



**Our World
in a Climate
of Change**

2016 ANNUAL REPORT



- Projects highlighted in this report
- Countries where we work

NORTH AMERICA

LATIN AMERICA

AFRICA

EUROPE

ASIA PACIFIC

Pacific Ocean

Atlantic Ocean

Indian Ocean

Palau
Micronesia
Marshall Islands

Developing Solutions on a Global Scale

The Nature Conservancy's mission demands that we work directly or through others in an expanding scope of countries around the world. Countries included in this tally reflect: places in which we have offices and projects on the ground or a legacy of work; places where we achieve conservation through strategic partnerships and where we engage in policy and public funding initiatives in support of our mission; and, places where our Board of Directors has approved the scoping of new work.

DIRECT PRESENCE

North America

Canada
United States

Caribbean

The Bahamas
Dominican Republic
Grenada
Jamaica

Latin America

Argentina
Belize
Brazil
Chile
Colombia
Ecuador
Guatemala
Mexico
Peru

Europe

Germany
United Kingdom

Africa

Gabon
Kenya
Seychelles
Tanzania
Zambia

Asia Pacific

Australia
China
Indonesia
Micronesia
Mongolia
Palau
Papua New Guinea
Solomon Islands

IMPACT THROUGH PARTNERS & POLICY

Caribbean

Antigua and Barbuda
Aruba
Cuba
Dominica
Haiti
St. Kitts and Nevis
Saint Lucia
St. Vincent and the Grenadines

Latin America

Bolivia
Costa Rica
El Salvador
Honduras
Nicaragua
Panama
Paraguay
Venezuela

Europe

Belgium
Bosnia and Herzegovina
Croatia
Denmark
Finland
France
Italy
Netherlands
Norway
Sweden

Africa

Guinea
Mauritius
Mozambique
Namibia
South Africa

Asia Pacific

Cambodia
Japan
Laos
Malaysia
Marshall Islands
Singapore
Thailand
Vietnam

NEW GEOGRAPHIES

Asia Pacific

India
Myanmar
New Zealand

In addition to countries, TNC also works in Hong Kong Special Administrative Region (SAR) within the People's Republic of China



“We live in a rapidly changing world.”

A growing population that requires more food, water and energy is stressing the very land, rivers and oceans that sustain us. A shifting global economy is moving production to far-flung corners of the world with unforeseen environmental impact. And a changing climate is threatening to undo much of the work The Nature Conservancy has accomplished over 65 years.

But change is not a one-way street. We can change the ways we grow our food to be more productive on less land. We can ensure water security by changing how water users invest in watershed conservation. We can tap new technologies to change how we manage our fisheries. And we can plant more trees to meet growing demand for timber while changing the trajectory of climate change. We can make these changes while still remaining true to our commitment to care for nature and biodiversity.

TNC is an organization of pragmatic optimists. Where others see doom and gloom, we see opportunity for innovation and positive change. We’re not naive; we know the challenges ahead are formidable. But we also believe that by galvanizing all sectors of society, engaging more partners and thinking bigger than we ever have, we can positively change the world so people and nature can thrive together.

Over the past year, I have seen the change we’ve nurtured at one place take hold and expand with a promise of global impact. Take the concept of water funds, where we were first inspired by New York City’s investment in the forests that produce and hold its drinking water. We created a system in which downstream water users pay to implement upstream conservation projects in order to improve water quality and quantity. The first successful

Volunteers of the Buhingu Village Beach Management Unit, Sadoki Nfukamo (left) and James Anton (center), work closely with TNC fisheries lead, Peter Limbu, to record data toward establishing sustainable fisheries practices as part of the Tuugane project in Tanzania.

test was in Quito, Ecuador, in 2000. Since then, we’ve created 24 water funds in nine countries, mostly in Latin America (see page 22).

Building on our success in Latin America, we now have scores of additional projects in operation or development on four continents. Four funds are now up and running in the United States and the first in Africa—serving 9 million people in Nairobi, Kenya. And guided by our China Urban Water Blueprint, our team is developing several water funds in China, including one near the metropolis of Hangzhou.

This past year we launched another innovation with global promise in the Seychelles, a tropical nation of 115 islands in the Indian Ocean (see page 44). Like many island nations, the Seychelles is grappling with sea-level rise and heightened storms brought on by climate change. In response, the country is now investing a portion of its foreign debt into marine conservation and climate adaptation projects, such as reef and mangrove restoration.

TNC used our science, legal and financial expertise to make this pioneering effort possible. NatureVest, TNC’s impact investing division, brought together loans and grants to augment the Seychelles’ debt restructuring. This model will now serve other island nations around the world, offering people both a resilient natural environment and an improved economic future.

The past year also saw milestones in our efforts to promote change within the agricultural sector. From the American heartland to the Amazon basin, we’re bringing together farmers, academics, governments and businesses in the agriculture and food industries. Together, we’re promoting large-scale, science-based practices that safeguard our waters and lands while empowering growers to meet the rising demand for food, fuel and fiber.

And there’s another important benefit of this work: These practices, done right across a large area, can sequester a large amount of carbon.

For example, TNC is lending its scientific and technical expertise to a farmer-driven effort to change soil health practices in the American Midwest. We’re working with a network of demonstration farms that can increase productivity and store more carbon and water in the soils while also reducing nutrient runoff into the Great Lakes and Mississippi River—and ultimately the Gulf of Mexico.

And in Brazil, “deforestation-free” beef has entered the marketplace after years of work with ranchers, retailers, government agencies and

other partners to reduce the impact of farming and ranching on Amazon forests (see page 21). This pilot effort in the Brazilian state of Pará is a leading example of the kind of deforestation-free supply chain that many consumer goods companies have committed to by 2020. Replicated at scale, this work has the potential to dramatically change the trajectory of deforestation and related carbon emissions across the Amazon basin. With decreased deforestation, the Amazon’s wildlife and indigenous communities can prosper as well.

We think these nature-based solutions will play a pivotal role in meeting the climate challenge. At the same time, we also continue to push hard for policy change. In the U.S., each of our 50 state chapters has a clear strategy to build broad-based support for climate action, including clean-energy policy. In Florida, for example, we supported a bipartisan ballot measure to incentivize private solar installations. Voters passed the measure with overwhelming support. And in Ohio, we teamed up with the Environmental Defense Fund to make the economic case for increasing renewable energy. In a big win for clean-energy jobs, Gov. John R. Kasich vetoed legislation that would have discouraged energy investments in the state.

We’ve still got a long way to go, but I’m proud of how we are drawing on one of our biggest strengths—bringing diverse groups together—to find practical, common-ground solutions to the climate challenge.

And finally, this past year we also continued to apply TNC’s oldest strategy—land acquisition—to show that conservation and development can go hand in hand. Our purchase of Fortin Chacabuco in Argentina to use as a demonstration ranch will not only protect important habitat but also inform sustainable grazing management across the expansive grasslands of Patagonia (see page 22).

These and the other achievements that follow in this report are just a sampling of what TNC has done in the past year to demonstrate positive change in a world where change too often connotes decline and despair. The hopeful change our achievements inspire is a result of the collaboration of scientists, donors, volunteers and partners. We thank all of you sincerely.

What we all have in common is a deep and shared sense of compassion. We care about other people far and near. We care about all the world’s species. We care about future generations and the future of the earth. Together we can be the change we need to ensure a better world for all.”



Mark R. Tercek

Mark R. Tercek
President and Chief Executive Officer



North America

From vast boreal forests to fruitful prairies and tropical islands,

the new world of North America is a place of discovery and research.

A bucolic farm bordering the Mississippi River in Wisconsin is indicative of the landscapes where the Conservancy seeks to encourage practices that improve water quality, keep soils healthy, help sequester carbon and accommodate wildlife.

“The lands and waters of North America do not just provide us with food, clothing and shelter, they also define us as a people.”

From the “purple mountain majesties” that inspired American patriotism to the Caribbean’s crystal waters that unite island nations to the coastal rainforests of Canada where people have lived for more than 10,000 years, North America’s natural systems have shaped cultures and built countries.

But as our communities and economies grow, so does the pressure on these systems. The future of life depends on how we grow our food, develop our energy, use our water and build our cities. Science tells us that the only way to save nature is to also address the challenges facing people.

The Nature Conservancy began in North America 65 years ago, and our long history with the people, businesses and governments across the region make us well suited to take on these challenges.

As climate change increases the risk of floods and damaging storms, we are working with engineering firms and government agencies to use natural solutions—such as restoring tidal marshes and oyster reefs—to shield people and support wildlife.

With energy development having the potential to impact 50 million acres across the United States, we are working with businesses to protect our most fragile and important natural areas while also supporting innovation to create affordable clean energy.

As the demand for food increases, the Conservancy is partnering with farmers and agriculture businesses to improve practices that protect North America’s fertile lands and waters while feeding an ever-growing population.

And with more than 80 percent of Americans living in urban areas, we are partnering with local communities to demonstrate how nature can help cities thrive and urban populations can play an essential role in sustaining the lands and waters on which all life depends.”



Mark Burget
*Executive Vice President and Managing Director,
North America Region*



In a rapidly urbanizing world, the Conservancy is engaged across North America—such as in New York City (above)—and around the world to strengthen the role nature can play in making cities healthier for people and wildlife and more resilient to the effects of climate change.

ACHIEVEMENTS

Modern challenges require both new and proven strategies in a cauldron of innovation.

Traditional land protection jump-starts big visions, as science inspires urban tree remedies and a national push for bipartisan climate action.

Below: Wind farm turbines on a ridge top in the Appalachian mountains of West Virginia. Right: A solar installation generates energy and provides much-needed shade at the Las Vegas Springs Preserve.



An Energized Future

United States

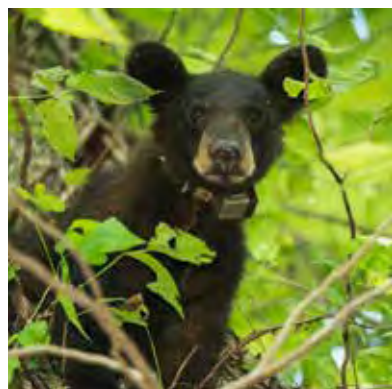
From prolonged droughts to flooded coastlines, no two U.S. states face exactly the same challenges from climate change. The Nature Conservancy's 50-state climate strategy targets these differences by helping each state take its "best next step forward" toward large-scale, meaningful emissions reduction. The strategy found success this year in New Hampshire, where the Conservancy worked with the New Hampshire Sustainable Energy Association and partners to defeat a proposal that would have depleted the state's Renewable Energy Fund. The effort restored tens of millions of dollars to clean-energy investment. We also completed extensive public opinion research in many other states. The results were encouraging, including:

- New York displayed unprecedented support for increased renewable energy.
- West Virginia showed interest in reshaping its economy to include clean energy.
- Washington revealed a path to a statewide price on carbon.

This valuable research will guide our climate policy in each state and help us reach key stakeholders.



Above: The Atchafalaya Delta drains into the Gulf of Mexico. Right: A Louisiana Department of Wildlife and Fisheries research project aims to assess the health of the Louisiana black bear population.



A Filter for River and Gulf

Atchafalaya River Basin

Louisiana's Atchafalaya River Basin works like a set of kidneys for the Mississippi River, filtering millions of gallons of water from the Mississippi before it reaches the Gulf of Mexico. The deep woods, fertile marshes and meandering waters of this million-acre floodplain are home to more than 300 species of wildlife—including the Louisiana black bear, American alligator and more than 100 different aquatic species—as well as numerous native plants. The Nature Conservancy acquired 5,359 acres in this fertile basin, a hallmark first step of a long-term initiative to conserve and restore America's great swamp forest. In addition to its native plants and wildlife, the basin is essential to local Cajun communities who still live off the land and whose cultural identity is firmly grounded in a sense of place.



A diver carries a basket of young staghorn coral fragments for replanting at a coral nursery.

Cultivating Caribbean Corals

Caribbean

The Conservancy and its partners built on previous success this year in growing and replanting corals throughout the Caribbean. We established new coral nurseries in the British Virgin Islands, Grenada and Cuba, then led local trainings on how to monitor and maintain these nurseries to produce healthy corals. Thousands of young corals already have been transplanted successfully onto nearby damaged reefs. Additionally, we are working to identify corals with stronger genetic resistance to warmer temperatures, acidification and pollution. Focusing restoration efforts on these species will give Caribbean reefs the best chance of adapting to current and future effects of climate change. Why do we need healthy coral reefs? Not only do these unique habitats protect island coastlines from climate change impacts, but they also nurture young fish that will fill tomorrow's nets and support the livelihoods—from fishers to dive guides—of many people throughout the Caribbean.

Securing an Indigenous Homeland

Northwest Territories, Canada

The people of Canada's Lutsel K'e Dene First Nations are tied to their remote forest and tundra homeland in a way few of us can imagine. They believe the Upper Thelon River is "the place where God began," the very spot where their people were created. In recent decades, an avalanche of diamond-mining claims and proposed new construction have threatened those lands. As the Lutsel K'e have engaged in a more than 40-year process to protect their home by designating it a national park, the Conservancy has supported those efforts by contributing state-of-the-art mapping, conservation planning and funding for local programs. The 14,000-square-kilometer Thaidene Nëné national park reserve is expected to be formally announced in 2017 in celebration of Canada's 150th birthday.

Planting Healthy Air

United States

From Seattle to Atlanta, American cities can improve their residents' health by planting more street trees. New Conservancy science demonstrates the potential for urban trees to remove air pollution and reduce temperatures. The analysis, available online at nature.org/healthyair, offers a deep dive into the potential for trees to save lives and improve human health in 245 cities globally, including 27 in the U.S. While New York, Philadelphia and Chicago show particularly high potential, the data indicates that every city has neighborhoods where trees are an efficient and cost-effective solution. Trees can reduce concentrations of fine particulate matter by a quarter and cool their immediate vicinity by as much as 4 degrees F. The study indicates that in major cities, a tree-planting investment of just \$4 per resident could improve the health of tens of millions. Over the next year, the Healthy Trees, Healthy Cities program will use these findings to determine the best places to plant trees in several U.S. cities though a partnership with the Trust for Public Land.



Winning in Overtime

United States

After months of uncertainty, the U.S. Congress handed nature a win in overtime by reauthorizing the Land and Water Conservation Fund (LWCF). The program, which had been allowed to expire in October 2015 after 50 years of safeguarding lands and waters nationwide, was reauthorized in December for another three years. Additionally, Congress provided \$450 million in funding for the program for the coming year. Since its inception LWCF—a program that allocates royalty revenues paid by energy companies for offshore oil and gas drilling—has benefited all 50 U.S. states and 98 percent of U.S. counties since its inception, supporting the protection of more than 5 million acres of lands and more than 29,000 recreation facilities. To support the reauthorization of LWCF, the Conservancy continued its decades-long tradition of working closely with local, state and national partners, and mobilizing supporters to appeal directly to members of Congress. LWCF was a focus during the Conservancy's 2015 Advocacy Day, where trustees from around the country visited Capitol Hill to encourage support for this vital program that delivers important economic, recreational and natural-resource benefits to the American people.

50

states

98%

of U.S. counties

29K

recreation facilities

5M

acres

A Citizen Scientist Captures the Climate

“When I was growing up in Michigan I wanted to be a marine biologist, and I had a childhood passion for whales. I’d spout facts about whales to anyone who’d listen. But when I was older and realized what being a marine biologist entailed—spending lots of time alone on a boat—I knew that I really wanted to live in a city surrounded by people. So now I’m a professional videographer, and my clients include environmental organizations.

I got involved as a volunteer for The Nature Conservancy in California when a friend of mine who works there learned that I had just gotten a new drone. She told me about the Conservancy’s efforts to map changes on the coast resulting from an El Niño event. The extreme weather gave us a crystal ball to see what sea-level rise, erosion and other climate change impacts might look like in the future along the California coast. It was an opportunity to combine my environmental and filmmaking interests for the greater good.

I was excited to see my drone footage feed into a mapping program that could have long-term benefits for studying climate change. Drones have gotten a bad rap, and I also wanted to show the good that drones can do.

I like how the Conservancy is using crowdsourcing to let people like me become part of the solution. I see the effects of climate change in the places where I travel for my business. I want to be able to tell my grandchildren that I did something to make a difference. I know that through this work I’m being a part of something bigger than myself.”

Brennon Edwards
Volunteer Citizen Scientist

**North Hollywood,
California**

Brennon Edwards is among the nearly 75,000 volunteers who help make the Conservancy’s work possible. From volunteer chapter trustees, who help open doors to government leaders and other philanthropists, to hands-on land stewards who help clear invasive weeds and monitor migratory birds, volunteers are crucial to The Nature Conservancy’s mission.



**“They
understand
the people,
the politics, the
partnerships.”**

“The Nature Conservancy is an organization that takes care of people and land, and they look for opportunities to partner. They’re nonpolitical. We need nongovernment organizations like TNC to help mobilize our citizens. They are on the ground. They understand the people, the politics, the partnerships. We need groups like TNC to subsidize what government organizations can’t do.”

Mamie Parker

*Former Assistant Director, U.S. Fish and Wildlife Service
and Arkansas Trustee, The Nature Conservancy*

The majestic Iguacu/Iguazu Falls on the border of Argentina and Brazil is the largest waterfall system in the world and represents the natural riches of Latin America.

A continent
stretching across
the equator to
the Antarctic,
Latin America
races to balance
development with
the health of nature.

Latin America



The resplendent quetzal, once sacred to the ancient Maya and Aztec peoples, is now threatened throughout its range by dwindling Central American tropical forests.

“Latin America is home to astonishing natural beauty and biodiversity.”

It is the land of jaguars and sloths, pink river dolphins and humpback whales, condors and macaws. And for the better part of each year, it hosts billions of migratory birds. From the vast Amazon Basin to frozen glaciers high in the Andes, Latin America holds a third of the world’s freshwater resources. While it is the largest net food-exporting region in the world, most of its agricultural potential has not been tapped. But the stakes are high: Latin America’s deforestation rate is already triple that of the rest of the world.

Our purpose is clear. It is not only about protecting biodiversity and wild places, but just as much about safeguarding the future of humanity—our water, food security, economic and social stability—our own survival.

The Nature Conservancy’s work in Latin America spans across 16 countries, from Mexico’s Baja California to Patagonia. True to our legacy, we draw on a wide range of partnerships with governments, rural communities, indigenous leaders, businesses, research institutions and NGOs. Together, we are developing the tools and strategies the region needs to protect its spectacular natural heritage while providing the food, water and energy that people need to live and prosper.

Over the past 40 years our work has evolved in tandem with the Conservancy’s institutional mission. The scale of our work has expanded from site-based projects to a whole-system approach that integrates protected areas, indigenous territories, productive lands, fresh water, oceans and infrastructure development. Our funding has transitioned from a high dependency on U.S.-based sources to a variety of funders: in-region volunteer leaders, businesses, local government agencies, as well as bilateral and multilateral institutions.

Cutting-edge science and innovation guide everything we do, from helping decision-makers find the least damaging ways to connect cities in the Amazon, to determining how nature can best help protect water sources for at-risk cities. From Chilean and Peruvian fishing grounds, to Colombian and Mexican cattle ranches, Patagonian sheep ranches, and Brazilian soy fields, we are working with individuals and industries to devise ways to boost production while increasing conservation.

I am proud of our accomplishments and enthusiastic about the work ahead. We have a unique opportunity to contribute our scientific expertise, leverage our investments and galvanize our partnerships to transform Latin America into a global model of sustainable prosperity. Together we are creating a new conservation paradigm.”

Aurelio Ramos
Regional Managing Director, Latin America



Left: Cattle grazing in a sustainably managed ranch in São Félix do Xingo, Brazil. Below: Native trees are cultivated at a nursery to restore land previously cleared for farming and ranching.

ACHIEVEMENTS

The rush of development inspires new thinking, unimagined partnerships.

Recent achievements test strategies to secure water, forests, and marine resources for people and nature with the promise of potential global impact.

Sustainable Amazon Beef Hits Stores

Brazil

Consumers got their first taste of “deforestation-free” beef produced by The Nature Conservancy’s sustainable-ranching initiative, “Field to Table.” A partnership between the Conservancy, the Gordon and Betty Moore Foundation, Walmart, and food processor and distributor Marfrig Global Foods brought the certified sustainable beef—sourced from a demonstration project in São Félix do Xingo, Brazil—to stores throughout Brazil. Farms and ranches in this region typically expand by clear-cutting land. By contrast, the Conservancy’s project sites in Brazil, Colombia and Mexico are growing by restoring degraded lands and conserving ecologically sensitive lands while increasing productivity. Additionally, the Conservancy is working with large suppliers and industries to scale up sustainable food security efforts. Walmart has committed to monitor deforestation through its entire Brazilian supply chain by 2017, and, with strong backing from the Latin America Conservation Council, the Conservancy has begun to leverage corporate commitments through industry roundtables. We are a founding member of the Brazilian Roundtable on Sustainable Livestock and have helped launch similar organizations in Colombia and Mexico.



Water Funds enable water users to invest in conservation actions upstream to help ensure clean water for downstream users, here in Colombia.



Toward Achieving Continental Water Security

Colombia

More than 200 participants exchanged innovative ideas on water security at the third Biennial Water Funds meeting, hosted by the Latin American Water Funds Partnership in Bogotá, Colombia. Water funds enable water users to invest in conservation of critical headwaters to protect water supplies downstream. During the event, Colombian President Juan Manuel Santos gave tangible, clear messages about the value of water to Colombia's future: "Water is like peace ... it belongs to everyone." The founding members of the partnership, including Mexican beverage company FEMSA, the Inter-American Development Bank, the Global Environment Facility and the Conservancy, celebrated their five-year achievements (see statistics below).

The partnership also signed another five-year agreement that will fuel the next phase of the water funds initiative in the region.

19

water funds launched

200K

hectares conserved

200

private and public partners

\$100M

leveraged for water security

Patagonia's First Conservation Lab

Argentina

The Nature Conservancy acquired a more than 11,000-acre ranch, Fortin Chacabuco—an emblematic working ranch that is set to become Argentina's first demonstration site for sustainable grasslands in Patagonia. Located about 20 minutes from Bariloche, the acquisition permanently protects Fortin Chacabuco from development, and its new living open lab status will help perpetuate the conservation of our beloved Patagonia and help embed conservation in Argentina. It will also show ranchers, government officials and the local community that nature and people can thrive together under science-based conservation and collaboration agreements such as the sustainable-grazing protocol that the Conservancy and partners are implementing in Patagonia.

Tapping Science for Sustainable Hydropower

Mexico

The Nature Conservancy has piloted the concept of "Hydropower by Design" (HbD) in Mexico's Coatzacoalcos River basin, noted both for its ecological and cultural riches and its future hydropower potential. We successfully completed an innovative, science-based HbD tool that considers the full social and environmental risks of hydropower development basin-wide. This tool maps out multiple development scenarios, as well as identifies options for minimizing negative social and environmental impacts, while meeting energy needs. In Coatzacoalcos, we found that the HbD approach could generate the desired hydroelectricity while decreasing future river fragmentation by 75 percent and displacement of local communities by 89 percent. We recently renewed an agreement with Mexico's state-owned utility company, the Federal Electricity Commission, which will allow us to replicate this model in other river basins and mobilize funds for future planning. The Conservancy sponsored a technical exchange between Mexico and Peru, which led to a new collaboration to test this approach in the Peruvian Amazon.

Measuring Fisheries Progress



Peru and Chile

Off the coasts of Peru and Chile, the cold waters of the Humboldt Current support one of the planet's richest marine environments. The Nature Conservancy is working here with fishermen, industries and governments to support livelihoods while protecting critical species. In Chile's Los Rios region, we launched a training program that provides 50 families in small fishing communities with state-of-the-art technology to track catches and access markets. Similar efforts are underway at Ancón, Peru, where more than 60 fishermen have received on-the-job training in evaluating fish stocks and designing and implementing size limits and seasonal closures. These improvements have opened access to new markets that reward good fishing practices, such as high-end Peruvian restaurants. Additionally, the Conservancy is collaborating with the Science for Nature and People Partnership and IMARPE, Peru's marine institute, to improve stock assessments and make recommendations for key commercial species.

Shipibo-Conibo women prepare a festival meal using paiche, a large fish they cultivate on the Calleria river in Ucayali, Peru.



Indigenous Partnerships to Safeguard Amazon

Peru and Ecuador

Across the Amazon, The Nature Conservancy works with indigenous peoples to help them achieve greater leadership over how their territories are managed, have a stronger voice in policy decisions, and reach new markets for sustainable forest produce and fish. Led by the Conservancy, a consortium of five organizations in Ecuador and Peru completed the second phase of a 10-year partnership with the United States Agency for International Development (USAID) to strengthen governance and promote sustainable livelihoods. In Ecuador, the consortium equipped and trained more than 60 community park rangers at six Cofán indigenous territories and helped 100 Cofán families implement sustainable production of organic cacao, coffee and fish. In Ucayali, Peru, three communal production committees were created, trained and have already commercialized 5.5 tons of farm-raised paiche—a behemoth Peruvian fish. In San Martín, Peru, sustainable practices have helped quadruple cacao production in the Alto Shamboyacu community while reducing deforestation and halting the expansion of the agricultural frontier.

An Amazon Rancher Inspires Sustainability

“My father had a dream to build something greater to leave behind for his kids. He had the courage to leave a good home, his family and everything behind to come here where there was nothing but jungle. There was a lot of incentive from the government to occupy and develop the Amazon. This land has the blood, sweat and tears from both my father and mother—but specially my father’s. When he took ill, I took over the ranch.

Today I am manager of the Bituva Grande Farm, which is part of ‘Field to Table,’ a sustainable meat project coordinated by The Nature Conservancy. I am also the president of the Rural Producers Association.

When TNC first arrived, people’s view was that an ‘environmentalist’ was going to curtail our freedom inside the farm. So we weren’t very receptive. Today, TNC is viewed in a different light, and we support and believe in the sustainable meat project. It clearly showed all of us that nowhere in the world do we need to tear down yet another tree to increase the production of grains, meat or anything else. It brought many benefits to the region—not only in environmental or production gains but also in terms of society. The Conservancy’s arrival only increased our awareness of leaving something for future generations. Because if we continue to deforest at random, what are we leaving for tomorrow?

Now we are isolating the springs, letting the forest surround them. The jungle at the mountaintops is being preserved and reforested as a way to avoid erosion. Instead of being a big villain, the cattle—and ranching as a whole—become a carbon sequestrator, which is one of our greatest world-wide concerns. You can ranch sustainably and in communion with nature.

When you work with experts, you can make your dreams come true. And this is only the beginning. There is a lot that can continue to be done. We wouldn’t be the only ones to profit. The entire world would be winning.”

Solange Reusing *Rancher*

**São Félix do Xingu,
Brazil**

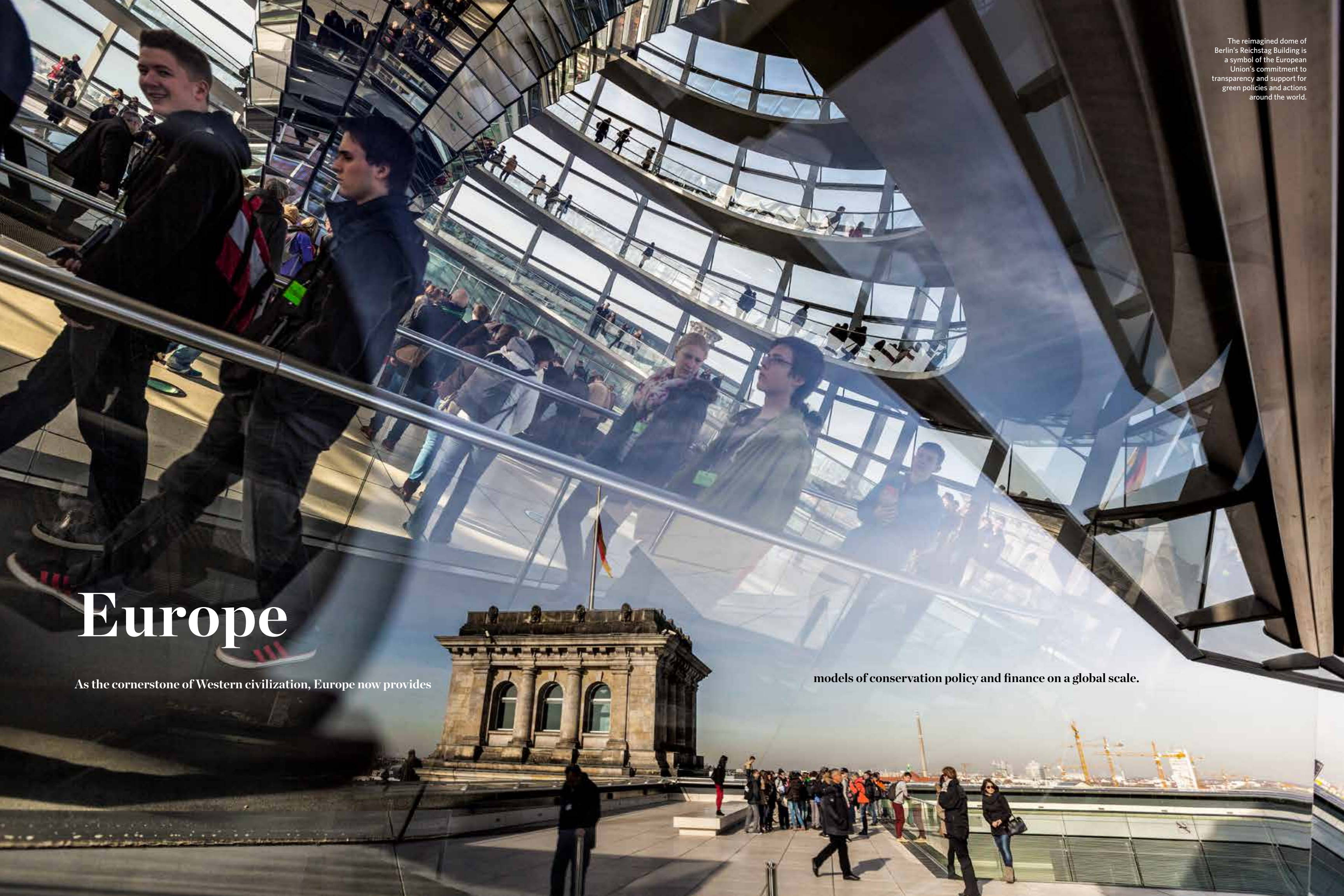
Solange Reusing is one of countless landowners, ranchers, farmers and community leaders whom the Conservancy works with productively around the world. Without their dedication and leadership, the conservation of nature simply would not happen. As we approach a global population of 9 billion, it is imperative to demonstrate how we can produce food more efficiently while maintaining nature. Through programs like “Field to Table,” it is estimated that Brazilian farmers and ranchers have saved more than 33,000 square miles of forest from being cut down.



“A world in which people and nature thrive together is possible.”

“Can we provide enough food, water and energy for more than 9 billion people and still protect the diversity of life on Earth? In short, the answer is yes. A world in which people and nature thrive together is possible. The science also tells us that making our optimistic vision of the world a reality will require significant changes in how we value nature and provide the resources people need.”

Brian McPeck
Chief Conservation Officer
The Nature Conservancy

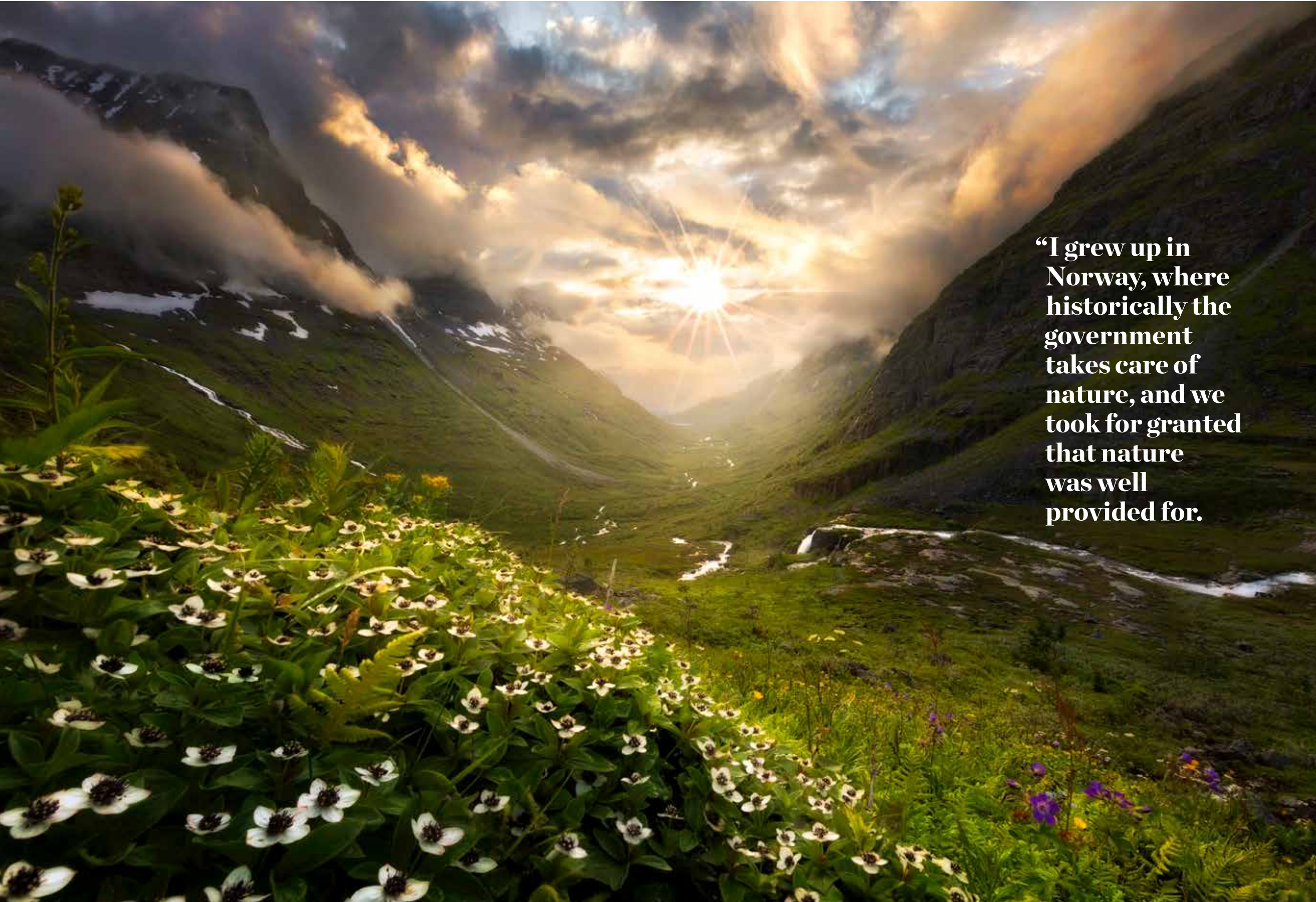


The reimagined dome of Berlin's Reichstag Building is a symbol of the European Union's commitment to transparency and support for green policies and actions around the world.

Europe

As the cornerstone of Western civilization, Europe now provides

models of conservation policy and finance on a global scale.



“I grew up in Norway, where historically the government takes care of nature, and we took for granted that nature was well provided for.”

The natural beauty of Norway, here in Møre og Romsdal County, inspires an environmental ethic among government and civil society practitioners.

It wasn't until I moved to Latin America and the United States that I saw that there is a big role to play for the private sector and civil society.

I went to college in Arizona, where a guest lecturer talked about conservation in Baja California, Mexico. His organization had fought the expansion of a salt mine that would have impacted some of the most important gray whale breeding habitat in the world. He shared how civil society and the tourism sector came together and managed to stop the mine. I thought it was a great story, and I approached him afterward to learn more about the group he worked for. It was The Nature Conservancy—where I soon started working as an intern and never left. That was almost 20 years ago.

Europe is an outsized player in the global conservation agenda. Europe is central to sustainable development and climate policy, and is the largest contributor of climate finance to developing countries and the world's biggest aid donor. European businesses lead on progressive environmental issues. Europe is where some of our most transformational actions can take place.

Since 2008 we have already raised \$147 million in European public funding for conservation, mostly from Germany and Norway. And in just a couple years we've raised \$3 million in private philanthropy. Now we're also beginning to do project work in Europe, but with a different business model.

For example, the Balkans, home to much of Europe's remaining wilderness and biodiversity, is a region targeted for a boom in hydropower development. We have an opportunity to engage with decision-makers who will determine how and where future dams are built and to make an enormous positive impact on the health of rivers. Using science as a guide, joining forces with financial institutions and local NGOs, we can move the hydropower industry toward more sustainable dam planning, siting and design. The Balkans is a perfect demonstration site.

We've also been asked by partners in Germany, the Netherlands and the U.K. to lend our 15 years of oyster reef restoration expertise. I think that over the next five years you'll see more such projects in Europe—always done with others and serving local and our global goals at the same time.

After more than 15 years in the U.S., Latin America and the Caribbean, I'm back in Europe. While my heart beats for the fjords and mountains of Scandinavia, my job is best done from Europe's capitals. It's in Berlin, London, Oslo and Brussels where we can influence policy, transform industries and mobilize funding for our conservation priorities, including the gray whale habitats in Baja.”

Marianne Kleiberg
Regional Managing Director, Europe

ACHIEVEMENTS

*This is where we speak to the world,
collaborate and infuse the power of science.*

Achievements in policy and finance through international forums utilize our history of on-the-ground success and scalable models to expand the scope and pace of conservation.

Below: A pristine waterfall on the Una River between Croatia and Bosnia and Herzegovina.
Right: The reconstructed Mostar Bridge across the Neretva River in Bosnia and Herzegovina represents renewed hope in the Balkans after decades of oppression and war.



Securing the Blue Heart of Europe

Western Balkan Region

Having emerged from decades of political oppression and strife, the western Balkan region (Albania, Bosnia and Herzegovina, Croatia, Kosovo, Macedonia, Montenegro, and Serbia) harbors some of the world's most ecologically intact river systems. Known as the "Blue Heart of Europe," the region is now experiencing a hydropower development boom of global proportions, with more than 2,000 projects already proposed or under construction. The region's future will depend on society's ability to reconcile its growing demand for renewable energy with conservation of its outstanding natural heritage. To meet these dual demands, The Nature Conservancy is working in collaboration with conservation and finance partners to develop science-based solutions for integrating nature conservation upfront into renewable energy build-out, including solar, wind and hydropower. By helping build a brighter future for the Balkans, our goal is to establish a global model for how to repower a region in the smartest way possible for both people and nature.

Directing Aid to the Developing World



Norway and Germany

At The Nature Conservancy we know how dependent people are on healthy natural environments. We also recognize that it is often the world's poorest who suffer the most when natural resources such as forests and coral reefs are damaged or lost. Many of the world's governments also realize this. That's why over the last eight years we've been working with governments in Europe to achieve shared conservation goals around the world, including the Norwegian Agency for Development Cooperation (Norad) and KfW, a German government-owned development bank. Since 2008, European governments have generously contributed nearly \$150 million to help the Conservancy address some of the world's most pressing conservation threats in places like the Caribbean, South America, Africa and Asia Pacific. For instance, in 2015, thanks to a grant from the government of Norway, the Conservancy and other partners contributed to reducing deforestation by 73 percent in the São Félix do Xingu municipality, in the Amazon basin of Brazil, compared with the average forest clearing of the 10 years prior to the grant.

The Conservancy works with governments in Europe to direct funding to successful conservation projects in the developing world, including mangrove restoration in Indonesia.

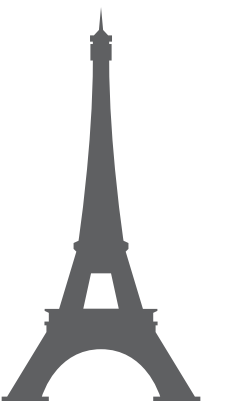
Informing the Climate Agreement

Paris, France

For months—and years—leading up to the United Nations COP21 climate talks in Paris in December 2015, The Nature Conservancy played a key role in providing crucial support that resulted in a landmark agreement by 195 nations to reduce greenhouse gas emissions and limit global temperature increase threshold to well below 2 degrees Celsius. The Paris Agreement demonstrated the Conservancy's ability to leverage our leading science on coastal resilience and forest carbon, our world-class projects on reducing tropical deforestation, our innovative finance skills, and our expertise in multilateral negotiations to ensure a truly global agreement and to maximize opportunities for nature's contributions to mitigation and adaptation. Beyond the formal negotiations, we hosted workshops showcasing technical advances, published influential position papers, and coordinated with key stakeholders to both promote nature as a potent solution provider and shift the global narrative on climate to one of opportunity, prosperity and security. Since COP21, the Paris Agreement has reached the ratification threshold for entry into force in October 2016, and TNC programs around the world are working diligently to keep climate action moving forward.

195
participating nations

-2°C
temperature increase threshold



Introducing Water Sharing Investment

Stockholm, Sweden

For nearly half of the world's population, water scarcity is a growing issue with devastating impacts on communities, economies and nature. In the past, countries have primarily turned to reservoirs and canals as solutions to increasing water demands. But water markets can be a powerful mechanism for alleviating water scarcity, restoring ecosystems and driving sustainable water management. Water markets are based upon water rights, which can be bought and sold, enabling water to be transferred from one user to another. A well-managed water market provides economic flexibility, encourages

water-saving measures, and brings a variety of stakeholders to the table to find balance between the water needs of people and nature. So the concept was introduced by The Nature Conservancy at the 2015 World Water Week in Stockholm, Sweden. This year at the Stockholm event, the Conservancy followed up with a report, *Water Share: Using water markets and impact investment to drive sustainability* (nature.org/watershare). The Conservancy's concept of Water Sharing Investment Partnerships can help provide a more water-secure future for cities, agriculture, industries and nature.





Giulio Boccaletti
*Chief Strategy Officer
 and Global Managing
 Director, Water*

London, England

Giulio Boccaletti is among a cadre of global experts who have joined the Conservancy's ranks in recent years, augmenting the existing talent pool and broadening the geographic scope of our intellectual capital.

A Global Expert Guides Scalable Solutions

“My father is Italian and my mother British. I grew up in a small town near Bologna in the floodplain of the Po River, in Italy. The town was settled roughly 2,000 years ago by the Romans, and over the centuries interactions between people and nature have marked the landscape around it. Rivers were tamed and soils harnessed, as the region went from being one of the granaries of the Roman empire, to a global producer of hemp and silk in the Middle Ages, to one of the engines of industrial growth for Italy in the 20th Century. All along, the conflict between nature and people has shaped its culture, landscape and economy.

The Po River itself is a great example of this. During the 12th Century, after a series of catastrophic floods, the river changed its course, pouring its waters, heavy with silt, into the Venetian Lagoon. Venice saw this as an existential threat: Left to its own course, the river would have filled up the lagoon with sediment, locking the seafaring state inland. A massive engineering project to divert the river to the south followed, pouring vast amounts of sediment into the Adriatic Sea, thus changing the coastline of Italy forever. The scale of this project was enormous—on a relative basis it was as big a financial commitment as the most daring engineering projects being pursued by China today, showing how our appetite for mega-projects is nothing new.

Maybe influenced by this millennial history of compromise and conflict between the needs of nature and those of people, my professional life has always been at the intersection of natural resources, economic strategy and public policy. As a scientist I worked on the physical mechanisms that regulate the planet's climate over centuries. As a consultant I advised governments and institutions around the world on long-term strategic investments in infrastructure and natural-resource security. At The Nature Conservancy I have focused on the integration of ecological integrity and water security, and now, as chief strategy officer, I focus on the development of scalable solutions across our portfolio.

Protecting and harnessing the ecological integrity of the natural systems we depend on is at the heart of the sustainable development agenda the world has embarked on. It will require mobilizing capital on an unprecedented scale, and The Nature Conservancy is developing solutions that can channel that capital to deliver on the promise of development for the benefit of people, while preserving nature for future generations. This has been the focus of my work.”

**“That’s
the impact
of science.”**

“I was a doctor in 1981 when AIDS emerged. It was 100 percent lethal. I knew a biochemical approach could find a solution. Today HIV is a chronic infection that can be managed and people can lead normal lives. That’s the impact of science. That’s my background, and that’s what I want to bring to the Conservancy—to see if we can support the kind of scientific research that similarly impacts climate change.”

P. Roy Vagelos, M.D.

*The Nature Conservancy Board of Directors
Retired Chairman and CEO, Merck & Co.*

The birthplace of humanity harbors diverse peoples and majestic wildlife alike,

all seeking ways to coexist in a changing world.

Africa

Elephants graze on lake vegetation in Kenya's Amboseli National Park. The future of elephants represents both threat and hope for Africa, as the continent modernizes and population grows.

“Several years ago I was working with other staff to establish a new project for the Africa Region in western Tanzania.

Known as *Tuungane* (Swahili for “Let’s Unite!”), this project focuses on protecting the extraordinary resources of Lake Tanganyika, which holds 17 percent of the world’s fresh water, as well as forest systems that support the most intact populations of eastern chimpanzees.

This part of Tanzania is very remote and underserved. There are no roads, Internet, cell phone coverage or basic human services. In the primary schools, there can be one teacher for as many as 200 students. While this area is high in biodiversity, the population is growing rapidly at almost 4.4 percent per year in

survey project villages, and the medical system is inadequate to support this. People feel forgotten.

A core tenet of our work here—as it is across Africa—is to spend time with the local communities socializing our approach and trying to better understand what their goals and dreams are for the places where they live.

At one of our early community meetings, I started out talking about protecting forests for chimps and the freshwater systems for fish. A tired-looking midwife then shared her stories of inadequate health facilities and supplies. Another young woman stood up and spoke of her sister, who had to take a 22-hour boat ride to the nearest hospital during a difficult childbirth. Both the mother and the child died along the way. After hearing of the suffering here, I quickly stopped talking about chimpanzees.

What we learned from this community is that we needed to expand the way we think about conservation in Africa. We needed to be willing to address other community needs while still remaining focused on our mission. There, that meant bringing in Pathfinder International, an international health care partner that provides child and maternal health services, and that has already helped TNC provide more than 10,000 women with access to modern contraception. Meeting these needs allows us to intensify our work protecting important habitats for endemic fish and those chimpanzees.

This kind of innovation is changing the way we work around the region. We’re bringing the right people together—governments, NGOs, and communities—to address the complex and unique challenges facing the people and places of Africa. Instead of feeling forgotten, the women of *Tuungane* are now showing us the way.”



David Banks

Regional Managing Director, Africa



During a community celebration, villagers dance at twilight near the shore of Lake Tanganyika, site of the *Tuungane* project, a joint effort between The Nature Conservancy and Pathfinder International.

ACHIEVEMENTS

As Africa reaches toward the future, its people take stock of the resources they value.

Conservation achievements include innovative legal and finance actions, as well as traditional methods of measuring natural resources and their protection.



115

number of islands that make up the Seychelles

Small Islands, Big Conservation

\$22M

amount of debt converted into expanded marine conservation investments

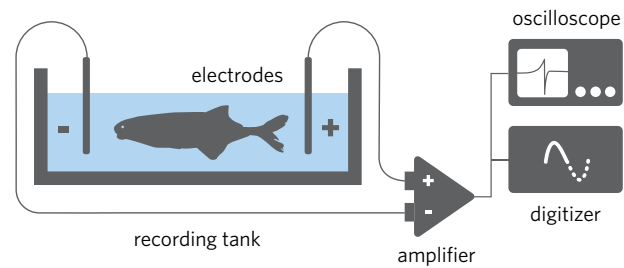
30%

expanse of marine resource protection

Republic of Seychelles

In the closing days of the 2015 Paris climate change conference, a small island nation made a big announcement: The Republic of Seychelles in the Indian Ocean had agreed to the first-ever debt-for-climate-adaptation swap. The transaction was negotiated by The Nature Conservancy's impact investing unit, NatureVest, and the Africa Region in partnership with the Seychelles government and the Paris Club, an international debt-relief group. It converts a portion of the nation's foreign debt into a \$22 million investment in expanded marine conservation that will help blunt the impacts of climate change. The Conservancy is also lending its scientific acumen to help create a marine spatial plan that identifies best locations for off-limits fish replenishment areas, limited fishing, wind energy siting, and habitat restoration to buffer storms and sea-level rise. The full range of stakeholders—local communities, commercial fishers, tourism and energy industries—is being engaged in the process. For a nation economically dependent on healthy fisheries and tourism, protection of marine resources will expand from less than 1 percent to 30 percent. This pioneering effort is being seen as a potential model for other island nations around the world.

This page: Composed of 115 islands and 99 percent ocean, the Seychelles has an economy based almost entirely on tuna and tourism. Right: A red snapper is branded with a tag that indicates it is a sustainably caught and equitably marketed fish.



Mormyrids emit weak electric organ discharges (EOD) too weak to be felt by humans, but allow this fish to navigate nighttime waters and avoid predators.

“Shocking” Discovery in Gabon

Gabon

When scientist John Sullivan dipped his net into Central Africa’s Ogooué River, he had no idea of the magnitude of what he was about to find. Sullivan, an expert on electric fish, was part of a team on a three-week research expedition in Gabon, cosponsored by The Nature Conservancy and Gabon research agency CENAREST. His discovery—one new genus and two new species of weakly electric fish called mormyrids—was published in the scientific journal *ZooKeys*. Gabon remains one of Africa’s most unspoiled landscapes, and the Conservancy is working to keep it that way in the face of rapid growth. The Ogooué expedition was part of a larger Conservancy initiative to help Gabon’s leaders make science-based choices about where and how to protect and sustainably use their rivers.

Legal Recognition for Communal Lands

Tanzania

Tanzania’s seemingly endless savannas are growing crowded. Roaming pastoral groups clash with expanding agricultural tribes, while migrating wildlife find their time-worn routes converted to fields and villages. All are threatened by encroaching development. Without formal ownership of these lands, the people who live here have little say in what happens to them. As a founding partner of the Northern Tanzania Rangelands Initiative (NTRI), The Nature Conservancy is creating balance between people and nature by helping indigenous communities confront growing privatization within their communal lands and use them sustainably. Since 2011, NTRI partners have helped secure legal rights to more than 450,000 acres through Certificates of Customary Right of Occupancy (CCRO) which grant land titles to communities instead of individuals. Edward Loure, leader of fellow NTRI-organization Ujamaa Community Resource Team, was honored for this innovative and effective approach this year as one of six Goldman Environmental Prize winners.



New Research to Save Giraffes

Kenya

Giraffes’ graceful arched necks and distinctive dappled patterns make them a must-see on safari. Surprisingly, we know very little about these long-legged giants. We do know they’re in peril: Reticulated giraffe populations have shrunk by as much as 80 percent in just a few decades and soon may be declared endangered. The Nature Conservancy is embarking on new research into this beloved animal. We recently announced an innovative partnership with Loisaba Conservancy and San Diego Zoo Global that will:

- Complete the first-ever comprehensive survey of Kenya’s Samburu herders about their interactions with giraffes.
- Track Samburu livestock using GPS collars to determine where grazing areas overlap with giraffe habitat.
- Deploy 100 dual-camera traps to identify individual giraffes and help us understand their movement.
- Collect tissue samples when available to identify giraffe subspecies and common skin diseases.

Left: The reticulated giraffe is one of the most vulnerable large mammals in the world. Below: Ashura Katunka is a tailor. Having a sustainable business is one of the requirements to becoming a Class 1 Model Household.



Households Unite for Sustainability

Tanzania

The villages that dot the banks of Lake Tanganyika in Tanzania have grown exponentially in recent decades. Sediment from newly plowed farms increases algae growth, which, along with overfishing, reduces fish stocks. The Nature Conservancy is helping to meet those challenges through a joint program with Pathfinder International called *Tuungane*, Swahili for “Let’s Unite.” Serving 24 villages, *Tuungane* recently introduced the “model household program.” Model households practice sustainable agriculture to reduce runoff, prioritize family planning so women may time and space pregnancies for a healthy family, and invest in clean water for drinking, cooking and washing. Other program milestones include:

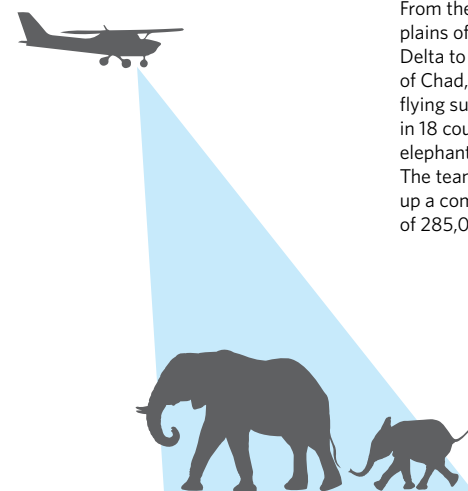
- More than 3,300 people have been trained in sustainable fishing practices and 13 Beach Management Units have been established.
- Nearly 230,000 acres of forest have been set aside as village forest reserves.
- Fifty-four percent of local women of reproductive age now have access to modern contraception.
- More than 1,700 people have received microfinance loans to start small businesses such as soap making or beekeeping to reduce pressure on fishing revenue.

An Africa-Wide Survey of Elephants

Zambia

Hunted relentlessly by poachers, African elephant populations have declined a staggering 30 percent in the last seven years. The Nature Conservancy is partnering with organizations across Africa and China to protect elephants and crack down on illegal ivory sales. The Conservancy organized the Zambian effort as part of the Great Elephant Census, the first Africa-wide survey of these mammals in more than 40 years. The results were striking. In unprotected areas, savanna elephant populations showed sharp declines or had vanished entirely. In areas supported by the Conservancy’s partners in anti-poaching initiatives, populations were stable or growing.

Chinese digital media leader Tencent and the International Fund for Animal Welfare partnered with the Conservancy to launch an anti-ivory campaign on WeChat, China’s largest social media platform. The campaign featured a tip-off function that lets users anonymously report ivory sales and sellers. During a 13-week monitoring period, more than 660 accounts were shut down; nearly 100,000 pieces of content involving wildlife trade, including ivory, were found; and 58 cases were reported to relevant law enforcement for investigation.



From the desert floodplains of the Okavango Delta to the savannas of Chad, aerial teams are flying survey transects in 18 countries to count elephant populations. The teams have racked up a combined distance of 285,000 miles.



A Prize-Winning Herdsman Donates a Prize Steer

“In my culture the land is everything—our tradition and livelihood, and the livestock are close to our hearts. I don’t know how old I am. My parents never went to school and hence they cannot tell the exact dates except season. When you are Samburu, you are told you were born during a certain time—during a drought, when the cattle migrated to certain distant areas for pasture, during the eclipse of the sun—and that’s how they mark your age. But my earliest memories are of herding cattle and goats with my brothers.

My community, West Gate, supported me to go to school and then to university, and I came back to work as a conservancy manager for West Gate. Now I have the privilege to work for Northern Rangelands Trust. Our mission is ‘to develop resilient community conservancies which transform people’s lives, secure peace and conserve natural resources.’

The work and the support of The Nature Conservancy are critical to me, to NRT and to the community conservancies we serve. TNC works with local partners, with civil society on the ground, with government—in our case with the Kenya Wildlife Service. They enable us to implement the right strategies and measure the impact more accurately and precisely.

It has always been exciting and fulfilling serving at the TNC Africa Council because it champions a course that is close to my heart. I am donating to the Africa Rising Campaign something that is also close to my heart and that is culturally held with high esteem by the pastoral communities here—and that is a prize steer from Northern Kenya. It can be auctioned, sold or used during a TNC event. Cows, too, can contribute to conserving and protecting nature!”

Tom Lalampaa

*Chief Program Officer
for Northern Rangelands
Trust and TNC Africa
Council Member*

West Gate Conservancy, Kenya

Donations and bequests from private individuals compose nearly half of The Nature Conservancy’s income each year. Tom Lalampaa’s donation is among the more unusual gifts of support. In 2013, the Duke of Cambridge presented Tom with the Tusk Conservation Award for contributions to his community, his neighbors and wildlife. He also represented Northern Rangeland Trust (NRT) as a recipient of the Equator Prize, recognizing local sustainable development solutions for people, nature and resilient communities. This year Tom was the recipient of Stanford University’s Bright Award to an individual who has made significant contributions to global sustainability.

“It’s this generation right now that is going to determine the future of this planet.”

“I invest in The Nature Conservancy for my own mental health. It’s so disturbing to read the headlines in the morning about what’s happening to the world. And my way to cope with that is to just double down my own efforts. It’s this generation right now that is going to determine the future of this planet. We can take positive action on climate change and fresh water now.”

Wendy Bennett

*Former Chair, Minnesota, North Dakota and South Dakota Board of Trustees,
The Nature Conservancy*



Asia Pacific

With burgeoning economies and populations, Asia and its surrounding islands encapsulate the planet's future challenges and its possibilities.

Indicative of landscapes across much of Asia and the Pacific, China's Guangxi Province must accommodate agriculture for a growing population as well as the natural functions that sustain life.

“With 60 percent of the world’s population and seven of the 10 largest cities, Asia Pacific is the fastest-growing region in the world.

Stretching from Mongolia to New Zealand, Myanmar to Micronesia, this geographically diverse region is home to a unique variety of cultures, traditions, natural systems and species.

But Asia Pacific is at a crossroads—one that is emblematic of the challenges our world now faces as populations grow and become more urban. Increasing demands for food, water, housing and energy are placing enormous pressures on the region’s many natural resources, including its tropical forests and fisheries, putting species, traditional communities and quality of life at risk. We feel these pressures more than any other region on the planet. The demand for timber, fish and agricultural products, once coming primarily from the U.S. and Europe, is now coming increasingly from the region itself as hundreds of millions of people move from poverty into the middle class. In many ways, as goes Asia Pacific, so goes the world.

This combination of human development, economic growth and natural diversity is what makes the Asia Pacific a critical region for The Nature Conservancy. To address these challenges, we’re working with communities, governments and industries across Mongolia, China, Indonesia, Australia, Myanmar and the Pacific Islands to build a more sustainable future for both nature and people.

Living here and traveling in the region has been an eye-opening experience. What I appreciate most about Asia Pacific are the voices from the field—Mongolian herders using the Conservancy’s maps to preserve traditional lands and livelihoods, Indonesian rangers who protect critical habitat for the last remaining wild orangutan populations in the world, fishers in Palau who are testing data-capture techniques that could transform tuna fishing across the Pacific. Together, the Conservancy and our many partners are making a positive impact on the management of diverse natural systems and the resources they supply.

For more than 25 years, the Conservancy has successfully worked with partners across the Asia Pacific to implement science-based, innovative conservation solutions that address the conservation challenges we face. Success in the next 25 years will take the combined efforts of all of us to make this work possible.”



Charles Bedford
Regional Managing Director, Asia Pacific



The challenge is to build a sustainable future for both people and nature. Here, urbanization is rapidly encroaching on prime farmland in coastal China, where this 62-year-old farmer is barely able to eek out a living on his shrinking plot.

ACHIEVEMENTS

A changing climate and growing population prompt actions for Asia Pacific's adaptation.

Such a vast and economically developing region presents a laboratory to test and expand strategies to conserve nature and adapt to rapid change.



Below: Water recently being diverted to replenish a wetland.
Right: Farmers growing prized Cabernet Sauvignon grapes within the Murray-Darling watershed in New South Wales.



Balancing Water Use Down Under

Murray-Darling Basin, Australia

The Murray-Darling Basin is one of the world's largest river basins, draining water from one-seventh of Australia's landmass into the Murray and Darling rivers. The basin grows a third of Australia's food and creates habitat for more than 50 endangered species. It's also at risk of drying up. Decades of rerouting too much water to farms, combined with climate-change-fueled droughts, have significantly reduced the supply. The Nature Conservancy is helping lead the way to a new future for the basin with the creation of the Australian Balanced Water Fund. "Balanced" is the key: The fund aims to provide water security for farming families during droughts while re-nourishing critical wetlands during wetter periods. The Conservancy has used the fund to purchase 1,300 mega-liters of water rights and recently watered its first wetland, a 177-acre test plot.



A hawksbill turtle hatchling swims for the first time in the waters of the Solomon Islands.

Climate-Proofing Sea Turtle Nests

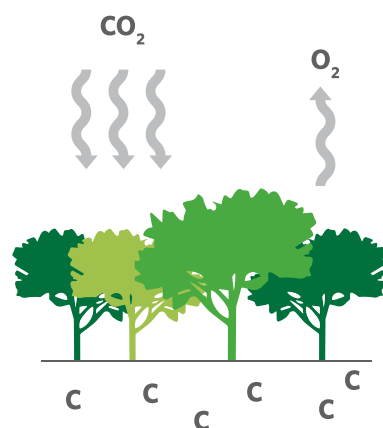
Solomon Islands

Six out of seven sea turtle species live or nest in the Asia Pacific. Many will migrate thousands of miles in their lifetime, but they can't outswim sea-level rise: The remote island beaches where turtles lay their eggs are at high risk of erosion. The Nature Conservancy is working to "climate-proof" critical nesting sites through a combination of new technology and old-fashioned land protection. Conservancy scientists and community rangers in the Solomon Islands recently installed satellite trackers on 10 turtles' backs using a gentle adhesive. Analysis of the turtles' GPS coordinates will tell us where they're feeding and nesting. Conservancy staff then can focus on protecting climate-resilient beaches nearby, where higher slopes and sand dunes can shelter turtle hatchlings for years to come.

Planting to Capture Carbon

Inner Mongolia, China

Every year, howling winds pick up dry surface soil from Mongolia's deserts and shower it on China, destroying farmland, threatening wildlife and making the air dangerous to breathe. The increasing severity of these storms is one symptom of drought, deforestation and destructive farming practices that have degraded Mongolia's landscapes. A new "carbon sink" project created by The Nature Conservancy with support of Lao Niu Foundation and others will have a direct impact on these storms. The Horinger demonstration area will restore more than 2,500 hectares of forest, shrubby areas and grasslands in China's Inner Mongolia. The project is estimated to sequester 220,000 tons of carbon dioxide over the next 30 years.

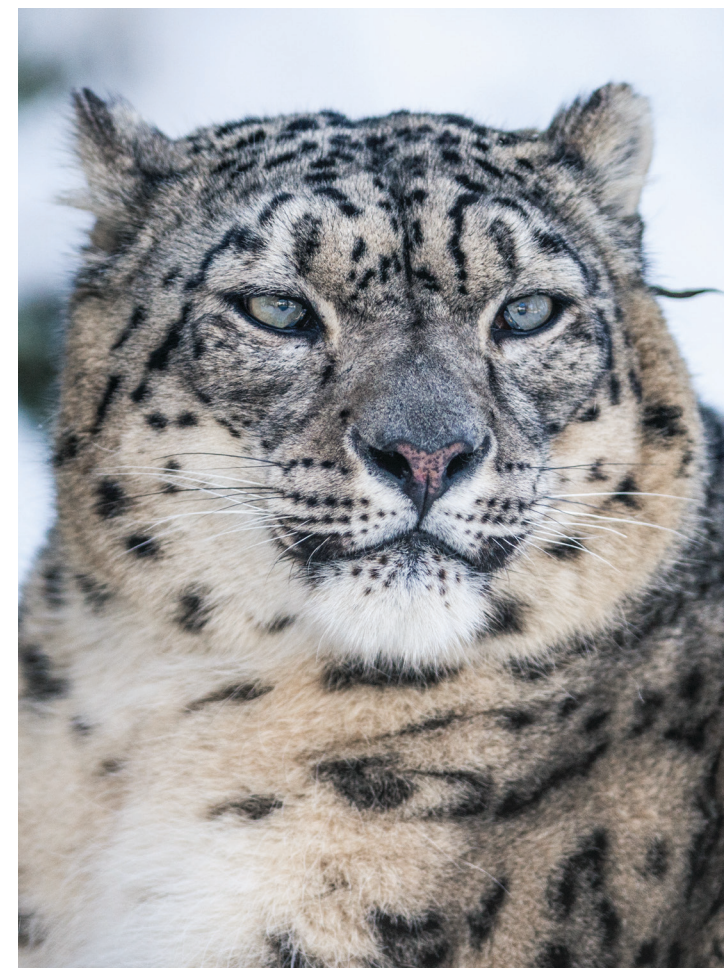


Terrestrial Sequestration: Using plants to capture CO₂ from the atmosphere and then storing it as carbon in the stems and roots of the plants as well as in the soil. In photosynthesis, plants take in CO₂ and give off the oxygen (O₂) to the atmosphere.

Great Apes and Greenhouse Gases

East Kalimantan, Indonesia

The lush tropical rainforests of Indonesia are amongst the fastest being cut down in the world. Unsustainable timber harvesting and mining not only threaten the orangutans that live in these trees—and are currently listed as "critically endangered"—but also release tons of carbon dioxide into an already-warming atmosphere. Now, The Nature Conservancy is charting a better course for this forest through the new, ambitious Green Growth Compact with the province of East Kalimantan on the island of Borneo. The compact includes 19 signatories from government agencies, companies, communities and other nonprofits. It aims to help the province reduce emissions by 1,000 tons of CO₂ equivalent per \$1 million USD gross domestic product, while increasing economic growth by 8 percent by 2030. It's great news for local villagers, orangutans and especially our climate.



Human encroachment threatens the future of the solitary and highly elusive snow leopard. Scientists estimate that between 3,920 and 6,390 remain in the wild.

Blueprint Benefits Herders, Snow Leopards

South Gobi Province, Mongolia

Mongolia's grasslands are a softly rolling sea of green, brushed by cloud-cast shadows and dotted with livestock. The country's Parliament set a goal of protecting 30 percent of Mongolia's lands—roughly 116 million acres—by 2030. But where to start? The Nature Conservancy provided science-based recommendations for priority sites to the Mongolian Ministry of Environment, Green Development and Tourism. Those recommendations were combined with input from local governments, communities, scientists and nongovernmental organizations, then adopted by the ministry this year in its draft National Master Plan for Protected Areas. The government also recently approved two new key conservation areas prioritized by the Conservancy:

- Twenty sites, spanning 20 million acres, were identified in South Gobi Province to offset one of the world's largest copper mines in the area.
- Nearly 2 million acres in the Tost Mountains were protected to safeguard habitat for endangered snow leopards.

Real Science, Reel Results

Asia Pacific Fisheries

Scientists estimate that 90 percent of the world's fisheries are overfished or fished at capacity, and Asia Pacific's are no exception. Fish species, such as tuna, are being heavily consumed but poorly monitored. The scarcity of data identifying which species are being caught and in what quantities has made sustainable fisheries management nearly impossible. The Nature Conservancy is filling those data gaps through innovative new technology:

- In Indonesia, the Conservancy is developing a groundbreaking image-recognition application called *FishFace*. A winner of the 2016 Google Impact Challenge: Australia award, it allows fishermen to identify and track their catches using mobile technology, eliminating common misidentifications and the need for expensive equipment.
- In the Western and Central Pacific longline tuna fishery, the Conservancy is deploying electronic monitoring (EM) systems on boats across four countries and hosting a \$150,000 crowdsourced competition to develop a machine-learning solution to automate EM data analysis—aiming to bring 100 percent accountability to the fishery while facilitating true "bait to plate" traceability for consumers.





An Urban Engineer Lends Her Insight

“I grew up in the small town of Ya’an in Sichuan Province, a place that is very famous for its pandas and its picturesque scenery. I learned about cities at Tongji University in Shanghai, and I came to Shenzhen after my graduation. Shenzhen is like a window—it absorbs experiences from all around the world and then radiates what it has learned across the country.

We have a pilot effort to establish Shenzhen as a model “sponge city”—to soak up almost every raindrop and capture that water for reuse. Instead of funneling rainwater away, a sponge city retains it for use within its own boundaries. It’s an urban development concept that reshapes the new relations among cities, people and water.

Our partnership with TNC focuses on these three aspects: conducting public education programs about the sponge city concept; collaboration on green infrastructure with Internet giant Tencent and new university campuses to demonstrate stormwater management; and developing incentives and policies to encourage more green infrastructure—like the “Most Beautiful Balcony” competition.

We need to respect nature and hold nature in awe. Then we need to understand that urban and nature both belong to the same ecosphere, which makes them integral parts of a whole. Nature will become a city’s core competence; a sustainable living and working environment brings citizens relaxation, joy and a better way of life.

Due to the nature of my work, I pay attention to cities and all of the details. I prefer a window seat on the plane, so my first impression of a city is an aerial view. When the aircraft lands, I experience the city’s urban texture, landscape and density of buildings. I then notice the city’s traffic order and the quality of its public services. My criteria for evaluating a city’s health and livability are transportation convenience and whether there is enough public space such as green areas and parks. We should be able to enjoy the views of both lands and waters in our cities.”

Ren Xinxin

*Vice General Engineer,
Urban Planning & Design
Institute of Shenzhen*

Shenzhen, Guangdong Province, China

Ren Xinxin, working in one of China’s newest and fastest-growing cities, represents the scores of local experts and organizations with which The Nature Conservancy collaborates in all the places we work. We do not seek to duplicate existing expertise; on the contrary we look for ways that we can tap local knowledge and augment local institutions to maximize their own effectiveness and efficiency. We also seek to connect local and regional organizations among countries and continents to learn from one another.

**“The oceans
and the world’s
fisheries need our
help—it’s death by
a thousand cuts.”**

“I’ve always loved the sea. The oceans and the world’s fisheries need our help—it’s death by a thousand cuts. It’s a sad truth that despite all the good work of The Nature Conservancy and others, the conditions of the world’s environment, both terrestrial and marine, are facing not only constant threats but increasing threats. The level of urgency to do this work is getting greater not less. And that can cause some people to give up. TNC is not going to give up, and I am not going to give up either.”

David Thomas

The Thomas Foundation

and Founding Donor to the Conservancy’s Australia Program



Passing the Torch

“I am humbled by the Board of Directors’ decision to elect me as The Nature Conservancy’s new chairman, and I am grateful to Craig McCaw for his leadership as chairman for the past three years. Craig pushed an already-exemplary organization to up its game to achieve even greater impact as a global leader in conservation. He set out to make the Conservancy more innovative, inspirational and even disruptive; and he succeeded at all three. Most importantly, he accelerated the Conservancy’s evolution toward global problem solving. On behalf of the entire Nature Conservancy team, I thank Craig for his selfless dedication to our mission and his willingness to challenge us to innovate and grow.

My love of the natural world led me to join the California chapter of the Conservancy more than 25 years ago. Stepping into the chairman’s role is the culmination of a lifelong commitment to values the Conservancy holds dear. It also allows me to invest further in my passion for helping nonprofits and philanthropic organizations achieve their greatest potential.

Sixteen years ago that passion led me to walk away from a rewarding private sector career to co-found The Bridgespan Group, a nonprofit that helps mission-driven organizations and philanthropists achieve breakthrough results. Bridgespan collaborates with leaders across boundaries so we can learn from each other and advance our shared goals of creating

a better world. The Conservancy takes a similar collaborative approach as it strives to protect nature for future generations. I look forward to doing my part to help accomplish our shared aspirations.

The Nature Conservancy’s noble mission has never been more urgent: to conserve the lands and waters on which all life depends while addressing many of mankind’s most pressing needs. Fortunately, the desire to improve continuously is built into The Nature Conservancy’s DNA. It is a trait fundamental to our past and future success. Our rapidly changing world requires us to take full advantage of the conservation solutions our science has uncovered. And it calls us to engage potential allies in all sectors around the globe to ensure the security and well-being of people and nature. With the capable colleagues who constitute our Board of Directors, I eagerly anticipate our next chapter and am honored to be of service to The Nature Conservancy.”

Thomas Tierney
Chairman of the Board

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Chairman and Co-Founder, The Bridgespan Group
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Ying Wu
Chairman, China Capital Group
Beijing, China

*Currently on leave of absence

The Nature Conservancy raised a record amount of private funding in fiscal year 2016, enabling 7 percent growth in operations and continued investment in capital project work around the globe. Total revenue was muted, however, by negative investment returns for the year, at minus 1.84 percent, and lower than normal conservation land gifts and sales. As a result, total net assets as of June 30, 2016, were \$5.9 billion, slightly below the balance of the prior fiscal year end. Programmatic efficiency (69.9 percent) was somewhat below the prior fiscal year (71.2 percent) because of lower conservation/land purchase opportunities, and because the Conservancy made needed investments in upgrading core information systems and growing its membership.

The financial results depicted here are derived from the Conservancy's audited June 30, 2016, consolidated financial statements, which contain an unqualified audit opinion. The Conservancy's complete, audited financial statements can be obtained online at nature.org/annualreport or by calling (800) 628-6860.

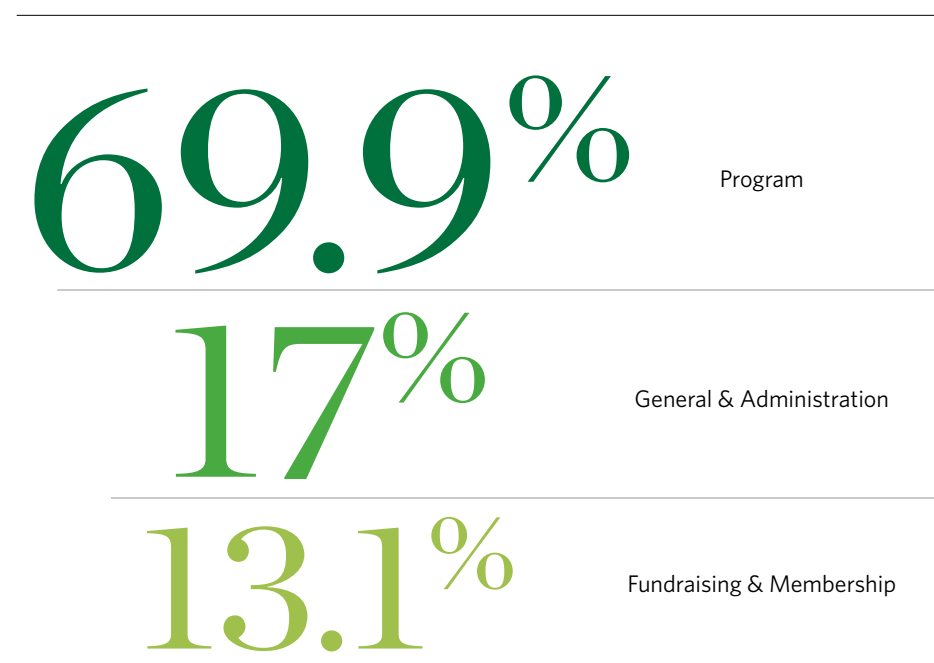

Stephen C. Howell
 Chief Financial and
 Administrative Officer

The Conservancy's complete, audited financial statements can be obtained online at nature.org/annualreport or by calling (800) 628-6860.

PERCENTAGE OF DUES & CONTRIBUTIONS BY DONOR TYPE



PERCENTAGE OF TOTAL PROGRAMMATIC EFFICIENCY



For the fiscal years ending on June 30, 2016 & 2015 (in thousands)

	2016	2015
SUPPORT & REVENUE		
Dues & contributions	602,854	545,069
Government grants	109,744	99,209
Investment income	(59,345)	44,199
Other income	45,601	58,296
Land sales & gifts	105,096	200,782
Total Support & Revenue	803,950	947,555
EXPENSES & PURCHASES OF CONSERVATION LAND & EASEMENTS		
Conservation activities & actions	449,722	436,011
Purchases of conservation land & easements	155,555	127,428
Total Conservation Program Expenses & Purchases of Conservation Land & Easements	605,277	563,439
General & administrative	146,862	136,586
Fundraising	77,214	64,793
Membership	35,969	26,462
Total Administration & Fundraising	260,045	227,841
Total Expenses & Purchases of Conservation Land & Easements	865,322	791,280
Net Result: Support & Revenue Over Expenses & Purchases of Conservation Land & Easements ^①	(61,372)	156,275

FUNDRAISING SUMMARY

Fundraising expenses as a percentage of total expenses & purchases of conservation land & easements	8.9%	8.2%
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ASSET, LIABILITY & NET ASSET SUMMARY

Conservation land	1,832,270	1,809,805
Conservation easements	2,089,865	2,030,932
Investments held for conservation projects	794,938	820,909
Endowment investments	1,115,398	1,160,816
Planned-giving investments	284,344	301,444
Property & equipment (net of depreciation)	129,166	132,261
Other assets ^②	451,498	456,333
Total Assets	6,697,479	6,712,500
Accounts payable & accrued liabilities	129,769	103,482
Notes payable	361,219	376,741
Other liabilities ^③	291,249	308,309
Total net assets	5,915,242	5,923,968
Total Liabilities & Net Assets	6,697,479	6,712,500

^① Not intended to represent increase in net assets.

^② Primarily includes cash, pledges of future gifts, collateral received under securities lending agreement, notes receivable, and deposits on land and other assets.

^③ Primarily includes deferred revenue, payable under securities lending agreement, planned giving liability and other liabilities.

Note: The figures that appear in the financial summary shown are derived from the 2016 and 2015 consolidated financial statements that have been audited and have received an unqualified opinion.

Complete, audited financial statements can be obtained online at nature.org/annualreport or by calling (800) 628-6860.

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Chief Conservation Officer

Wisla Heneghan

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Justin Adams

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Kacky Andrews

Director, Conservation Programs

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Peter Wheeler

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A Spanish-language edition is available at

nature.org/annualreport

Albom Translation Services

Spanish translation

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Spanish edition layout

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Conserving the lands and waters on which all life depends.

To learn more about the Conservancy's work in more than 69 countries and all 50 U.S. states, visit nature.org.

This lone orangutan on the island of Borneo represents the world's largest tree-dwelling animal. It shares 97 percent of our DNA. Eighty-five percent of the remaining 61,000 orangutans are facing a crisis in habitat. Industrial timber, mining and the rapidly growing oil palm industry are destroying the orangutan's forest faster than anywhere else on earth, and the species' very existence is at risk.

The forces that threaten orangutans also threaten people, by degrading fragile lands and waters and releasing tons of carbon into an already warming atmosphere. The Nature Conservancy is taking action to bring diverse people to the table to forge large-scale solutions in places like Indonesia's East Kalimantan on the island of Borneo (see page 58); it's what defines us an organization. This orangutan is also a symbol of our shared conservation agenda—to realize a world where people and nature thrive together.

ABOUT OUR COVER: The cover image was shot by field biologist and photographer Tim Laman with a remote camera he installed with ropes in the treetop and triggered from the forest floor. A similar image from this shoot won Laman the prestigious Wildlife Photographer of the Year Award from London's Natural History Museum.

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