“Working along with natural principles of development, expansion, sustainability, and correction, people can create economies that are more reliably prosperous than those we have now, and that are also more harmonious with the rest of nature.”

Jane Jacobs, The Nature of Economies

Imagine the essential transformations necessary to live well in the years ahead — the progress we must make toward healthy, local and diverse sources of food, water and energy, meaningful jobs, lively cities, and functioning ecosystems.

The goal is enormous, but the steps are clear.

We must start by asking: Is there a way to encourage an ethical, social movement in these directions and make money at the same time? Might there be a more natural model of development that generates competitive financial returns to workers and investors while actually improving social and environmental conditions? How do we find financial reward building a more reliable prosperity?

Ecotrust believes it is possible because for over twenty years we have been carefully growing tangible initiatives that generate competitive returns while improving the wellbeing of both people and place.

We have raised over $30 million in grants and program- and mission-related investments to our Natural Capital Fund, made over thirty investments in diverse businesses, created and maintained thousands of jobs, generated reasonable returns for ourselves and investors, and helped grow some $800 million in total financial assets to work in the bioregion we call home.

We believe that financial capital deployed in a deliberately catalytic way can achieve better financial returns and improve social and environmental conditions.

Today, people call this “impact investing.” Tomorrow, people will simply call it “investing” — the standard and accepted way to design a more reliable prosperity.

Gun Denhart
Co-Founder, Hanna Anderson Founder and Chair of the Board, Ecotrust

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Ecotrust believes that the wellbeing of people and the planet are inextricably linked. We believe that diverse, healthy ecosystems are the foundations of healthy communities, which together form the bedrock for healthy economies. Nurture people and nature, and business thrives.

For more than twenty years, ecotrust has been putting our money where our mouth is by growing the Natural Capital Fund. As an investment tool and ecotrust’s working endowment, the Natural Capital Fund is building a new economy from California to Alaska, one that creates jobs and generates profits while improving the lives of everyday people and the natural environments in which they live.

Ecotrust’s Natural Capital Fund

INVESTING IN FUNDAMENTAL BELIEFS

Instead of investing in traditional Wall Street financial products like derivatives, large-cap public equities and corporate bonds, we back things that deliver better returns. Our long-term forest ecosystem investments protect pristine habitat for nature-based tourism, build healthy watersheds for clean water, reduce carbon emissions and create more stable jobs in rural communities. We have used our growing endowment and expertise to build the nation’s first environmental bank, to lend to fishermen growing local, community-based fisheries, and to pioneer green building infrastructure that improves the livability of our cities.

There are vital lessons here for a growing global community of impact investors. Ecotrust leveraged our capital assets to create and maintain jobs and generate competitive financial returns while improving the environment, a profoundly different approach than reducing environmental and social degradation while otherwise practicing business as usual. The latter is no longer an option, as our global industrial consumer economy drives climate change, pushes the loss of biodiversity and critical life support systems to permanent and irreversible levels, and increases the disparity between rich and poor.

With the Natural Capital Fund, we have worked to model strategies rooted in community. Investments capturing the natural competitive advantage of a region create jobs, connect businesses to local communities and the environment, and create more diverse opportunities for a region’s residents.

Today, more and more people are looking for just this sort of result. Impact investing is not a new idea—it is what we have been doing with the Natural Capital Fund for more than 20 years. But with total capital seeking environmental and social—as well as financial—returns estimated by the Global Impact Investing Network (GIIN) at over $4 billion in the U.S. investment marketplace alone, impact investing is an idea whose time has come. And it is an idea the world desperately needs. So our question now becomes: how can we better leverage this powerful global movement involving millions of investors and hundreds of funds and financial institutions to scale our collective efforts and move the global economy toward a more reliable prosperity?
Ecotrust’s Natural Capital Fund

**A Bold Institutional Experiment**

**With the Founding of Ecotrust** In February 1991, we began building the Natural Capital Fund from an initial $1 million gift. It was clear to us that the traditional endowment model of investing in mainstream public equities and fixed assets would not match the Ecotrust ethos. We wanted a model that allowed our investment decisions to reflect and amplify our programmatic mission. We were told that such an approach did not exist or was not possible. Undeterred, we stuck to our vision and invented a new paradigm for investing.

Today, the Natural Capital Fund totals almost $30 million in grants and program and mission-related investments (concessionary loans from foundations), which mirror the blended approach of Ecotrust’s everyday operations. Over sixty staff operate on a diverse mix of earned and charitable annual revenue of $10 million in a variety of programs that span multiple sectors, technology development, economics, and tribal affairs. We have continuously built our capital base, “savings,” and investment capacity to strengthen our balance sheet as well. We strive to simultaneously enhance organizational resilience and experiment with a diverse and innovative range of programmatic and investment activities.

To date, we have used the Natural Capital Fund to make over 30 investments in businesses and initiatives that delivered a range of positive returns beyond traditional performance measures. Some investments failed to deliver financial returns, but created important permanent institutions. For example, investors took losses in their investments in ShoreBank Corporation but affiliated subsidiaries ShoreBank Enterprise (now Craft3) and ShoreBank Pacific (now One PacificCoast Bank) have evolved into models for community banking and made thousands of loans to viable, local businesses throughout the Northwest. Other investments have created realized annualized returns of nearly 30%. Still other investments helped independent funds grow to hundreds of millions of dollars in assets. Overall, we have targeted long-term annualized returns of 5% to 7%, and many of our investments have exceeded that.

**Guiding Principles**

**Integral**
- Invest with integrity, apply an approach that integrates our mission and programmatic work with our investments

**Innovative**
- Offer a fresh perspective that draws from rich understanding of the environmental, social, and economic conditions of the region

**Catalytic**
- Attract new expertise, capital, and resources to fresh ideas and investments

**Inspirational**
- Help others imagine new possibilities for a more natural model of development
INVESTING IN OUR BIOREGION

THE NATURAL CAPITAL FUND draws its inspiration from nature to create more resilient economies and communities. Our investments aim to influence, leverage, and catalyze change.

Our focus is on systemic solutions that provide for essential needs, such as food, water, forests, energy, finance, and shelter. We have an integrated approach across these sectors, seeking investments that foster connectivity and flow of goods, services, and finance between rural and urban areas.

Our approach is bottom up. We root our efforts and investments in our home region from California to Alaska, realizing that when national and international institutions prove rigid and inflexible, the emergence of novelty and innovation at local and regional scales can be critical to leadership on global problems such as climate change.

We believe that there are also tangible advantages to building scalable solutions to systemic problems. We build networks to partner with experienced businesses and share innovations from region to region to achieve global impact.

Given the size of the Natural Capital Fund, the Ecotrust investment approach banks on being catalytic. We realized early on that our impact would be magnified by not only making direct investments in unique business models and investment strategies but also by supporting the creation of institutional platforms (such as loan funds, banks, and venture capital funds) that enable broader systemic solutions and can leverage larger sources of financial return-oriented and philanthropic capital.

Our Approach

NATURE USES myriad strategies to spread risk and earn a return on its investment. Consider Chinook salmon: their life histories are diverse, as the fish spawn and nurse their fry over different time periods and habitats, and colonize new areas on the outer reaches of their range. With diversified strategies, populations are more resilient to nature’s changing conditions.

We build networks to partner with experienced businesses and share innovations from region to region to achieve global impact.
Our Approach

INVESTMENT CRITERIA

THE NATURAL CAPITAL FUND THESIS
We believe that investing in local communities and restorative economies creates jobs, healthy environments, and access to opportunity. We believe this is at the heart of improving long-term financial value.

THE ECOTRUST COHERENCE TEST
Even before B Corporations and social and environmental impact metrics were common, Ecotrust found the need for basic investment criteria to guide our decision making. We call this our coherence test, and it is the minimum standard for every investment we make. We seek coherent business strategies that are designed for impact, where financial success, economic opportunity, and environmental benefit are deeply intertwined and are in fact mutually reinforcing. If the investment strategy or business model can meet this test, they are then assessed against the Natural Capital Fund evaluation criteria.

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Evaluation Criteria

Our Approach

EVALUATION CRITERIA

FINANCIAL CRITERIA
- Does the investment provide Ecotrust and investors an opportunity to earn a competitive risk-adjusted return?

IMPACT CRITERIA
- Does the investment demonstrate the viability of a triple-bottom-line investment model in the sectors where Ecotrust works?
- Does the investment support a systemic solution that catalyzes more capital or resources towards enabling the Ecotrust mission?

STRATEGIC CRITERIA
- Does the investment allow Ecotrust to build relationships across different stakeholder groups, donors, and investors?
- Does the investment serve as a replicable and inspirational tool?
- Does the investment inspire policy changes or position the organization to engage with the private sector?
OVER THE 20 YEARS that Ecotrust has been investing via the Natural Capital Fund, we have developed significant expertise in deploying grant dollars, alongside program-related investments, private equity, and commercial debt. By blending these sources of capital and layering them on top of public incentives like tax credits, we have been able to finance several innovations that have now reached scale and are attracting significant institutional capital.

The blended Natural Capital Fund provides a source of flexible, patient, long-term capital that is sorely missing in the marketplace. Private dollars instill a market discipline into our investments, while public dollars demand social impact but allow a longer time horizon for institutional investment strategies to mature.

To date, the Natural Capital Fund has received over $10 million in program-related investments, mission-related investments, and recoverable grants; all of them have been deployed and/or repaid successfully.

THE NATURAL CAPITAL FUND

S P L A N E P O R T F O L I O o F C U R R E N T & P A S T I N V E S T M E N T S

1. North Pacific Fisheries Trust
   - Stocked by program-related investments from foundations, this fund makes loans to fishermen and community organizations to secure access to fish and healthy oceans in outer local communities.

2. Ecotrust Forests
   - An anchor equity investment into Ecotrust Forests LLC, a $30 million ecosystem investment fund.

3. Sustainability Investment Fund
   - Equity investments in venture capital funds that invest in companies that leverage Northwest and West Coast advantages in talent, innovation, market position and capital.

4. Portfolio 21
   - Early investments into Portfolio 21’s natural fund, now valued close to $100 million, which invests across companies in social and environmental sectors as well as financial opportunities.

5. Shorebank Pacific, Shorebank Enterprise Pacific
   - A strategic equity investment into the Shorebank Corporation, to expand the formation of Shorebank Pacific, a $50 million investment into Shorebank Enterprise Pacific’s successful community development financial institution.

6. Oregon Community Foundation (OCF) Private Portfolio
   - OCF’s Social Investment Pool Fund.

7. New Markets Tax Credit Investment
   - Through the federal New Markets Tax Credit program, Ecotrust aggregates and delivers private investor capital into rural businesses in distressed economic areas.

8. Lower Dean River Lodge
   - An equity investment into a steelhead fishing lodge that operates under laws that allow harvesting in the lower Dean River in British Columbia, supporting local employment and healthy wild fisheries.

9. Ecotrust Forest Management
   - An early stage equity investment used to form Ecotrust Forest Management, a forest management investment management company.

10. CelluloTech
    - An equity investment in CelluloTech, a biotechnology company that focuses on converting sugars from wood fiber to high-grade specialty paper.

11. Jean Vollum Natural Capital Center
    - A redevelopment of an industrial warehouse in Portland into a marketplace for the ideas, goods, and services of the new economy. The building is headquarters for Ecotrust and hosts over 40 other local-focused tenants, visited by over 3.5 million people.

12. Stormwater Management
    - A seed stage investment into a leading designer, manufacturer, and distributor of effective stormwater solution technology to the construction, industrial, and municipal sectors in the United States.

13. Tribal Lands Critical Salmon Habitat
    - An investment in a technology company making a visual search engine.

    - A seed investment into a pharmaceutical company focused on developing products for sustainable products in healthcare.

Our Approach
Our Impact: Forestry

ECOTRUST FOREST MANAGEMENT

IN THE 1990s, 40 million acres of forestland in the United States were transferred from integrated forest product companies into the hands of publicly traded real estate investment trusts, institutional, or other investors through timber investment management organizations (TIMOs). The motives of these new institutional landowners differed significantly from traditional forest products companies with regard to landholding objectives, use of debt, time horizons, management capacities, and forest management practices.

This “industrial approach” to commercial forest management has significant negative impacts on forest health, declining carbon stores, scenic and recreational values, and reliability of long-term jobs.

Ecotrust formed Ecotrust Forest Management (EFM) in 2004 in response to the unprecedented change in forest landownership. What resulted was the creation of Ecotrust Forests, an investment fund that generates competitive financial returns over the long term by monetizing the under-recognized environmental and social value provided by healthy forests ecosystems.

OUTCOMES

Ecotrust’s investment in Ecotrust Forests (LLC) has generated 9.63% annualized gross returns since Ecotrust’s anchor investment in 2004 (as of December 31, 2012). EFM has successfully shown that its approach to forestland management can be economically attractive, while at the same time beneficial to the health and resilience of ecosystems and rural communities. The business model has successfully attracted private investment from almost forty individuals, foundations, trusts, and family offices. Based on this success, EFM will launch a second $75 million fund in late 2012.

IMPACT

- Transferred 13,000 acres of land to Forest Stewardship Council management, reducing the cost-per-acre of management.
- Placed 2,700 acres of ecologically sensitive lands and stream buffers into permanent voluntary reserves.
- Sequestered approximately 400,000 tons of carbon over the lifetime of our management.

Ecotrust Forest Management was named one of the top 50 impact investment fund managers worldwide in 2012 by ImpactAssets.

“The safest thing to do is invest in what we need not what we want.”

Yvon Chouinard, Founder and Owner, Patagonia
Our Impact: Fisheries

NORTH PACIFIC FISHERIES TRUST

The NORTH PACIFIC FISHERIES TRUST (NPFt) supports small coastal communities throughout the North Pacific in their efforts to develop economic viability in small-boat, conservation-focused, artisanal fisheries. NPFt provides advantageous financing for fishing access and distribution capacity to fishermen and community entities along the West Coast and Alaska.

Many rights to fish in the United States and Canada have been privatized through limited entry permits and fishing quotas, which are common instruments in management of fish stocks. Many of these quota shares have been bought by absentee owners, and as a result, local residents are being priced out of their main source of livelihoods in their own backyards.

Ecotrust believes that the long-term wellbeing of marine ecosystems and the fishing communities that depend on them will be enhanced by helping local fishermen gain access to local fish. Their livelihoods will sustain their communities, and they are more likely to join in collaborative conservation of fish stocks and habitats. NPFt seeks to engender a business approach to community-based co-management of fisheries; the development of community-based trusts for holding fishing quota; the creation of a real estate base for community dock access and use as collateral to leverage; and the testing of alternative forms of investment such as program-related investments from foundations.

OUTCOMES
Keeping community-based fisheries active within the coastal communities that we serve has been the primary goal and impact of the NPFt across the region. It has also enabled a number of new fisheries to get a foothold in a business notoriously difficult to enter.

By supporting the next generation of fishermen, we have been able to better assure that the communities where we work will find ways to transition their fishing assets from an aging fleet to a younger generation of captains.

NPFt has also delivered a wide array of technical assistance to individual fishing businesses and organizations, including on-the-ground business planning and forecasting, support in acquiring direct investments from banks and other investors, negotiations of critical large permit/quotas transfers, research into innovative techniques for the tax-advantaged transfer of permits/quotas, and design of the investment infrastructure needed to create community permit banks that keep fishing access local.

“"The North Pacific Fisheries Trust enabled Old Harbor to both obtain significant fishing quota and transfer income from fishing the quota to local small boat fishermen."”

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IN THE LATE 1990S, WHEN ECOTRUST REALIZED THAT IT NEEDED A NEW HOME and the world needed a natural model of building, we bought a 100-year-old warehouse. We wanted a space that represented the essential qualities of ecosystems: diversity and connectedness. Rather than build a new structure, we chose to breathe new life into an old industrial-economy warehouse that had long been abandoned. We wanted the building to become a nationally recognized emblem for green building concepts, with the use of repurposed materials, renewable energy technologies, water harvesting and storm water management concepts, and natural lighting and heating systems.

Renowned urbanist and Ecotrust board member Jane Jacobs encouraged us to dig deeper. She inspired us to expand the connections between cities and the environmentally sound goods and services of the countryside. We took her advice and brought to the building not only business and culture, but materials from the temperate rainforest and food from our rich, volcanic soil.

The Jean Vollum Natural Capital Center was the first LEED Gold historic renovation in the nation. Ecotrust’s team of developers, architects, designers, and green building experts transformed our neglected, century-old warehouse into a state-of-the-art, 70,000-square-foot home to a diverse array of retailers, businesses, government offices, and nonprofit organizations re-visioning the economy. Tenants include retail outfitter Patagonia, asset manager Portfolio 21, and Sustainable Harvest, a coffee wholesaler. The building incubates innovation by renting desks and small work-shares to individuals and start-ups looking to build next-generation businesses.

The building has been fully occupied from day one, generating market returns and $9.3 million in revenue over the past 11 years which supports Ecotrust operations. We estimate a 6.4% internal rate of return on Ecotrust’s equity investment in the building. In addition, the building has served as an inspiration for urban redevelopment nationwide and hosts over 500 conferences, celebrations, and meetings annually in the Billy Frank Jr. Conference Room.

"The Natural Capital Center is the best example of a living building in the world." — Bob Walsh, President, Walsh Construction

The design of the Natural Capital Center includes an "ecooroof," accessible to the public, and a filtering system that recycles the building’s rainwater, eliminating runoff into the Willamette River.

About 99% of the construction debris was reclaimed for other uses.

Inspired by a visit to the Natural Capital Center, the Portland City Council adopted legislation that expedited the permit process for construction projects that show concern for the environment.

The Natural Capital Center has been host to 15 million visitors from around the world.
With the New Markets Tax Credit (NMTC) program, the federal Community Development Financial Institution (CDFI) Authority created a significant incentive for private investments to flow to economically depressed communities. Every dollar invested in a qualified project generates tax credits that investors can use to offset their tax liability over a seven-year period. These credits are awarded by registered Community development Entities (CDEs) that vet projects and allocate scarce credits to the most deserving businesses.

In 2005, Ecotrust identified the NMTC allocation as an opportunity: we noticed that most tax credits were allocated to urban projects that were primarily focused on the real estate and health-care sectors. So we crafted a rural investment strategy focused on environmental sectors, invested capital to form a qualifying Community development Entity, and applied for allocation authority from the CDFI.

Outcomes
Since 2005, Ecotrust has received $122 million in three NMTC allocations. Ecotrust CDE invests these allocations in businesses located primarily in rural, economically distressed areas that are focused on job creation, community revitalization, and long-term ecological restoration. Ecotrust also has a strong commitment to working with minority controlled entities — including tribal entities — to facilitate land acquisition, employment opportunities, revitalization of manufacturing facilities, and capacity building.

Our Impact: Economic Development

ZeaChem
ZeaChem is an innovative technology company based in Lakewood, Colorado whose patented process uses bacteria to break down plant material into ethanol fuel and other bio-based materials that are an alternative to petroleum-based products. ZeaChem combines the best of bio- and thermo-chemical processes to achieve a 40% higher yield than similar processes, and it offers the lowest production cost and carbon emissions profile in the industry.

ZeaChem is developing an entire portfolio of third generation ethanol fuels and intermediate chemicals derived from poplar trees, which grow abundantly throughout the world and replenish quickly in poor-quality soil. Their advanced cellulosic ethanol fuel will cost less than gasoline to produce and emit 10% less CO₂, and they expect to begin producing the ethanol in late 2012.

In 2010, Ecotrust allocated $10 million in New Markets Tax Credits to the company for the construction of a new refining facility in Boardman, Oregon, and the Natural Capital Fund took an equity position in ZeaChem. These investments, along with other financing, have allowed ZeaChem to complete the first stage of its refinery, attract a new round of venture capital, and secure a U.S. Department of Energy grant to complete the Boardman facility.

ZeaChem

IMPACT
To date, Ecotrust CDE and EFM have placed over $500 million of NMTC allocations in nine businesses that are creating green jobs in economically distressed rural and urban communities across the nation.

ECONOMIC OPPORTUNITY
- Ecotrust projects created 1,287 permanent jobs and 249 construction jobs in economically distressed areas.

ENVIRONMENTAL WELLBEING
- Projects have financed the acquisition of 12,500 acres of land now under natural forestry practices, reduced 2.8 million tons of CO₂ from conventional power generation, and increased demand for green construction materials.

SOCIAL EQUITY
- Three of the nine projects Ecotrust has supported are minority-controlled businesses.

LEVERAGE
- Ecotrust has used its allocations to help syndicate $260 million in NMTC transactions.

NATURAL CAPITAL FUND
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Our Impact: Economic Development

NEW MARKETS TAX CREDITS

WITH THE NEW MARKETS TAX CREDIT (NMTC) PROGRAM, the federal Community Development Financial Institution (CDFI) Authority created a significant incentive for private investments to flow to economically depressed communities. Every dollar invested in a qualified project generates tax credits that investors can use to offset their tax liability over a seven-year period. These credits are awarded by registered Community development Entities (CDEs) that vet projects and allocate scarce credits to the most deserving businesses.

In 2005, Ecotrust identified the NMTC allocation as an opportunity: we noticed that most tax credits were allocated to urban projects that were primarily focused on the real estate and health-care sectors. So we crafted a rural investment strategy focused on environmental sectors, invested capital to form a qualifying Community development Entity, and applied for allocation authority from the CDFI.

OUTCOMES
Since 2005, Ecotrust has received $122 million in three NMTC allocations. Ecotrust CDE invests these allocations in businesses located primarily in rural, economically distressed areas that are focused on job creation, community revitalization, and long-term ecological restoration. Ecotrust also has a strong commitment to working with minority controlled entities — including tribal entities — to facilitate land acquisition, employment opportunities, revitalization of manufacturing facilities, and capacity building.

The NMTC program has allowed Ecotrust to reduce financing costs for businesses that generate employment while creating social and environmental value. The program has also brought new capital to Ecotrust forests and acquisitions, and it earns Ecotrust revenue through management fees. It also promises future income as Ecotrust takes direct equity stakes in NMTC-eligible businesses.
Our Impact: Financial Infrastructure

**ONE PACIFIC COAST BANK**

**IN 1991, WE PARTNERED WITH SHOREBANK CORPORATION**, one of the oldest and largest community development banks in the world, to add environment to their social and environmental objectives. Our partnership created two institutions: ShoreBank Pacific, a Washington-chartered commercial bank, and ShoreBank Enterprise Pacific, a community development financial institution (CDFI), while also initiating hundreds of millions of dollars in environmental lending through ShoreBank subsidiaries in Chicago, Detroit, and Cleveland.

**SHOREBANK ENTERPRISE PACIFIC**

ShoreBank Enterprise Pacific was founded as a nonprofit designed to provide loans, market connections, and technical assistance to small and emerging businesses that did not have the collateral or credit history to access commercial banks. The Natural Capital Fund invested $2 million to capitalize the loan fund of ShoreBank Enterprise, and Ecotrust provided the initial staff to launch the organization. In 2007, ShoreBank Enterprise merged with Cascadia Revolving Fund and became Enterprise Cascadia, and eventually turned into the largest non-bank CDFI in the Pacific Northwest. The entity is known as Craft3 today, and it continues to strengthen economic, ecological, and community resilience throughout the Pacific Northwest and is recognized as a global model for addressing poverty and the environment.

**SHOREBANK PACIFIC**

ShoreBank Pacific began with an unprecedented gift of a Washington state bank charter from US Bank. After raising $7.2 million in equity investments in ShoreBank Corporation common stock, ShoreBank downstreamed the investments to capitalize ShoreBank Pacific. The new bank opened its doors in Seattle, Washington, and Portland, Oregon in 1996. Out of the $7.2 million raised, $3.5 million came to Ecotrust as grants and program-related investments, which were then invested in ShoreBank. The bank created “Ecodeposits”—a suite of products such as savings, checking, IRA, and CD accounts. Ecodeposits delivered market returns, were FDIC-insured, supported the bank’s development, and provided capital for lending. The Natural Capital Fund made the first Ecodeposit of $500,000. Ecodeposits eventually attracted over $200 million in deposits from some 3,500 individual, institutional and organizational investors representing every state in the United States and a dozen countries abroad. ShoreBank Pacific grew to total assets of over $200 million, with loans supporting natural foods, ecotourism, alternative schools, green building, alternative health care, and brownfield redevelopment, among others.

**ONE PACIFIC COAST BANK**

In the midst of the 2010 debt crisis, the $2.2 billion ShoreBank Corporation holding company was liquidated and its principal bank recapitalized into a new entity: the Urban Partnership Bank. Ecotrust and other ShoreBank Pacific investors lost 100% of their equity. But at that time, ShoreBank Pacific was acquired by OneCalifornia Bank. The merger created One Pacific Coast Bank. OneCalifornia Bank had been started by Tom Steyer and Kat Taylor, Ecotrust’s vice chair, to provide mission-related banking services throughout the region. The new bank continues ShoreBank’s mission of serving disadvantaged communities. The combined entity has assets of more than $10 billion and is rapidly becoming the West Coast’s premier provider of banking for social, environmental, and financial returns.

**IMPACT**

**IN 2010, CRAFT3:**

- Redirected 1.8 million gallons of water from the waste stream
- Created 1,534 jobs
- Assisted 873 low-income families

“How do we recognize and support the beautiful functioning systems that support us?”

*Kat Taylor, CEO, One Pacific Coast Bank, Vice Chair of the Board, Ecotrust*
IN 2007 AND 2008, Ecotrust decided to invest Natural Capital funds in Sustainable Investment Funds (SIF), venture capital funds managed by Reference Capital. The Sustainability Investment Funds mark an important departure from Ecotrust’s approach of investing in early-stage businesses directly. We believed that a vehicle like SIF would meet our impact alignment goals while being more catalytic and efficient in the deployment of capital. Ecotrust is a special limited partner in Reference Capital.

Reference Capital established the Sustainability Investment Funds in 2007 and 2008, to focus on early-stage companies, primarily in the Northwest, that are enabling rapidly growing market opportunities in the green economy. Reference Capital shares Ecotrust’s vision for place-based investing and believes that the Northwest United States and Western Canada possess strong, native attributes that support a more resilient economy. Sustainability Investment Funds have created an early-adopter market that increasingly portends broader, global market opportunities. In addition, the Northwest has unique geographical access to some of the largest current and emerging markets for green products and services: California and China.

The SIF Funds have invested in over 18 early-stage companies, a few of which include:

- **Agilyx**
  - Agilyx is delivering a simple, scalable system that allows clients to convert mixed waste plastic feedstock into high-value petroleum products. This novel, continuous batch process converts nearly 70% of the plastic into synthetic petroleum.

- **RNA Networks**
  - RNA Networks (acquired by Dell, June 2011) developed performance enhancement products for data-intensive businesses. RNA’s technology produces dramatic performance, revenue enhancements, and energy savings.

- **EnerG2**
  - EnerG2 is developing products for the rapidly evolving energy storage market. Its advanced products are ultra-high performance synthetic nano-carbon materials, having immediate applications in capacitors and batteries.

- **Celilo Group Media**
  - Celilo Group Media is a publishing firm that is expanding markets for sustainable products and services through a novel digital couponing system for green retailers and customers.
Looking Ahead

Our Evolution

Ecotrust Categorizes the Natural Capital Fund investments into three main phases that broadly mirror the natural evolution of the impact investment sector and reflect our institutional learning.

Innovation
In the early 1990s, Ecotrust found a lack of depth in mission-aligned investable products. We found that in order to meet our mission-aligned mandate, we would have to either incubate our own investments or invest in early-stage companies that had unproven business models. This led us to explore a variety of investments, creating opportunities for a broad range of investors as well as developing new institutional relationships.

Investment
In the early 2000s, we witnessed an unprecedented interest in impact investing and this new influx of capital allowed us to expand our approach and magnify our impact. We focused on the creation of institutional platforms like Ecotrust Forests and the North Pacific Fisheries Trust, which enabled us to pool investor capital and channel investments and program-related investments into mission-aligned activities focused on Ecotrust programmatic goals. Our aim was to create institutional quality products that would allow Ecotrust to build a strong track record of impact investments.

Inspiration
The experience of Ecotrust and other impact investors over the last two decades has resulted in a rich portfolio of investments that has informed the next phase of our evolution. We believe that the time has come to encourage the energy and interest of the mainstream investor. We continue to focus our bioregional investments on models that can help reinforce the connections between people and place. Most importantly, we continue to look for investment strategies that build the essential human capital and infrastructure necessary for wellbeing.

Looking ahead, we imagine superior investment strategies that forge new partnerships in sectors in which Ecotrust has expertise and experience, in order to build a more reliable prosperity.
Current Initiatives

PARTICIPATE, COLLABORATE, INSPIRE LEADERSHIP & CHANGE

CONTACT US TO LEARN MORE ABOUT HOW ECOTRUST CONTINUES TO WORK TOWARD A MORE RELIABLE PROSPERITY.

A few of the Natural Capital Fund’s current initiatives include:

**FOODHUB — FOODEX**
Building a new model for regional food distribution through a dynamic marketplace, online directory, and logistics network that makes it easy and efficient for professional wholesale food buyers and sellers to find each other and do business.

**ECOTRUST FOREST MANAGEMENT**
Transforming forestland management and investing in the region by optimizing the production of forest products and forest ecosystem services.

**MARINE CONSULTING INITIATIVES (MCI)**
Comprehensive tools and services to support expanding coastal and marine planning initiatives that bridge differing perspectives about ocean uses, and help to implement management decisions in an inclusive, transparent, and economically fair manner.

There are a number of ways to support the Natural Capital Fund and Ecotrust’s work:

**GRANTS**
Individuals and foundations can support the work of the Natural Capital Fund by providing grants directly to the program. Your contribution will help Ecotrust secure its working endowment and its ability to innovate into the future.

**PARTNERSHIP**
Foundations and other interested parties should contact Adam Lane at Ecotrust for information on how you can further participate in the Natural Capital Fund.

There is not to be construed as a recommendation or an offer to buy or sell or the solicitation of an offer to buy or sell any security, financial product or instrument or to participate in any particular investment strategy.

“Ecotrust must live more in the economy than in philanthropy. We aspire to have catalytic effect on those key sectors essential to wellbeing.”

ROGER E. FRIEDMAN,
Founder, Chair, Corporation
for Enterprise Development, Ecotrust

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Vice Chair of the Board, Ecotrust

Sperren B. Beebe, Vice Chair of the Board, Ecotrust

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