



Annual Report 2003-2004

A Green Movement for the Pacific Rim

Accounting for nearly 30 percent of world trade, the Pacific Rim is a growing economic powerhouse. But this growth has placed the region's rich ecosystems in peril. And while some are reaping great wealth from this growth, it has cost many Pacific Rim communities dearly.

For nearly two decades, Pacific Environment has partnered with the communities that depend on the Pacific Rim's ecological riches to preserve these shared treasures. With our partners, we've shielded millions of acres of forest, we've won protections for endangered species, we've forced oil, gas and mining companies to heed local concerns, and we've changed the way some of the world's most powerful financial institutions work.

Grassroots activists form the backbone of our work to protect the Pacific Rim's wild places and wildlife. In a world filled with 'ain't it awful' negativism and 'if only' defeatism, we take heart in the energy and commitment of our grassroots partners—brave, committed activists who don't let long odds and determined foes get in their way.

In the past year, our partners have taken on powerful companies and their allies in government, pushed the boundaries of activism in countries where dissent is discouraged, and brought people together in common struggle for a sustainable world. This Annual Report shares some of their stories, highlights the supporters who make our work possible and shows once again that even though we're a small organization, we're having a big impact.

Dear Supporter,

Every day, we at Pacific Environment are reminded of the profound interdependence that characterizes our world. Sometimes these reminders—such as the brown cloud that crossed the Pacific Ocean from Asia to the northwestern U.S. in June 2003—make it clear not only that we share the earth's distress, but also that those of us dedicated to relieving this distress can only succeed if we work in cooperation.

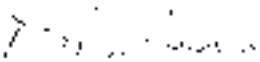
This is one reason I'm very proud to present our Annual Report, which outlines the key ways that Pacific Environment, our partners and our supporters have worked in the past year to build a Pacific Rim-wide green movement capable of ensuring the environmental health of the region.

Make no mistake; addressing the global threats we face presents complex challenges. But despite the challenges, we've accomplished a lot in the last year. Our on-going support for grassroots organizations throughout Siberia and the Russian Far East has made it possible for these partners to hold their own against an increasingly anti-environmental central government. And we've expanded our network of partner organizations in China, providing key support to that country's burgeoning environmental movement.

I'm also proud to report that we expanded our efforts in North America in the last year. In 2003, we spearheaded the formation of the International Bering Sea Forum, a unique bi-national effort. And in 2004, we took a lead role in a statewide effort in our home state to build a clean energy future for California.

None of what we do at Pacific Environment would be possible without the support of our donors, colleagues and friends. If you're a current supporter, I thank you and congratulate you on what you've helped us accomplish. If you're not yet a supporter, I invite you to join the Pacific Environment community that is protecting the Pacific Rim's wild places.

Sincerely,



David Gordon
Executive Director

Board of Directors



Debbie Chapman
Board Chair

Stephen Fowler
Treasurer/Secretary

Lisa Tracy
Program Committee Chair

Mary Wells

Phillip Berry

Gary Cook

Dr. Thomas Baron Gold

Eliza Klose

Kevin Rowney

Shannon Wright

Staff

David Gordon
Executive Director

Rory Cox
Communications Coordinator

Jennifer Eyres
Russia Program Officer

Melinda Kramer
China and Marine Program Associate

Misha Jones
Russia Consultant

Amy Metzendorf
Office Manager

Sara Moore
Russia and Policy Program Associate

Doug Norlen
Policy Director

Michael O'Heaney
Development Director

George Shuvarin
Direct Support Program Manager

Wen Bo
China Representative

Program Highlights



Supporting China's Environmental Heroes

China's prioritization of economic growth over ecological health has sent its environment to the tipping point. In response, Pacific Environment has been supporting an emerging movement of Chinese environmentalists—scientists, community leaders, journalists, students and others.

With our partner Global Greengrants Fund, Pacific Environment supported 50 grassroots organizations with small grants and capacity-building assistance in the past year. While these groups span China's geography and are tackling numerous issues, Pacific Environment has put a strategic emphasis on supporting marine conservation work in China. In 2004, we helped to found the Save China's Seas Network—the country's first nationwide marine conservation network—uniting local and international environmental groups, media outlets and leading academic institutions.

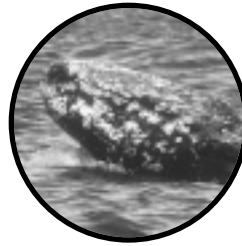


Sustaining the Bering Sea

The Bering Sea is one of the most robust fisheries in the world, providing the U.S. with over half of our seafood. But overfishing, global warming, pollution, and other threats have put increasing strain on this critical habitat.

In 2003, Pacific Environment responded to the threats facing the Bering by spearheading the formation of the International Bering Sea Forum, an independent body made up of indigenous leaders, fishermen, scientists, and environmentalists from both Alaska and Russia. These diverse stakeholders will impact marine policy in both the U.S. and Russia by advocating for practices that sustain both the marine environment and local economies.

Thus far Forum members have begun to chart strategies on issues such as the rights of indigenous peoples, fishing practices such as bottom trawling and driftnetting, the impacts of pollutants on the Bering, and establishing protected areas.



Protecting the Endangered Western Pacific Grey Whale

Our Responsible Finance campaign continued to advocate for best practices on Sakhalin II, the world's largest integrated oil and gas project, which is located in the pristine marine environment off of Sakhalin Island, Russia. The project, led by Shell Oil, threatens the habitat of the Western Pacific Gray Whale, one of the world's most endangered whale populations.

This year we concentrated pressure on the major public institutions considering financing the project, and won a delay from the European Bank for Reconstruction and Development, who called the project's environmental impact assessment "unfit for purpose." This decision pushed Shell to shelve plans to construct a major underwater pipeline through the feeding habitat of these majestic creatures while it considers other alternatives.



Fighting for a Fossil Fuel-free California

Last year, we learned that despite the clean energy rhetoric of our home state's leaders, California is rushing into a future of increased dependence on fossil fuels with the import of Liquid Natural Gas (LNG). This would be sourced from endangered ecosystems around the Pacific Rim, including Sakhalin Island and the Peruvian Amazon.

In response, Pacific Environment spearheaded the formation of a statewide coalition, Ratepayers for Affordable Clean Energy (RACE). RACE's activities have slowed the fast-tracking of LNG by pressuring public officials to hold hearings on the need for LNG, as well as the environmental consequences of such imports. RACE has also advocated for clean energy alternatives, producing a study that concludes the state can meet its future energy needs with greater efficiency and renewable development.



Tigers, Bears ... and Salmon

Russia is home to many of the world's last wild places and wildlife and provides important habitat for the Siberian Tiger, bears, and Pacific salmon. Over the years, Pacific Environment has helped build a strong and effective, locally driven environmental movement in Siberia and the Russian

Far East. With continuing support from Pacific Environment our partners stopped efforts to route a major oil pipeline to the south of Lake Baikal, the world's deepest fresh-water lake and a true

world treasure, and through the Tunka National Park. Thanks to their work, Russian oil companies are now reviewing other routes for the pipeline that avoid these pristine areas.

In addition, there may be no more important front in the struggle to protect wild salmon than Russia's Kamchatka Peninsula, one of the world's last truly wild salmon sanctuaries. Yet poaching and industrial development threaten much of the salmon habitat. In response, Pacific Environment launched a major initiative on Russia's Kamchatka peninsula this past year to conserve the region's wild salmon by working with local communities to protect key spawning habitat.

2003 – 2004 FINANCIAL STATEMENT

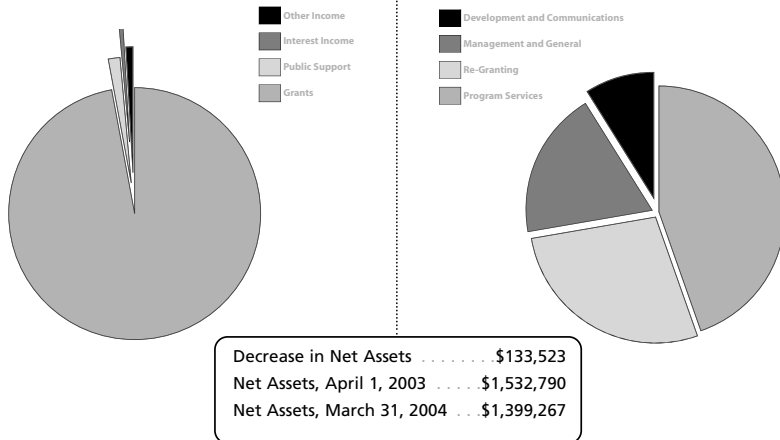
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Support and Revenue

Grants	\$1,300,829
Public Support	\$20,073
Other Income	\$7,077
Interest Income	\$12,080
Total Support and Revenue	\$1,340,059

Expenses

Program Services	\$785,589
Re-Granting	\$487,658
Management and General	\$331,577
Development and Communications	\$156,622
Total Expenses	\$1,761,446



For a complete financial report contact Michael O'Heaney, Development Director, at (415) 399-8850, ext. 313.

- Lida Kvashina
- Lisa Tracy
- Lynda Couch
- Lysbeth Rickerman
- Maria Sakovich
- Mark Giese
- Mark Spalding
- Mary Wells
- Michael Fischer
- Michael Murphy
- Mike Maki
- Mortimer Fleishhacker
- Octavia Morgan
- Olga McAllister
- Paul Johnson
- Paul Moss
- Pete Hendrickson
- Peter Slattery
- Philip & Connie Micklin
- Phillip Berry
- Richard Bridgman
- Richard Charter
- Richard Kangas
- Roy Young
- Ruth Dyer
- Samantha & Stephen Miller
- Sandra & Michael Coleman
- Shannon Biggs
- Shannon Wright
- Sibyl Diver
- Stan & Carl Weidert
- Stephen Fowler
- Steve Doyle
- Steven Kohl
- Stuart Kaplan
- Stuart Smits
- Susan & Masatoshi Yamanaka
- Suzann Speckman
- Tad Schwager
- Terry Johnson
- Tom Gold & Lucy Harris
- Toni Smith
- Viktor Zholudev
- Walter Parker
- Welling Pope
- Xan Augerot & Josiah Fisher

Foundation, Corporate and Government Support

- Alaska Conservation Foundation
- American Bird Conservancy
- Charles Stewart Mott Foundation
- Earth Share of California
- Global Greengrants Fund
- Gordon and Betty Moore Foundation
- Grassroots Foundation
- Oak Foundation
- Open World
- Patagonia Inc.
- Richard and Rhoda Goldman Fund
- Rockefeller Brothers Fund
- The Purple Lady Fund
- The William and Flora Hewlett Foundation
- Trust for Mutual Understanding
- United States Environmental Protection Agency
- Wallace Global Fund
- Weeden Foundation
- WestWind Foundation

Individual Supporters

- Alan Harper & Carol Baird
- Alan Tracy
- Armin Rosencranz
- Arthur Sows
- Barbara Meislin
- Bill Davoren
- Carol Vesecky
- Chris & Julie Franklin
- Cynthia & Charles Arch
- Dan Silver
- Daniel Shively
- David Gordon
- David Wimpfheimer
- Deborah Chapman
- Dodd & Nancy Fischer
- Donald Sladkin
- Doug Murray & Peggy Blumenthal
- Edgar Freud
- Edward & Jocelyne Mainland
- Elani Aquino
- Eliza Klose
- Elizabeth Beiswenger
- Elizabeth O'Connell

- Enid Schreibman
- Eric Gerber & Viki Maxwell
- Erik Breilid
- Eve Witten
- Francis Macy
- Fred & Ruth Cox
- Gary Cook
- George Leeson
- Gordon Blue
- Heather Rosmarin
- Ingrid Gordon
- Jane Edsall
- Joan Gorrell
- John Courtney
- John Gussman
- John Roderick
- Judy Tracy
- Julie Franklin
- Kate Gessert
- Kenneth Powers
- Kenton Wohl
- Kevin Rowney
- Laura Kurre & Michael O'Heaney
- Lenore Carroll