DEAR FRIENDS: We’re thrilled to celebrate Sustainable Conservation’s 15th anniversary with you – our committed donors and partners.

Sustainable Conservation grew from a simple but very powerful idea: protecting the environment can also be good for business. From the start, we passionately believed that collaboration – rather than confrontation – with the private sector was the key to true sustainability.

As you’ll read inside, we continue to engage California industries to take on pressing issues like climate change, air and water pollution, and disappearing wildlife.

In 2007, Sustainable Conservation launched our Climate Change Agricultural Initiative – crucial because agriculture accounts for roughly 10% of the state’s greenhouse gas emissions. We promoted first-of-their-kind farming practices, technologies and programs to turn global warming gases into renewable energy and income. In doing so, we also cut air pollution, improved water quality and increased biodiversity.

Through our popular PlantRight campaign, we worked with the state’s horticultural industry to stop the sale of harmful invasive plants. In partnership with major retailers like Lowe’s, the industry is replacing problem plants which wreak havoc on California’s unique wild places with beautiful, safe alternatives, helping the industry grow.

There are many reasons to celebrate – and to be optimistic about Sustainable Conservation’s next 15 years. With your support, we continue to advance a powerful brand of environmental problem-solving that seeks balanced ways to protect the planet and people.

With sincere thanks,

Russell Siegelman
Board Chairman

Ashley Boren
Executive Director

Over the last 15 years, Sustainable Conservation and our partners from business, agriculture and government have proven time and time again that environmental gains don’t have to mean economic losses.
CLIMATE CHANGE

Reduced California agriculture’s greenhouse gas emissions by 12,000 tons since 2003. That’s like taking 40,000 cars off the road. We did this by promoting methane digesters – proven technology for converting cow manure into electricity.

Generated enough renewable electricity from digesters to power more than 3,000 homes and offset $2 million in energy costs to farmers.

Through our renewable energy efforts, diverted 500,000 tons of manure from 40,000 cows that could have otherwise ended up contaminating drinking and irrigation water.

Statewide, digesters have the potential to cut methane – a greenhouse gas 21 times more potent than carbon dioxide – by 450,000 tons a year and power roughly 120,000 homes.

Combating climate change in California and beyond through farming

In collaboration with California farmers, researchers and regulators, we’re promoting a suite of promising farming practices, technologies and incentives to slow climate change. With our partners, we’ll ...

- Prevent the release of harmful greenhouse gases through creative farming methods like the use of methane digesters, reduced tractor use and less fertilizer.
- Develop the first-ever carbon offset program designed for California agriculture, rewarding farmers for keeping our skies clean.
- Produce renewable energy for homes and fuel for automobiles from agricultural wastes.

Our goal

A model for reducing the emissions that fuel climate change, greater stability for the farm economy and increased energy independence.

WHAT’S AT STAKE Climate change is the greatest environmental challenge we have ever faced. In California, threats to freshwater supplies, agriculture, biodiversity and human health are increasing. Although most people associate greenhouse gases with power plants and cars, agriculture — the growing, harvesting and transporting of food and other goods — accounts for roughly 10% of what California emits. Agriculture is part of the climate change solution for California and beyond.
Empowering individuals and industries to protect clean water

Our approach to improving water quality is to make it easier for committed Californians and businesses to protect the water resources under their care. With their help, we’re working to ...

- Conserve and restore a diversity of watersheds across millions of acres in California by expanding our Partners in Restoration program – which makes it easier for landowners to implement conservation projects that reduce erosion and polluted runoff.

- Protect drinking water for people, and sources of fresh water for fish and crops, through the application of farming practices and technologies which limit the harmful impacts of chemicals and sediment.

- Shape public policies to protect clean water which industries can implement without impacting their bottom lines.

Our goal

Clean water for people and wildlife, and powerful models for environmental stewardship in which people and businesses actively participate.
Reducing pollution and improving health through sustainable agriculture

To promote farming practices that make good sense for the planet and people, we’re advancing the adoption of cultivation techniques that reduce harmful emissions throughout the Central Valley.

Our vision is to ...

- Cut tons of dust and diesel emissions each year from agriculture through sustainable cultivation methods like conservation tillage, which is less damaging and less costly.
- Help farmers stay in business and slow the conversion of irreplaceable farmland to urban sprawl.
- Improve public health in regions hit hardest by farming’s unintended consequences — including those in the San Joaquin Valley which has some of the dirtiest air and highest rates of respiratory illness in the county.

Our goal

Dramatically cleaner air, healthier communities and a viable industry for those who grow and harvest our food.
Launched the PlantRight campaign to stop the sale of damaging invasive plants and promote beautiful, safe alternatives. PlantRight has the potential to trim the more than $85 million California spends each year on controlling and eradicating invasive species.

Enabled landowners across 800,000 acres in California to protect a variety of endangered wildlife through innovative conservation tools like Safe Harbor Agreements.

Kept the imperiled Tricolored blackbird off the endangered species list. We and our partners did this by developing a groundbreaking recovery strategy involving habitat conservation, research and public education.

Building healthy ecosystems through habitat restoration and species conservation

To secure the future of California’s unique wildlife, we’re enlisting the help of farmers, ranchers and other landowners in voluntary conservation. Together, we’ll …

- Identify and prioritize the most biologically rich, agriculturally productive and vulnerable working landscapes for conservation.
- Promote the adoption of conservation programs and tools which reward committed landowners for their sound environmental stewardship – and help them keep their land in production.
- Execute on-the-ground projects throughout key regions to protect a multitude of declining species like the kit fox (left).

Our goal

Thriving wildlife and habitat – and even more ways committed landowners can protect California’s unique animals and plants.

WHAT’S AT STAKE Habitat destruction is driving once-healthy populations of animals, plants and insects to extinction. California is home to a wider array of wildlife than any other state and has the greatest number of species found nowhere else on earth. Because half of California is privately owned – and more than half of the state’s imperiled species make their homes on private land – the health of these and other species largely rests in the hands of private landowners.
2007 FINANCIAL HIGHLIGHTS

SUPPORT AND REVENUE

| Foundation Grants | 56% |
| Contributions | 21% |
| Government Grants | 12% |
| Client Services | 11% |

STATEMENT OF ACTIVITIES

Government Grants $400,272
Foundation Grants 1,846,086
Contributions 629,337
Client Services 371,057
In-Kind 28,080
Other 3,207
Total Support and Revenue $3,278,039

EXPENSES

Program 75%
General and Administrative 16%
Fundraising 9%

For a complete financial report audited by Gaffari Zaragoza LLP, Certified Public Accountants, please contact Sustainable Conservation.

Because you, our supporters, are very important to us, the preceding list was developed with great care and attention. We sincerely apologize for any errors and ask that you contact us at (415) 977-0380 so we may correct our records.

PARRTS

Sustainable Conservation extends our sincere gratitude to our dedicated partners:

Advanced Drainage Systems
Alphaya
Ag Innovations Network
Agricultural Leadership Foundation
Akbaro Brake Corporation
Alameda County Resource Conservation District
Alameda County Wide Water Program
American Farmland Trust
American Nursery and Landscape Association
American Society of Landscape Architects, Northern California Chapter
Amur Biotechnology
AQUA TERRA Consultants
Aquaculture of the Pacific
Association of Bay Area Governments
Association of Landscape Design Professionals
Atmospheric and Environmental Research, Inc.
Audubon California
Bank of America
Bay Area Open Space Council
Bay Area Stormwater Management Agencies Association
BoiseNewman Industries
BiLife Food Service
Braite Manufactured Council – Product Environmental Committee
Brake Parts, Inc.
Cachuma Resource Conservation District
CALFED Bay Delta Program
California Agricultural Commissioners and Garden Association
California Conservation District Association
California Association of Nurseries and Garden Centers
California Association of Resource Conservation Districts
California Biodiversity Council
California Climate Action Network
California Coastal Commission
California Coastal Conservancy
California Cotton Growers and Growers Association
California Dairy Campaign
California Dairy Quality Assurance Program
California Department of Conservation
California Department of Fish and Game
California Department of Food and Agriculture
California Department of Transportation
California Department of Water Resources
California Energy Commission
California Environmental Dialogue
California Environmental Protection Agency
California Farm Bureau Federation
California Native Plant Society, Santa Cruz County Chapter
California Polytechnic State University, San Luis Obispo
California Resource Agency
California River Commission
California Roundtable on Agriculture and the Environment
California Santa Cruz Flood Association
California State University, Fresno
California State Water Resources Control Board

California Stormwater Quality Association
CALFED
Central Coast Regional Water Quality Control Board
Central Coast Resource Conservation and Development Council
Central Valley Bird Club
Central Valley Joint Venture
Central Valley Regional Water Quality Control Board
CLEAN South Bay
Clemson University
Coastal San Luis Resource Conservation District Community Funds
Contra Costa County Department of Public Works
Contra Costa County Resource Conservation District
Conservation District
Cotton Grown and Growers Association
Cottonwood Creek Watershed Group
Crowell Dairy Farm
Defenders of Wildlife
East Bay Regional Park District
East Lake County Resource Conservation District
East Mendo Regional Resource Conservation District
Ecological Solutions, Inc.
Eighth Street Foundation
Environmental Defense
Environmental Leaders of Global Sustainable Enterprise
University of Michigan
Environmental Transport Systems
Flood of 1969 Watershed
Glenn County Resource Conservation District
Great Valley Center
Green Chipper Association
Himal Chiset
Humboldt County Resource Conservation District
Huntington Botanical Gardens
Hydro Engineering, Inc.
Idaho Empire Utility Agency
Lawrence Livestock National Laboratory
Lomita Park Resource Conservation District
Longfellow Farming Company
Los Angeles Regional Water Quality Control Board
Marin County Resource Conservation District
Mendocino County Resource Conservation District
Merced County Department of Public Works
Merced River Resource Conservation District
Merced, Calif., PUC
MKB Lumber
MTPA Resource Conservation District
Monterey
Montezuma-Cook National Estuarine Reserve
Monterey, Calif.
Natural Resources Defense Council
The Nature Conservancy
North Coast Regional Water Quality Control Board
Ohio Ecological Engineering Testing Laboratories
Pacific Coast Founders
Pacific Gas and Electric
Pendelton Open Space Trust
Point Reyes National Seashore – National Park Service
REDD
Conservation Science
Process Profile
Quikrete
REI, Inc.
Redwood Community Action Agency
Resource Conservation District of Monterey County

Resource Conservation District of Santa Cruz County
Resource Landowners Coalition
RIEMS – UC Davis
Riparian Habitat Joint Venture
Sacramento Municipal Utility District
Sacramento River Partners
San Benito Resource Conservation District
San Diego County
San Diego Regional Water Quality Control Board
San Francisco Bay Regional Water Quality Control Board
San Francisco Estuary Institute
San Francisco Estuary Project
San Joaquin Valley Air Pollution Control District
San Joaquin Valley Clean Energy Organization
San Luis Obispo County
San Mateo County Arroyo Boulu
San Mateo County Resource Conservation District
San Mateo Foundation
Santa Cruz County
Sierra Club
Sonoma and Water Conservation Society
Sonoran Joint Venture
State of California Auto-Demolishers Association
State Resources Board
State Water Resources Control Board
Tahoe Water Partners
Tulare Lake Basin Working Group
UC Cooperative Extension
UC Cooperative Extension, Contra Costa Master Gardener
Program
UC Cooperative Extension, Davis
UC Cooperative Extension, Kelseyville Agricultural Center
UC Cooperative Extension, Kings
UC Cooperative Extension, Riverside
UC Cooperative Extension, Stanislaus
UC Cooperative Extension, Tulare
UC Davis
UC Davis Arboretum
UC Santa Cruz Arboretum
UC Sustainable Agricultural Research and Education Program
University of Washington
Upper Salinas-Las Tablas Resource Conservation District
USBR Corporation
US Army Corps of Engineers
US Department of Agriculture Natural Resources Conservation Service
US Department of Interior
US Environmental Protection Agency
US Environmental Protection Agency, Region 9
US Fish and Wildlife Service
US Geological Survey
Ventura County Resource Conservation District
West Lake County Resource Conservation District
Western United Dairymen
Yamaguchi Human
Yolo County Resource Conservation District

“WE’VE ALWAYS BEEN HIGHLY IMPRESSED WITH SUSTAINABLE CONSERVATION. THEY HAVE A REAL SOLUTIONS-BASED APPROACH TO PROBLEMS. THEY ALSO CLEARLY DEMONSTRATE THROUGH THEIR PROJECTS THAT ENVIRONMENTAL SOLUTIONS ARE GOOD FOR THE EARTH AND GOOD FOR BUSINESS.”

Amy Lyons, Executive Director, Richard and Rhoda Goldman Fund
Governor Arnold Schwarzenegger congratulates Ashley Boren, Sustainable Conservation Executive Director, on receiving a 2007 James Irvine Foundation Leadership Award. The award recognizes Ashley's innovative, collaborative approach to solving critical environmental problems facing California.