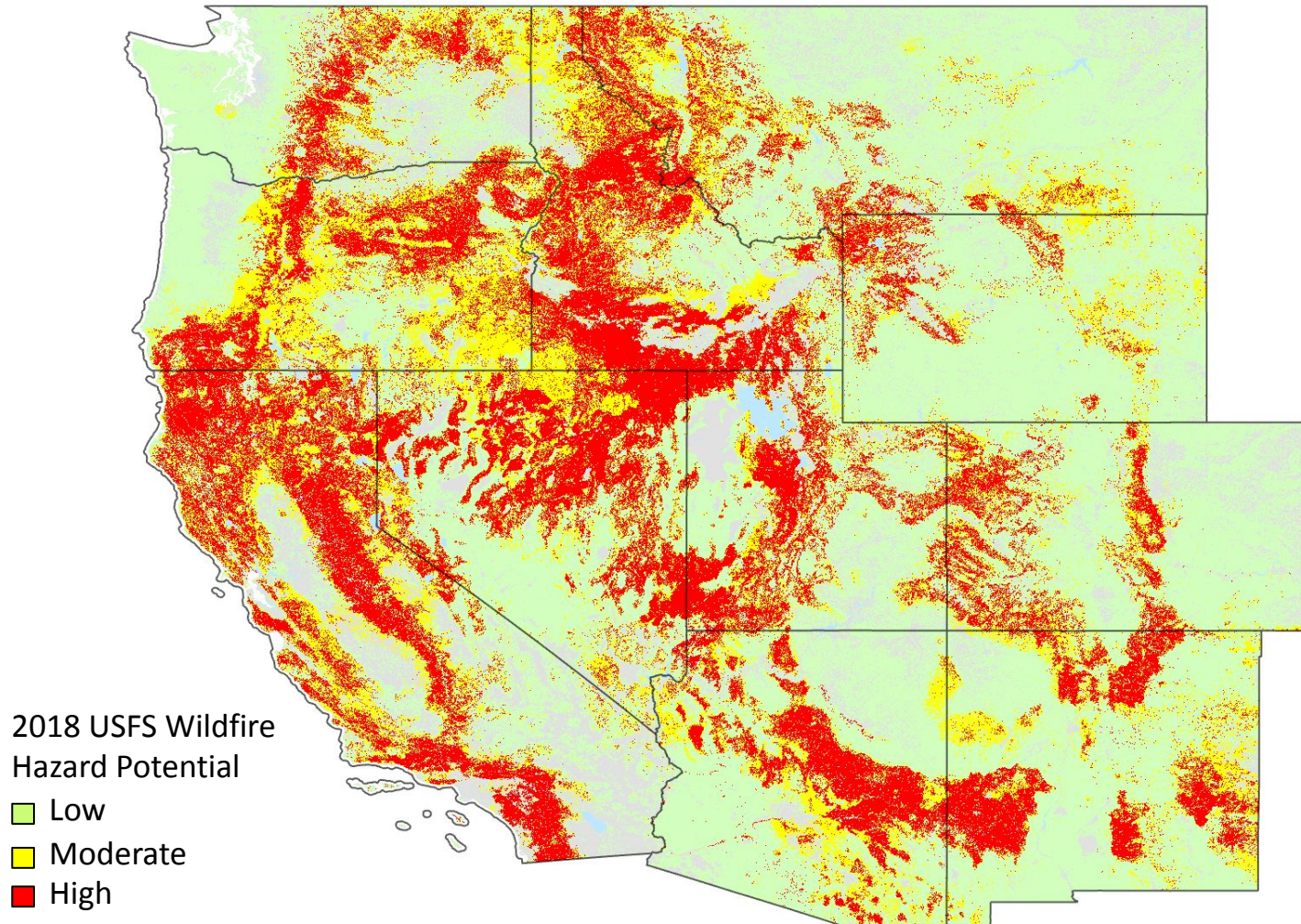
# Dedicated to Solving the West's Wildfire Crisis





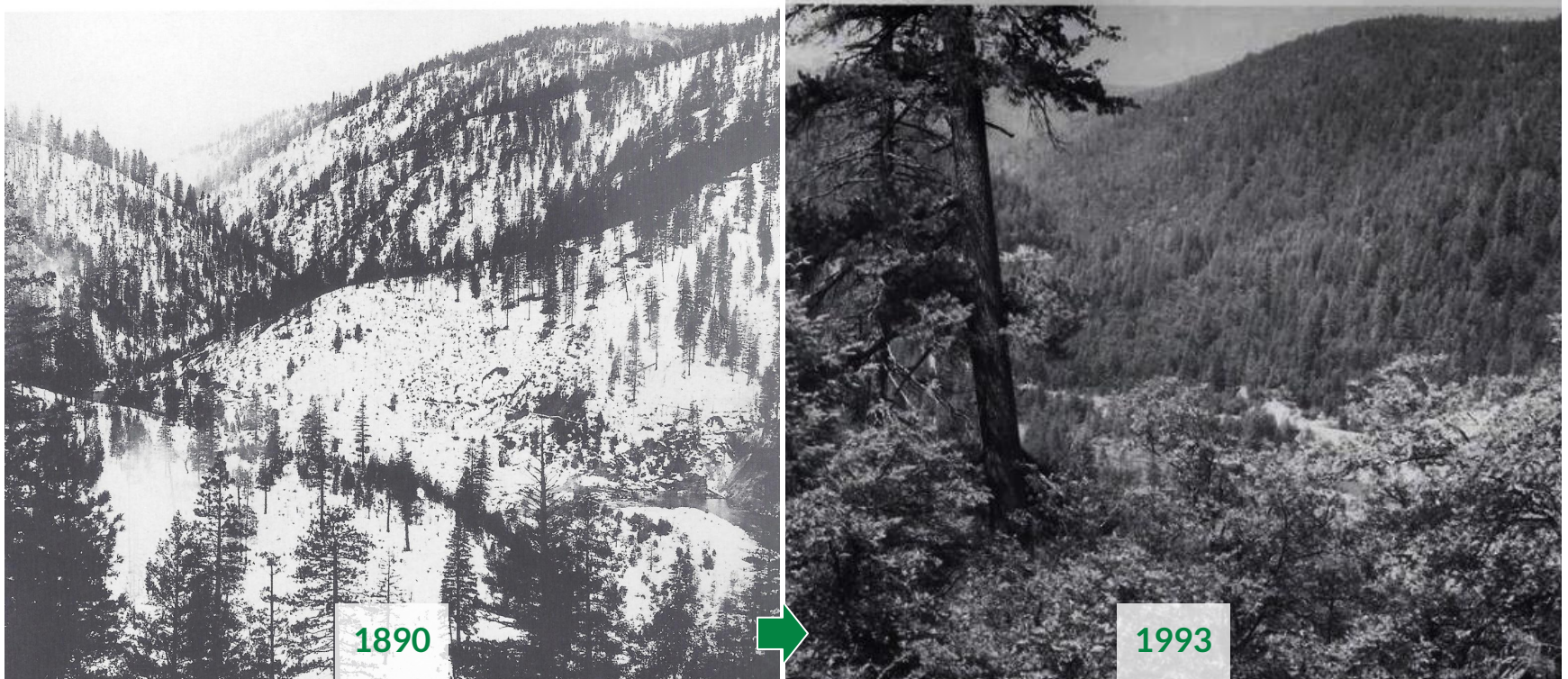
# Western US Forests & Communities at Risk

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# Path to Overgrown Forests



## How did we get here?

Unhealthy landscapes at high risk of severe wildfire are a result of the long-standing practice of suppressing small, environmentally beneficial fires (also known as “**fire suppression**”) combined with a **changing climate**. Today, California forests have up to **10x more trees** than they historically supported.



# Proven Solution: Forest Restoration



**Ecological forest restoration treatments return forest ecosystems to healthy conditions and reduce the risk of wildfire.**

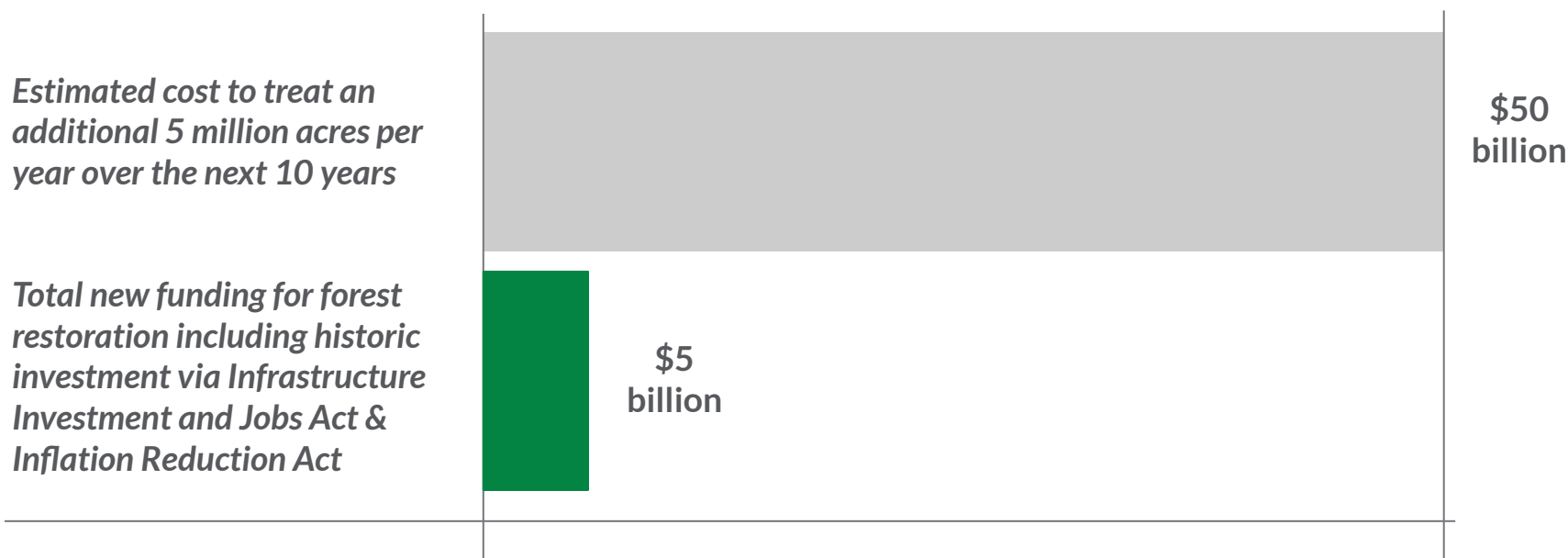
- ▶ Mechanical and hand thinning
- ▶ Prescribed fire
- ▶ Meadow restoration
- ▶ Invasive plant removal
- ▶ Native aspen regeneration
- ▶ Road decommissioning





# The Forest Restoration Funding Problem

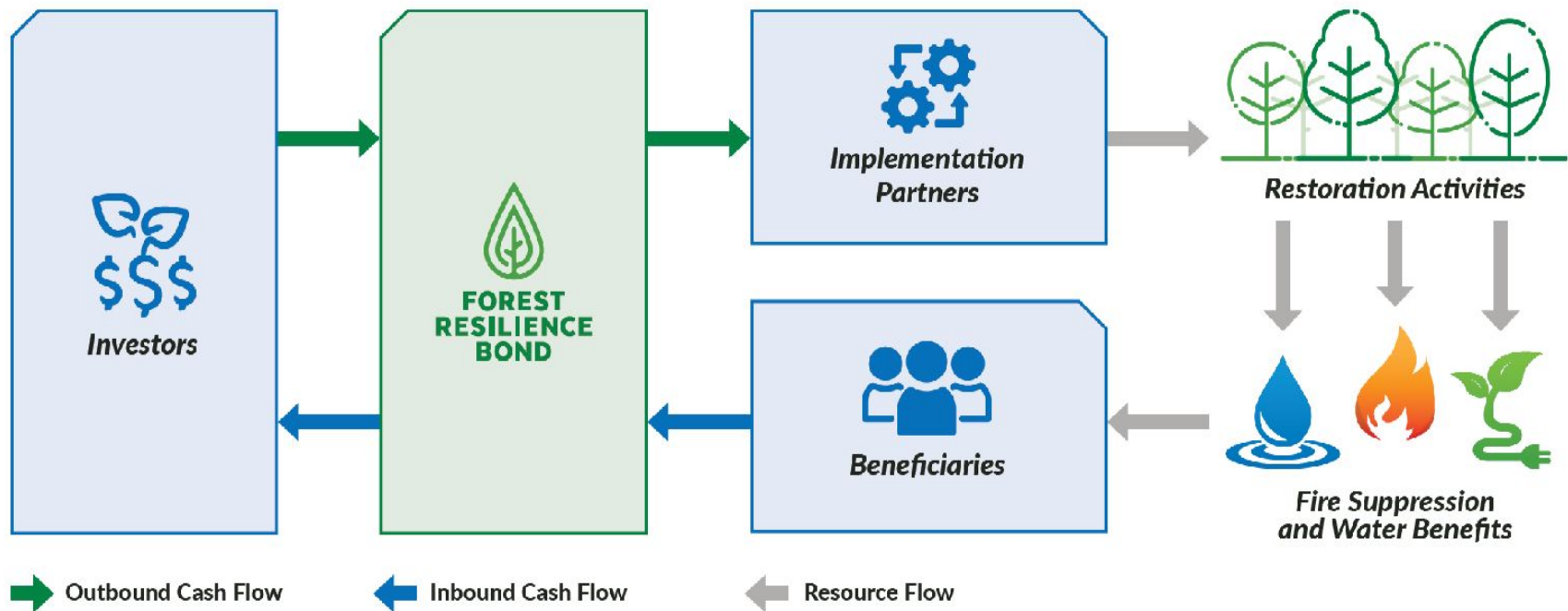
The Forest Service's Wildfire Crisis Strategy prioritizes dramatically increasing fuels and forest health treatments by up to 4X current treatment levels in the West. However, funding levels remain vastly insufficient to meet this goal.



**A \$50 billion problem with a \$5 billion solution**



# The Forest Resilience Bond



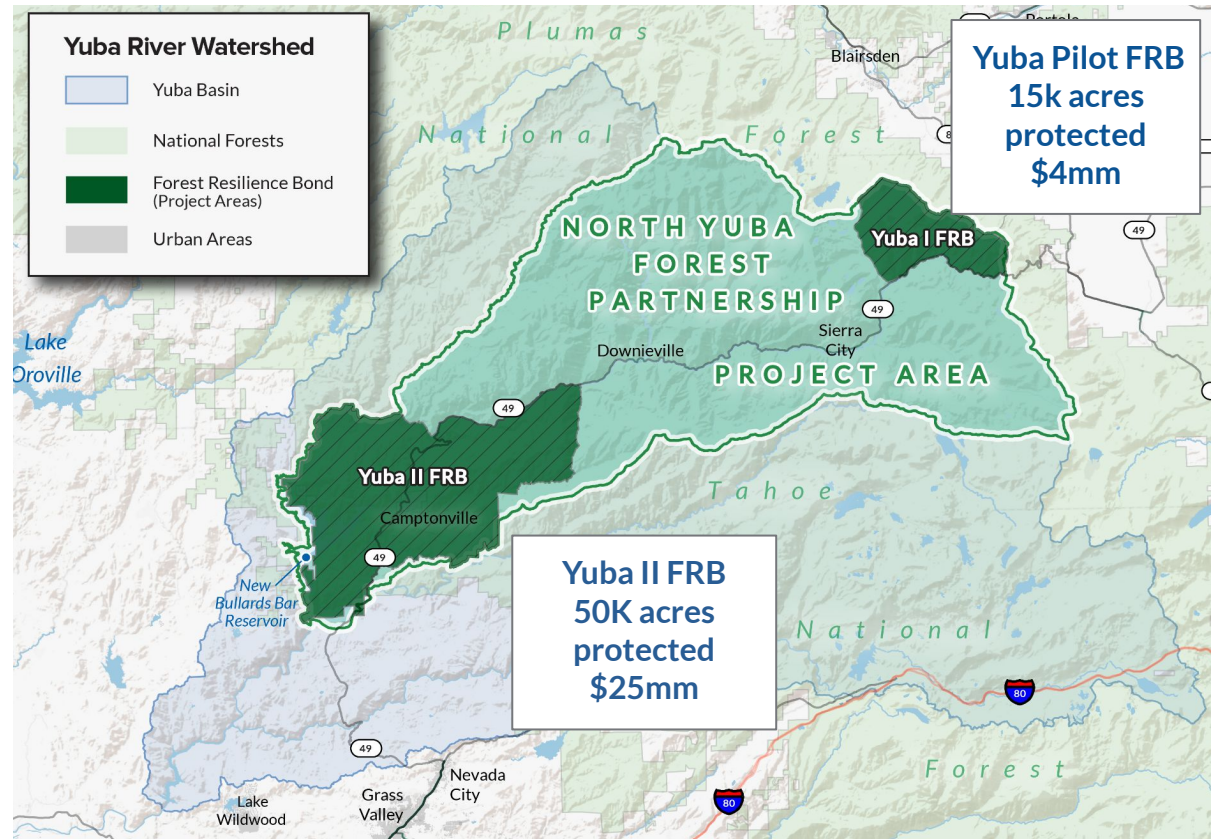


# The Yuba I & II FRBs

## The Yuba I Pilot Unlocked Impact at Scale

- ▶ Initial pilot FRB to protect 15k acres
- ▶ Scale to future FRBs: 50k acres
- ▶ Spur sustainable growth in biomass, timber, recreation
- ▶ Catalyzed formation of the North Yuba Forest Partnership to restore 275k acre watershed
- ▶ Beneficiaries include Yuba Water Authority, State of California, private corporations

## North Yuba River Watershed, Tahoe NF, California



*Yuba I Pilot has led to over a 3X scale up in acreage and capital at work in Yuba II*



# Looking Forward: Financing Forest Restoration



## Scaling FRB Financing

- ▶ Launching a fund to directly finance FRBs that meet criteria, creating efficiencies and accelerating project implementation
- ▶ Goal to finance **10+ new pilot FRB projects** across the Western U.S. that catalyze collaborative restoration at the landscape scale



## Introducing Blue Forest Asset Management

- ▶ **Private market investment strategies dedicated to solving the wildfire problem** by strengthening the forest restoration system
- ▶ Investments in California growth-stage companies and projects across **harvesting, hauling, processing, and utilization** that increase system capacity and efficiencies and create value for biomass





# BLUE FOREST CONSERVATION

Financial Innovation for Sustainable Solutions



## FOREST RESILIENCE BOND

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