

Goldman Sachs Talks
Jennifer Morris, CEO,
The Nature Conservancy
Anna Skoglund, Moderator
Recorded: September 21, 2023

Jennifer Morris: We have to to meet people where they are, and that means helping people with their basic health needs and their basic economic needs. And that's something that I think our community's getting a lot better at, but I still think we have a long way to go.

Anna Skoglund: Good afternoon, everyone. My name is Anna Scoglund. I'm a partner in our investment banking division in London. And I'm absolutely thrilled to welcome Jennifer Morris, CEO of The Nature Conservancy here today. We have a number of former and current leaders at Goldman Sachs involved with the incredibly important work that TNC is doing every day. And I was asked to join the global board of TNC earlier this year, which made me both incredibly proud and humbled. It's been a steep learning curve, so it gives me immense pleasure to welcome Jennifer here today.

Jennifer Morris: Thank you so much, Anna. Great to be here. Thank you.

Anna Skoglund: Now, I don't know if anyone has been trying to travel around Midtown this week. I had not really sort of understood why actually Jennifer was available this week. Now I know why, because she's been attending Climate Week. So I thought we'd kind of start there. Hot off the press, how are you spending this week, and what have been the sort of key topics that you've been discussing and who you've been meeting?

Jennifer Morris: Great. So first and foremost, Anna, thank you for hosting me here today. I'm thrilled to be here. So, yes, I am here for Climate Week. This is the UN General Assembly week where world leaders come to the great island of Manhattan to get together and try to solve some of the world's biggest problems. And one of those problems is of course climate change.

And one of the things that I'm excited about -- this is I think the fifth or sixth Climate Week -- is the fact that nature -- the issue that of course The Nature Conservancy cares about -- is front and center. And it wasn't in the beginning, right? We were talking, really focused on energy, energy, energy, which is critically important. But

it's actually 70% of the problem of climate. If we don't focus on nature, which represents about 30% of total global emissions, we will never get to our 1.5-degree target under the Paris Agreements. So nature is front and center, and it's great to see a lot of world leaders coming together, recognizing that on stage at the UN but also really in smaller groups with corporations to dig in and to figure out how do we solve these problems.

Anna Skoglund: So what were the key topics that you discussed?

Jennifer Morris: Yeah, there's been quite a few. In fact, I just now came from a lunch to discuss the emerging area of alternative and, quote/unquote, sustainable proteins. So I don't know if any of you in the room have had a cell-based chicken before, but I just had my first one and, so far so good, it actually really tastes like chicken. So this is one of the many, many examples of some of the topics of new technologies, new creative solutions.

And again, back to that 30% of the problem that we haven't really addressed yet, technologies are there and they're important but they're really long term. We have to focus on

the transition in agriculture and food production now because it is 30% of global emissions. So we could all stop using fossil fuel energy tomorrow, and, again, we will not achieve our goals under Paris because agriculture is that one area -- we all need it -- but it's driving 80% of deforestation around the world, which causes significant emissions, and uses 70% of our global water production is coming from agriculture.

So there's been a lot of discussion around how do we fix ag? What is the next evolution/revolution, if you will, in the agriculture space? We had many people in the room at this lunch that I just attended who were around when the renewable energy transition started. And everyone said, "Oh, it can't be done. It's too expensive. There's just no way we're ever going to be able to compete with the cost of coal." And now, here we are, 10, 15 years later, and we are. We know that renewable energy in some places is cost competitive, if not less than some sources of fossil fuels.

We don't have that yet in the ag space, and so that's what we're trying to push on.

Anna Skoglund: We had a discussion yesterday night at

dinner that we are getting questions from clients of how can we invest, not necessarily doing it in house but supporting companies in their supply chain. My partner, Jennifer Copeland [sp?], who is here, raised this topic. Maybe Climate Week, and maybe taking a step back, I know you're an English major.

Jennifer Morris: A long time ago.

Anna Skoglund: Yeah, but you were. So what brought you to conservation?

Jennifer Morris: Yeah. Well, I was an English, liberal arts major, English and poli-sci. I went to Emory. And when I graduated, I -- like many people graduating with a liberal arts degree -- wasn't sure what I wanted to do but I knew I really wanted to travel. So I spent a year living in Japan teaching English. And then I really realized my dream, which was to live in Africa.

Anna Skoglund: And why was that?

Jennifer Morris: I was always just fascinating growing up as a kid, I was fascinated by the culture. I was fascinated

by the history, distributed by the history of course in many respects. But also just the animals and just the diversity and just I really, really wanted to see that for myself. And I didn't know anything about Africa then. So I moved to Namibia. I was a volunteer for two years in Northern Namibia. For those of you that don't know that region, it's extremely dry. I lived right on the border of Angola. And I thought when I went that I would go into public health afterwards. I was really interested and passionate about community health, women's health, I worked on a women's develop project, again, teaching for women who were coming out of apartheid Namibia, which lived under an apartheid system for many, many years.

But what I quickly realized in living in this community was that so many of the health problems were actually directly related to environmental distress. So everything from the inability to find water that was pulling women away from formal employment because they were spending a lot of time -- them and their children, mostly female children -- going to fetch water, to fetch firewood that was becoming increasingly scarce, just to provide for their families. So I decided not to go to public health school.

I came back to New York actually and went to Columbia and studied economics, business development, and international relations. That moment, that was the spark of being in a village in Namibia. And my dear friend there, Rhea [sp?], told me one night, she said, "You know, when I was a kid, there were fish in our communities. We had rivers flowing through. All of our crops would survive. It was a bounty, if you will. And now we don't have any of that, and we are changing from corn to millet because we can't grow corn anymore." And she said, "This is really impacting the health of a lot of the community members," where she lived.

So that for me was my aha moment. I said environment is my future. I landed at this wonderful job at an organization called Conservation International, where I had the best job title ever. Wild harvest products manager. And I saw the job advert. I was like, "Oh, I want to do that!" And that was basically helping businesses around the world, small communities, to sell their products to international and domestic markets, using nature to save nature for directly impacting their own livelihoods. So I worked with the Body Shop. You guys have heard of the Body Shop. Aveda. Many, many companies. And helped

develop products for those companies. The best job in the whole world.

And then I stayed at Conservation International for 23 years, left there as president when I was asked to come and lead The Nature Conservancy just three and a half years ago.

Anna Skoglund: Can you talk a little bit about that and your belief that can actually save nature, externalized value of nature, in benefit of the local communities?

Jennifer Morris: Absolutely. And I think that's the ethos of The Nature Conservancy is exactly that sort of triangle. Because if we are in -- we can't go out into the world and say to people, "You should save this area." It has to be something that they want to do, that they know that, if they lose their watershed, if they lose access to medicines, they lose access to rainfall that comes from the preservation of their local environment, that's going to hurt them, right? But then how do we create the economic opportunities -- which has really been my life's work -- the economic opportunities for the ability for those communities who are trying to survive, whether they're

farmers in Indiana or farmers in India, where I just was as well? That is so critical.

And I think some of the failures of the environmental movement, quite frankly, have been this inability to really speak to humans. To say, "Hey, guys, what do you need? You're part of this ecosystem. We have to meet people where they are, and that means helping people with their basic health needs and their basic economic needs." And that's something that I think our community is getting a lot better at, but I still think we have a long way to go. And that's of course where the private sector comes in.

The private sector is, as you all know in this room of course, the main driver of growth, of innovation, and certainly of jobs around the world. So working with the private sector, it's even hard to talk about that because it's just so big and so diverse.

Anna Skoglund: Maybe we can sort of to frame what TNC is trying to achieve, so when you came in, one of the first things you did is, okay, we have to set some goals here -- and this is something which will speak to this audience -- we're going to have KPIs, we're going to hold ourselves

accountable to this, and we're going to be able to track it.

Now, there were some pretty ballsy goals you set regarding the 2030 goals. So can you maybe talk a little bit about that?

Jennifer Morris: So when I first came in, I said, "Okay," I turned to my chief strategy officer, I said, "What are our priorities? I want to hear what your priorities are." And he gave me a list of 46. And I said, "Okay, that is a list; that is not a prioritization." I need to know -- first of all, I need a pitch for donors, supporters, and others where I can get into an elevator and I can give that pitch without having the elevator to break down for me to finish my pitch. And with 46, I'm never going to get there.

So we sort of stopped and we said, all right, how are we going to do this in a way that makes sense? So we did it, and I'll mention just a few of those goals. One of course is on climate. And our goal, which of course is embedded in the overall goals of the IPCC report, the big Intergovernmental Panel on Climate Change, is that we will, we as an organization, will directly save 3 gigatons of carbon from into nature. Make sure that that is not

released into the atmosphere every year.

Now, 3 gigatons. Anyone know how much that is? Any clue what that is? No. It's about 650 million gas cars every year. So it's a lot. So that's the first goal.

The second goal is around our main kind of goal as The Nature Conservancy. What we've done historically is land and ocean preservation. So our goal there is an area that is the size of India -- twice the size of India, excuse me -- 650 million hectares of land and land specifically that we will save.

So we have these big, hairy, audacious goals. And what we do is similar to what a company does. Like, we have dashboards. We have a data end.

Anna Skoglund: Models.

Jennifer Morris: Yes, we've got KPIs. I've got KPIs I share with the board. I mean, we've really tried to professionalize our organization in a way that I think we haven't had in the past, again, where we're all swimming towards the same or rowing towards the same star of one conservancy. And

those goals help us get there. I mean, just as many companies have these very, very clear targets, we have those as well and that's helping us a lot.

Anna Skoglund: We have One GS as well. So it's what you're talking about.

Jennifer Morris: Love it. Great.

Anna Skoglund: One of the things which made me excited when I was going through the board nomination process is that I saw that there was a real opportunity to create alignment and incentives using finance. And I'm sure anyone who's looked into biodiversity, climate, etc., knows, back to your point, that a lot of the work needs to happen in developing markets. And lots of those markets are hampered because they have too much debt and reduced ability to actually deal with that. And TNC has really innovated. It's been on the forefront of creating smart financial solutions to align incentives, to externalize value of nature in a way that they can reduce that burden and then invest in their communities.

So TNC led nature bonds in Belize and the Bahamas. You

announced one for Gabon about a month ago now. So talk a little bit about that, and then we'll come onto the board meeting we had in Belize. But just talk about these deals and how you work with governments, institutions, financial institutions like ourselves to put these in place.

Jennifer Morris: Sure. So I'll mention the third crisis, which is the debt crisis. And most of the countries we work in, in fact most developing countries are either in debt distress or nearing debt distress. Over 60%. So when we say to the country in Belize, for example, where Anna and I were visiting this summer, when we say to them, "Climate crisis is here. You need to be investing in resilience and protecting your farmers and your fishermen," and they, "Well, we're spending most of our GDP on just repaying our creditors. So how can we actually do that?"

So this is where this what we call nature bonds idea, it was actually born in the Seychelles. And the idea is quite simply can we work together with underwriters like the Development Finance Corporation and refinance, restructure like you would a home mortgage your sovereign debt or your private debt as well? And so this was kind of a crazy idea. And the board at the time was like, "Really?"

We're doing what? Wait, we're a nonprofit organization based in the United States, and we're going to be getting into this debt game."

And we realized that we were able to use the power of the markets, the power of fixed income investing and actually do this in a very, very powerful way. So the first one was the Seychelles. The one that we most recently did was actually in Gabon. But before that, we did Barbados. And we've done four of these transactions, and we've refinanced \$1.2 billion in sovereign debt, which has unlocked \$400 million in money for conservation. And these are countries that have raised their hand and said, "We want to protect 30% -- which is a global goal -- 30% of our land and ocean by 2030."

And then they say, "We don't have the money." And we say, "Here is a fantastic opportunity to reduce your debt burden. In the case of Belize, we were able to reduce their debt burden by 11% and improve their credit rating. They were on the brink of default. And we created a fantastic instrument for investors where they could have a real impact-driven return for their investment that's commercially available, market rate return. And it's

working really well.

So much so that now we're pushing the larger institutions like the World Bank and the IMF to really rethink how they're doing their own lending. To make sure that they're lending in a way that promote sustainability, that allows governments, if there's a massive storm, for example, like we're seeing all over the world right now, that they can have a break in payments until they can recover from this. And we're making some headway.

I think with new leadership at the World Bank in particular, there's a real interest in trying to create new instruments that actually work better for countries that are in debt distress and, quite frankly, climate distress. And it's new. It's not just us doing this now. Pugh Charitable Trust, one of our partner organizations, just did a really big one in Ecuador.

Anna Skoglund: The other thing I have noticed is this sort of business mindset, very practical mindset that TNC has in terms of working. Can you talk a little bit about that? You have a long history of working with companies with this mindset. How has that relationship changed at

the time? What role can that private-public partnership play going forward?

Jennifer Morris: Yeah, we do. In fact, we like to think that we take a lot of risk when it comes to working with partners. I think there are few NGOs that will work with the companies that we work with, just to be clear. And we do have robust conversations at the board level about this company. Is this really a company that we should be working with? And my position on this is we have to. I mean, the reality is, if we are not engaging in -- back to the topic of the week, which is agriculture -- if we don't work with the cattle sector and push them and actually sit at the table and look them in the eye and say, "You have to change but we're going to help you change," instead of what a lot of our peers do, which is really important, sit outside and tell them, "Stop producing your product." We can't do that. They are going to continue. We have to engage with them. We need to work with them practically and find smart solutions.

Maybe I'll just mention one that's in the fishery space. And that's around tuna. So tuna is over harvested. I won't go into the details. But basically, we wanted to disrupt the

sector, so we did a joint venture. We as The Nature Conservancy created a new company with a government which is called Pacific Island Tuna. And the idea is that we would invest in this business with our own fleet. And working with contractors on the ground, 100% of every single boat would have to have a camera on it, would have to measure the amount of by-catch, and would have to very importantly come onto the shore in order to offload the product.

And we said, okay, this is a great idea; we can do this. And very importantly, 100% of the long-term profits will go back to the Republic of the Marshall Islands to pay for resilience and community development. A lot of NGOs come up with these crazy ideas, right? But then we said we've got to have a buyer. Who's going to buy this? Who is going to buy this tuna fish that is unproven, that's not from a traditional supplier, it's a new company, etc.?

And believe it or not, our first customer is Walmart. So that is a great example of when Walmart recognized -- they came to us and said, "Tuna is a disaster. Like, we know we've got to fix this industry, but we don't know how to do it. The campaigners are saying just stop. It's an important

business for us. Can you help us solve this tricky problem?" And that's actually what I love about TNC is we'll take some risks. We'll work with companies on those tricky problems and actually help them solve it.

Does it always work? You know, we take risks, right? Sometimes it works, sometimes it doesn't. And we own up to when it doesn't. Be honest and learn from those mistakes. So that's the kind of culture.

Anna Skoglund: Yeah, but you're trying.

Jennifer Morris: Yeah, we're trying. Yeah.

Anna Skoglund: And there's problem solvers.

Jennifer Morris: Exactly.

Anna Skoglund: I know that TNC has a long history of being nonpartisan, which is important. And I'm just interested, the other thing that you have driven as an agenda is increasing diversity of your workforce. You are a woman and you're leading this organization. What have you done in that area?

Jennifer Morris: As the largest environmental organization on Planet Earth that is The Nature Conservancy, we have to be the leaders in this. And that means not just who we are as an executive team or as leaders but also making sure that, in everything we do when it comes to conservation, that we're leading with equity, inclusion, and justice. And that's something that we work on every day.

And it's not just about the numbers. It's not about the number of people of color you have on your staff. That's really critical, but it's also just about the culture. Since we're data driven and we're a science-based organization, we're constantly looking at our data and it includes on this. Are we retaining people that we're hiring that come from different backgrounds?

Anna Skoglund: At the same rate. Yeah.

Jennifer Morris: And I know that Goldman Sachs is working on that as well, so it's super important for us.

Anna Skoglund: On that note, thank you, Jennifer. We

really appreciate having you here. Thank you for taking the time, and thank you to the audience. So [UNINTEL].

Jennifer Morris: Thank you.

This transcript should not be copied, distributed, published or reproduced, in whole or in part, or disclosed by any recipient to any other person. The information contained in this transcript does not constitute a recommendation from any Goldman Sachs entity to the recipient. Neither Goldman Sachs nor any of its affiliates makes any representation or warranty, express or implied, as to the accuracy or completeness of the statements or any information contained in this transcript and any liability therefore (including in respect of direct, indirect or consequential loss or damage) is expressly disclaimed. The views expressed in this transcript are not necessarily those of Goldman Sachs, and Goldman Sachs is not providing any financial, economic, legal, accounting or tax advice or recommendations in this transcript. In addition, the receipt of this transcript by any recipient is not to be taken as constituting the giving of investment advice by Goldman Sachs to that recipient, nor to constitute such person a client of any Goldman Sachs entity. This transcript is provided in conjunction with the associated video/audio content for convenience. The content of this transcript may differ from the associated video/audio, please consult the original content as the definitive source. Goldman Sachs is not responsible for any errors in the transcript.