

The Natural Capital Fund



GROWING THE CENTER



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NORTH AMERICA'S RAIN FOREST COAST

SHADING DEPICTS THE ORIGINAL EXTENT OF THE COASTAL TEMPERATE RAIN FOREST

BIOREGION AT A GLANCE

AREA: 102 MILLION ACRES
POPULATION: 15 MILLION
GROSS REGIONAL PRODUCT*: \$400 BILLION
*1997 FIGURES

ALASKA

Juneau

BRITISH COLUMBIA

Prince Rupert

Vancouver

Victoria

Seattle

WASHINGTON

Portland

OREGON

CALIFORNIA

San Francisco

OVERVIEW

Ecotrust's Natural Capital Fund makes investments in key sectors, businesses and projects that significantly enhance the capacity for appropriate development and conservation in North America's coastal temperate rain forest region. The Fund is intended to serve as a catalyst — leveraging other investments through partnerships, joint ventures and other collaborations. The Fund is also Ecotrust's working endowment: it will increasingly fund Ecotrust's core operating programs as it grows.

Unlike traditional endowments, Ecotrust invests its principal in initiatives and businesses that promise programmatic as well as financial returns. We define program returns as improvements in social capital (equity), ecological capital (ecology), and financial capital (economy). Together, these three essential forms of capital constitute the triple bottom line of the emerging conservation economy.

By considering and investing in all three forms of capital simultaneously, we can create real, long-term value. Ecosystems, communities, and economies are inextricably linked: failure to invest in one will diminish the value of all. The Natural Capital Fund targets the intersection of all three in order to grow the center, where the value is greatest.



PHOTO BY GARY BRAASCH

COPPER RIVER DELTA, ALASKA

THE NATURAL CAPITAL FUND HAS THREE KEY OBJECTIVES

1 | SUPPORT “KEYSTONE BUSINESSES” AND ENTERPRISES

Conservation biologists describe certain species, like Pacific salmon, as “keystone” – those whose presence shapes the character of an entire habitat and all the other species it sustains. Likewise, “keystone businesses” in the economic sphere support the emergence and viability of many other entities that together build a thriving conservation economy. We are especially interested in sectors that shape the landscape of the coastal rain forest region: fisheries, farming, forestry, and real estate development.

2 | BUILD RURAL-URBAN CONNECTIONS

The growing numbers of city dwellers continue to shape the rural landscape by their purchases and preferences. Without a feedback loop that connects environmental consequences with consumer choices, people will continue to practice behaviors and select products (suburban sprawl, farmed salmon, chemical-intensive agriculture, wood from endangered forests) that potentially diminish natural and social capital. By connecting rural producers and landscapes with urban consumers more directly, we hope to improve awareness and influence market demand for sustainably produced goods and services.



PHOTO BY CINDY HARZENBOOM

IISAAK FOREST RESOURCES,
VANCOUVER ISLAND,
BRITISH COLUMBIA

3 | MAKE MONEY

Ecotrust intends for the Natural Capital Fund to finance core operations and programs to an increasing extent, and to diversify our funding sources. This objective also tests one of our key premises: businesses that actively seek “triple-e” returns will outperform their peers over the long run and provide superior returns to their investors. The evidence in favor of our intuition is beginning to mount: a recent analysis attempting to link environmental performance and shareholder return consistently found that investment returns improved as companies invested in the environment.

THE NATURAL CAPITAL FUND HAS THE FOLLOWING OPERATING CHARACTERISTICS

TRIPLE-E RETURNS

We look for “triple-e” returns from each investment, recognizing that a company that builds capital with social (equity), ecological (ecology), and financial (economy) value promises lower risk and higher returns over the long run.

LEVERAGE

We measure our success in terms of how much additional investment we can bring to Fund companies. In our Venture and Partners Fund, described below, we have leveraged at least \$3 for every \$1 of Fund investment. We also measure our programmatic leverage: the redevelopment of the Jean Vollum Natural Capital Center, for example, has strongly influenced developers, architects, contractors, and others to incorporate green design and building elements into their projects.



PHOTO BY MICHAEL WILHELM

COASTAL COHO SALMON

RAPID REDEPLOYMENT

Investment needs and opportunities greatly exceed the amount of available Fund capital. While acknowledging the need for patient capital, we try to make our Fund work as hard as possible. As our investments mature and are able to attract more conventional capital, we redeploy funds as quickly as possible into new opportunities.

QUICK DECISIONS

Most initiatives to build natural and social capital are funded by philanthropic or government sources. These traditional sources generally have long response times, ranging from a few months to a few years, when new opportunities arise. If we wish to engage market forces and capital for the conservation economy, response times must be reduced. The Fund’s review and approval process is designed to respond within a few days to compelling opportunities.

THE NATURAL CAPITAL FUND AT A GLANCE

Launched in 1992, the Fund currently totals \$20 million in gross assets and \$11 million in net assets. Over the next five to ten years, we plan to grow the Natural Capital Fund to \$50 million. At this level, the Fund will generate \$2,500,000 at an average rate of current return of 5%. This will fund Ecotrust's core operating and program budget.

Fund investments are divided into four general categories: Partners, Income, Venture, and Real Estate. In all of these investments, we seek "triple-e" returns. Given modest resources, we also seek programmatic returns: our current investments are closely linked to our program goals. For example, our investment in EcoTimber, described below, was made not only because of our interest in the company but also to provide a sales venue for conservation entrepreneurs in our community programs. In some cases, Fund investments are wholly owned, as in the case of the Natural Capital Center. In other cases, such as that of Stormwater Management, our investment is relatively small and non-controlling, but our presence as an investor is important in attracting additional capital to the company.

We anticipate that most of the growth in the Natural Capital Fund in the next five years will be in timberland investment, with hopes of demonstrating and inspiring additional investments in sustainable forestry, as well as providing good investment returns to the Fund.

FUND CATEGORIES

THE PARTNERS FUND

The Partners Fund capitalized the institutions we created with Shorebank Corporation to provide entrepreneurs in the region with loans, technical assistance, and access to markets.

THE REAL ESTATE FUND

The Real Estate Fund invests in land and buildings that support our programs and provide financial returns.

THE INCOME FUND

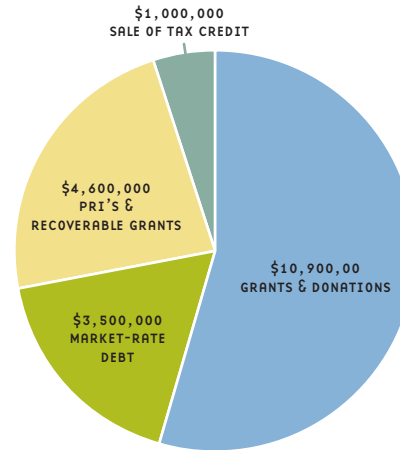
The Income Fund supports Ecotrust's core operations through income-earning investments in socially- and environmentally-responsible companies and mutual funds.

THE VENTURE FUND

The Venture Fund provides venture funding to early-stage companies that are pivotal to the development of the conservation economy in the region.

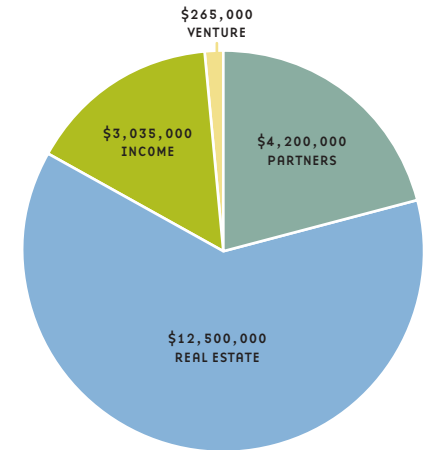
SOURCES OF FUNDS

TOTAL \$20,000,000

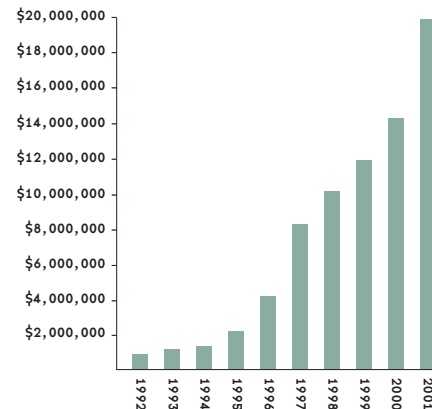


CURRENT ALLOCATION OF FUNDS

TOTAL \$20,000,000

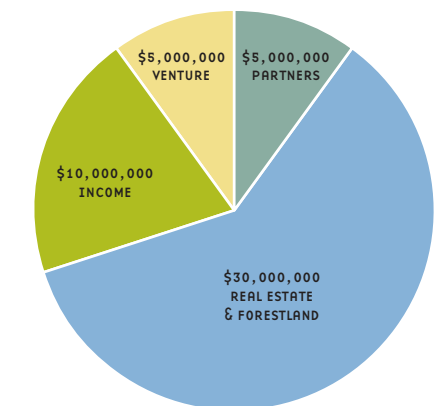


GROWTH IN ASSETS SINCE INCEPTION



PROJECTED ALLOCATION OF FUNDS, 2006

TOTAL \$50,000,000



The Partners Fund invests in Ecotrust's institutional capacity to support conservation businesses in the region. Ecotrust's early work in rural communities along the rain forest coast demonstrated that reversing degradation of natural and social capital and supporting real development meant providing access to capital and markets for entrepreneurs. We partnered with Shorebank Corporation, the oldest and largest community development bank in the United States, to help us develop products and services for what we termed "conservation entrepreneurs" to launch and expand their businesses.



PHOTO BY MICHELE DRAILEY

SHOREBANK ENTERPRISE CLIENT MYRTLE LANE DAIRY PRODUCES MILK FROM AN OREGON TILTH CERTIFIED ORGANIC HERD OF JERSEY COWS

Our partnership with Shorebank Corporation yielded two institutions to help provide financing and enterprise assistance: ShoreBank Pacific, a Washington-chartered commercial bank, and Shorebank Enterprise Pacific, a non-profit. Both are headquartered in Ilwaco, a fishing town on the southwest Washington coast.

We started by developing EcoDeposits – a suite of deposit products such as savings, checking, IRAs and CDs accounts – that initially supported the bank's development and now provide the capital for lending. The Natural Capital Fund made the first deposit of \$300,000 in 1994. The idea of a depository account which invests in the community and in the environment, makes a fair return, and is FDIC-insured, has proven to be very compelling, and EcoDeposits have now reached \$35 million and continue to grow, with depositors from all over the U.S. and three other countries.

With the EcoDeposit program successfully established, the Natural Capital Fund redeployed its deposit in 1995 to invest in the next stage of the partnership: Shorebank Enterprise Pacific, which was designed to provide high-risk loans, market connections and technical assistance to business whose activities restore

communities and landscapes. The Natural Capital Fund raised \$2 million in grants and program-related investments to capitalize Shorebank Enterprise, and Ecotrust provided the initial staff to launch the organization. Six years later, Shorebank Enterprise is an independent organization with three locations, total investments of \$12 million in over 150 transactions, and capitalization of \$8 million, with a loan loss of less than 1%.

With Shorebank Enterprise successfully launched and increasingly able to operate independently, the Natural Capital Fund turned its attention to launching the commercial bank entity. Shorebank and Ecotrust raised \$7.2 million from philanthropic donors and investors to issue Shorebank stock and capitalize ShoreBank Pacific, and the bank opened its doors in Ilwaco, Washington and Portland, Oregon in 1997. Supporters contributed \$3.5 million of the \$7.2 million total as grants and program-related investments to Ecotrust instead of investing directly in the bank themselves. These contributions are held in the Natural Capital Fund and allow Ecotrust to own 4.9% of the voting stock of Shorebank Corporation. At this level, Ecotrust's Natural Capital Fund is the largest single shareholder of voting stock in Shorebank Corporation.

Four years later, ShoreBank Pacific has total assets of \$46 million, net loans of \$18 million, and deposits of \$42 million. Its loans have supported many facets of the conservation economy: natural foods, value-added seafood processing, ecotourism, alternative schools, eco-certified furniture, green building, alternative health care, car sharing, and brownfield redevelopment, to name a few.

From an initial capital investment of approximately \$6 million, the Natural Capital Fund has generated almost \$70 million in loans and deposits that are expanding the conservation economy – a programmatic leverage of 10:1. This high leverage demonstrates a key Natural Capital Fund objective of maximizing leverage and creating and supporting key-stone businesses that spur new opportunities and investments.



PHOTO COURTESY OF VENERABLE PROPERTIES

SHOREBANK FINANCED THE REDEVELOPMENT OF MILL POND VILLAGE, FORMERLY THE ASTORIA MILL BROWNFIELD

The Real Estate Fund invests in land and real estate in urban and rural landscapes. It currently consists of two properties: the Natural Capital Center in Portland, Oregon, and an investment in the Koeve River Lodge on the Central Coast of British Columbia.

THE JEAN VOLLUM NATURAL CAPITAL CENTER

While Ecotrust started its work in rural communities of the rain forest coast, our work always brought us back to the cities of the region in search of capital, policy support, and ideas. To further build on these rural-urban connections and to establish a center to bring together the emerging threads of the conservation economy, we purchased and subsequently redeveloped a historic 70,000 sq. ft. warehouse in the Pearl District of Portland.



PHOTO BY WILL ROUSH
NATURAL CAPITAL CENTER, PORTLAND, OR

The Jean Vollum Natural Capital Center is now a marketplace for the goods, services, and ideas of the emerging conservation economy. This historic building houses Ecotrust’s headquarters as well as the headquarters of many business and non-profit leaders in the conservation economy. The tenant community encompasses a diverse array of sectors including salmon conservation, sustainable forestry, responsible investing, sustainable agriculture, sustainable urban design and development, clothing, and adventure travel.



The Natural Capital Center is thriving as a community. Tenants interact regularly in informal gatherings, at scheduled dinners and workshops, and at the Building Council – a multi-tenant committee that monitors and seeks to improve the building’s environmental performance as well as increasing opportunities to build relationships with each other and the broader community. The Ecotrust Conference Center, a 2,000 sq. ft. events facility with state-of-the-art audio-visual equipment housed on the second floor, stands at the core of this relationship and stimulates knowledge-building. From developing connections between local farmers and consumers through food events to workshops on marine protected areas to cultural programs for children, the conference center is weaving the diverse strands of the conservation economy into a single powerful movement.

In addition to nurturing a growing community for the conservation economy, we hoped the Natural Capital Center redevelopment itself would demonstrate an approach to building and urban design that enhances landscape and community. We focused on five elements: reusing the existing building; selecting reclaimed, recycled, and otherwise low-impact materials; filtering and storing rainwater on-site; making the building as energy-efficient as possible; and creating inviting public places. As a result, the Natural Capital Center became the first historic building to be awarded gold-level Leadership in Energy and Environmental Design (LEED) certification under the strict standards developed by the U.S. Green Building Council. The certification considers such factors as water efficiency, energy performance, siting, materials, and indoor air quality. More importantly, the building has attracted considerable

REDEVELOPMENT HIGHLIGHTS

- ◆ 98% OF CONSTRUCTION DEBRIS RECLAIMED AND RECYCLED
- ◆ 20% ENERGY SAVINGS ACHIEVED
- ◆ FSC CERTIFIED, SUSTAINABLY HARVESTED WOOD USED THROUGHOUT
- ◆ WILLAMETTE RIVER PROTECTED FROM STORMWATER RUNOFF
- ◆ ENVIRONMENTALLY INNOVATIVE INTERIOR MATERIALS



and creating inviting public places. As a result, the Natural Capital Center became the first historic building to be awarded gold-level Leadership in Energy and Environmental Design (LEED) certification under the strict standards developed by the U.S. Green Building Council. The certification considers such factors as water efficiency, energy performance, siting, materials, and indoor air quality. More importantly, the building has attracted considerable

interest from developers, architects, builders, government officials, and others from the region and beyond, and has inspired many parallel green building projects and renewed interest in historic preservation and building reuse.

The Jean Vollum Natural Capital Center is currently the largest investment in the Natural Capital Fund and is intended to provide Ecotrust with financial as well as programmatic returns. We expect the Center to contribute approximately \$200,000 in net operating profits for Ecotrust programs beginning in 2003.

THE KOEYE RIVER LODGE

In 2001, the Natural Capital Fund provided bridge financing for the purchase of a fishing lodge for the long-term benefit of the Heiltsuk people. The Koeye River Lodge, consisting of a fishing lodge and a 74-hectare property at the mouth of the pristine Koeye River on the Central Coast of British Columbia, will be redeveloped by the Heiltsuk First Nation into a science and research facility and healing center. The property is critical to the protection of the 18,000-hectare Koeye watershed, which has abundant runs of salmon and a large population of grizzly bears, and is recognized globally as an extraordinary example of late successional coastal temperate rain forest.



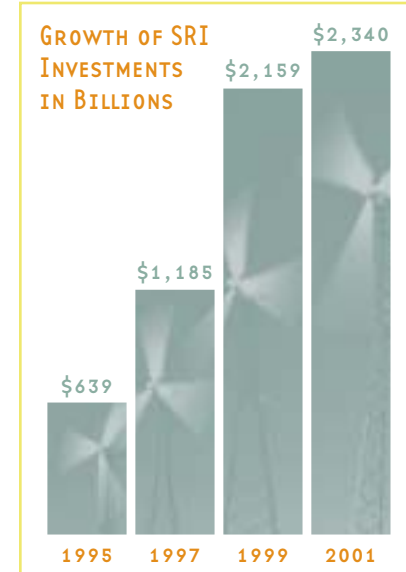
PHOTO BY SPENCER BEEBE

KOEYE RIVER, BRITISH COLUMBIA

THE INCOME FUND

The Income Fund supports Ecotrust's core operations and programs through income-earning investments in socially- and environmentally-oriented businesses and funds. Investments include money market instruments, stocks, and mutual funds. As in all our programs and investments, we look to invest in companies actively moving towards sustainability. We believe that this investment strategy will produce superior returns over time: companies that invest in local communities and protect and restore the environment enhance returns, reduce risk, and have more loyal employees and customers.

At the inception of the social investing movement, conventional investors maintained that social investors compromised on return, diversification, and opportunity. If that were ever true, it is true no longer. Today, nearly one out of every eight dollars under professional management in the U.S. — \$2.34 trillion out of \$19.9 trillion — is in a professionally managed portfolio using a socially responsible investment strategy. With 230 socially responsible funds now available, investors have considerable choice in terms of investment strategy, fund size, asset allocation, and in domestic, international, or global investment focus. In terms of performance, peer-reviewed studies consistently conclude that socially responsible funds perform at least as well as their conventional counterparts.



SOURCE: SOCIAL INVESTMENT FORUM

SINCE 1995, SOCIALLY RESPONSIBLE INVESTMENTS HAVE GROWN TO \$2.3 TRILLION

For example, we were one of the first investors in Portfolio 21, a mutual fund that selects companies that have made sustainability a core element of their business strategy and demonstrated this commitment in their practices, policies, and investments. Since its inception in the fall of 1999, Portfolio 21 has outperformed both the S&P 500 and the MCSI World Index, providing further evidence that companies that consider the long-term value of the environment and people reduce risk and enhance financial returns.

The Venture Fund provides venture funding to “keystone” early-stage companies. The level and pace of innovation in the new conservation economy requires aggressive, patient, and adventurous capital. The Natural Capital Fund has allocated a modest \$500,000 (of which \$265,000 is currently invested) for such venture investments, with plans to develop a bioregional, triple-e venture fund in the \$5–10 million range in the future. Investments include EcoTimber, a distributor of FSC certified flooring and other wood products, and Stormwater Management, a manufacturer and distributor of stormwater filters that remove pollutants from rainwater before it reaches and contaminates rivers and lakes.



PHOTO COURTESY OF ECOTIMBER
ECOTIMBER FLOORING

When the Natural Capital Fund invested in EcoTimber in 1995, the company had great ambitions to help create the market for FSC certified wood and modest sales of about \$250,000. The Forest Stewardship Council (FSC), which provides ecological, economic, and social criteria for certifying the management of forests, was also in its infancy, with only a small area of forestland certified relative to the 250 million hectares of today. Ecotrust had identified sales, marketing, and distribution of FSC certified wood as key-stone activities, which could significantly stimulate a transition to sustainable forestry in response to market demand. We were also interested in the company’s ability to provide a market outlet for the forestry clients of Shorebank Enterprise and ShoreBank Pacific.

While EcoTimber was small, its mission of providing wood that sustained healthy forests and livelihoods was enticing, and EcoTimber soon counted Disney, the Gap, and Gibson Guitars among its customers. This caught the attention of other wood product distributors in the Bay Area, who were compelled to create FSC certified wood programs in response to requests from customers and the excitement that EcoTimber had created around certified wood. Today, the Bay Area has the largest number of suppliers and deepest inventory of FSC certified wood products, largely in response to this early market stimulation.

When EcoTimber grew to \$4 million in sales and developed a branded flooring program, it caught the attention of Hayward Lumber, the leading supplier of lumber and building materials in California’s central coast. Hayward Lumber purchased EcoTimber in the fall of 2001, with plans to greatly expand its certified wood program. Natural Capital Fund holdings in EcoTimber included convertible debentures and preferred stock.

Stormwater Management caught our eye because of our interest in improving water quality, especially to better the prospects for Pacific salmon, which are significantly threatened and endangered throughout their southern range. The company develops and distributes stormwater filtration systems that remove pollutants from stormwater runoff. The primary product is a siphon-activated, self-cleaning filtration system, called the StormFilter that captures and purifies stormwater runoff. The filter cartridges can be configured with different media – such as composted leaves, perlite, zeolite, activated carbon, iron-infused media, and pleated fabric inserts – which are particularly effective in removing specific pollutants such as sediment, soluble phosphorus, nitrates, soluble metals, and oil and grease. The product is used primarily to capture non-point source pollution, now estimated to account for as much as 80% of water degradation in the U.S. This investment was also attractive because Stormwater Management’s primary filtering medium is derived from composted leaves collected by the City of Portland through its yard debris recycling program. Our initial investment was a 15% convertible debenture, which we then converted into common stock.

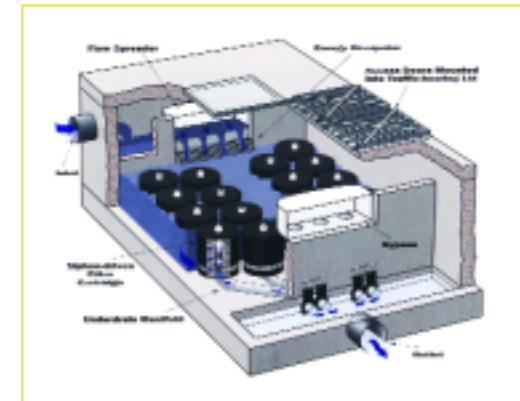


IMAGE COURTESY OF STORMWATER MANAGEMENT
STORMFILTER BY STORMWATER MANAGEMENT

FUTURE DIRECTIONS: TIMBERLAND INVESTING

In 2002 and beyond, the Natural Capital Fund will pursue opportunities to own and manage timberland. As always, our interest is to seek investments that will make money to support core Ecotrust programs and to expand the knowledge, interest, and investment in sustainable forestry, a key conservation economy sector.



PHOTO BY SPENCER BEEBE

NATURAL FOREST MANAGEMENT, OREGON COAST

The coastal temperate rain forest of North America is home to the biggest trees in the world. For millennia, these trees have been valued as sources of wood for housing and ship-building; as sources of fiber for clothing and other materials; as providers of food and medicinal plants such as edible mushrooms and yew bark; and as providers of ecosystem services: clean, filtered water, carbon storage, and habitat. These forests have co-evolved with Pacific salmon,

supporting annual salmon runs in the millions, which in turn sustained the highest known density of hunter-gatherers in the world.

Since Euro-Americans arrived on this coast, the natural capital of these forests – thousands of years in the making – has been steadily diminished. After providing opportunity and employment in the 19th and 20th centuries through this harvest of accumulated forest capital, timber industry employment and contribution to the regional economy have fallen dramatically. The forest industry is now moving north to the remaining boreal forests and south to create fast-growing plantations in the Southern hemisphere where tree growth rates are considerably higher. The increasing concentration of forestland ownership in the hands of timber investment management organizations (TIMOs) and other investors for whom forestland is simply another asset class has also contributed to a growing tension between ownership and the well-being of local communities.

We believe that these trends in forest management in the region do not maximize the economic, social, and ecological potential of forests and do not offer the public benefit that the region's forests could and should provide. Ecotrust and its growing array of partners will implement a different approach to forestry based on two billion years of nature's research and development: we will mimic natural disturbance patterns and allow nature to do more of the work of forest management – selection, planting, nitrogen fixing – for free and for our benefit. We believe this approach is ultimately less expensive, less risky, and creates greater long-term economic value and forest health. We also believe this approach can greatly improve the chances of protecting and restoring Pacific salmon and other forest-dependent species and improving economic and social opportunities and stability in coastal communities.



PHOTO COURTESY OF J. FRANKLIN

OLYMPIC NATIONAL PARK'S INTACT RAIN FOREST AMID FORESTED TIMBERLAND ON THE OLYMPIC PENINSULA IN WASHINGTON STATE

In 1999, Ecotrust provided the initial capital to launch Ecotrust Canada's Natural Capital Fund. The Fund has since grown to \$5.6 million (CAD) in committed capital and has investments in sixteen companies involved in industries from sustainable forest management to ecotourism to shellfish aquaculture. Ecotrust Canada's Natural Capital Fund is a revolving loan fund for "conservation entrepreneurs," offering non-bank, higher risk business loans to entrepreneurs who incorporate conservation practices into their operation, and want to reach new premium "green" markets. The Fund is currently operating in Clayoquot Sound and in the Georgia Basin and recently opened an office in the Comox Valley on Vancouver Island.



PHOTO COURTESY OF ECOTRUST CANADA

ECOTRUST CANADA WORKS WITH THE WORKING SOUND SHELLFISH COMMITTEE TO SUPPORT THE GROWTH OF A CONSERVATION-BASED SHELLFISH INDUSTRY IN CLAYOQUOT SOUND

In August 2001, VanCity Credit Union and Ecotrust Canada, in collaboration with Western Economic Diversification, launched a new Conservation Finance program. The program allows VanCity to draw from Ecotrust Canada's experience in mission-based lending, and expands Ecotrust Canada's reach in two ways: the partnership makes a total of \$7 million in lending capital available to entrepreneurs, and VanCity is able to meet needs in non-coastal areas of the province

not served by Ecotrust Canada. VanCity is Canada's largest credit union, with \$7.0 billion in assets, 269,000 members, and 39 branches throughout Greater Vancouver, the Fraser Valley and Victoria. Western Economic Diversification Canada's objective is to encourage new economic activity in Western Canada, help create new jobs for western Canadians and help businesses and communities adapt to, and take advantage of, changing technologies and markets.

In addition to making loans and providing business and marketing services to conservation entrepreneurs, Ecotrust Canada is pursuing the development of a Natural Capital Centre North. Inspired by the success of Portland's Natural Capital Center in stimulating interest, collaboration and participation in the conservation economy, Ecotrust Canada is now developing a similar innovative building project to be located in southeast False Creek in Vancouver.

Similar to the Pearl District in which Ecotrust's Natural Capital Center is located, Southeast False Creek has been an industrial area since the late 1800s. Its industrial uses have included sawmills, foundries, shipbuilding, metalworking, salt distribution, warehousing and the city of Vancouver's public works yard. The City of Vancouver has developed a vision for this 80 acre site as a sustainable mixed-use community on the False Creek waterfront with a focus on residential use. Recognizing its urban context, it will be developed at the highest density possible while still meeting livability and sustainability objectives. It is a community which is intended to epitomize sustainable development and, in doing so, provide a learning experience which can be applied at a much broader scale. It will be designed as a complete community with goods and services within walking distance, and will offer housing that is well linked by transit to nearby jobs. Ecotrust Canada is working with the City of Vancouver to redevelop a former salt warehouse located in the center of the site into the Natural Capital Centre North to anchor and catalyze the development of this vision.



PHOTO BY IAN GILL

THE FUTURE NATURAL CAPITAL CENTRE NORTH: THE DOMTAR SALT BUILDING, VANCOUVER, BRITISH COLUMBIA

NATURAL CAPITAL FUND COMMITTEE

STEVEN MCGEADY, COMMITTEE CHAIR

Steven McGeady is a private investor based in Portland, OR. He has served on the Board of Ecotrust since 1998 and sits on its Executive Committee. Prior to retiring from Intel, he served as the company's Vice President of Internet Technologies, providing strategic business vision in the area of software applications. He studied physics and philosophy at Reed College in Portland, OR.

ROBERT FRIEDMAN

Bob Friedman is Chairman of the Corporation for Enterprise Development, a national economic development policy research and consulting group based in Washington, D.C. and San Francisco. Mr. Friedman also serves as Chair of the Ecotrust Board of Directors and on its Executive Committee. He graduated magna cum laude from Harvard College (Social Relations) and received his Juris Doctor degree from Yale University in 1977.

CAMERON HEALY

Cameron Healy is the founder, owner, and president of Kettle Foods and Kona Brewing Company; he has worked in the natural foods industry since 1972. In 1995, Mr. Healy founded the Bill Healy Foundation to improve conditions for children and the environment. He attended the University of Washington and the University of Oregon and has served on the Board of Ecotrust since 2000.

DYLAN SIMONDS

Dylan Simonds is a private investor living in San Francisco, CA. He has been a member of the Board of Ecotrust since 1996. Dylan served as an intern at Ecotrust, helping to develop the organization's role as a catalyst for sustainable forestry. He later helped establish a regional chapter of the Good Wood Alliance, working to strengthen the network of northwest forest practitioners, woodworkers, builders, and private timberland owners. He is a graduate of Middlebury College and the Yale School of Forestry and Environmental Studies and the Yale School of Management.

SPENCER B. BEEBE

Spencer Beebe is the founder and President of Ecotrust. He earned an M.F.S. (Forest Science) in 1974 from Yale University's School of Forestry and Environmental Studies, a B.A. in Economics from Williams College in 1968, and has been awarded honorary doctoral degrees from Williams College and New England College. He served with the Peace Corps in Honduras from

1968–71. After 14 years with The Nature Conservancy, he was Founding President of Conservation International in 1987 and founded Ecotrust in February 1991. With Shorebank Corporation's founding board members, he has developed ShoreBank Pacific, The First Environmental BankSM, based in Ilwaco, WA. In addition to his work with Ecotrust, Spencer serves on the boards of a variety of national and international conservation organizations.

VENTURE ADVISORS

NORM DUFFETT, PRESIDENT AND PRINCIPAL, ORCA CAPITAL

Norm Duffett co-founded Orca Capital in 1991. Since that time, he has raised over \$500 million in private equity financings and merger and acquisition transactions. Norm holds an M.B.A. from Stanford Business School and a B.A. magna cum laude from Princeton University.

ROCKY DIXON, PRINCIPAL, ENDEAVOUR CAPITAL

Rocky Dixon co-founded Endeavour Capital in 1991 after serving as the West Coast Director of the Earl Kinship Capital Corporation, an \$80 million Chicago-based diversified investment company. Endeavour currently manages \$165 million in equity investments in service and manufacturing companies in the Pacific Northwest. Rocky is a graduate of the University of Oregon.

NATURAL CAPITAL FUND STAFF

BETTINA VON HAGEN

Bettina von Hagen manages the Natural Capital Fund and was the project manager for the Natural Capital Center redevelopment. Bettina joined Ecotrust in 1993 to help launch Ecotrust's partnership with Shorebank Corporation. Prior to joining Ecotrust, Bettina was a Vice President at First Interstate Bank of Oregon and managed the banking relationships of large and mid-sized companies in the region. Bettina holds an M.B.A. from the University of Chicago and a B.A. from the University of the Pacific.

NATURAL CAPITAL FUND DONORS AND INVESTORS

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Tina Beebe
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