



# THE LONG VIEW | 2010 Annual Report



Environmental Defense Fund's mission is to preserve the natural systems on which all life depends. Guided by science, we design and transform markets to bring lasting solutions to the most serious environmental problems.

**VIDEO** See founding trustees Charles Wurster and the late Dennis Puleston talk about their earliest DDT victory at [edf.org/ddt10](http://edf.org/ddt10).

Find all web links for this report, and a downloadable electronic version, at [edf.org/annualreport10](http://edf.org/annualreport10).

# THE LONG VIEW



*Carl Ferenbach and Fred Krupp*

In a year when the Senate refused to consider limits on global warming pollution, and we had to work hard to uphold California's climate law, it is clear that lasting change for the environment does not come quickly, or easily.

This has always been so. Environmental Defense Fund began in 1967 as a small group of scientists determined to ban the hazardous pesticide DDT in the United States. It took five years of building the evidence and presenting our case, but ultimately we ended this serious threat to wildlife and human health.

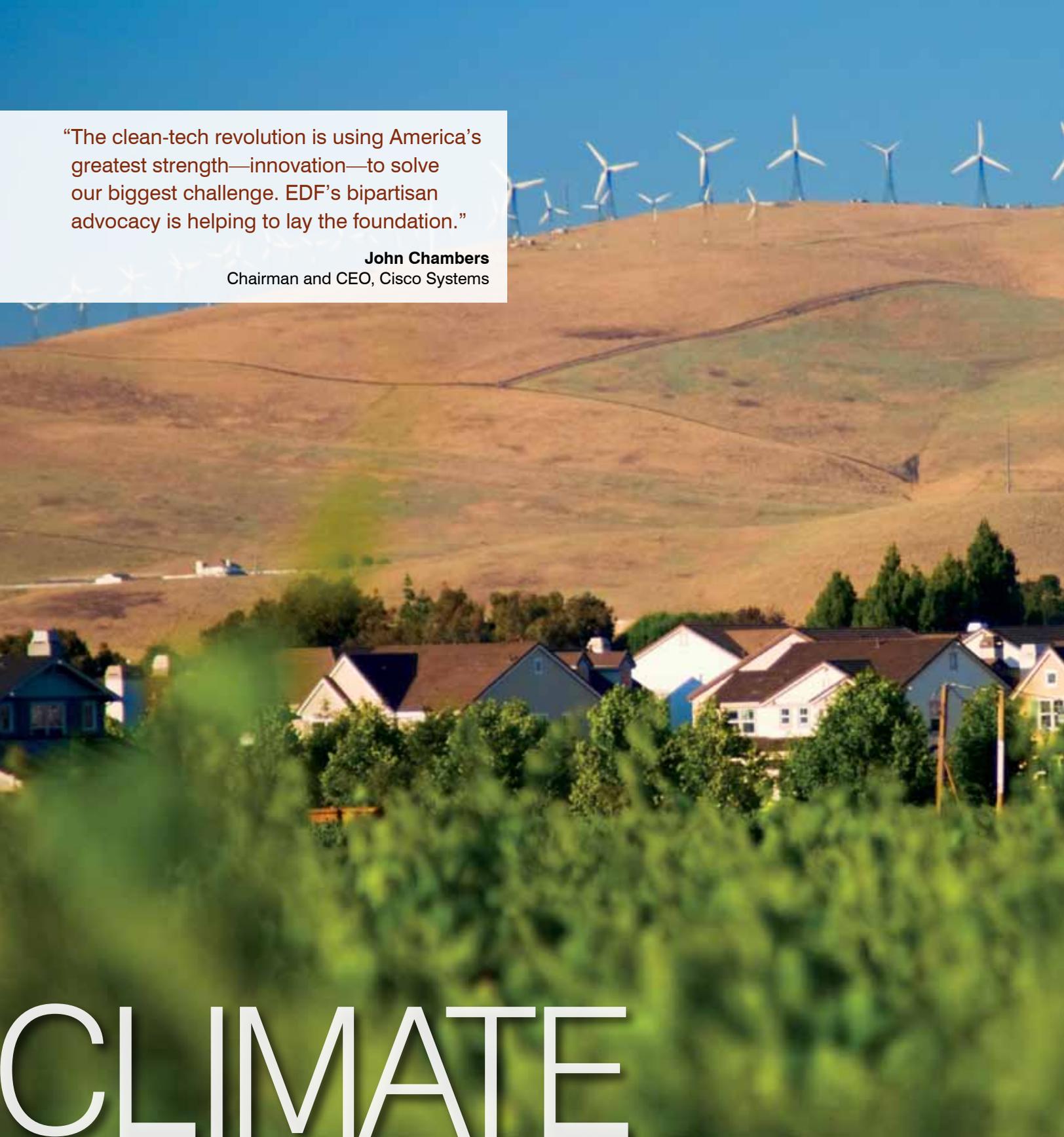
Winning national action on global warming pollution is taking longer. With the stakes so high, the persistence that always has been an EDF hallmark is more vital than ever. We are defending EPA's authority to fight global warming, continuing our partnerships with companies to reduce pollution and sharpening our focus on businesses that obstruct progress.

Perseverance paid off in other ways this year. The approach we've long advocated to end overfishing has at last taken root. Our years of experience on the Gulf Coast primed us to respond to the BP oil disaster. Decades of work on Western water helped us win new protections for wildlife. And new pollution reductions will build on 40 years of Clean Air Act success.

Great challenges lie ahead for the environment. Thank you for making our work possible.

**Carl Ferenbach**  
Chairman of the Board

**Fred Krupp**  
President



“The clean-tech revolution is using America’s greatest strength—innovation—to solve our biggest challenge. EDF’s bipartisan advocacy is helping to lay the foundation.”

**John Chambers**  
Chairman and CEO, Cisco Systems

# CLIMATE



## WHY WE WORK ON CLIMATE

“Nothing has more potential than global warming to alter forever the world our children inherit, from the food they eat to the water they drink.”



**Steve Cochran**  
VP Climate

## EDF MILESTONES

1987

EDF cosponsors the first major international conferences on global warming.

1997

EDF's market approach becomes the basis of the Kyoto climate agreements, later ratified by 187 nations.

2006

We help design regional climate initiatives to cut CO<sub>2</sub> pollution from power plants in the Northeast and West.

2007

The U.S. Supreme Court rules that EPA has the authority to regulate global warming pollution, siding with EDF and its allies.

2009

EDF plays a key role in helping pass legislation in the House to cap and reduce global warming pollution.



## GREEN LIGHT FOR CALIFORNIA'S BOLD CLIMATE LAW

When climate legislation stalled in the Senate this year, the battleground shifted west. Several oil companies bankrolled a ballot initiative to block California's Global Warming Solutions Act (AB32). For the first time, a global warming law was put before voters.

By a margin of 61% to 39%, EDF and allies soundly defeated the industry assault and preserved the momentum for global warming action. "With the world's eighth largest economy, California can influence not just national climate policy, but global policy as well," says Steve Cochran, our VP for climate.

EDF had cosponsored and helped pass the landmark 2006 law, which sets an economy-wide cap on carbon dioxide and other greenhouse gas emissions, requiring a reduction to 1990 levels by 2020.

Early on, EDF identified the defense of AB32 as a must-win battle. To support the law, we helped form a broad coalition of nonprofit groups and hundreds of businesses, chaired by former Secretary of State George Shultz and investor Tom Steyer. We also built partnerships with labor and the environmental justice community.

Misleadingly labeled the California Jobs Initiative, the campaign to kill AB32 was funded in large part by Texas oil companies that operate polluting refineries in California. EDF and its allies exposed the ruse: 97% of contributions came from oil-related companies, and 85% came from out of state.

To counter false claims that AB32 would cost jobs, EDF's sister organization, the Environmental Defense Action Fund, raised funds for TV and radio advertising. Because contributions

to the Action Fund are not tax-deductible, it is free to spend on lobbying activities. "This was essential to quickly spread the truth to voters," says our West Coast political director Wade Crowfoot.

We made jobs a key part of our message. Since AB32 was enacted, clean-tech jobs in California have grown ten times faster than jobs in other sectors.

Meanwhile, we also helped preserve the ability to regulate greenhouse gases at the national level, beating back efforts by opponents in Congress to revoke EPA's authority to cut pollution under the Clean Air Act.

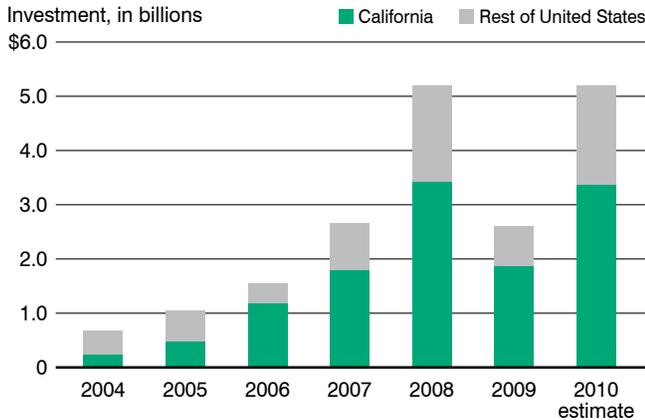
Having withstood the challenges, California's bold climate law goes into effect in 2012. It will spark innovation and reinvigorate the campaign for national climate action.

**VIDEO** [How California ignored opposition scare tactics and chose healthy air: edf.org/noprop23](http://edf.org/noprop23)

**"This is a monumental victory for energy independence and national security. EDF played a key role with its partners in making it possible."**

**George Shultz**  
Former U.S. Secretary of State

## VENTURE CAPITAL FLOWS TO CLEAN TECH



Since AB32 passed in 2006, clean-tech investment in California has exceeded that of the other 49 states combined.

## WEANING THE U.S. OFF FOSSIL FUELS

With the country highly dependent on dirty fossil fuels, it's clear fundamental changes are needed in our national energy policy.

For decades, EDF has been at the forefront of efforts to put the nation on a clean energy path, promoting regional climate initiatives and energy efficiency. In recent years, we helped establish vehicle pollution standards adopted by 14 states. That set the stage for tougher national standards, announced by the Obama administration, raising car fuel efficiency 40% by 2016.

We're also focusing on electricity generation, the largest source of global warming pollution. The Pecan Street Project, a smart-grid initiative developed by the City of Austin in collaboration with EDF and Austin Energy, is one of the first local efforts to transform the electric grid into an interactive network. The project rewards conservation and smoothly integrates a variety of clean energy sources like wind and solar power.

The smart grid is opening up the electric utility industry to real innovation, much as the Internet did for communications. For Pecan Street, EDF established carbon reduction goals for investments and brought in cutting-edge companies like Cisco, GridPoint and Oracle. Officials estimate up to 30,000 clean-energy jobs could be created in Austin alone. We're now helping develop similar projects in Chicago and other cities.

**15%** of global warming pollution comes from tropical deforestation



## CLIMATE GOALS

EDF seeks to avoid the catastrophic consequences of climate change by reducing greenhouse gas emissions and applying effective adaptation strategies.

- Win permanent cuts in U.S. global warming pollution
- Secure an international climate agreement
- Help businesses hasten low-carbon innovations

## THE KEY ROLE OF RAINFORESTS

The clearing and burning of tropical forests produces more greenhouse gases annually than all the world's cars and trucks combined. To make rainforests worth more alive than dead, EDF teamed up with partners in Brazil, which harbors a third of the world's rainforests. Our solution—to award credits in the global carbon market to nations that reduce deforestation—gained traction in recent UN climate talks.

In 2010, our partners in Brazil helped win a national cap on emissions. We also made progress by positioning rainforest countries to benefit from California's upcoming carbon market. "Avoiding deforestation is the quickest, cheapest route to achieving greenhouse gas reductions," says Dr. Stephan Schwartzman, EDF director for tropical forest policy.

SPOTLIGHT ON

## CORPORATE PARTNERSHIPS

“Partnering with Environmental Defense Fund gave us environmental and business expertise in one package.”

**Bob Langert**

McDonald's VP for Corporate Social Responsibility



EDF sets out to green private equity firms, which account for 10% of U.S. GDP.

8

Coal plants canceled, and wind power boosted, after KKR and TPG consult us on their Texas utility purchase

17

KKR companies enrolled in our program to cut waste and save energy globally

300,000

Garbage trucks of solid waste and 380,000 tons of air pollution cut in our first two years



EDF's Climate Corps is training tomorrow's chief executives.

7

Number of business school students in our first Climate Corps class, 2008

\$21  
MILLION

Investments made in energy efficiency following Climate Corps recommendations

678  
MILLION

Kilowatt hours saved annually—enough to power 60,000 homes—if companies implement plans fully

## SPREADING NEW IDEAS FAR AND WIDE

EDF's corporate partnerships are designed to influence not just single companies but entire industries. Consider, for example, our Climate Corps program. In 2008, EDF recruited seven adventurous MBA students, trained them in ways to improve energy efficiency and parachuted them into corporations on summer internships to put their energy detective skills to work. We then promoted their recommendations so other companies could adopt them, too.

Fast forward to the summer of 2010, when 51 Climate Corps fellows from top-ranked business schools trained with us and went to work at 47 of the biggest U.S. corporations—household names like Bloomberg, eBay, McDonald's, Pepsi, Target, Verizon and Xerox. Before the summer was over, they had found energy savings that



Our hybrid truck technology delivers 50% better mileage and cuts soot 96%.

0 Hybrid electric midsize trucks on the road before Eaton, FedEx and EDF created the Future Vehicle Project in 2001

25 U.S.-based truck makers now developing a range of hybrid trucks

100+ Fleets buying hybrid electric trucks today

would keep 440,000 tons of power-plant pollution out of the atmosphere annually. That would be like taking 67,000 SUVs off the road.

At AT&T, for example, Duke University student Jen Snook used \$50 lighting monitors to calculate the company could save up to 80% of the energy it used in lighting equipment rooms by darkening them when vacant.

As Climate Corps grows, our aim is to train America's next generation of executives who will lead the coming transition to a low-carbon economy.

**VIDEO** Meet America's next generation of green business leaders: [edf.org/ccfellows](http://edf.org/ccfellows)

## THE BEST ADVICE MONEY CAN'T BUY

"To maintain our objectivity, we accept no funding from our corporate partners, freeing us to set more aggressive goals and spread the innovations we develop far and wide."



**Gwen Ruta**  
VP Corporate Partnerships

## EDF MILESTONES

- 1990 EDF's partnership with McDonald's, the first of its kind, eliminates 150,000 tons of packaging waste over ten years. Other restaurants quickly follow suit.
- 1997 Starbucks partners with us to reduce waste, increasing the use of reusable mugs and recycled materials.
- 2000 Seven of the world's largest corporations partner with EDF and set targets to reduce their greenhouse gas emissions.
- 2003 Citigroup partners with us to reduce paper use by its 130,000 employees.
- 2009 Our alliance with Walmart establishes new environmental standards for the company and its 100,000 suppliers.

“Environmental Defense Fund looks for solutions rather than pointing fingers and placing blame.”

**Rodney Avila**

New England fishery council member



OCEANS



## WHY WE WORK ON OCEANS

“If we protect critical habitats and offer fishermen a financial stake in the health of fisheries, we can reverse the decline of the oceans and revive coastal communities.”



**Diane Regas**  
VP Oceans

## EDF MILESTONES

1970

EDF efforts bring all hunted whales onto the U.S. endangered species list.

2000

Our Seafood Selector gives millions of Americans information on healthy and ocean-friendly seafood choices.

2003

EDF helps end a Congressional moratorium on market-based catch share methods to protect fisheries.

2006

EDF and allies win national monument status for the Northwestern Hawaiian Islands, creating what at the time is the largest protected area on Earth.

2007

In the Gulf of Mexico, we help develop a catch-share program for red snapper that becomes a model for fisheries nationwide.



## ‘CATCH SHARES’ OFFER NEW HOPE FOR AMERICA’S FISHERIES

The old style of fisheries management—using tactics like ever-shorter fishing seasons—has failed to end overfishing and led to a perilous race for fish. A new approach called “catch shares” offers a solution.

In the 1940s, Monterey, CA, processed more than four million pounds of sardines a day, earning a reputation as “sardine capital of the world.” Today, the canneries made famous by John Steinbeck’s *Cannery Row* have been replaced by art galleries and T-shirt shops.

All along the West Coast, the once thriving fishing industry has been facing hard times. But change is coming. A management program for the West Coast’s largest fishery—the 90 bottom-dwelling species collectively known as groundfish—will take effect on January 1, 2011, culminating seven years of work by EDF.

Under the old regulations, the West Coast groundfish catch had plunged 70% over two decades, and in 2000, the government declared the fishery a disaster. “What we were doing wasn’t good for the resource and it wasn’t good for us,” says fourth-generation fisherman John Pennisi.

EDF proposed a different approach. Under catch shares, each trawler is assigned a percentage of the scientifically determined total allowable annual catch. No longer racing against the clock, captains can fish when it’s safe and when market prices are higher. They also can be more selective, avoiding unwanted species that are usually discarded.

“EDF won my trust and cooperation because they understand that sustainability is not just about conserving fish, it’s

about families who have been fishing for generations,” says Geoff Bettencourt, a boat owner at Half Moon Bay.

The plan calls for observers on boats, eliminating the lack of enforcement that has long plagued fisheries. Says project director Johanna Thomas: “For the first time, fishermen will be held truly accountable for the number of fish they catch.”

The momentum for catch shares rose with the success of our red snapper program in the Gulf of Mexico, which cut the accidental killing of fish 70% and improved fishery health. New England implemented a similar program this year.

“As a fishery recovers,” Thomas explains, “each catch share becomes more valuable, giving fishermen a stake in the long-term health of the system.” The National Oceanic and Atmospheric Administration is now urging every U.S. fishery to consider adopting catch shares.

**VIDEO** See fishermen talk about catch shares at [edf.org/cs](http://edf.org/cs)

“Without EDF, I don’t think the fishing community would have learned about the science and economics of this great idea.”

**Brian Mose**  
Trawl fisherman, British Columbia

## TURNING THE TIDE



All around North America, EDF is working to revive troubled fisheries by giving fishermen incentives to conserve the resource.

## EXPANDING CATCH SHARES INTERNATIONALLY

Overfishing is a global problem, so international engagement is essential. In 2010, EDF expanded its work in the hemisphere.

Together with Mexican officials and fishermen and the World Wildlife Fund, we launched a catch-share program, focusing first on the artisanal shrimp fishery in the Gulf of California.

The Gulf supplies more than half of Mexico's seafood, but is over-exploited and threatened by destructive fishing practices. Under our pilot program, illegal fishing is down, prompting the Mexican government to consider the use of catch shares nationwide.

In Belize, we laid the groundwork for a catch-share program for the declining spiny lobster. This will reduce pressure on the Mesoamerican reef, the largest barrier reef in the Western Hemisphere.

We also reached agreement with officials in the United States, Mexico and Cuba on a tri-national collaboration to rebuild shark populations in the Gulf of Mexico, where large shark species, including tigers and hammerheads, have declined by 90%. It's the first such program anywhere in the world.

"Collectively, these efforts will help ensure that the region's fisheries can sustain each other and remain vital," says regional director Scott Edwards.

**60%** increase for red snapper in the Gulf under catch shares



## OCEANS GOALS

EDF seeks to protect ocean ecosystems by creating sustainable, healthy fisheries.

- Make catch shares the standard in U.S. fisheries
- Promote catch shares internationally
- Protect and restore ocean habitats

## BIRTH OF AN OCEAN REFUGE

Off America's Southeast coast, ancient deepwater corals tower like giant cathedrals. Stretching from North Carolina to Florida, the vast undersea reef is an important nursery for fisheries.

"This may be the world's largest deep-coral ecosystem," says our chief Oceans scientist Dr. Doug Rader, who has long worked to protect the reef. This year, the federal government gave final approval for a plan to protect the unique reef, parts of which are more than one million years old.

A string of five marine protected areas has been created encompassing 23,000 square miles, an area the size of West Virginia. The reef harbors a trove of biodiversity, including many species new to science. One such species, the *Paramunna raderi*, is named after Rader.

## SPOTLIGHT ON THE GULF COAST

“EDF’s expertise in the region proved invaluable as we put together recommendations to restore the Gulf Coast.”

**Ray Mabus**  
Secretary of the Navy

**HELP FOR COMMUNITIES** We helped close the Mississippi River Gulf Outlet, the little-used shipping channel that funneled Hurricane Katrina’s storm surge into New Orleans. We also partnered with leaders in the Lower 9th Ward and the United Houma Nation to make communities more resilient to flooding.

**WETLANDS RESTORATION**  
Since the 1930s, Louisiana has lost 2,300 square miles of wetlands, putting the coastline at risk. EDF helped design wetlands restoration projects in places like Myrtle Grove, north of Barataria Bay.

**SCIENTIFIC EXPERTISE** EDF played a key role in exposing the potential danger of chemical dispersants, which threaten vulnerable deepwater corals at the base of the Gulf food chain.

**DRILLING SAFETY** There are 3,500 oil rigs in the Gulf. EDF advised the Obama administration on deep-water drilling, successfully advocating stricter rules.

## A HAND IN THE RECOVERY

Long before the BP disaster or Hurricane Katrina, EDF was in Louisiana, striving to restore the state’s wetlands, which are vanishing at a rate of 20 to 30 square miles a year. The losses are largely due to navigation canals and levees, which starve wetlands of the sediment and fresh water they need.

BP’s spill made the ecological crisis worse, jeopardizing wildlife, the livelihoods of fishermen and the future of coastal communities.

In response, EDF dispatched wetlands experts and marine scientists to aid in relief efforts. Now, with BP’s well capped, our overarching goal is to revive the wetlands that help protect New Orleans from hurricanes, provide habitat for wildlife and nurture the region’s \$2.5 billion fishing industry.

ALABAMA

50 miles

FLORIDA

Area affected by oil slick  
May 17 to Aug. 15, 2010

**AID TO FISHERMEN** Our catch-share program for snapper enabled commercial fishermen to ride out the BP crisis. We're now implementing a system to keep Gulf seafood safe.

Area closed to fishing at peak of disaster

EDF called on the Obama administration to accelerate implementation of a long-term Delta restoration plan. We also helped win House approval of \$1.2 billion to jumpstart projects.

Following our recommendations, Secretary of the Navy Ray Mabus, the administration's Gulf point person, urged Congress to create a recovery fund backed with BP penalties. President Obama issued an executive order creating a Gulf Coast Ecosystem Restoration Task Force. "As a nation, we need to reverse the collapse of the Delta, and make the Gulf Coast whole again," says our project director Paul Harrison.

**VIDEO** See the wetlands at risk at [edf.org/lawetlands](http://edf.org/lawetlands)

## TRAGEDY IN THE GULF

"This disaster didn't begin with the Deepwater Horizon explosion, and it didn't end with the capping of the well."



**Elgie Holstein**

EDF oil disaster response coordinator

## EDF MILESTONES

1973

EDF attorney Jim Tripp sues to prevent expansion of a destructive navigation channel in Terrebonne Parish.

1989

We negotiate rules requiring "turtle excluder devices" in shrimp trawls; we then help draft regulations to protect sea turtles during egg-laying season.

2000

EDF reveals that the Army Corps of Engineers is "cooking its books" to justify dubious projects that endanger wetlands; we help pass reform mandating independent review for controversial projects.

2008

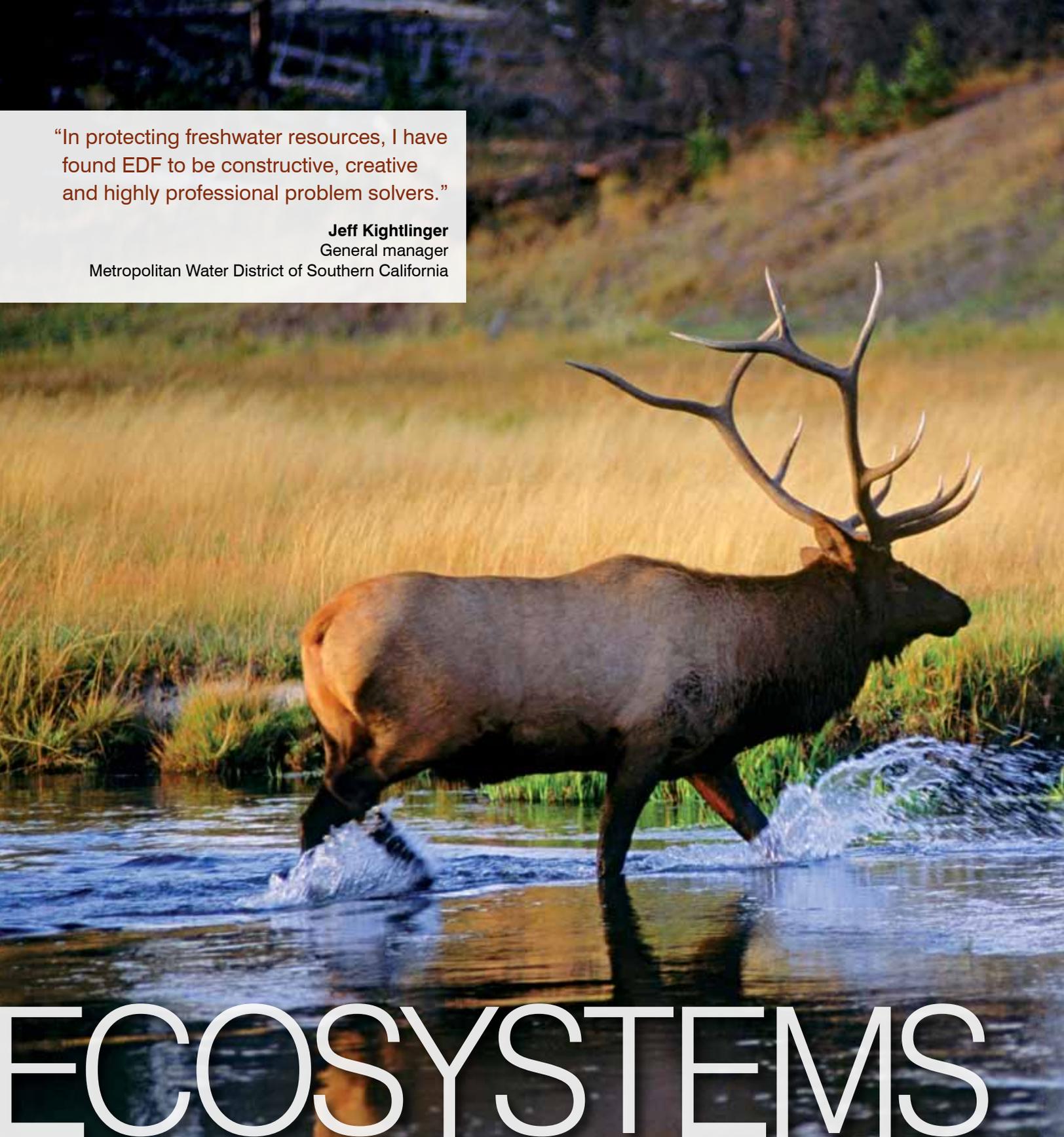
We help convince EPA to block the Yazoo Pumps, a farmland creation scheme that would have destroyed 200,000 acres of wetlands in the lower Mississippi Delta.

2010

EDF creates a program to help Gulf fishermen switch to gear that minimizes harmful interaction with sea turtles.

“In protecting freshwater resources, I have found EDF to be constructive, creative and highly professional problem solvers.”

**Jeff Kightlinger**  
General manager  
Metropolitan Water District of Southern California

A large buck with impressive antlers is wading through a stream. The water is splashing around its legs. The background consists of tall, golden-brown grasses and a rocky, forested hillside. The scene is captured in a natural, outdoor setting.

# ECOSYSTEMS



## WHY WE WORK ON ECOSYSTEMS

“Working lands such as farms have tremendous potential to contribute to cleaner rivers, restored freshwater ecosystems, abundant wildlife and secure energy supplies.”



**David Festa**  
VP Land, Water and Wildlife

## EDF MILESTONES

1967

A small group of scientists forms EDF and wins a U.S. ban on DDT in 1972.

1974

Our study of Mississippi River water helps pass the Safe Drinking Water Act, establishing the first comprehensive health standards for water.

1983

We prevent construction of new dams in California by arranging that cities pay for water conservation on farms.

1995

Our Safe Harbor initiative is launched, giving landowners new incentives to save endangered species.

2010

In partnership with Texas ranchers, we help increase the known population of endangered golden-cheeked warblers by 50%.



## BRINGING WATER AND LIFE BACK TO A BELOVED DELTA

The West has enough water for people and ecosystems alike, if we manage it rationally. The problem is waste. A new California law will reduce water consumption 20% by 2020, which could help a once-mighty delta recover.

The hub of California's ailing water system is the Sacramento-San Joaquin River Delta. The Delta is an ecological treasure—the largest estuary on the West Coast and the primary source of fresh water for 25 million Californians. But decades of excessive pumping and pollution have brought it to the brink of ecological collapse.

More than half its water is diverted south and its marsh habitat is mostly gone. The resulting disappearance of Chinook salmon has led to closures of the fishery, costing the economy \$250 million annually. Meanwhile, farms and cities are unsure how much water they'll get each year.

This summer has brought hope for a solution. The California Water Resources Control Board was tasked with finding a way to provide for the state's drought-stricken farms and growing population while leaving enough water in the Delta for wildlife to thrive.

EDF had a seat at the table. Our prescription: To free up water for the environment through conservation and water marketing. Decades of leadership by Tom Graff, the late founder of our California office, had won the respect of opponents. We reached out to two big water users representing cities and agriculture—Metropolitan Water District and Westlands Water District—and worked with them to outline a sustainable water future.

Using science to build consensus, EDF biologists testified at hearings on the amount of water needed to restore wildlife habitat. Then we organized a Salmon Summit, where salmon fishermen and elected officials called for increased flows to save wild salmon runs and fishing jobs.

In August, we and our partners won reforms that solidify protection of the Delta as a fundamental goal in California water planning. The State Board recommended changes that will put more water back into the ecosystem and address toxic chemical pollution and invasive species—all vital steps in ensuring the Delta's stabilization.

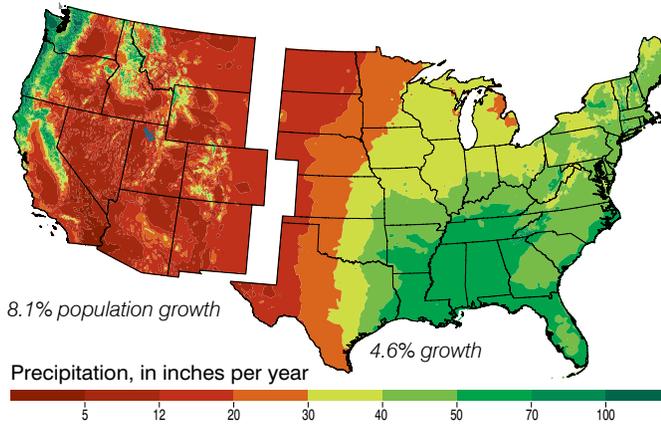
"In protecting the Delta, California is opening the door to a future of innovation and greater efficiency in the use of water," says our regional director Laura Harnish. Other Western states confronting their own water crises are keeping a close watch.

**VIDEO** [A common-sense plan for tackling the water crisis: edf.org/watersolutions](https://www.edf.org/watersolutions)

**"By promoting agricultural reform and partnering with landowners to protect habitat, EDF is helping us all."**

**Barbara Kingsolver, Author**

## THE WEST'S POWERFUL THIRST



The fastest-growing region in the United States—the arid West—is also the driest. [Growth: U.S. Census Bureau, 2000–2005]

## PARTNERS TO SAVE AMERICA'S PRAIRIES

Across the West, EDF is helping ranchers revive habitat for livestock and wildlife. Our focus in 2010 was the thousands of miles of fencing that can snare wildlife and block migration. EDF proposed a simple, affordable solution. Some unnecessary fencing is being removed, while reflective strips are being added elsewhere to help two rare prairie birds—the low-flying greater sage grouse and the lesser prairie-chicken—avoid fatal collisions with barbed wire. We teamed up with groups of ranchers and state agencies who realize that aiding the birds could avert the need for future regulation under the Endangered Species Act.

EDF also suggested raising the bottom wires of fences to allow pronghorn antelope to squeeze underneath, reopening blocked migration routes. Antelope traverse hundreds of miles of prairie each year to reach seasonal grazing grounds. These migration corridors are becoming a lifeline for wildlife as habitat shifts due to global warming and human population pressure.

Following EDF's research and advice, the federal Bureau of Land Management issued a directive to its field offices to make fences friendlier to wildlife. The directive applies to 170 million acres of federal land across the West.

**4 million** acres enrolled in EDF partnerships with private landowners to protect wildlife



## ECOSYSTEMS GOALS

EDF seeks to preserve critical land and freshwater ecosystems for the benefit of people and wildlife.

- Conserve land and protect endangered wildlife
- Protect water supplies and freshwater ecosystems
- Reduce corporate water use

## BEST PRACTICES ON THE FARM

In coastal areas, fish are dying when excess nitrogen from farm fertilizer and sewage runs down rivers to the sea and creates suffocating algae blooms.

Through the On-Farm Network, EDF is working with 830 farmers in ten states to reduce fertilizer use. This benefits rivers and estuaries, protects drinking water—and saves farmers the cost of excess fertilizer. The On-Farm Network encompasses nearly one million acres.

Around the Chesapeake Bay, Lake Erie and the upper Mississippi River basin, participating farmers have maintained crop yields while cutting fertilizer use an average of 25%. Our next step is to build this approach into federal programs.

## SPOTLIGHT ON CHINA

“I wish to express heartfelt thanks for your contributions to China’s development.”

**Wen Jiabao**, Premier, People’s Republic of China, referring to EDF’s work

🔗 **ENFORCEMENT** EDF helped design a national water pollution law that includes stiff fines for infractions. We’ve also teamed up with Tsinghua University to create the Environmental Innovators Academy, which has trained almost 4,000 officials in environmental enforcement.

### ● GREENHOUSE GAS REDUCTION

EDF-designed projects have helped some 600,000 farmers generate 350,000 tons of greenhouse gas reductions, which have been sold on environmental exchanges we helped create. Farming pollution and desertification are also reduced.

### ● AIR POLLUTION CONTROL

In 1999, after EDF worked with the cities of Benxi and Nantong to cut air pollution, China asked us to help draft regulations for sulfur dioxide. In the past five years, sulfur removal capacity at coal-fired power plants has increased more than fivefold.

■ **GREEN COMMUTING** EDF’s partnerships in many cities range from company programs for commuters to the world’s first low-carbon transit card, where half the fare goes to greenhouse gas reduction projects.

● **ENERGY EFFICIENCY** Walmart, in partnership with EDF, is working to make steep cuts in energy use at its top suppliers, which are concentrated in Guangdong Province.



## AS CHINA GOES, SO GOES THE WORLD

China must be part of any solution to the world's environmental problems. EDF is working on a variety of programs to help guide the world's most populous country to a cleaner future. "We're seeing in China a revolution in environmental thought," says Dr. Daniel Dudek, VP and founder of our program there. "And that gives us an extraordinary opportunity to help the world's largest emitter of greenhouse gases—and the world's largest consumer of energy—move swiftly toward a clean environmental future."

EDF has been deeply engaged with China since 1991, and we maintain a permanent office in Beijing.

Since much of China's pollution comes from export factories, EDF is working with Walmart to transform the manufacturing sector. (As with all our corporate partnerships, EDF accepts no payment from the company.) Walmart's purchasing power—it uses some 30,000 Chinese suppliers—coupled with EDF technical expertise enables us to push factories to quickly improve environmental performance. For example, compliance with China's environmental laws is required by Walmart's contracts. And new standards for the company's top 200 suppliers, which we helped create, require 20% cuts in energy use by 2012.

We also work closely with Chinese officials to help them develop the institutions they need to build a greener future, including environmental markets, strong environmental laws and the regulatory and enforcement capability to put them into action.

**VIDEO** See coverage of our work at [edf.org/china10](http://edf.org/china10)

## VIEW FROM BEIJING

"EDF brings a strong reputation and breadth of experience to protecting China's environment."



**Zhang Jianyu**  
Managing director, EDF China

## EDF MILESTONES

1991

China invites EDF to participate in the country's first experiments with economic incentives for pollution control.

1999

We open an office in Beijing and initiate several pilot projects to cut air pollution.

2001

EDF is picked to help draft China's national air pollution regulations for sulfur dioxide.

2004

China's Environmental Protection Agency asks EDF to help design ways to improve compliance with environmental laws.

2008

Following our recommendations, China strengthens the penalties in its Clean Water Act; our Green Commuting campaign helps clear the air in Beijing and 19 other cities.

“EDF used its scientific expertise to expose critical flaws in America’s chemicals policy. They’re now leading the way toward real reform.”

**Beth Jordan, M.D.**, Medical director  
Association of Reproductive Health Professionals

A young girl in a floral dress is sitting on a driveway, looking down at hopscotch drawings on the pavement. In the background, another girl is jumping rope on the same driveway. The scene is set in a sunny, green backyard with a white garage and trees.

# HEALTH



## WHY WE WORK ON HEALTH

“Pollution and toxic chemicals take a heavy toll on public health, particularly with children. We have an opportunity to ensure the safety of chemicals and cut smokestack pollution.”



**Vickie Patton**  
EDF general counsel

## EDF MILESTONES

- 1977** Our campaign curbs the use of the hazardous flame retardant TRIS in children’s sleepwear.
- 1985** EDF helps convince federal regulators to phase lead out of gasoline.
- 1990** The Clean Air Act incorporates our market approach to cut power plant pollution. Acid rain is reduced faster and more cheaply than predicted.
- 2002** Top U.S. poultry suppliers cut the use of medically important antibiotics by 90% following our partnership with McDonald’s and Compass Group.
- 2008** EDF leads a campaign to clean up diesel trains and ships.



## PROTECTING FAMILIES FROM UNSAFE CHEMICALS

Public outrage over lead paint in toys prompted Congress to ban the use of lead in children's products in 2008. Since then, some foreign manufacturers have been substituting cadmium—another highly toxic metal—in charm bracelets and pendants sold across the United States.

Why, one might ask, would the U.S. government permit one chemical that can hinder brain development in the young to be replaced by another that poses similar risk? Cadmium ranks No. 7 on the Center for Disease Control's priority list of 275 hazardous substances.

The answer lies, in part, in the patchwork of weak consumer protection regulations. The Toxic Substances Control Act (TSCA), the nation's principal chemicals law, is so riddled with loopholes that EPA could not even ban asbestos, which has been outlawed in more than 50 countries.

EDF biochemist Dr. Richard Denison told that story to members of Congress in a July hearing about reforming the 34-year-old law.

When Congress passed TSCA in 1976, there were roughly 62,000 chemicals in use. Of those, EPA has required fewer than 300 to be tested for safety. Meanwhile, some 20,000 additional chemicals have been introduced into the marketplace. Chemicals that we know too little about are in baby bottles, pet food, toys, even our bodies.

Troubled by the low priority EPA had given to chemical safety, Denison last year began posting detailed critiques of EPA's program on his blog. This served as a catalyst for the agency's decision shortly thereafter to replace it with a much

stronger chemical safety initiative that mirrors many of Denison's recommendations.

But much more needs to be done. Currently, EPA must prove a chemical is harmful before regulating it. We helped shape legislation this year that would shift the burden of proof to industry. It would require manufacturers to provide health information for chemicals and show they're safe before using them.

To build support for strong new legislation, we helped found a coalition of 250 health and environmental groups called *Safer Chemicals, Healthy Families* and started a grassroots campaign called "I Am Not a Guinea Pig."

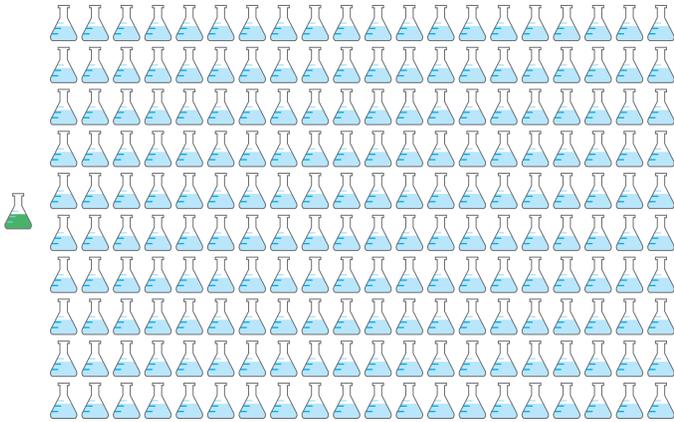
"This marks the first time in more than three decades that Congress is seriously considering legislation that can lead to comprehensive chemical safety reform," says Denison.

**VIDEO** [What the chemicals in your house can do to your family: edf.org/chemicalsandyou](https://edf.org/chemicalsandyou)

**"EDF's leadership has been terrific. It's a voice that never stops."**

**Judi Shils**, Founder and director  
Teens Turning Green, a campaign partner

## THE CHEMICALS DATA GAP



EPA has required testing on fewer than one in every 200 chemicals that were in use when the nation's chemicals law passed in 1976.

## SOOT AND THE CITY

In New York City, it's not uncommon to see plumes of thick, black smoke rising from some of the city's most prominent office and apartment buildings. They burn the dirtiest grade of heating oil (No. 6), which is essentially sludge.

EDF pinpointed 9,500 buildings that burn No. 6 or the next dirtiest oil, No. 4, and produced an interactive online map that reveals their addresses, [edf.org/dirtybuildings](http://edf.org/dirtybuildings). Burning these fuels creates more particulate matter, or soot, than all the city's cars and trucks combined. Soot is a major asthma trigger, and New York hospitalizes twice as many children with asthma as the national average.

When EDF learned that Mayor Bloomberg's administration was considering a cleanup plan that would take decades, our attorney Isabelle Silverman appealed to the mayor directly. She handed him a test tube filled with No. 6 oil and urged him to lead on the issue. Our campaign also unleashed a thousand emails calling for strong action.

In 2010, we scored an interim victory that cut sulfur levels in half for No. 4 oil, and the administration is now considering a phaseout of No. 6 oil. "This campaign unites science and public activism," says our regional director Andy Darrell. We're now working on incentives to speed the transition to cleaner fuels.

**\$30** Health and productivity benefits received for every \$1 invested under the Clean Air Act



## HEALTH GOALS

EDF seeks to safeguard human health by reducing environmental threats, including toxic chemicals and pollution.

- Reform U.S. toxic chemicals policy
- Safeguard human health through innovation in retail supply chains
- Cut air pollution from coal plants and ships by 75%

## CLEANING UP DIRTY POWER PLANTS

Dirty coal-fired power plants in 31 Eastern states could soon be a lot cleaner, thanks to strict new limits on pollution that EDF is helping bring into effect. In response to a Court of Appeals ruling, EPA proposed stricter limits that would cut sulfur dioxide by 71% and nitrogen oxides by 52%. The regulations would save up to 36,000 lives a year.

"Power plants are the nation's single largest emitter of these harmful pollutants," says EDF general counsel Vickie Patton. "Stronger action to cut power plant pollution will mean healthier, longer lives for millions of Americans." Patton helped guide EPA in setting the tough new standards.

## SPOTLIGHT ON EDF PEOPLE

“I see a combination of entrepreneurial spirit and hard-nosed persistence in the people at EDF.”

**N. J. Nicholas**  
Investor and EDF trustee



### THE POWER OF DIVERSITY

Oluseyi Fayanju and Nicole Smith arrived at EDF as Tom Graff Fellows in 2009. Part of a program to increase diversity at EDF, Fayanju works on restoration of the Mississippi River Delta, while Smith works with African-American fishermen in the Southeast. Both regard diversity simply as the smart way for an environmental organization to do business.

“Environmental problems don’t discriminate,” says Smith. “It makes perfect sense for EDF to reach out to every group affected by a problem. That’s the way to create lasting solutions.”

It’s also the way to learn about problems in the first place, notes Fayanju. “Look,” he says, “in Louisiana, environmental degradation and injustice didn’t begin with the BP oil spill. It stretches back to the 1930s, but no one cared much because it was happening to people at the margins.

“Now the erosion of the Delta is affecting major population centers. We can’t wait until disaster is on our doorstep to fix problems and address injustice.”



### SCIENCE SETS THE AGENDA

“EDF was founded by scientists, and we’ve always based our policies on the best available science,” says chief scientist Dr. Steven Hamburg. “We alter those policies when new evidence comes to light.

“EDF positions itself on the cutting edge so that science can inform law and policy,” he adds. In the past 18 months, our scientists published more than two dozen peer-reviewed papers, including a study of bioenergy and deforestation in *Science* that changes how policymakers should view carbon accounting. And with the Royal Society, EDF is co-convening the first international initiative on the governance of geoengineering, to ensure that any research on climate manipulation is done responsibly and safely.

The science of economics is also central to our work. EDF’s staff of Ph.D. economists align powerful market incentives and consumer behavior with environmental goals. They’ve pioneered market-based solutions for problems as diverse as acid rain, overfishing and water conservation.

# FINANCIAL COMMENTARY

## OVERVIEW

Environmental Defense Fund completed fiscal year 2010 on a sound financial footing and with a level of operating expenses on par with that of recent years. This was made possible by prudent management and the generous support of our members, trustees, major donors, foundations and other contributors.

A significant portion of this year's work was supported by restricted multi-year grants awarded in prior years, including a \$48.5 million foundation grant received near the end of fiscal 2009.

## OPERATING SUPPORT AND REVENUE

Unrestricted operating support and revenue of \$101.4 million was used for current operations during fiscal 2010. Of this amount, contributions and membership accounted for \$51.4 million, or 51%. Foundation grants provided \$42.0 million, or 41%. Government and other grants totaled \$3.0 million; investment and other revenue contributed \$2.6 million; and bequests and other planned giving reached \$2.4 million, with these combined categories contributing 8% of the total.

## EXPENSES

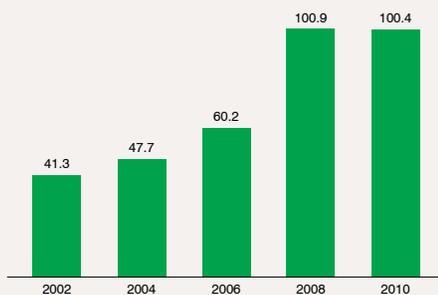
Total operating expenses for fiscal 2010 were \$100.4 million. Program services expenditures accounted for 83%, or \$83.5 million, with almost all devoted to our priority areas—climate, oceans, ecosystems and health. Of the total operating expenses, 7% was for development, 6% for management and administration, 3% for membership and 1% for the acquisition of new members.

## NET ASSETS

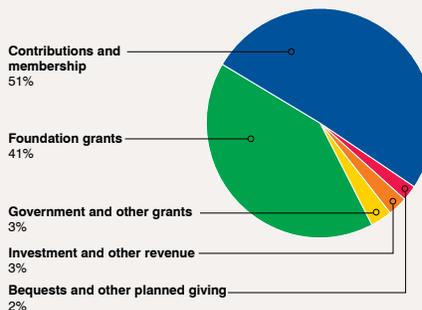
Total net assets at the end of fiscal 2010 were \$140.4 million. The change from last year's amount of \$172.4 million was driven by the use of funds raised in prior years and expended during fiscal 2010.

### TOTAL PROGRAM AND SUPPORTING SERVICES EXPENSES

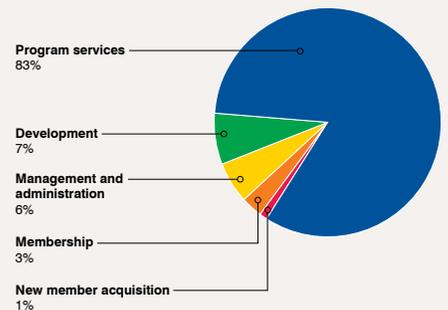
In millions of dollars



### SOURCES OF UNRESTRICTED OPERATING SUPPORT AND REVENUE



### EXPENSES



# STATEMENT OF ACTIVITIES

Year ended September 30	Unrestricted	Restricted	Total 2010	Total 2009
<b>OPERATING SUPPORT AND REVENUE</b>				
Support:				
Contributions	\$ 3,816,072	\$ 23,620,341	\$ 27,436,413	\$ 49,321,442
Membership	10,166,632	1,130,719	11,297,351	11,760,402
Foundation grants	–	18,262,376	18,262,376	76,783,935
Bequests and other planned giving	2,348,590	15,158	2,363,748	5,713,943
Government and other grants	34,185	2,722,601	2,756,786	1,592,745
<b>Total support</b>	<b>16,365,479</b>	<b>45,751,195</b>	<b>62,116,674</b>	<b>145,172,467*</b>
Revenue:				
Investment income allocated for operations	1,735,144	30,129	1,765,273	1,586,580
Fees, royalties and other income	872,206	536	872,742	1,275,661
<b>Total revenue</b>	<b>2,607,350</b>	<b>30,665</b>	<b>2,638,015</b>	<b>2,862,241</b>
Net assets released from restrictions	82,450,211	(82,450,211)	–	–
<b>Total support and revenue</b>	<b>101,423,040</b>	<b>(36,668,351)</b>	<b>64,754,689</b>	<b>148,034,708</b>
<b>EXPENSES</b>				
Program services:				
Climate	44,650,876	–	44,650,876	43,809,784
Oceans	16,848,491	–	16,848,491	15,295,369
Ecosystems	12,888,679	–	12,888,679	13,885,771
Health	4,888,388	–	4,888,388	7,769,268
Education	3,744,196	–	3,744,196	4,500,024
Membership activities	482,834	–	482,834	663,362
<b>Total program services</b>	<b>83,503,464</b>	<b>–</b>	<b>83,503,464</b>	<b>85,923,578</b>
Supporting services:				
Management and administration	5,775,030	–	5,775,030	6,714,804
New member acquisition	898,424	–	898,424	742,627
Fundraising:				
Membership	2,642,950	–	2,642,950	2,710,239
Development	7,531,957	–	7,531,957	8,376,666
<b>Total supporting services</b>	<b>16,848,361</b>	<b>–</b>	<b>16,848,361</b>	<b>18,544,336</b>
<b>Total operating expenses</b>	<b>100,351,825</b>	<b>–</b>	<b>100,351,825</b>	<b>104,467,914</b>
Change in net assets from operations	1,071,215	(36,668,351)	(35,597,136)	43,566,794
Change in net assets from non-operating activities:				
Other expenses, net of contributions and other income	(521,802)	(22,352)	(544,154)	(190,453)
Investment results, net of allocation to operations	642,697	3,471,549	4,114,246	(2,193,842)
<b>Change in net assets</b>	<b>1,192,110</b>	<b>(33,219,154)</b>	<b>(32,027,044)</b>	<b>41,182,499</b>
Net assets, beginning of year	39,971,911	132,423,955	172,395,866	131,213,367
<b>Net assets, end of year</b>	<b>\$ 41,164,021</b>	<b>\$ 99,204,801</b>	<b>\$140,368,822</b>	<b>\$172,395,866</b>

\*Fiscal year 2009 support includes several multiyear grants, one of which was for \$48.5 million.

This Statement of Activities represents the consolidated activities of Environmental Defense Fund, Incorporated, Environmental Defense Action Fund and California Fisheries Fund, Inc. Copies of the complete audited financial statements are available upon request or at [edf.org/audit](http://edf.org/audit).

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## REMEMBERING JOHN WILSON

John H.T. Wilson, who died of cancer on August 12, 2010, at age 76, served on EDF's board for 20 years and as its chairman from 1997 to 2002. With his natural warmth and good humor, John was gifted at building consensus. As chairman, he oversaw a doubling of EDF's capacity and strengthened our efforts to protect climate, oceans and biodiversity. He also implemented our first strategic plan.

Whether rafting down the Colorado River or presiding over a board meeting, John was a passionate environmentalist who gave selflessly to protect the natural world. With wisdom and insight, he helped build Environmental Defense Fund into what it is today. We will miss him.

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## A gift from your estate to EDF

You can make a lasting contribution toward protecting the environment by considering a special gift to Environmental Defense Fund through your will, living trust or retirement plan.

When your attorney draws up your will or living trust, we suggest using the following language:

"I hereby give and bequeath \_\_\_\_\_ to Environmental Defense Fund, Incorporated, a not-for-profit membership organization incorporated by the laws of the State of New York, having as its principal address 257 Park Avenue South, New York, NY 10010, for its general purposes."

If you wish to discuss the language of your bequest with a member of our staff, or if you would like additional information about other planned giving opportunities, including gifts that pay you lifetime income, please call Nick Pitaro, toll-free, at **877 OSPREYS (877 677 7397)** or contact us by email at [ospreys@edf.org](mailto:ospreys@edf.org).

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The EDF Donor Advised Fund is a flexible and simple way for you to support our work and that of all your favorite causes. It allows you to conduct your philanthropy from a single, tax-advantaged account, without the expense and regulatory red tape of a private foundation.

You simply make a donation to the fund and then take your time recommending recipient organizations. We do the research, assist you in deciding which organizations best fit your goals, distribute your gifts and, best of all, handle all the cumbersome paperwork.

For more information about how our Donor Advised Fund can work for you, please call us at **877 441 7975**, write [donoradvisedfund@edf.org](mailto:donoradvisedfund@edf.org) or visit [edf.org/donoradvisedfund](http://edf.org/donoradvisedfund).

## HOW TO DONATE

Environmental Defense Fund is a not-for-profit organization that relies on your support. For more information or to make a tax-deductible contribution, please contact Keely Henderson, Associate Vice President for Individual Giving, at the national headquarters:

**Environmental Defense Fund**  
257 Park Avenue South  
New York, NY 10010  
212 505 2100

Or contribute online at [edf.org/donate](http://edf.org/donate)

Contributions to our ACTION FUND, which are nondeductible, should be mailed to:

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