
The Nature Conservancy
NATURE NOW
TRANSFORMING CONSERVATION IN THE FACE OF GLOBAL CHALLENGES
2020 ANNUAL REPORT

“This past year we learned, with more clarity than ever before, just how interconnected our health and well-being are to the health of the planet.”

—JENNIFER MORRIS, CHIEF EXECUTIVE OFFICER

On the cover: An aerial view of Alaska’s Wood-Tikchik State Park, the largest state park in the United States at nearly 1.6 million acres. The park’s waters drain into Bristol Bay, the largest remaining sockeye salmon fishery in the world. In 2020 federal regulators temporarily halted plans for a giant mine in the bay’s headwaters, thanks to efforts by Indigenous groups, fishing communities, conservationists and others. © Michael Melford

To Build a Future for Nature Now

IN MAY 2020, I joined The Nature Conservancy as chief executive officer—one of the proudest and most joyous days in my 25-year career in conservation. Of course, the first few weeks did not go as I expected. Or the first few months. The deadly COVID-19 pandemic surged, wreaking havoc on families, health care systems and economies around the world. Nearly a year later, many of us continue to work from home and maintain physical distance from friends, colleagues and loved ones.

While it was a challenging first chapter for me at TNC, an organization I had long admired and hoped to work for one day, we were able to forge connections and make remarkable progress.

I “met” thousands of colleagues and hundreds of trustees and supporters on Zoom instead of in person. My colleagues and I learned about our partnerships with Indigenous communities to use fire to restore healthy forests through conversations and photos, without ever feeling the heat of a controlled burn. We celebrated the creation of Colorado’s new 20,000-acre Fishers Peak State Park without looking up at the towering mountains. And we learned how to plant cacao trees via a social messaging app alongside planters in Brazil without holding a seedling in our hands or smelling the damp soil of the surrounding rainforest. You can learn more about these and other TNC projects in the pages to come.

Many of the challenges that marked 2020—a global pandemic, record temperatures, fires and hurricanes, and long-overdue reckonings with racist systems and calls for equity—are continuing to impact our lives. But 2020 was also marked by a spirit of resilience, tenacity and creativity. The world came together to tackle problems in new ways, with unprecedented speed and collaboration. Never before has the scientific community rallied so many minds and resources so quickly. The development of powerful new vaccines in less than a year has raised hopes for quick action on other global threats, like the climate emergency.

This past year we learned, with more clarity than ever before, just how interconnected our health and well-being are to the health of our planet. In May 2020, the World Health Organization published its *Manifesto for a Healthy Recovery from COVID-19*, which recommends protecting and preserving nature as a top priority. Protecting nature supports economies, provides clean air and water and healthy food, and it can also reduce the risk of future zoonotic disease outbreaks, which science tells us are driven in part by habitat loss and climate change.

Indeed, the pandemic revealed the power of nature to help heal—not only through nature-driven solutions like regenerative agriculture, carbon sequestration and clean-energy sources like wind and solar but also in helping many people manage life in a world turned upside down. In 2020, visits to natural areas and parks expanded to record levels, outdoor gear and bicycle sales boomed, backyard birding took off in popularity, and hiking and nature walks surged. Around the world, people rekindled their connections to nature and sought solace in the outdoors.

With this optimistic spirit, I reflect on all that The Nature Conservancy was able to accomplish with the help of partners, supporters and our volunteer leadership in 2020—and look ahead to a promising decade of nature conservation at a global scale. I am hopeful we can harness the tenacity and resilience that all of us developed in this difficult year to build a better future together.

Warm wishes,

Jennifer Morris
Chief Executive Officer,
The Nature Conservancy

THE TRANSFORMATION WE NEED IN AN ERA OF CHANGE COMES NOW, AT A TIME OF UNPRECEDENTED CHALLENGES.

All that we face today calls on us to work for meaningful and lasting changes that will lead us to a world of new possibilities for people and nature. For The Nature Conservancy, this is the challenge of our time. It's also the moment for which 70 years of experience and commitment have prepared us. Now is the time to act; now is the time to transform our world and to protect the lands and waters on which all life depends.

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The coral reefs of the Caribbean are a global treasure. Now, for the first time ever, nations have access to high-resolution maps of these underwater habitats, thanks to the dedication of TNC and its science partners. Scientists used images like this one from Jardines de la Reina in Cuba, captured via a "constellation" of more than 200 satellites, to create maps that can help document damage from hurricanes, identify restoration priorities and plan future protection.

SEE MORE
Scan the code with your phone's camera to see an update on the Caribbean, or visit ***nature.org/CoralMapping***.

The new 19,200-acre Fishers Peak State Park overlooks Trinidad, Colo., where new recreational opportunities will bring a welcome boon to the local economy.

© CAMERON DAVIDSON

A New State Park Transforms a Colorado Town

FOR DECADES, RESIDENTS IN the former mining town of Trinidad, Colo., had been watching young people leave for distant job opportunities. In 2017, Mayor Phil Rico decided to approach TNC and The Trust for Public Land (TPL) with a plan for change: Would the organizations help protect a neighboring ranch with an eye toward transforming the city into a thriving hub for outdoor recreation? Last year, that vision came to life when the property was made into a state park crowned by the 9,633-foot Fishers Peak.

After TNC and TPL purchased the 19,200-acre ranch with support from Great Outdoors Colorado, the two groups helped Colorado Parks and Wildlife acquire the $25.4 million property and transform it into Fishers Peak State Park. It promises to become an outdoor tourism destination on par with the scenic natural wonders that already contribute $62 billion to the state's economy. The park is home to more than 900 species—including elk, bobcat and peregrine falcon—and helps secure a wildlife corridor from the Sangre de Cristo Mountains to the grasslands of the high plains.

"By planning for both ecological and recreational goals from the ground floor, we'll strive to show how solid conservation outcomes contribute to an economically thriving community, all while connecting future generations to nature," says Matt Moorhead, TNC's conservation partnerships advisor in Colorado.

SEE MORE
Scan the code with your phone's camera to see how a new state park brings vitality to a community, or visit ***nature.org/FishersPeak***.

A Global Strategy to Save Rivers

GOAL Rivers bring life to us all. TNC's new Durable River Protection framework keeps clean and healthy waters flowing.

WHILE THE BALKANS are home to many of Europe's last free-flowing rivers, the region has become a target in recent years for plans to develop new hydro dams and other water projects. Despite the threats, TNC efforts in the region last year helped protect two rivers: the turquoise blue waters of Montenegro's Zeta River and, to the north, the Krupa River in Croatia, which winds through steep and rocky canyons.

The two governments protected the rivers using TNC's new community-focused approach to river conservation known as the Durable River Protection framework. Modeled on the U.S. Wild and Scenic Rivers Act, the framework brings new policy approaches that can support freshwater protections around the world. This is critical because rivers hold much of the world's biodiversity but are, astonishingly, the least protected of the Earth's natural systems.

The success in the Balkans will help support adoption of the framework in other countries as well.

Rangers at the Randilen Wildlife Management Area in Tanzania serve their communities by protecting wildlife.

© ROSHNI LODHIA

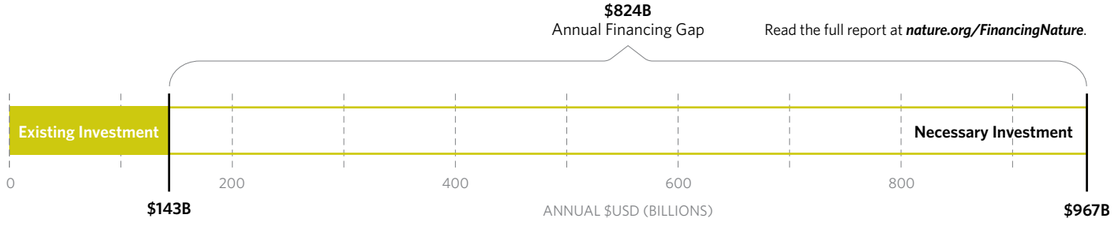
"If these rangers had lost their jobs during the pandemic we would definitely be losing ground on our progress."

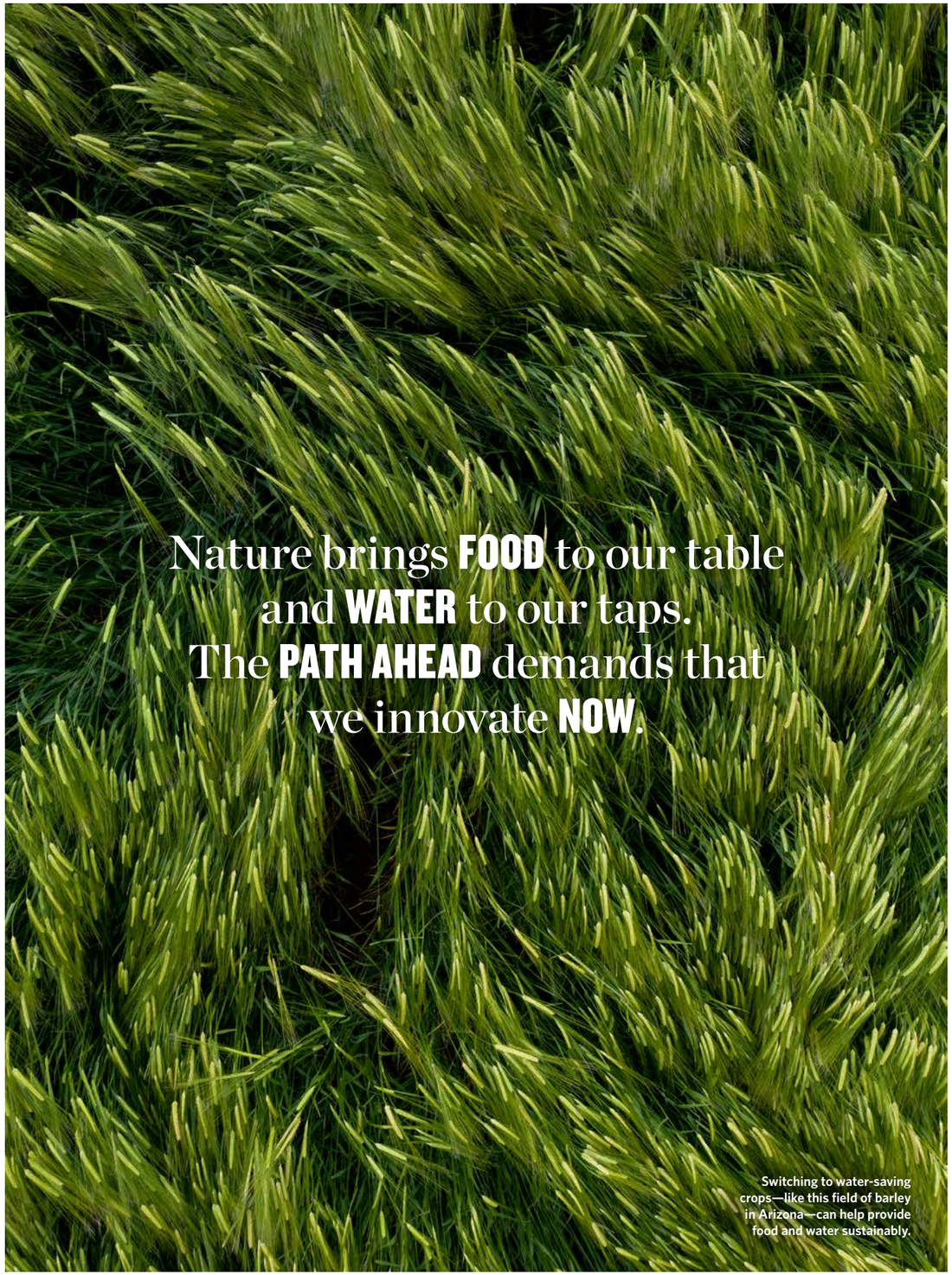
The Conservancy's **Alphonce Mallya** on the success of **TNC's Africa Wildlife Conservancies Crisis Fund**, which raised $2.5 million in contributions from TNC supporters. The emergency fund kept about 950 rangers on patrol in wildlife conservancies in Kenya, Namibia, Tanzania and Zambia—offsetting the drop in ecotourism-dependent conservation funding due to a 90% decline in visitors. Many were concerned that a crisis could hit both local communities and wildlife conservancies, a setback for conservation alliances that would leave wildlife at an even greater risk from poaching.

Closing the Biodiversity Financing Gap

THE WORLD'S BIODIVERSITY is under threat. The rate of extinctions is on the rise and climate change is now exacerbating the threats. Declining biodiversity will have real impacts for people, such as threatening clean-water supplies and limiting food sources. For example, threats to pollinators could lead to a costly drop in agricultural output estimated at $217 billion annually. A new paper, *Financing Nature*, published by the Paulson Institute, Cornell University and TNC, outlines transformations in policy and finance regulations that would unleash new private-sector investments capable of protecting nature and biodiversity.

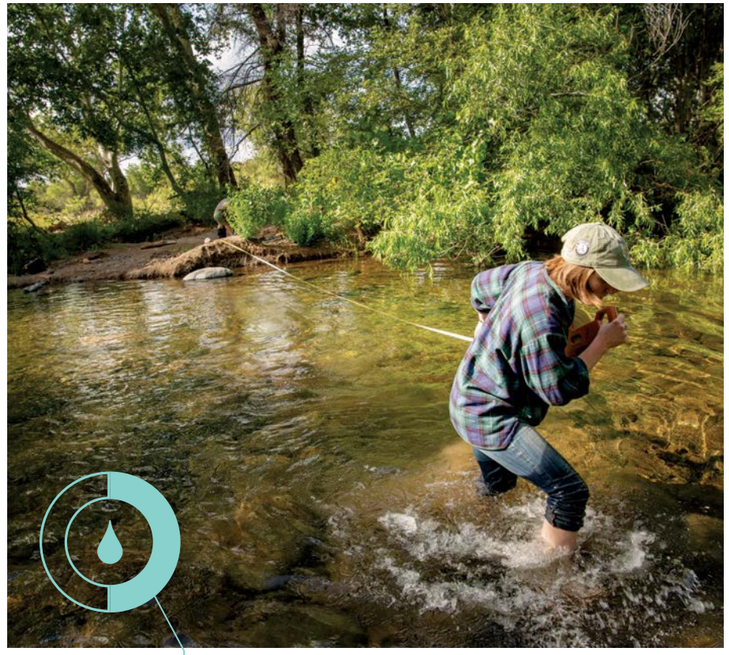
Read the full report at ***nature.org/FinancingNature***.





Switching to water-saving crops—like this field of barley in Arizona—can help provide food and water sustainably.

Lined with willows and cottonwood trees, Arizona's Verde River cuts a lush path through the desert.



Switching to Less Thirsty Crops Uses 50% Less Water and Inspires New Opportunities

GOAL Farmers need water to feed people and support local economies. TNC is proving that smarter crop choices in the arid West can provide more water for both people and nature.

IN ARIZONA'S VERDE RIVER VALLEY, a commonsense shift on the land has meant big changes where it counts: in the life-giving waters of the Verde River. Flowing from highlands in central Arizona, the 190-mile-long Verde and its streamside stands of willow and cottonwood are a wellspring of life. The river also irrigates dryland farms and supplies communities with drinking water. Recently, the river has been so over-tapped that sections have run dry during summer, threatening the viability of some farmlands and the survival of a rich diversity of wildlife, including two endangered fish species.

To address the problem, TNC, together with local partners in business and farming, proposed a change that seemed capable of doing the impossible: saving precious water while growing marketable crops and inspiring the growth of a new sector in the local economy. In short, TNC worked with the largest farm in the region to switch to barley, which consumes half the water of thirsty crops like alfalfa and corn. And TNC helped support a new company to process the barley for use in beer.

In just three years, the shift to high-quality malting barley has been a big hit with local brewers, saved 425 million gallons of water—enough to fill more than 600 Olympic-sized swimming pools—and kept the Verde River flowing.

THIS PAGE AND OPPOSITE: © ANDREW KORNYLAK

"A huge lifesaver."

This is what **Laura Brown**, a New Hampshire oyster farmer, thinks of **TNC's response** to restore oyster reefs and support growers hit by declining sales during the pandemic.

The project, led by TNC and The Pew Charitable Trusts, stepped in to create a new market for more than 100 oyster farmers who found themselves struggling when COVID-19 shuttered restaurants and demand for oysters plunged. Shellfish growers in seven states can sell their healthy surplus oysters to the project, called SOAR—Supporting Oyster Aquaculture and Restoration—which then transplants them to nearby reef-restoration sites. A single oyster can filter 50 gallons of water in one day, and an entire oyster reef can be critical to the health of bays and estuaries. Enterprising oyster farms—both long-held family businesses and recent start-ups—not only provide these ecological benefits but often contribute to rural economies. Fulfilling SOAR's mission of buying 5 million oysters over a two-year period means producers will be able to stay afloat while long-term efforts to restore local reefs get a helpful boost.

Protecting Salmon and Traditions in Alaska's Bristol Bay

GOAL Nature bestows a summertime bounty of wild salmon in the crystalline rivers of Alaska's Bristol Bay. TNC stands committed to permanently protecting the bay's lands and waters from plans to construct a mine in the headwaters.

IN BRISTOL BAY, the traditional way of life in Alaska Native villages has always relied on clean water and the yearly return of wild salmon. These fish number in the tens of millions, more than anywhere else on the planet, making Bristol Bay the last best hope for a culture and economy tied directly to the sustainable harvest of wild salmon. Yet its remarkable rivers, lakes and habitat for bears and caribou still lack permanent safeguards against threats like the proposed Pebble Mine, meaning their future isn't safe from harm. TNC's science has long supported local Indigenous organizations and the region's sustainable commercial fishing industry, which, together in 2020, helped to temporarily stop the mine in a sustained campaign that continues today. Through this broad coalition, TNC is building on this win and advocating for permanent legislative protection along with key investments in invigorating local economies and Indigenous authority—all transformative steps in building a better future for people and nature tied to Bristol Bay.

A commercial fishing captain and crew bring in a harvest of wild sockeye salmon in Bristol Bay. Timeless traditions live on in Indigenous communities, where the return of the salmon brings people together to harvest fish and preserve it in backyard smokehouses.

"Bristol Bay's timeless wild salmon traditions are alive and well—for now. But we cannot afford to be complacent. What we do next, in this moment, determines the future for generations to come."

—STEVE COHN, ALASKA STATE DIRECTOR FOR THE NATURE CONSERVANCY

SEE MORE
Scan the code with your phone's camera to see how people are rallying to save the waters that have always sustained them, or visit ***nature.org/BristolBaySalmon***.

© BRIAN ADAMS (BRISTOL BAY); © JOÃO RAMID (AMAZON)

Harvesting cacao pods to produce chocolate can help support reforestation in the Amazon rainforest and provide stable income for small-scale farmers.

Mobile Phone App Provides a Lifeline for Farmers Helping to Save the Amazon

IN THE BRAZILIAN AMAZON, small-scale family farmers have driven approximately one-third of the total loss of rainforest by cutting down trees to create farm fields and cattle pastures for subsistence and income. But since 2012, TNC and the government of the state of Pará have been providing technical assistance and training to encourage farmers to grow cacao trees—the source of chocolate—to reforest degraded lands and to provide a more sustainable source of income. Last year, however, as harvest time neared, COVID-19 hit Brazil, making it too dangerous to conduct in-person training. The Conservancy turned to a mobile-phone-based social-messaging app to deliver how-to videos to some 250 farmers in time to help with the harvest.

Smoke rises up during a devastating fire season in Australia. Climate change is contributing to these record fires.

© ANDREW MERRY/GETTY IMAGES

Transformative $100 Million Gift Boosts TNC Climate Action

THE CONSERVANCY'S INNOVATIVE EFFORTS to develop natural climate solutions received a tremendous boost from a $100 million gift from the Bezos Earth Fund. The gift funds climate work in two critical regions—India's agricultural states of Punjab and Haryana, as well as the Emerald Edge of coastal Washington, British Columbia and Alaska. The funding also supports efforts to replicate natural climate solutions on a larger scale. This gift, the second largest ever received by TNC, jump-starts our pioneering work to harness nature to reduce carbon emissions around the world.

INDIA

Challenge: Farmers burn crop residue to prepare their fields for new plantings, generating climate emissions and deadly air pollution in neighboring cities.

Solution: Introducing new regenerative agriculture approaches—including no-till planting—ends the need for burning, saves water, increases farmer incomes, boosts soil health and stores carbon.

EMERALD EDGE

Challenge: The temperate rainforests of the Emerald Edge hold one of the world's largest stores of carbon, but these forests are at risk.

Solution: Preserving coastal rainforests in partnership with First Nations peoples honors a vision of Indigenous-led stewardship while securing forests as storehouses of carbon.

© RALPH A. CLEVENGER/TANDEM STOCK

Funding from the Bezos Earth Fund will help ensure the long-term protection of 250,000 acres of old-growth forest, habitat for wildlife like this spirit bear, in Canada's British Columbia and support climate work throughout the Emerald Edge.

"Nature is changing and we can't hold it steady, so we have to find a way to protect it while it shifts."

Dr. Mark Anderson, TNC's director of conservation science for the eastern U.S., on **TNC's newly completed Resilient and Connected Landscapes mapping tool**. In a sense, the tool serves as a map of "natural highways and neighborhoods" covering one-third of the continental U.S. The interactive map shows where plant and animal species have the best chance to move in response to growing climate threats—and find new places to call home. Studies show that each decade plants and animals have shifted approximately 11 miles north and 36 feet higher in elevation in response to the changing climate, making this project an essential conservation tool.

TNC science is showing how to protect natural lands while developing new clean-energy sources to meet critical climate goals.

Conservancy Tools Can Help Meet Paris Agreement Clean-Energy Goals 17-Times Over—Without Harming Natural Lands

THE BUILD-OUT OF NEW renewable energy is underway, and at an unprecedented pace. Yet some of the most promising clean-energy sources, such as wind and large-scale solar installations, call for large areas of land. Scientists at TNC are showing how nations can meet global clean-energy goals while protecting natural lands.

The Conservancy's Site Wind Right interactive mapping is helping industry accelerate planning while steering infrastructure development away from sensitive habitat in the Great Plains, and new strategies are doing the same for solar energy in California, Nevada and West Virginia.

In India, TNC's new SiteRight tool is proving a necessary planning asset for the country's rapidly expanding renewable-energy sector. Says TNC's Dhaval Negandhi, an ecological economist, "If you don't think about these impacts, they become conflicts that impede and slow down your project." With India's ambitious national clean-energy targets in place, the industry can't afford build-out delays, so TNC's smart siting tool offers a pathway to a new clean-energy future.

SEE MORE
Scan the code with your phone's camera to see how TNC science illuminates a clean-energy future for planet Earth, or visit ***nature.org/CleanEnergyBlueprint***.

Honoring Donor Generosity With a Gratitude Forest

TO PLANT A SINGLE tree is an act of hope and faith in what's to come. In Brazil's Serra da Mantiqueira region in the endangered Atlantic Forest, TNC is planting seedlings one by one, bringing new life to deforested hillsides. With every tree planted, a Gratitude Forest is taking root and touching the sky—honoring the generosity of TNC's most devoted advocates.

In appreciation of our donors, TNC is nurturing this forest in a place of great need and possibility. Downstream in São Paulo and Rio de Janeiro, people rely on the Mantiqueira's forests to store and filter the water that makes life possible.

This Gratitude Forest is far from a single effort. It's a piece of TNC's inspiring Plant a Billion Trees campaign, beginning as a gift and then, like a seed, growing into a legacy for future generations.

Through the Gratitude Forest, TNC and partners are helping to restore the region's living forests, inspired by our supporters, because we believe that the powerful act of planting a tree is an investment in the future of the planet.

© IAN SHIVE/TANDEM STOCK

SEE MORE
Scan the code with your phone's camera to see how cultural burns are restoring landscapes, or visit ***nature.org/IndigenousFireReturn***.

A firefighter manages the boundary of an Indigenous cultural burn during a 2019 Yurok Prescribed Fire Training Exchange in California.

© KILIII YÜYAN

Indigenous Communities Restore Fire to the Landscape

INDIGENOUS PEOPLE, such as the Karuk, Yurok and Hupa peoples of present-day California, have been practicing controlled and intentional burns for millennia. Yet in many developed countries, these cultural fires, and their ecological benefits, largely disappeared by the 20th century often due to policies aimed at suppressing wildfire.

The declining health of many forests and grasslands now reveals the long-term costs of removing fire from landscapes that have been shaped by Indigenous fire stewardship. Holding back low-intensity fires can lead to bigger—in some cases catastrophic—wildfires that take a toll on human health, harm nature and put communities at risk.

Through intersecting connections in Australia, Canada and the United States, TNC is supporting the efforts of Indigenous communities to revitalize use of cultural fires in today's context. In TNC's North America fire programs, which conduct roughly 600 burns on 100,000 acres every year, we now help facilitate or fund workshops, learning exchanges and community-based trainings that support Indigenous communities' efforts to bring the benefits of cultural burning to people and landscapes alike.

"Without being able to freely engage in our cultural burning practices, we lose our culture."

—BILL TRIPP, DIRECTOR OF NATURAL RESOURCES AND ENVIRONMENTAL POLICY FOR THE KARUK TRIBE

DURING THE PAST FISCAL YEAR, TNC's leadership gave no small measure of time and attention to addressing and correcting for the effects on our employees, conservation work and fundraising of the COVID-19 global pandemic that shook the world's health care, cultural and financial institutions to their core. In response to the pandemic, TNC made many significant changes to how we did business—closing our offices globally, moving our 4,000-plus staff to a virtual work environment and developing creative ways to remain connected to our donors and supporters.

Management adopted an appropriately conservative approach to expense management in that unprecedented year, pulling back as markets plummeted in the spring by reducing spending by 20%, cutting top salaries by up to 15%, freezing all pay increases, making targeted reductions to our workforce and halting nearly all travel.

Fortunately, economic stimulus measures taken by leading economies around the globe helped stabilize financial markets and enabled TNC's supporters to continue to generously contribute to the organization. In fact, with the engagement and generosity of our donors and supporters, FY20 was our best year on record in terms of top-line revenues. The conclusion of the Our World Campaign and a number of unique fundraising opportunities, including completing the MacArthur Climate Challenge and raising several large donations to support TNC's climate and Blue Bonds work, helped fuel this substantial growth.

In spite of the challenges caused by the pandemic, we were able to leverage our global reach and our capabilities in science and conservation—together with mobilizing nearly $1 billion in capital—to achieve significant conservation gains.

We further took the opportunity in FY20 to reassess the structure of our investment portfolio and implemented a number of strategies to improve portfolio health. This resulted in performance for the portfolio that outpaced our established benchmarks.

Looking forward and hoping for a vaccine-enabled return to normal, we see a business with an exceptionally strong balance sheet, continuing robust support from donors and contributors, a crisis-tested resilient workforce and culture all set to advance our ambitious mission to conserve the lands and waters on which all life depends.

Leonard Williams
Chief Finance Officer

DUES AND PRIVATE CONTRIBUTIONS BY DONOR TYPE

36% FOUNDATIONS

24% INDIVIDUALS

23% BEQUESTS

4% TRUSTS & OTHER

13% CORPORATIONS

PROGRAMMATIC EFFICIENCY

68.5% PROGRAM

17.9% GENERAL & ADMINISTRATION

13.7% FUNDRAISING & MEMBERSHIP

For the fiscal years ending on June 30, 2020 and 2019 (in thousands)

SUPPORT & REVENUE	2020	2019
Dues and private contributions	783,245	595,311
Government contributions	126,423	127,764
Total Dues & Contributions	909,668	723,075
Investment income	78,252	93,994
Other income	93,178	139,021
Land sales and gifts	148,943	99,464
Total Support & Revenue	**1,230,041**	**1,055,554**

EXPENSES & PURCHASES OF CONSERVATION LAND & EASEMENTS			% of each dollar spent 2020	2019
Conservation activities and actions	536,341	520,142	53.0%	49.2%
Purchases of conservation land and easements	156,210	232,085	15.4%	22.0%
Total Conservation Program Expenses & Purchases of Conservation Land & Easements	692,551	752,227	68.5%	71.2%
General and administrative	180,679	161,705	17.9%	15.3%
Fundraising and membership	138,127	142,548	13.7%	13.5%
Total support services	318,806	304,253		
Total Expenses & Purchases of Conservation Land & Easements	**1,011,357**	**1,056,480**		
Net Result—Support & Revenue Over Expenses & Purchases of Conservation Land & Easements ❶	**218,684**	**(926)**		

ASSET, LIABILITY & NET ASSET SUMMARY		
Conservation lands	2,150,851	2,128,184
Conservation easements	2,386,747	2,288,383
Investments held for conservation projects	941,950	774,397
Endowment investments	1,334,391	1,309,105
Planned-giving investments	315,736	322,475
Property & equipment (net of depreciation)	152,334	141,972
Other assets ❷	588,371	745,774
Total Assets	**7,870,380**	**7,710,290**
Accounts payable and accrued liabilities	145,425	219,410
Notes payable	338,123	398,491
Other liabilities ❸	420,291	375,754
Total net assets	6,966,541	6,716,635
Total Liabilities & Net Assets	**7,870,380**	**7,710,290**

❶ Not intended to represent increase in net assets.

❷ Primarily includes cash, pledges of future gifts, collateral received under securities lending agreement, notes receivable, right-of-use assets and deposits on land and other assets.

❸ Primarily includes deferred revenue, payable under securities lending agreement, planned-giving liability, lease liability and other liabilities.

Note: The figures that appear in the financial summary shown are derived from the 2020 and 2019 consolidated financial statements that have been audited and have received an unqualified opinion.

The complete, audited 2020 and 2019 financial statements for The Nature Conservancy can be seen at **nature.org/AnnualReport** or ordered from The Nature Conservancy at **(800) 628-6860** or **+1 (703) 841-5300**.

Conserving the lands and waters on which all life depends.

To learn more about the Conservancy's work in 72 countries and all 50 U.S. states, visit **nature.org**.

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