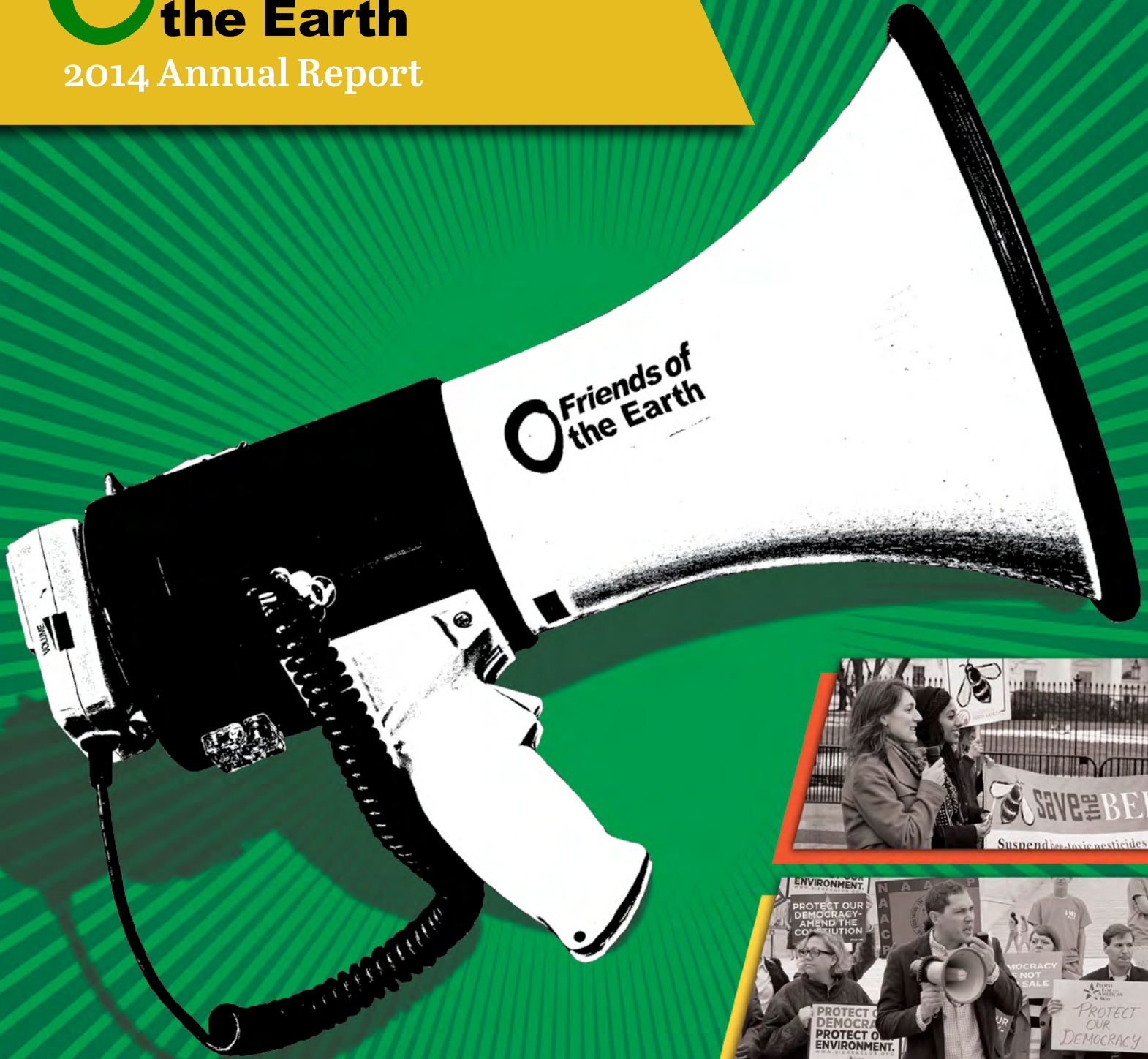




# Friends of the Earth

2014 Annual Report





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# A MESSAGE FROM OUR LEADERSHIP



Erich Pica  
President



Arlie Schardt  
Chairman of the Board

Friends,

In 2014, Friends of the Earth was fighting for our rights. Our right to live in a healthy and just world. Our right to ensure that our votes matter more than the dollars of corporate polluters. Our right to safe and healthy foods. Our right to live in a socially and racially just world. And our right to live in a carbon-free, nuclear free world.

This year, Friends of the Earth launched several new initiatives to deepen our campaigns and rededicated ourselves to on-the-ground advocacy and empowering people to act. An important new effort established this year is democracy reform. We realize, of course, that we need state and federal legislation to lock in the successes of our advocacy. By working to reform and strengthen our democracy, we are fighting to eliminate the deleterious role polluter money plays in politics, as well as guarantee that all our votes are counted.

On the ground, we went door-to-door in New York and Minnesota fighting for electoral reforms. We also knocked on nearly 80,000 doors in Oregon to support the genetically modified organism right to know initiative. Hugely outspent by industry, we ultimately lost this referendum by less than 900 votes, but organizationally we felt the power of door-to-door advocacy.

As we fought to strengthen and expand ordinary people's rights, Friends of the Earth and some 400,000 activists and other groups marched in New York City last September under the banner of the Peoples Climate March. That banner is a wide one: the impending effects of climate change promise to disrupt every part of our lives.

Within this framework, shared goals and strategies have become increasingly evident between environmentalism and other progressive causes, such as racial and economic justice. Progress for all cannot be built upon a foundation of injustice.

Many of our existing campaigns made significant progress. Our long campaign to save bees and other pollinators continues to engage people from around the country as well as force changes in corporations like Lowe's and Home Depot, as well as the federal government. After six years of campaigning, despite long odds, the Keystone XL pipeline has still not been built.

We are applying effective pressure to close down the earthquake-endangered Diablo Canyon nuclear power reactors, thereby turning California into a nuclear-free state and speeding the day when clean, non-polluting green energy will be the norm.

On other fronts, we continue to play a leading role in opposition to the harmful Trans-Pacific Partnership trade treaty. And our long campaign to clear the world's oceans of filthy waste dumping and high-polluting dirty fuel emitted by the cruise line industry and freighters continues to score victory after victory.

Friends of the Earth and the entire environmental community are making progress in many of our campaigns. Heading into 2015, we shall accelerate and deepen the change that we need to make because the planet is not waiting for us.

Regards,

A handwritten signature in white ink, appearing to read "Erich Pica".

Erich Pica, President

A handwritten signature in white ink, appearing to read "Arlie Schardt".

Arlie Schardt, Chairman of the Board

# Bucking the status quo

Hands rise, along with the stakes, on climate and energy change



Photo: NYC Climate March, Annette Bernhardt Flickr, Creative Commons

Wherever you looked in 2014, there was a groundswell of awareness and concern from people around the world about climate disruption, our future and the impacts of dirty energy. From holding power plants to higher standards to pushing key international commitments on climate disruption, the voices of activists and ordinary citizens alike gave our work valuable momentum as we expanded our initiatives in climate and energy.

Friends of the Earth used our voice to turn awareness into action. We helped mobilize for the People's Climate March in New York, joining hundreds of thousands of people who took to the streets. We pushed back against the dirty Keystone XL pipeline and its proponents. We campaigned against false climate solutions like natural gas and nuclear energy. Whether in the halls of Congress, on broadcast news, through emails and letters, or in newsprint, Friends of the Earth continued to uphold our 40-plus year dedication to sustainability and systemic change.

## People's Climate March: Supporting grassroots activism

It was the largest climate march in history. More than 300,000 people converged on the streets of New York City on September 21, ahead of the United Nations Climate Summit. Simultaneously, more than 2,600 solidarity events were held in 162 countries.

More than a protest, it was billed as “an invitation to world leaders to change everything” and to begin acting boldly to address the climate crisis.

The event was an acknowledgement that countries need to take urgent action if we are to avoid the worst impacts of climate disruption. Friends of the Earth called for the leadership of developed countries to provide the resources—specifically, through a financial transaction tax—to help fund the transition to a clean economy and to deal with the devastating impacts that climate change will cause.

Marchers continue to push for meaningful climate action at home and abroad. With major climate initiatives such as the EPA Clean Power Plan and the



United Nations Framework Convention on Climate Change in Paris in December, we must continue to take to the streets and demand action from our leaders.

### The Keystone XL battle

For six years, Friends of the Earth has fought the Keystone XL pipeline. It is a battle that has come to represent a simple truth: we cannot stave off the worst of climate disruption if we continue to invest in fossil fuels.

The battle against transporting one of the dirtiest, most carbon-intensive fuels has taken us from the plains of Nebraska to state and federal court. The road got more difficult in 2014 when the mid-term elections put politicians beholden to Big Oil in charge of both houses of Congress.


Citizen activists—including ranchers and indigenous nations threatened by the pipeline—rallied across the country against Keystone XL. Friends of the Earth supported them by using legal avenues and advocating on their behalf with the administration and in the halls of Congress.

Early in 2014, we partnered with the Sierra Club to provide evidence to the State Department that the consultant it had hired to conduct the environmental review of the project had serious conflicts of interest. We asked that the tainted analysis


be excluded from the agency's assessment of the pipeline.

Despite vigorously denying a conflict of interest, the company conducting the environmental review had in fact done business with TransCanada, the energy company behind the project, and 11 other pipeline stakeholders poised to profit should the pipeline be approved.

Then, as now, we pushed President Obama to consider the pipeline's multitude of climate and environmental impacts and chastised Congress for ignoring them when they passed a bill to force approval of Keystone XL.

*"As we march, we demonstrate to the rest of the world that there is a robust and growing grassroots movement in the United States that believes President Obama and the United States are simply not doing enough to reduce our own global warming emissions domestically; nor enough to help poor countries adapt to the deadly impacts of climate change already wrought by emissions from the U.S. and other developed countries."* 

—Erich Pica  
President

“The Keystone XL pipeline is a line in the sand on climate that we cannot afford to cross. If we have any hope of heeding scientists and leaving the crucial two-thirds of proven fossil fuel reserves in the ground, crippling infrastructure projects like Keystone cannot be built.” 

—Ben Schreiber

Climate and Energy program director

### Toward lessening climate impacts

Even as we proposed ways to strengthen the desperately-needed rule to clean up the country’s power plants, Friends of the Earth battled government approval of environmentally dangerous natural gas exports .

The Environmental Protection Agency used its Clean Air Act authority to propose a rule to reduce carbon pollution from existing power plants. Unfortunately, the rule does not go far enough. We testified in Washington, D.C., urging the agency to bolster its plan, including:

- Increasing state targets so emission reductions would be substantial enough to avert catastrophic climate disruption.
- Accelerating the timetable to achieve emission reductions faster.
- Promoting the use of clean, renewable energy, such as wind and solar.

In addition, we pressed the EPA to accept a sufficient carbon tax as a valid compliance mechanism for the rule and worked with states to educate them about the benefits of a tax. Federal regulation combined with a price on carbon emissions would help move us away from fossil fuels and towards a clean energy future.

Friends of the Earth also challenged the increase of natural gas extraction and use. Despite mounting public concern about the damage it poses to the water we drink and the air we breathe, the Obama administration has continued to promote it as part of its all-of-the-above energy policy.

For this reason, Friends of the Earth has fought hard against increased extraction—including fracking—and use of natural gas. We have called for a ban on fracking to protect water and prevent the release of methane, a greenhouse gas 87 times as potent as carbon dioxide over a 20-year timeframe. We have also pushed back against the Obama administration’s support for exporting liquefied natural gas, which scientific studies have shown is worse for the climate than coal.

## Worth noting...

### *Battling Diablo Canyon machinations in fight over closure*

Friends of the Earth returned to one of our original campaigns in 2014, as we reignited the fight to close the aging and earthquake-vulnerable Diablo Canyon nuclear power reactors. In August, the Associated Press exposed a suppressed Differing Professional Opinion by a former inspector at Diablo Canyon which claimed that because of newly identified earthquake risks the reactors are operating outside of their license. In response, we filed a petition to shut down the plant pending a license review. We later discovered that the NRC has secretly and illegally altered the facility’s license by modifying how it assesses earthquake risks at the plant. We petitioned the U.S. Court of Appeals to reverse the move, which flouted the NRC’s own rules and federal law.

### *Green Scissors: Cutting environmentally harmful federal spending*

Friends of the Earth and our coalition partners, Taxpayers for Common Sense and R Street Institute, released the latest edition of Green Scissors. The interactive database highlights wasteful, environmentally destructive federal spending. This edition identifies nearly 80 tax and spending cuts that could save taxpayers more than \$259 million over ten years while simultaneously stopping environmentally destructive projects.

### *Calling out the Kochs*

When ubiquitous billionaire brothers Charles and David Koch were criticized for supporting a candidate who favored billions in oil industry subsidies, they vehemently stated their opposition to any kind of subsidy. And yet, the records show they have directly and indirectly tried to protect some of the most egregious giveaways on the books while profiting enormously from fossil fuel subsidies. Our modest proposal in calling them out? Try taking your share of 2013’s \$10.5 billion in federal oil and gas subsidies and return them to the American People.

# Policy against polluters

**F**rom trade deals and taxes, to new power players in international finance, Friends of the Earth's far-reaching economic policy campaigns kept up the pressure on those in the public and private sectors that would sacrifice environmental protections and human rights for economic gain.

In 2014, Friends of the Earth shined a light on the secretive deals and massive investments posing threats to people and the planet, and worked to dismantle policies that incentivize the all-too-harmful "business as usual" way of conducting commerce. From communities in Indonesia to consumers on both sides of the Atlantic, the connection between the economics of destruction and the people it affects has never been clearer.

When a bank finances a company, it should be held responsible for all of that company's impacts – the good, the bad and the ugly. We've helped set a precedent that should lead to greater due diligence by EU and U.S. banks regarding the social and environmental impacts of their lending and their compliance with legal requirements." 

—Jeff Conant

Senior international forest campaigner

## Impact, process draw opposition to global trade deals

Friends of the Earth allied with environmental, labor, health and economic justice groups across the U.S., Asia and Europe to raise concerns with, and ultimately slow down, two controversial trade deals: the Trans Pacific Partnership and the Transatlantic Trade and Investment Partnership.

The TPP is a massive proposed trade agreement with Asia that has been cast in the mold of the North American Free Trade Agreement. It stands to eliminate jobs, lower wages and raise drug prices – even as it expands special protections for firms that offshore U.S. jobs. Another deal, the TTIP involves the U.S. and Europe, and could have serious implications for agricultural standards; for

example, it would undercut laws regulating GMO seeds and meat, and compromise important progress made in the fields of animal agriculture, food safety and labeling on both sides of the Atlantic.

Friends of the Earth has also rallied against these trade pacts because of the underhanded way corporate interests have negotiated the deals. In secret, and away from public scrutiny, corporations have been able to generate proposals that put their interests over those of sovereign governments and the citizens they are supposed to represent. The Obama administration has only exacerbated the opaque process by seeking Fast Track authority, which would essentially rush the deals through Congress without amendments or democratic discussion. The work of Friends of the Earth and its allies successfully prevented both Fast Track and these two trade deals from passing in 2014.

But trade is only one example of where corporate interests have become increasingly dominant over public policy and policymakers themselves.

In 2014 we also sought to reduce the influence of big money over federal elections. We joined other progressive groups to denounce the McCutcheon v. FEC Supreme Court decision, which increased the aggregate amount individuals can contribute to federal candidates or committees. Instead, we worked to make politicians more



Friends of the Earth U.S. President Erich Pica speaks to press at a rally outside Trans-Pacific Partnership negotiations.

accountable to their everyday constituents by endorsing Rep. Paul Sarbanes' (D-Md.) Government by the People Act, which would amplify the impact of small donor donations and provide public financing of congressional campaigns.

### Causes converge in palm oil

With our partners, Friends of the Earth's ongoing palm oil campaign put a human face to the issue, drawing the connections among a global commodity, the money that drives it and the people losing their livelihoods as a result. The campaign reflects this convergence of three critical areas of risk—environmental, social and economic justice—as well as our ongoing push to hold those most responsible accountable.

The expansion of oil palm plantations for the production of food, fuel and cosmetics has led to massive forest destruction and land grabs that displace indigenous communities.

While palm oil comes with a high price in the regions it is grown and harvested, many consumers and investors are often ignorant of the commodity's steep cost and their involvement in it.

An investigation by Friends of the Earth and Global Witness uncovered that a co-host and executive producer of the Showtime environmental series *Years of Living Dangerously*, former California Governor Arnold Schwarzenegger, has significant ties to companies causing deforestation. The former governor has a stake of more than \$1 million in Dimensional Fund Advisors, a significant investor in logging and palm oil companies - including some that have been implicated in destructive and illegal activities. His position as a self-described environmental advocate made clear how seemingly innocuous investments on one side of the planet can fuel the destruction of communities on the other.

In other efforts on this front, we kept up the pressure for responsible finance in the palm oil sector with actions that yielded several significant wins.



After a year of joint effort working with our U.S. and European partners against Indonesian palm oil supplier Bumitama, the company cut its ties to an illegal palm oil plantation in Borneo. After our partners in Friends of the Earth Europe successfully filed a formal complaint with the Organization for Economic Cooperation and Development against one of Bumitama's key lenders, Dutch banking giant Rabobank. Similarly, a year-long campaign on Deutsche Bank resulted in the bank divesting its stake in Bumitama.

Our work is far from done. Wilmar, one of the world's largest palm oil traders, may have earned points from its financiers for its much-touted "No Deforestation, No Peat, No Exploitation" policy, but reports of ongoing environmental and human rights abuses with its operations in Liberia, Nigeria, Uganda and Indonesia say otherwise. We're encouraging various approaches to raise global awareness and address these issues - from exposing land-grabbers and pressuring financiers to pull out of the worst companies to seeking reforms of the financial regulations that allow U.S. banks and investors to profit from the destruction that palm oil brings.

### Worth noting...

#### *Shifting public finance from fossil fuels to sustainable alternatives*

In 2014, Friends of the Earth expanded its campaigns to end financing for harmful fossil fuel projects through government agencies that support U.S. multinational corporations overseas. The two U.S. institutions of focus



are the Export-Import Bank and the Overseas Private Investment Corporation. After years of campaigning, the U.S. Export-Import Bank now prohibits financing for overseas coal plants; but we are still calling for the bank to not fund deals like liquid natural gas projects being built inside the Great Barrier Reef World Heritage Site. We have also worked with allies to stop financing of a coal export port within that protected reef area. We have pushed the U.S. government to instead, through OPIC, support improving sustainable, renewable energy access in developing countries, and since 2009 renewable financing has increased to approximately \$1 billion per year.

### *Compliance issues stymie China's Green Credit Guidelines*

In our effort to promote green financial regulations, we have begun to focus on China, which has one of the most progressive environmental banking policies in the world. Our report, "Going out, but going green?" found that Chinese banks face serious challenges in fully implementing the Green Credit Guidelines, a Chinese policy that is considered one of the most progressive environmental banking policies in the world. The GCG requires Chinese financial institutions to ensure that borrowers comply with host country law and abide by good international practices when operating abroad. The report examined seven case studies from around the world, and found that Chinese banks lack sufficient expertise to effectively address environmental and social risks overseas, a challenge which is exacerbated by their tendency to overlook civil society as a source of valuable information and support.



### *Tiny tax, billions in revenue*

Friends of the Earth continued to campaign for a Robin Hood Tax—also known as a financial transaction tax or Wall Street tax—a miniscule

fee on the trading of stocks, bonds, derivatives and other financial instruments. The tax would generate hundreds of billions of dollars for desperately-needed public goods and services at home and around the world, including funds to help developing countries deal with climate change, a crisis for which they bear little responsibility. Friends of the Earth spearheaded a Robin Hood Tax rally at September's People's Climate March in New York, where we united allies, including National Nurses United, under the banner of "Tax Wall Street, end climate change." We supported Robin Hood Tax legislation in Congress, the Inclusive Prosperity Act, introduced by Congressman Keith Ellison (D-Minn.), who also spoke at our Robin Hood Tax rally. Meanwhile, 11 European countries made substantial progress toward the establishment of a regional Robin Hood Tax. French President Francois Hollande declared that Robin Hood tax revenue should go toward international climate finance, funding to developing countries to help them mitigate and adapt to climate change.

### *Green Climate Fund*

Friends of the Earth maintained a focus on ensuring that the world's premier multilateral climate fund – the new United Nations' Green Climate Fund – is designed to meet the needs of ordinary people in developing countries, in accordance with what climate science and justice demand. The GCF is intended to work with developing countries to adapt to the unavoidable impacts of climate change, reduce greenhouse gas emissions and embark on ecologically sound development pathways. The end of 2014 saw the first capitalization of the GCF, with pledges totaling \$10.2 billion. This included a \$3 billion pledge from the United States, which President Obama himself announced. Through persistent advocacy, we have helped secure policies to ensure that the GCF is driven by the priorities of poor nations rather than those of rich countries, Wall Street or multilateral development banks.



# Fighting for the future of food

**A** growing body of science is telling us that corporate-controlled, chemical-intensive industrial food production is increasingly harmful to people and the planet; contributing to hunger, disease, poverty and severe environmental damage. Simultaneously, this “too big to fail” system leaves us vulnerable to climate chaos and other disruptions which threaten food security and our ability to feed growing populations. A healthy future is dependent on developing an alternative sustainable, just and resilient food system.

Friends of the Earth’s Food and Technology program is working to transition our food system to one that is just that—the food system of the future. Our market and policy campaigns aim to protect pollinators, reform animal agriculture and reduce the harmful environmental and social impacts of industrial agriculture while advocating for local, just, humane, organic and sustainable food production. We also work to ensure the safe and precautionary management of chemicals and emerging technologies, including nanotechnology, genetic engineering and synthetic biology.

An increasingly aware and engaged public, combined with a growing body of science backing our calls for change, has given impetus and power to these campaigns working to fix a broken food system that is poisoning people and the planet. In the end, it comes down to this: people want to know

what they feed their families, and they want a food system that is healthy, just and ecologically sound. From rallies to save bees and shifting the market to ensure access to safe and sustainable food for families, to giving people the tools they need to make change in their communities, these solutions are already yielding real results.

## Fighting for safe, sustainable food and our right-to-know

Last year we gained momentum in our ongoing efforts to ensure that the new inadequately tested, poorly regulated, unlabeled genetically engineered foods—and the toxic pesticides that often accompany them—don’t end up on our plates.

In 2014, the GMO salmon, the first genetically engineered animal proposed for human consumption, which is currently under review by the FDA, continued to be rejected by the public and retailers alike due to the risks posed to human health, the environment and wild salmon. Due to campaigning by Friends of the Earth and our allies, grocery giants Safeway and Kroger joined more than 60 retailers, including Target, Whole Foods and Trader Joe’s, representing more than 9,000 grocery stores across the country, in making commitments to not sell this genetically modified fish.

We also worked to get our food system off the “toxic treadmill” by advocating against the approval of new, poorly-tested GMO crops and the massive



amounts of harmful pesticides that are used with them, such as 2,4-D, a key ingredient of Agent Orange linked to cancer and reproductive harm. We also mobilized grassroots support for Oregon's GMO labeling ballot initiative, which,

despite facing the millions spent by deep-pocketed junk food and chemical industries, lost by a mere 800 votes. The close results spoke to the growing concern over GMOs and the desire to protect the fundamental right to know what we are feeding our families.

On a related front, we took a hard look at the unprecedented growth in the use of virtually unregulated, poorly tested and unlabeled nanomaterial ingredients in common food products. In our report, "Tiny ingredients, big risks" we documented a tenfold increase in nanofood products since 2008.

Nanotechnology refers to the manipulation of materials and the creation of structures at the scale of atoms and molecules. Nanomaterials differ significantly from larger particles of the same chemical composition; studies indicate they may be more toxic to humans and the environment compared to their bulk counterparts.

The 85 food and beverage brand products documented to include nano-ingredients range from Kraft American Singles to Hershey's chocolate to Trix cereal. Given the absence of regulation over these materials, we urged food companies and regulators to halt this influx of nano-ingredients into the market.



“Since 51 percent of the plants that were tested contained neonicotinoid residues, the chance of purchasing a plant contaminated with neonicotinoids is high. Many home gardens have likely become a source of exposure for bees.” 📣

—Gardeners Beware 2014 study

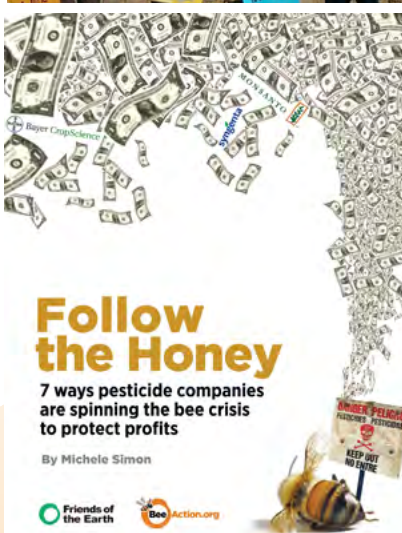
### Giving bees a fighting chance

In 2014, amidst mounting concerns over the rapid decline of bees globally and the ensuing risks to our food supply and agricultural economy, Friends of the Earth led an aggressive campaign to save the bees. We made significant strides by securing commitments from major U.S. retailers and institutional purchasers to eliminate the use of bee-killing neonicotinoid pesticides; shifting the market toward safer alternatives and developing business champions for pollinator protection; pressuring the Obama administration, EPA and Congress to take action; and promoting ecological agriculture and products benign to human health and the environment. By educating the public, mobilizing a broad and diverse base of supporters and allies, garnering extensive press coverage, and building pressure in the marketplace and in communities, we have strengthened the movement fighting to protect pollinators and support sustainable agriculture.

On Valentine’s Day, that movement joined us on the ground as we organized the largest coordinated effort, to date, in North America to save pollinators. With our allies across the U.S. and Canada, we held seven storefront actions and delivered more than half a million petition signatures to Home Depot and Lowe’s, the world’s leading garden retailers. More than 30,000 people pledged to deliver valentines with a simple ask: that retailers “show bees some love” and stop selling bee-killing pesticides and garden plants pre-treated with them.

In June, we released a follow-up to our groundbreaking pilot study, “Gardeners beware,” by releasing “Gardeners beware 2014: Bee-toxic pesticides found in ‘bee-friendly’ plants sold at garden centers across the U.S. and Canada.” It found that over half of the bee-attractive garden plants tested in 18 cities across the United States and Canada contained neonicotinoid pesticides - with no warning to consumers.

In a major victory, Home Depot and BJ’s Wholesale Club eventually took steps to limit their use of neonicotinoids, and we secured commitments from more than twenty smaller retailers to do the



## Pushing pollinator policies

Among the notable policy developments in 2014:

- **Pollinator Health Task Force:** Despite a massive increase in deceptive PR and lobbying by the pesticide industry, we saw major progress at the federal level. The White House in June issued a presidential memorandum establishing a Pollinator Taskforce, which tasked the EPA to assess the effect of pesticides, including neonicotinoids, on bees and other pollinators. This announcement followed extensive advocacy on the part of Friends of the Earth and our key allies, including the delivery of half a million petition signatures to the EPA, and policy recommendations letters to the White House.


- **FWS phase-out:** The U.S. Fish and Wildlife Service announced in July 2014 it will phase out the use of neonicotinoids on all national wildlife refuge lands by 2016. The National Wildlife Refuge System covers 150 million acres.

- **Environmental Protection Agency analysis:**

In October, the EPA released an analysis confirming that neonicotinoid seed treatments offer little or no increased economic benefit to U.S. soybean production. This further confirmed the necessity of removing these pesticides from agriculture and the marketplace to best protect pollinators and the planet.

same. For its refusal to join its competitors with a public commitment, however, Lowe's became the focal point of our campaign. Friends of the Earth and our allies enlisted more than 30,000 people to join us on Halloween "trick or treat" visits to Lowe's stores to deliver Halloween cards and over a million petition signatures urging the retailer to take bee-killing plants and products off its shelves.

As the science linking neonic pesticides to bee declines and broader ecosystem impacts has grown stronger, pesticide companies Bayer, Syngenta and Monsanto have doubled down on their use of deceptive tactics to manufacture doubt and fool politicians, the press and the public into delaying action on neonicotinoid pesticides. Our report by public health attorney and author Michele Simon, "Follow the Honey: 7 ways pesticide companies are spinning the bee crisis to protect profits" exposed how these companies are using tobacco-style PR tricks to protect their profits at the expense of bees and our future.

**"We can all be part of the solution. We can dramatically reduce the impacts of animal agriculture and change the face of factory farming by making different choices about what we put on our plates each and every day. Eating less and better meat and dairy is one of the simplest ways to have a big positive impact on our health and the planet."** 

—Kari Hamerschlag,  
Senior program manager

### Providing people with the tools to drive change

In order to create a more just, healthy and sustainable food system, we need an empowered citizenry, armed with powerful information that allows them to push for change.

Our Good Food, Healthy Planet campaign is providing the public with the tools and information they need to make smarter, healthier choices for themselves and the planet. The campaign aims to reduce consumption of factory farmed animal products, which have massive impacts on the environment and public health, while increasing access to and availability of sustainable, humanely-raised meat and organic plant-based proteins. We also advocate for better policies to reduce the harmful impacts of industrial agriculture and push for greater public in-

vestment in more sustainable, affordable, local, just, organic food production.

We launched this initiative with a consumer guide to Avoiding Factory-Farmed Meat and Dairy. The downloadable guide provides detailed information on how to make environmentally conscious purchasing choices for meat, eggs and dairy. In addition to outlining the personal and environmental health risks of factory farmed meat and dairy, we share ways consumers can help shift the market and policy by advocating every day for better and more sustainable food.

On the policy side, we have been working hard to ensure that sustainability is incorporated into the USDA's 2015 Dietary Guidelines. We submitted detailed comments, published op-eds and galvanized numerous groups to engage in the process. In an unprecedented move, the Dietary Guidelines Expert Panel recommended that sustainability concerns be incorporated and that the guidelines (also known as the "food pyramid") include clear guidance for consumption of less meat and more plant-based foods - a move that will have huge positive ripples throughout the food system.

We have also been pushing hard for better meat sourcing policies in U.S. chain restaurants and have been leading a fruitful dialogue between allies and McDonald's, which led the company to announce initial steps to stop the routine use of medically important antibiotics in its meat supply chain.

While the Good Food, Healthy Planet campaign is young, it's already striking a chord with the public. The campaign's online hub, GoodFoodCampaign.com is drawing attention and engaging members in the push for a better food system, spearheading successful online actions. A petition urging Starbucks to carry organic grass-fed milk generated 31,000 signatures and alerts urging EPA to deny approval of new GMO crops and the Enlist Duo pesticide garnered over a hundred thousand actions.

# Protecting marine wildlife and coastal communities

**F**riends of the Earth kept the pressure on an obdurate corporate sector in 2014; pushing back at cruise lines for their lack of environmental transparency and slow action, and continuing our longstanding efforts to block growth in coal, oil and gas exports from refineries and new terminals in the Pacific Northwest. Working with local groups and bringing national attention to key regional battles, we pushed back against proposed projects that would put people and marine life at substantial environmental risk.

## Cruise Ship Report Card: F for (no) effort

Cruise ships cause substantial damage to the environment, dumping more than 1 billion gallons of largely raw sewage in the ocean each year. For five years, Friends of the Earth has served as an industry watchdog and consumer advisor through our annual Cruise Ship Report Card, which calls the industry out for its damaging environmental practices.

Our 2014 report card found continued slow progress in some cruise industry environmental practices. Unfortunately, the findings were made more difficult by an industry that, in a singular action, refused to cooperate in order to stave off further scrutiny of its poor environmental record. Its reversal, after several years of cooperation, made as many headlines as the industry's poor environmental practices themselves.

Of the 167 cruise ships surveyed, 42 percent still rely on 35-year-old waste treatment technology that fails to adequately clean up sewage,

resulting in the discharge of fecal matter, heavy metals, and ammonia in the water. The sheer scale of tar-like bunker fuel burned in ship engines and sewage waste released each year from cruise ships across the world highlights the urgency for industry transparency and improved practices.

Given the lack of cooperation, the 2014 report card featured a new grading category: transparency. Ultimately, every cruise line received an F in this section. Ships were also graded on the basis of their attempts to comply with water quality regulations in Alaska and efforts to reduce air pollution.

For the second year, we ranked Disney Cruise Line the industry's most environmentally conscious. Its A for sewage treatment, however, was offset by its refusal to provide the environmental information we requested, resulting in an overall grade of C+. At the other end of the spectrum was Carnival Cruise Lines. Only two of its 24



ships are equipped with advance sewage treatment systems, earning it an F for sewage treatment and an overall grade of D.

"We're encouraged that some cruise lines are taking incremental steps to improve their performance. But the entire industry must stop hiding behind weak regulations and take action to make sure the oceans their ships travel remain as clear as the photos in cruise brochures."

—Marcie Keever

Oceans and vessels program director

### Stamping down fossil fuel gateways

The dirtiest of fossil fuels, namely coal, is becoming an increasingly hard sell in the United States, and companies are looking for a route to new markets. Thus, the Pacific Northwest is faced with numerous proposals to provide energy companies with a path to extract and export more dirty fuels. In 2014, Friends of the Earth increased our efforts and joined with local groups who are rallying citizens and educating the region's policymakers.

The Strait of Juan de Fuca and the Puget Sound are among the busiest waterways in North America. The ships traversing them, and the ports and refineries serving these vessels, emit a staggering amount of air, water and carbon pollution. And yet, the pressure on the region to export more fossil fuels continues, and with it the risk of another oil spill tragedy that could have been prevented.

The proposed export projects would significantly increase coal and crude oil transport by rail and ship. Major LNG risks include:

- The addition of 4,012 vessels to Northwest waters annually: 1,362 ships in Juan de Fuca Strait (up 22 percent), 358 additional ships in Grays Harbor (a 437 percent increase), and an additional 2,292 ships on the Columbia River (160 percent increase).
- The export—should all the proposed LNG coal and oil export terminals be built—of an additional 146 million metric tons of LNG coal annually and 1.6 million barrels of oil daily from the region.
- The carbon footprint of the fossil fuels, if all the proposed terminals are approved, would equal five Keystone XL pipelines, according to the Sightline Institute.

Community opposition throughout the region will continue to play a powerful role, as it did in leading to Kinder Morgan's scrapping of its plans to build a large coal export terminal on the Columbia River. With proposals for the construction of export terminals still pending in Grays Harbor, Bellingham, Anacortes, Vancouver and Longview in Washington State alone, not to mention coal and tar sands export in British Columbia and LNG export in Oregon, Friends of the Earth helped give a voice to those concerned with these massive projects, generating tens of thousands of comments in opposition and highlighting the increased risk to the region's waterways.

### Good news/bad news on Polar Code

A new frontier for shipping is opening as climate change saps the extent of Arctic sea ice each year. For the first time, the United Nations' International Maritime Organization enacted mandatory rules for the management of shipping in Arctic and Antarctic polar waters, including restrictions on the discharge of oil and chemicals and measures to protect marine mammals. While a step forward, and one that Friends of the Earth has been pushing for five years, we joined other environmental groups in warning that the measures in the Polar Code do not go far enough.

While further negotiation on pollution prevention will take place in 2015, the coalition expressed concern that the rules failed to properly protect polar environments from risks posed by increased shipping as sea ice recedes with global warming. A heavy fuel oil spill is the highest risk increased shipping poses, and the Polar Code fails to regulate its use at all. The code similarly ignores wildlife concerns such as sea-bird protection. The Polar Code will come into force January 1, 2017.

"The Polar Code doesn't do nearly enough to tackle substantial risks posed by shipping. The IMO and industry seem content to dismiss or put off discussion on issues that really matter – that would truly diminish shipping's impacts on the sensitive Arctic environment and the region's residents."

—John Kaltenstein,  
Marine policy analyst

# On the legal front



It was a year marked by aggressive legal actions—and some satisfying wins—on issues where our advocacy work on behalf of the environment required extra firepower.

## Key wins

*Protecting orcas from sonar blasts and explosions.* Friends of the Earth and the environmental, conservation and tribal groups that joined with us, prevailed in our lawsuit against the National Marine Fisheries Service. The action fought the service's approved escalation of U.S. Naval training activities in the Pacific Northwest and Northern California. With the win, the NMFS must increase protection of endangered orcas, other marine mammals and sensitive marine ecosystems victimized by the Navy's use of active sonar and explosives.

Represented by Earthjustice

*Toxic fire retardants reduced.* We joined several other groups and intervened in a case in California Superior Court, successfully opposing Chemtura Corporations' challenge to a new fire safety standard passed by the State of California. If the standard had been overturned, it would have allowed the continued use of extremely toxic fire retardants in upholstered furniture in California and across the United States. California's win (and ours) keeps the new standard in place and results in furniture that is free of toxic fire retardants. Represented by Earthjustice

## New cases and case updates

### Past time to update coal leasing program

After 36 years, it's time to conduct a new environmental review of the federal coal leasing program. Of particular concern is the fact that the program's impact on climate change has never been analyzed. We joined the Western Organization of Resource Councils in litigation against the U.S. Department of the Interior's Bureau of Land Management to demand it

prepare a programmatic environmental impact statement reviewing the impacts of the coal leasing program. The action is being underwritten by philanthropist Paul Allen.

Represented by Ayres Law Group

### Cruise ship sewage discharge

Friends of the Earth sued the U.S. EPA in federal court for its failure to respond in a timely manner to a petition we filed in 2009, seeking improved regulations for cruise ship sewage discharge. Our aim was to push the EPA into updating the more than 35 year old performance standards for ship sewage treatment devices. In response to our suit, the EPA rejected our initial petition, closing the case. Despite the setback, sewage discharge remains a key campaign priority, and we continue to work with the EPA staff to satisfactorily update the regulation in order to protect our oceans. Represented by Earthjustice

### Aviation gas petition

Friends of the Earth joined two other leading advocacy groups to petition the U.S. Environmental Protection Agency to address the continued use of leaded aviation gasoline, also called avgas. While avgas is the single largest source of lead air emissions in the country, the EPA has refused to impose any limits on its use. Lead's role as a nerve-destroying neurotoxin is well-documented: it's why the EPA required a phase-out of lead in automobile fuel almost 20 years ago. Its continued use in aviation threatens the health of airport workers, pilots and passengers. Moreover, the EPA itself estimates that 16 million people reside, and 3 million children attend school, close to the 20,000-plus airports where leaded gas may be used. Unfortunately, in January 2015 the EPA rejected our petition, declining to issue an official determination for another three years.

Represented by Earthjustice and the Environmental Law & Justice Clinic at Golden Gate U.

For Diablo Canyon litigation, see page 6.



# Financials

Assets	
Cash & Equivalents	\$7,129,445
Accounts Receivable	\$199,713
Promises to Give	\$270,000
Prepaid Expenses & Other Assets	\$110,771
Investments at Market Value	\$359,617
Fixed Assets, Net of Depreciation	\$436,339
<b>Total Assets</b>	<b>\$8,505,945</b>

Liabilities & Net Assets	
Accounts Payable	\$358,892
Lease-related Liabilities	\$590,243
Charitable Gift Annuities	\$29,124
<b>Total Liabilities</b>	<b>\$978,259</b>

Net Assets	
Restricted	\$959,297
Reserve & Endowment Funds	\$2,263,693
Unrestricted	\$4,304,696
<b>Total Net Assets</b>	<b>\$7,527,686</b>

Revenues	Unrestricted	Temp. Restricted	Perm. Restricted	Total
Grants, Bequests & Contributions	\$6,013,526	\$1,353,904	—	\$7,367,430
Other Income	\$170,572	—	—	—
Net Assets Released from Restriction	\$1,998,258	\$ (1,998,258)	—	\$170,572
<b>Total Rev. &amp; Support</b>	<b>\$8,182,356</b>	<b>\$ (644,354)</b>	<b>—</b>	<b>\$7,538,002</b>

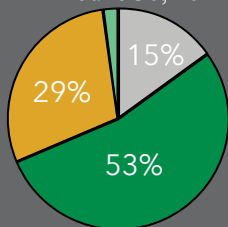
Expenses				
Program Expenses				
Economic Policy	\$853,609	—	—	\$853,609
Oceans & Vessels	\$309,953	—	—	\$309,953
Climate & Energy	\$1,109,339	—	—	\$1,109,339
Food & Technology	\$660,883	—	—	\$660,883
Outreach & Membership	\$1,885,121	—	—	\$1,885,121
	\$420,650			\$420,650
<b>Total Program Expenses</b>	<b>\$5,239,555</b>	<b>—</b>	<b>—</b>	<b>\$5,239,555</b>

Supporting Expenses				
Management & General	\$556,437	—	—	\$556,437
Fundraising	\$660,328	—	—	\$660,328
<b>Total Supporting Expenses</b>	<b>\$1,216,765</b>	<b>—</b>	<b>—</b>	<b>\$1,216,765</b>

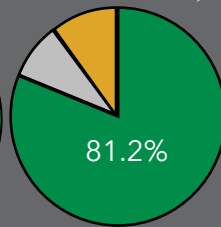
<b>Total Expenses</b>	<b>\$6,456,320</b>	<b>—</b>	<b>—</b>	<b>\$6,456,320</b>
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Net Assets				
Change in Net Assets	\$1,726,036	\$ (644,354)	—	\$1,081,682
Net Assets - Beginning of Year	\$4,433,660	\$1,802,072	\$210,272	\$6,446,004
<b>Net Assets-End of Year</b>	<b>\$6,159,696</b>	<b>\$1,157,718</b>	<b>\$210,272</b>	<b>\$7,527,686</b>

Revenues by Source  
FYE June 30, 2014



Use of Funds  
FYE June 30,



- Unrestricted, Designated Gifts
- Contributions & Bequests
- Grants-Restricted
- Other Revenues (2%)
- Program Expenses
- Fundraising (10.2%)
- General & Administrative (8.6%)



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