



*Protecting the Environment  
with Intelligence*



# 2016 Annual Report





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and Executive Director

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This report focuses on the activities of EIA's Washington, D.C. office with reference to the combined global impact achieved with EIA's London office.

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# MESSAGE FROM THE PRESIDENT AND EXECUTIVE DIRECTOR

As a relatively small NGO campaigning to protect the natural environment for over a quarter century, we've learned to be honored and humbled by each real success. This year had more than its fair share.

Following the launch of an EIA campaign almost exactly ten years ago, the most successful international environmental treaty, the Montreal Protocol, was transformed into a climate protection agreement. It now has the potential to prevent more than 70 billion tonnes of CO<sub>2</sub> equivalent from entering the atmosphere by phasing out chemicals called HFCs, following the unanimous agreement of the "Kigali Amendment."

A near-total ban on domestic trade of elephant ivory in the United States, which EIA has supported for years, went into effect. Three months later, the endangered species convention known as CITES passed a resolution calling on all governments to do the same to finally effectively tackle the resurgent poaching epidemic. China announced it would ban domestic ivory trade by the end of 2017, increasing the pressure on Japan in particular to stop its ivory trade.

The U.S. Department of Justice executed a search warrant of a small office in a strip-mall in San Diego for involvement in the illegal wood trade. According to the affidavit it involved shipments on the Yaku Kallpa, a ship that EIA was investigating for running the single biggest illegal wood smuggling operation out of the heart of the Amazon. The route is now closed and major Peruvian forest reforms are under way.

Three examples from a year that proved that investigations and irrefutable evidence remain a powerful tool to change systems that damage the environment, and that there are new ways to make these tools more powerful than before. Whether it's DNA that identifies the origins of a piece of flooring, social media that

*We've made great strides in combating greenhouse gases, ivory trade, and illegal logging.*

launches a boycott movement in Romania, or analysis of vast trade data sets of Japan's online ivory trade, new tools allow EIA to fight the biggest corporations and criminal networks, and to hold them accountable for the environmental damage they cause around the world. EIA launched a new website this year, specifically to provide a flexible platform for a variety of technologies to further our investigations, analysis, mapping, and clear communication of our results.

We are convinced that a tight team of dedicated individuals, remaining independent from outside interests and totally dedicated to solving the biggest challenges to protecting our global environment, can do just that. If you have supported EIA, we thank you and we hope you are as excited and motivated by our extraordinary results as we are.

*Allan Thornton*

Allan Thornton  
President

*Alexander von Bismarck*

Alexander von Bismarck  
Executive Director

*New tools allow  
EIA to fight  
the biggest corporations,  
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criminal networks.*

## OUR MISSION

*Protecting the environment with intelligence.*

EIA achieves tangible, systemic changes in the global economy that make local and sustainable management of the world's natural resources possible.

As a non-profit organization with IRS 501(c)(3) designation, EIA relies on financial support from individual donors and charitable foundations. Donations to EIA are U.S. tax deductible to the full extent of applicable law.



# WHO IS EIA?

The Environmental Investigation Agency is renowned in the environmental community for our use of investigative techniques in an unrelenting pursuit to expose environmental crime. Utilizing undercover evidence, trade data analysis, extensive advocacy, and on-the-ground partnerships, EIA has brought about systematic change in global markets and policies that protect the natural world from resource and wildlife exploitation.

Founded over 30 years ago, EIA's track record reveals one of the world's most consistently independent, fearless, dynamic, and effective NGOs working on global environmental issues. EIA was instrumental in the 1989 international ban on ivory trade, was the first organization to call for a global phase out of hydrofluorocarbon (HFC) gases due to their extreme global warming potential, and led the coalition that lobbied for the Lacey Act amendment of 2008, prohibiting the import of illegally harvested wood and wood products into the United States.

Our reach, our success, far outweighs our size. As a small and tight-knit team, we have the flexibility to react quickly to news of environmental crime around the world. From illegal logging in the forests of Peru, to rampant elephant poaching on the African savannah, to the threat of heavy fuel oil in polar waters of the Arctic, we investigate the world's most pressing environmental problems and propose solutions that work. Our comprehensive approach in our investigations shapes our strategies and provides factual evidence for policymakers and enforcement agencies. Our campaign teams leverage the information we gather on highly organized, large-scale eco-criminal operations with policymakers, the media, and the public.

*EIA's work, through each of its campaigns, can be found influencing policy and market change on every continent.*

## OUR CAMPAIGNS

Our interlocking campaigns work to protect threatened wildlife, forests, and our global climate.

### Wildlife

Ending illegal and unsustainable killing of, and trade in, threatened wildlife including elephants, rhinos, and cetaceans (whales, dolphins, and porpoises).

### Climate

Phasing out the world's most potent greenhouse gases, such as hydrofluorocarbons, both domestically and abroad.

### Forests

Fundamentally shifting demand toward sustainable timber by exposing illegal deforestation, associated international trade, and amplifying the voices of impacted local peoples.

## WHERE WE WORK

Headquartered in Washington DC and London, EIA has offices and teams around the globe, connecting with and empowering civil society, facilitating dialogue amongst industry and global leaders, and promoting frameworks that protect natural resources, wildlife, climate, and the people that depend on them.



## OUR METHOD

- 1. IDENTIFY:** Determine where international markets undermine efforts around the world to protect the environment
- 2. DOCUMENT:** Use on-the-ground, undercover operations to document the problem and track its demand and supply-side causes
- 3. SHAPE SOLUTIONS:** Work with partners to develop innovative, achievable, and lasting measures to solve the problem on whatever scale necessary
- 4. IMPLEMENT AND FOLLOW UP:** Strategic, alliance-based campaigning, leveraging EIA's unique evidence to institute lasting solutions

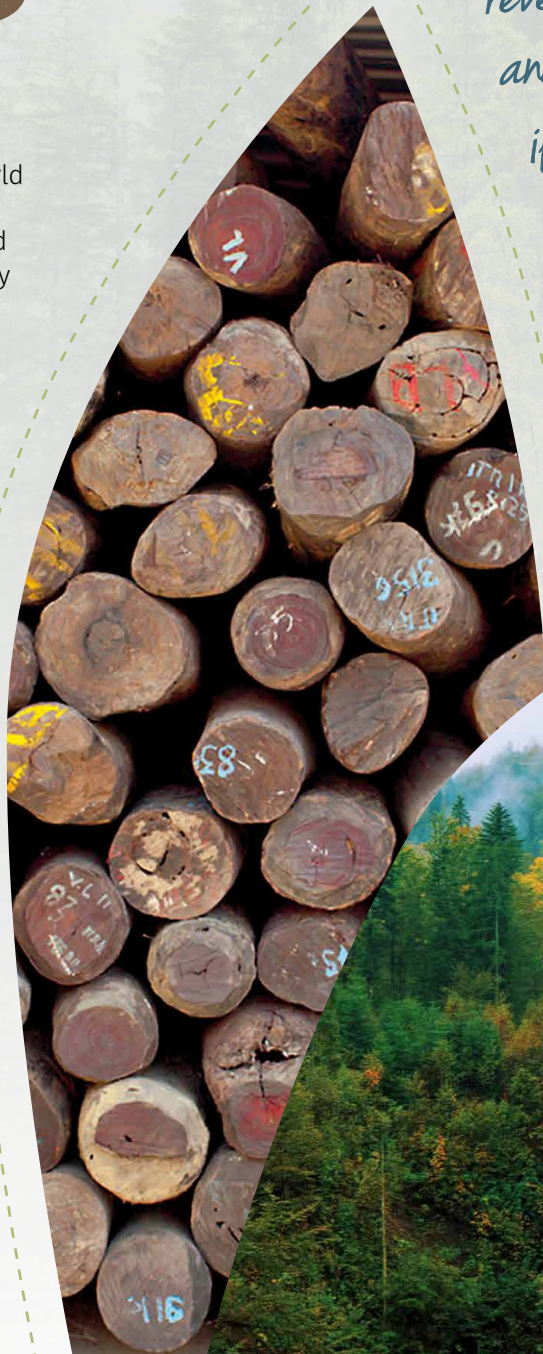


# FORESTS

EIA's Forest Campaign works around the world to expose forest crime and promote policy solutions to eliminate illegally sourced wood products and commodities grown on illegally deforested land from global markets. Often coordinating with government and civil society groups, this campaign works to empower local and indigenous people who depend on forests for their homes and livelihoods, and in turn are the forest's most effective long-term protectors. EIA is successfully spreading new rules across the global economy to hold the most powerful corporations accountable for stealing forests from local people.

EIA's undercover investigations have revealed destructive and pervasive illegal logging and timber trade in countries like Romania, Peru, Cameroon, and Madagascar, among others. Our frontline evidence combined with trade data analysis have illustrated how U.S., European, Chinese, and Japanese consumer demand drives the illegal logging epidemic. Our investigations have led us through supply chains, often to major corporations responsible for fueling the illegal timber trade. Most recently in 2016, our investigation into an Austrian timber giant led to the dissociation of the company from the Forest Stewardship Council, a global certifying body for timber retailers.

*EIA's undercover investigations have revealed destructive and pervasive illegal logging and timber trade.*



## 2016 HIGHLIGHTS

**FEBRUARY:** A multi-year investigation by the U.S. Department of Justice into Lumber Liquidators, instigated by EIA's 2013 report, "Liquidating the Forests," reached an end, as Lumber Liquidators pleaded guilty to smuggling illegal wood into the United States and was sentenced to over \$13 million in fines, five years probation under the DOJ, and is required to implement a Lacey Act Compliance Plan.

► EIA had requested verifications under U.S.-Peru FTA in April 2012, which connected Peruvian exporters with timber sourced from concessions with documented illegalities. In February 2016, the United States announced it would seek verifications of legality for specific companies' exports under the U.S.-Peru FTA.

**MARCH:** Musicians of Maroon 5 and Guster wrote a letter, in collaboration with EIA, to the President of Guatemala, expressing their support for community forest management in the region. This letter was written after the musicians visited these forest concessions with EIA and partner REVERB in 2015.

**APRIL:** Over 60 indigenous organizations and NGOs from Latin America called for United Cacao Limited SECZ to be removed from the Alternative Investment Market (AIM) of the London Stock Exchange, citing breaches of AIM rules and illegal clear-cutting of Peruvian rainforests.

EIA provided a detailed evidence briefing alongside a formal letter submitted to the London Stock Exchange by the indigenous and NGO groups. United Cacao was later removed from AIM.

**MAY:** EIA and partner REVERB produced a short documentary, "Instruments of Change: Lessons from the Rainforest," which premiered in Los Angeles with members of Maroon 5 and Guster.

**JUNE:** The U.S. Department of Justice executed a search warrant for the premises of Global Plywood and Lumber, a company found to be importing significant quantities of illegal Amazonian timber from Peru into the United States. EIA has documented the devastating environmental, economic, and human impacts of illegal logging in Peru for years.

► EIA released a report, "Japanese Buyers Fueling Illegal Logging in Romania's Last Ancient Forests," that revealed Japan's largest trading companies were importing nearly 50% of all exports from the Romanian sawmills of Holzindustrie Schweighofer, previously exposed by EIA for sourcing practices that incentivize illegal logging in Romania.

► The Forest Stewardship Council announced that its chain of custody certificate issued to Holzindustrie Schweighofer was suspended. This followed multiple accounts by EIA that found the company knowingly accepting and incentivizing illegally harvested timber in Romania.

**JULY:** Colombia's environmental authority ordered oil palm company Poligrow Colombia Ltda. to suspend operations due to suspected environmental infractions. EIA and our partner

Comision Intereclesial de Justicia y Paz were instrumental in exposing infractions such as impeding natural water flow, disposing of oil palm crop stalks directly into the soil, dumping industrial waste into local waters, and more.

**AUGUST:** Peruvian timber imported into the United States in January 2015 was confirmed by the U.S. government as largely illegally sourced. This followed EIA's continued and extensive documentation of illegal timber entering the U.S. from Peru.

**SEPTEMBER:** In a monumental announcement, 183 Parties to the Convention on International Trade in Endangered Species (CITES) adopted new protections that subject 80% of the rosewood trade to stricter regulation, and placed over 300 rosewood species on the Appendix II listing.

**OCTOBER:** Ahead of an expected decision by the Cameroonian government on extending a land lease for a controversial oil palm project, EIA released a short film, "The Wrong Project in the Wrong Place," which shows how the large-scale project has negatively affected the lives of thousands of community members, threatened biodiversity, and failed to meet development promises.

**NOVEMBER:** EIA began the release of a three-video series, "The 'S' Files," documenting continued illegal practices by Holzindustrie Schweighofer in Romania's last ancient forests.

**DECEMBER:** Following a year-long independent investigation into Holzindustrie Schweighofer, the Forest Stewardship Council confirmed that the company "developed a culture" that incentivized illegal timber sourcing.



# WILDLIFE

EIA's Wildlife Campaign focuses on stopping the illegal and unsustainable killing of, and trade in, threatened and endangered species including elephants, rhinos, whales, dolphins, and porpoises, from the African savannah to Japan's coastal waters. Since its inception in 1984, EIA has been dedicated to protecting our world's wildlife, relying on the best available scientific and trade data, and intelligence from investigations, to support policies and actions that protect threatened and endangered species. Our impact on wildlife protection has been global, lasting, and profound.

African elephants are in the midst of a global poaching crisis—more than 30,000 elephants a year are being killed for their ivory. Our investigations and research expose the illegal ivory trade where it is found, and we work to ensure that nations pass and enforce stronger regulations to shut down domestic markets.

Rhinos face a similar poaching epidemic, fueled by demand for their horns to craft faux medical cures. Using every tool at our disposal, we are committed to ending the current elephant and rhino poaching crises.

EIA also leads global efforts to protect the world's whales, dolphins, and porpoises (or cetaceans), under attack from threats such as commercial hunting, pollution, marine debris, and a changing climate. We are committed to ensuring these magnificent animals are protected from the vast range of threats they face.

*More than  
30,000 elephants  
a year are being killed  
for their ivory.*

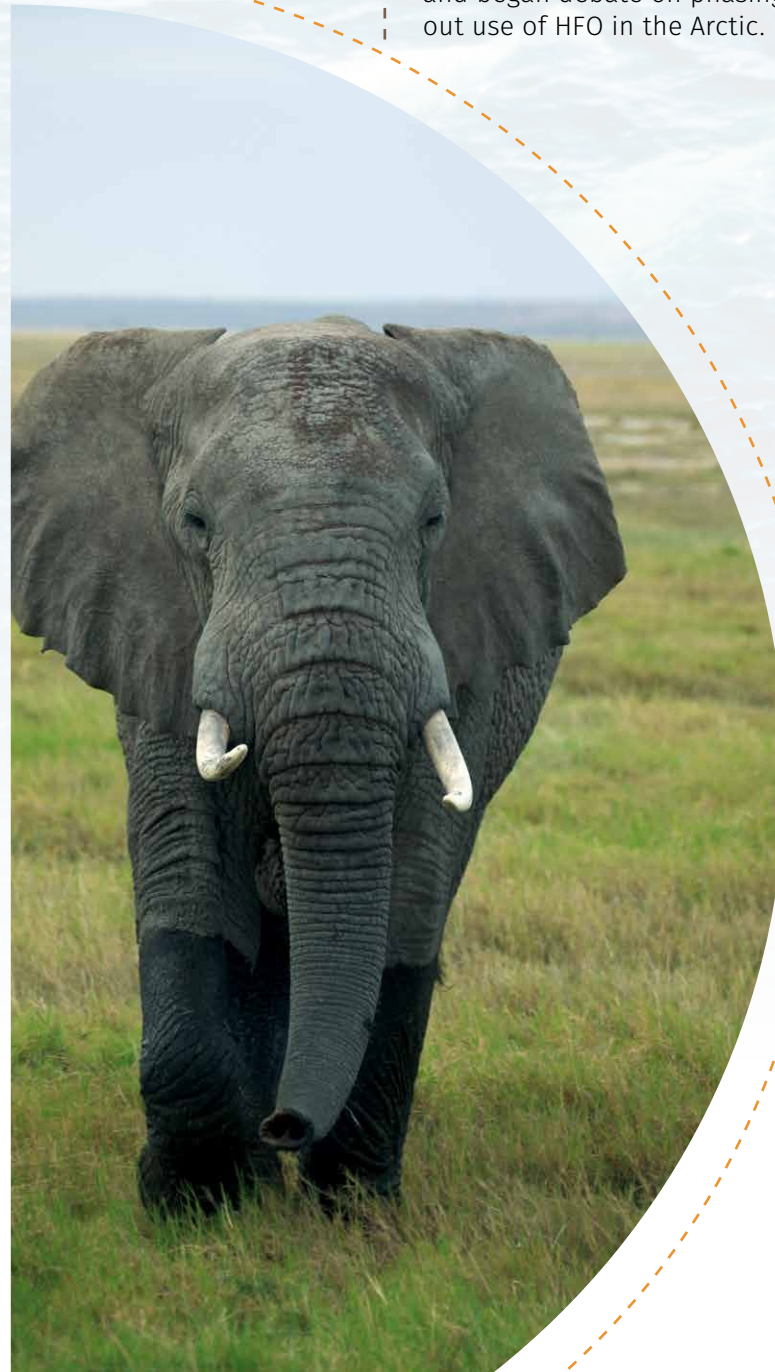


**FEBRUARY:** EIA published a white paper calling for the creation of new marine protected areas in the Arctic.

**MARCH:** EIA led a coalition of 32 environmental groups calling on Yahoo! Japan, the world's largest

internet ivory retailer, and its major shareholder SoftBank, to halt all elephant ivory sales on Yahoo! Japan's shopping and auction sites.

**APRIL:** A paper on heavy fuel oil (HFO), co-authored by EIA, was delivered to the International Maritime Organization's Marine Environment Protection Committee (MEPC 69) meeting and began debate on phasing out use of HFO in the Arctic.



## 2016 HIGHLIGHTS

**JULY:** A near-total ban on domestic trade of elephant ivory in the U.S., which EIA had supported for years, went into effect.

**SEPTEMBER:** EIA released a new report, "The Dirty Secrets of Japan's Illegal Ivory Trade", and video, documenting evidence of Japan's illicit ivory trade.

**OCTOBER:** Parties to CITES agreed by consensus to a resolution recommending the urgent closure of domestic ivory markets globally. EIA called for Japan to close its domestic ivory market because it contributes to illegal trade and the poaching of Africa's elephants.

► EIA submitted a new informational paper on HFO to the International Maritime Organization MEPC70 meeting, putting in motion the steps leading to the 2017 MEPC71's formal talks on the phase out of HFO.

**DECEMBER:** The U.S. and Canada issued a joint statement to protect the Arctic Ocean, banning oil and natural gas drilling in the majority of the Arctic's Chukchi and Beaufort Seas. Both countries also agreed to develop a strategy to phase down the use of HFO in the Arctic. EIA's continual call for the protection of Arctic waters was instrumental in this decision.



# CLIMATE

Our Climate Campaign focuses on international and domestic policies to phase down hydrofluorocarbons (HFCs), potent greenhouse gases used primarily in refrigeration, air conditioning, and foam applications. HFCs were developed as replacement refrigerants for ozone depleting substances (namely, CFCs — chlorofluorocarbons and HCFCs — hydrochlorofluorocarbons), which have been or are currently being phased out under the Montreal Protocol. However, HFCs are several thousands of times more damaging to the climate than carbon dioxide (CO<sub>2</sub>). Their emissions have grown from almost zero to close to 4,000 million tonnes of CO<sub>2</sub> equivalent in just the last 25 years.

If left unchecked, HFC emissions will continue to increase exponentially and could constitute 29 percent of all greenhouse gas emissions by 2050, potentially offsetting most, if not all, climate change mitigation actions pledged by countries to date under the 2015 Paris Agreement of the United Nations Framework Convention on Climate Change (UNFCCC).

Since the campaign's inception, EIA has been at the forefront of securing worldwide support to rid the world of HFCs, which culminated in what is now the world's largest greenhouse gas emission prevention agreement, the historic Kigali Amendment to the Montreal Protocol. It is also the only globally binding climate change mitigation strategy for reducing greenhouse gas (GHG) emissions.

Fortunately, HFC-free alternatives are widely available to replace these dangerous, climate-damaging chemicals. Rapid large-scale transition to HFC-free alternatives is not only possible but also critical to protect our climate.

*EIA has been at the forefront of securing the world's largest greenhouse gas emission prevention agreement, the Kigali Amendment to the Montreal Protocol.*



## 2016 HIGHLIGHTS

**MARCH:** The U.S. Environmental Protection Agency (EPA) announced rulemakings to prohibit HFCs in many applications for stationary refrigeration, foam blowing, and fire suppression. EIA had previously recommended similar actions in comments to rulemakings and petitions submitted to the EPA.

**APRIL:** California released a proposed strategy to tackle HFC emissions to be finalized in 2017, that could mitigate up to 260 million tonnes of CO<sub>2</sub> equivalent by 2030. EIA provided technical inputs on the strategy and advocated for ambitious measures based on the feasibility of transitioning to very low-GWP technologies.

**AUGUST:** EIA released a

groundbreaking report on the growing fast food industry in India, a country with significantly increasing HFC emissions due to its expanding market. The report called on multinationals to limit GHG emissions, as the cumulative impact is equivalent to the annual emissions of 205,000 cars.

**SEPTEMBER:** The U.S. EPA finalized two rulemakings curbing emissions of HFCs ahead of the Montreal Protocol. EIA submitted written comments on proposed drafts of the regulations, calling for specific actions that were later included in the rulemakings.

► EIA partnered with two air conditioning manufacturers to submit a proposal to a UL safety standards panel, resulting in the formation of a UL Task Group

on climate-friendly refrigerants chaired by EIA. EIA also released a briefing on safety standards globally, raising the profile of safety standards as a priority for successful implementation of the global HFC phase-down.

**OCTOBER:** All 197 Parties to the Montreal Protocol formally adopted an amendment to the Protocol, mandating controls on HFC consumption and production. The amendment is expected to avoid more than 70 billion tonnes of carbon dioxide equivalent by 2050. EIA's role throughout Montreal Protocol meetings has been to serve as a facilitator of discussions between developed and developing nations, ensuring that agreements are feasible and achievable by all Parties.





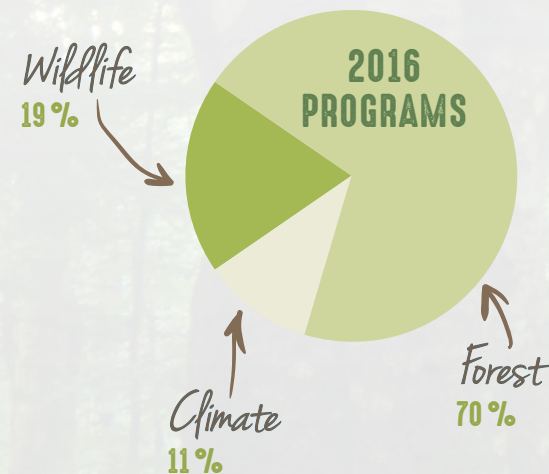
# ENVIRONMENTAL INVESTIGATION AGENCY FINANCIALS

WASHINGTON, DC

## STATEMENT OF FINANCIAL POSITION

December 31, 2016 and 2015

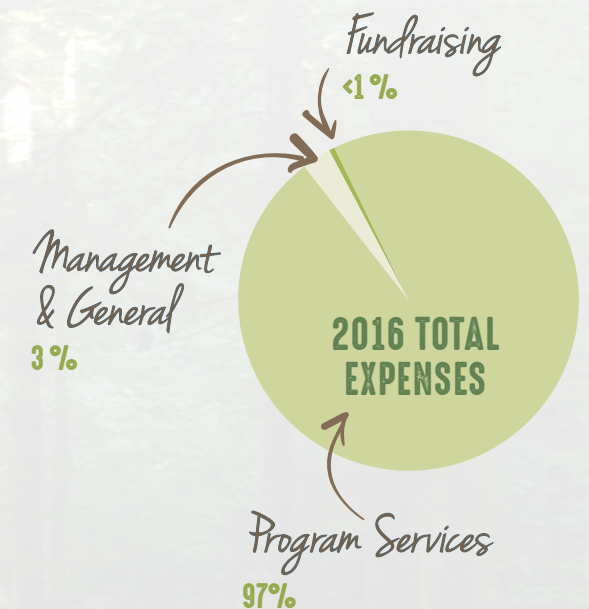
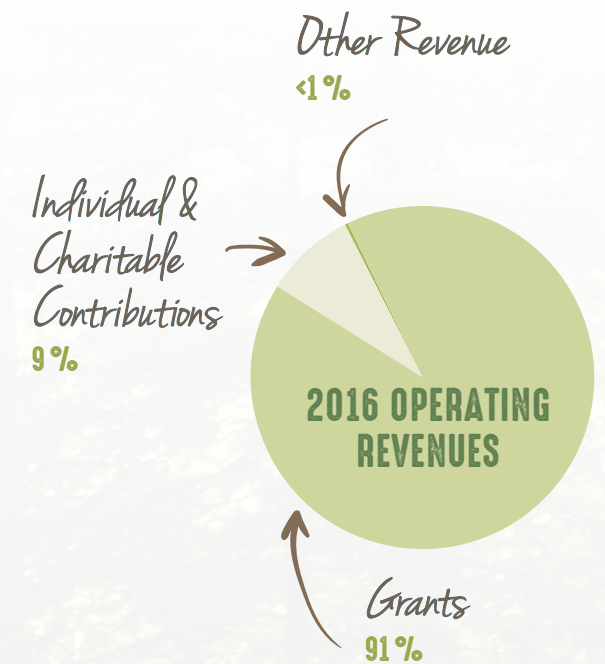
ASSETS	2016	2015
Cash & Cash Equivalents	\$2,411,018	\$1,709,827
Investments	\$338,899	\$330,750
Grants & Other Receivables	\$172,990	\$98,244
Prepaid Expenses & Other Assets	\$64,835	\$56,498
Net Fixed Assets	\$122,357	\$98,169
<b>Total Assets</b>	<b>\$3,110,099</b>	<b>\$2,293,488</b>
<b>LIABILITIES</b>		
Accounts Payable	\$198,445	\$257,839
Grants Payable	\$96,647	\$34,344
Deferred Rent	\$51,878	\$14,258
<b>Total Liabilities</b>	<b>\$346,970</b>	<b>\$306,441</b>
<b>NET ASSETS</b>		
Temporarily Restricted	\$1,895,299	\$1,291,627
Unrestricted - Undesignated	\$661,098	\$495,658
Unrestricted - Board Designated	\$206,732	\$199,762
<b>Total Net Assets</b>	<b>\$2,763,129</b>	<b>\$1,987,047</b>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>\$3,110,099</b>	<b>\$2,293,488</b>



## STATEMENT OF ACTIVITIES

December 31, 2016 and 2015

REVENUE	2016	2015
Contributions & Grants	\$5,556,551	\$4,768,642
Investment Income	\$10,605	\$1,116
In-Kind Contributions	\$914	\$113,481
Miscellaneous Income	\$864	\$750
<b>Total Revenue</b>	<b>\$5,568,934</b>	<b>\$4,883,989</b>
<b>EXPENSES</b>		
Program Services		
Climate Campaign	\$525,073	\$762,054
Cetaceans Campaign	\$236,191	\$178,655
Elephants Campaign	\$654,010	\$515,077
Forest Campaign	\$3,225,757	\$3,489,742
<b>Total Program Services</b>	<b>\$4,641,031</b>	<b>\$4,945,528</b>
Management & General	\$132,414	\$3,009
Fundraising	\$19,407	\$27,707
<b>Total Expenses</b>	<b>\$4,792,852</b>	<b>\$4,976,244</b>
<b>NET ASSETS</b>		
Change in Net Assets	\$776,082	-\$92,255
Net Assets - Beginning of the Year	\$1,987,047	\$2,079,302
<b>NET ASSETS AT END OF YEAR</b>	<b>\$2,763,129</b>	<b>\$1,987,047</b>





# GROWTH AND DEVELOPMENT

EIA spends most of its resources investigating and solving environmental problems around the world—we let our actions speak for themselves and invest minimally in development and fundraising. As a 501(c)(3) non-profit organization, our ability to be successful relies on the support of our funders, donors, and grant providers. Our strength lies within our flexibility to react quickly to environmental and human injustices, and we pride ourselves on having a diverse team of experts who specialize in data analysis, policy, filmmaking, and an intense drive to change the world. Our small but dedicated staff works tirelessly to protect our natural world and its inhabitants.

## CHIEF ADMINISTRATIVE PERSONNEL

### PRESIDENT

Allan Thornton

### EXECUTIVE DIRECTOR

Alexander von Bismarck

### DIRECTOR OF FINANCE & ADMINISTRATION

Ghaya Hassairi

### BOARD OF DIRECTORS

Allan Thornton

Mark W. Roberts

John Fitzgerald

Andrea Johnson

Michael Brintnall

Brian Cox

Janine Ferretti

## DONORS

The Children's Investment Fund Foundation

Climate and Land Use Alliance

ClimateWorks Foundation

The Cox Family Fund

Energy Foundation

Good Energies Foundation

M. Piuze Foundation

The Norwegian Agency for Development Cooperation

The Overbrook Foundation

Shared Earth Foundation

The Tilia Fund

Weeden Foundation

During 2016 EIA also received the support of a number of generous individuals, charitable foundations, and institutions that will remain anonymous.



“Throughout the entire policy-making process, EIA was perceived as the most active and well-known agent, being ascribed [as]...having an expert status on the topic... committed and well-connected...as builder of the [coalition].”

— “Divide and Conquer – Discursive agency in the politics of illegal logging in the United States,” *Global Environmental Change*, November 2015

“Working undercover to expose international crime, EIA has brought about changes in international laws and government policies, thus saving the lives of millions of endangered animals and putting a stop to the devastating effects wrought by environmental criminals.”

— United Nations Environment Program citation on electing EIA to its Global 500 Roll of Honor





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