

Annual Report 2007-2008



Creating Lasting Environmental Change Putting Communities First

This year the climate crisis deepened, Arctic sea ice continued to recede, and over 350 million people—as many people as live in the United States—lacked access to clean water in China. As the world grapples with how to resolve these crises, Pacific Environment is meeting these challenges head on. Driven by our partners' courage, dedication, and optimism, we're fighting environmental threats and promoting solutions for our planet. We believe that a better world is possible, and that creating lasting environmental change requires giving everyone a chance to thrive in that world.

For over 20 years Pacific Environment has taken a community-first approach to solving the world's most challenging environmental problems. We tackle the most pressing environmental issues while maintaining a long-term commitment to the growth and independence of our partners. We support our partners—often the underdogs in the global tug-of-war over our natural resources—to have a larger voice in decisions that affect their communities. Our emphasis on building coalitions and uniting non-traditional allies ensures that even more voices are included at the decision-making table.

Ours is not a typical conservation strategy—yet it has proven effective time and again. Pacific Environment has become a powerhouse of protection and social change in countries throughout the North Pacific. With our grassroots partners, we've preserved millions of acres of forests, conserved pristine watersheds, and protected threatened species like bowhead whales and Amur leopards. We've forced oil, gas, and mining companies to apply higher standards to resource extraction. Most importantly, we've supported local communities—the people most dedicated to long-term environmental protection—to shape their environmental future.

Dear Friends,

Even in these increasingly challenging times for the environment, we are inspired by the dedicated community leaders with whom we partner. From China to Russia to the U.S., Pacific Environment supports leaders courageously working against great odds for their community, for the planet, and for us all.

This was an especially exciting year to be a part of this community. Fisherfolk, indigenous leaders, retired citizens, university students, scientists, farmers, environmentalists, and local business owners came together to revolutionize the world's approach to environmental challenges. These individuals are driven by their passion to protect biodiversity and wilderness, drink clean water, breathe fresh air, and provide for their families' health and wellbeing. We are honored to support these environmental heroes in their struggles, campaigns, and triumphs.

I invite you to get to know and support our partners' inspiring work. Your support is fundamental to our success in creating a better world and protecting the Pacific Rim.

Sincerely,
David Gordon
Executive Director



Alaska Program

In Alaska, we're seeing indigenous leaders, lawyers, scientists, and environmentalists come together to protect the region's wildlife, communities, and local economies. We are leading a campaign to protect indigenous communities, bowhead whales, and polar bears from the negative impacts of offshore oil drilling. This year, we successfully blocked Shell Oil from bringing an armada of oil rigs into the Arctic. We are continuing to work with Alaska Native communities to hold the government accountable to ensure that traditional subsistence communities and polar bears—now listed as threatened under the Endangered Species Act—are protected properly from the threats of global warming and increased oil drilling. We also pushed forward efforts to improve state, federal, and international policies to increase shipping safety in the Aleutian Islands and the Arctic.



California Program

Our California Program strengthened and expanded its community work throughout the West Coast to block the import of liquefied natural gas (LNG)—a new foreign fossil fuel. We released a groundbreaking report demonstrating how LNG contributes to global warming and derails clean energy alternatives. In southern California we worked with communities to block the proposed Cabrillo Port LNG terminal. In Oregon we worked closely with environmentalists, property owners, and farmers to turn the tide on LNG terminals whose natural gas is intended for California energy grids. Even Oregon's Secretary of State, Bill Bradbury, named LNG as a step in the wrong direction for the state. To promote clean energy alternatives in California we co-founded the Local Clean Energy Alliance to empower communities in the East Bay to buy clean energy.



Pacific Environment protects the living environment of the Pacific Rim by promoting grassroots activism, strengthening communities, and reforming international policies.



China Program

Pacific Environment is supporting the growth of a homegrown environmental movement in China to take on some of the world's most daunting environmental crises. Our partners—often the only environmental groups operating in their provinces—act as a true resource for their communities. This year we saw our capacity-building work among communities in China yield significant results. In China's Gansu Province our partners at Green Camel Bell documented polluting factories for China's National Water Pollution Map. In Anhui Province our partner Green Anhui gained support from national government officials in efforts to shut down three of the most polluting chemical factories. In total, Pacific Environment supported a dozen grassroots partners throughout China.

Responsible Finance Campaign

The Responsible Finance Campaign supported community campaigns by improving international bank policies that aim to prevent very real-and often devastating-environmental impacts on the ground. This year we celebrated our victory in preventing U.S. and U.K. export credit agencies, the European Bank for Reconstruction and Development, and several private banks from providing over \$2 billion in financing for the environmentally destructive Sakhalin-II, the world's largest integrated oil and gas project. We led a coalition to hold banks that did finance the project accountable and began to transition monitoring efforts from the construction phase into the upcoming operational phase of the project. Springing from our Sakhalin experience, we spread lessons learned throughout the Arctic region to prevent similar harmful scenarios. The program also helped craft environmental and social policy reforms that are expected to be included in next year's Congressional reauthorization of the U.S. Overseas Private Investment Corporation.



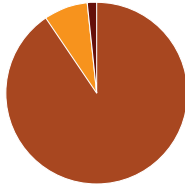
Russia Program

In Russia, partners we started working with over a decade ago—at the beginning of their environmental careers—are now winning international awards in recognition of their heroic contributions. Marina Rikhvanova won the Goldman Environmental Prize—considered the Nobel Prize for the environment—for her successful work protecting Lake Baikal from the Siberia-Pacific Pipeline. Now Marina and Pacific Environment have ramped up a campaign to shut down a polluting paper mill on the shores of Lake Baikal. Our Russia team worked with Altai communities fighting a pipeline that would cut through the Ukok Plateau, a culturally and environmentally important UNESCO World Heritage Site. We also engaged partners in Kamchatka to protect salmon habitat and stop offshore oil drilling in the fisheries-rich Sea of Okhotsk.

2007-2008 FINANCIAL STATEMENT

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

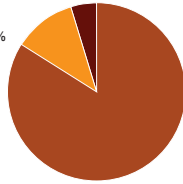
GRANTS
CONTRIBUTIONS
INTEREST INCOME



SUPPORT AND REVENUE:

Grants	\$2,922,347
Contributions	\$251,973
Interest Income	\$50,649
TOTAL	\$3,224,969

PROGRAM SERVICES 84%
SUPPORT: MANAGEMENT AND GENERAL 11%
SUPPORT: DEVELOPMENT 5%



EXPENSES:

Program Services	\$1,774,431
Support: Management and General	\$237,449
Support: Development	\$101,451
TOTAL	\$2,113,331

FOUNDATION, CORPORATE AND GOVERNMENT SUPPORT:

Anonymous
The California Endowment
Cisco Systems Matching Gift Program
Earth Share of California
Ford Foundation
Global Greengrants Fund
Global Travel
Goldman Environmental Prize
Google Matching Gifts Program
Richard and Rhoda Goldman Fund
I Do Foundation
Jiji Foundation
Joby Inc.
The Laurie Foundation
Lawrence Foundation
L.P. Brown Foundation
McKenzie River Gathering Foundation
Gordon and Betty Moore Foundation
Charles Steward Mott Foundation
MYTWO Fund of Give2Asia
National Endowment for Democracy
Oak Foundation
The Ocean Foundation
Open Society Institute
The Pew Charitable Trusts
The Philanthropic Collaborative
Redwood Creek
Rockefeller Brothers Fund
Sigrid Rausing Trust
Trust for Mutual Understanding
Wallace Global Fund
Weeden Foundation
WestWind Foundation
World Wildlife Fund

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*Term ended in 2008

Many thanks to the staff who left Pacific Environment in the last year for other pursuits: Lauren Allan-Vail, Sibyl Diver, Rebecca Noblin

Pacific Environment honors Misha Jones' immense dedication and contribution to Russia's indigenous communities and Russia's environmental movement. 1953-2008.