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Environmental Working Group
ANNUAL REPORT

2005

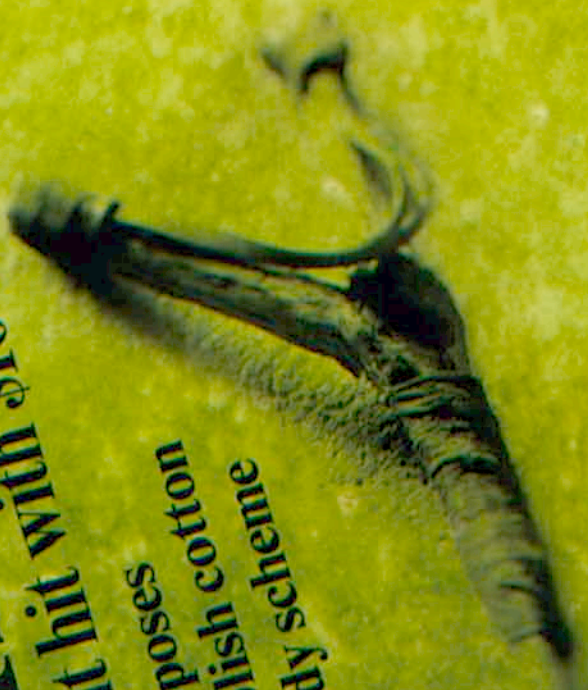
US * EDITION

FINANCIAL TIMES

Settlement with EPA for not disclosing data on toxin in Teflon

By Michael Hawthorne
Business Staff Writer

Dupont will pay a record \$10 million fine for failing to tell the Environmental Protection Agency what the company knew about a chemical used to make Teflon, including studies that found the substance to be more toxic and said it should be considered "extremely toxic". Federal regulators hope the settlement will help speed an environmental review. Perhaps the most significant part of the settlement is the requirement that Dupont disclose to the public all data it has gathered since 1981 on the use of Teflon in its products, including information on the health effects of the chemical.



Dupont hit with \$10 million fine
US proposes
to abolish cotton
subsidy scheme

When the public speaks:
Outcry derails sales
of public lands

The Sacramento Bee
Chicago Tribune

Print and a handful of other newspapers, even though the chemicals have been used for more than 40 years to make such products as pressure-resistant food wrappers, auto headlights, chairs and linings of other products.

What regulators are already learning about use of Teflon in products is alarming. Dupont, the makers of Teflon, has admitted that it has used the toxic chemical in its products for more than 40 years. Dupont's own research, and the EPA's own research, indicate that Teflon is extremely toxic and should be considered as a "likely human carcinogen".

The EPA's settlement with Dupont, announced Wednesday, involves a review of company records to see if the chemical has been disclosed for federal use.

This sends a strong message that companies are responsible for promptly giving EPA risk information associated with their chemicals.

By Michael Hawthorne
Business Staff Writer

As part of the settlement, which will include the largest civil administrative fine levied by EPA since the 1970s, the company will be required to provide EPA with information on the use of Teflon in its products and on the health effects of the chemical.

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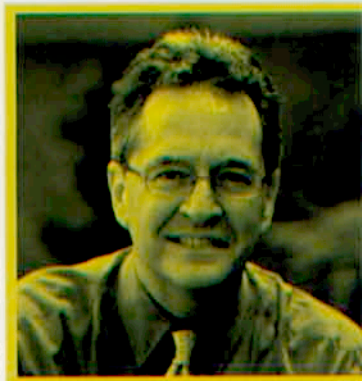
LETTER FROM KENNETH COOK

The Power of Information: Behind the Headlines

Friends,

Since 1993, Environmental Working Group has taken on giant corporations, greedy special interests and powerful politicians. In 2005 the stakes were higher than ever before.

We took on DuPont with evidence that one of the company's most popular household products is made with a "likely carcinogen" that has polluted the blood of nearly every American. The result: The Environmental Protection Agency sued DuPont and wrung a record \$16 million settlement out of the company. Then DuPont and seven other firms that use the chemical agreed to work toward "virtual elimination" of all releases into the environment.



We took on Big Agriculture with data showing how the farm subsidy system hurts small farmers at home and abroad. Result: in part because of our data, the World Trade Organization ruled that U.S. cotton subsidies violate international trade rules, and the Bush Administration announced its support for curbing subsidies to the largest farm businesses in the country.


We took on the oil, gas and mining industries and a Congressional committee chairman's proposal to sell off 350 million acres of public land, opening some of the West's most treasured places to drilling, digging and development. Result: Public outrage forced withdrawal of the scheme.

How does a team of two dozen scientists, computer programmers and media strategists earn recognition as one of the nation's "most effective watchdog groups?" In the story of David and Goliath, a small but scrappy fighter brings down a giant with a slingshot. We do it with the power of information.

Here are three stories from 2005, each a testimony to our commitment and your support.

A handwritten signature in black ink that reads "Kenneth A. Cook".

Kenneth A. Cook
President and Founder
Environmental Working Group



27-SEP-95
10:01:22AM
C366 # 34
DEPTH=
GEN OB

PWR = INFO
51dB 1/2/2
GAIN 5dB
•CINE

Teflon troubles stick to DuPont.

REVIEW/STOP

Five years ago, EWG began looking into perfluorochemicals, or PFCs, key ingredients in Teflon and other nonstick products. Since then we have uncovered evidence of PFCs health risks, conducted original research that found them in Americans' blood, and demanded that DuPont and other companies switch to safer chemicals.

Our research prodded an EPA scientific advisory panel to classify one family of PFCs, known as PFOA, as a likely cause of human cancer. Our Body Burden study of umbilical cord blood from newborns found more than 200 industrial chemicals, including nine PFCs. Our findings made international headlines, raising concern about PFCs, but also the failure of the nation's public health safety net to keep toxic chemicals off the market before they start building up in our bodies.

“WHAT’S THE PROPER DOLLAR PENALTY FOR A POLLUTANT THAT WILL NEVER BREAK DOWN, AND NOW FINDS ITS WAY INTO POLAR BEARS IN THE ARCTIC AND HUMAN BABIES IN THEIR MOTHERS’ WOMBS?”
KEN COOK, WASHINGTON POST

December 15, 2005

“IT’S BEEN PRODUCED FOR 50 YEARS. WHY ONLY NOW ARE WE STUDYING IT? THAT IS A SYSTEM THAT’S COMPLETELY BACKWARDS.”

Jane Houlihan, EWG’s VP of Research, The New York Times, July 24, 2005

EWG uncovered internal DuPont documents showing that for decades, the company hid evidence it was polluting Americans’ blood with PFCs from grease-resistant coatings on food packaging and other products. The documents were backed up by the personal testimony of former top DuPont scientist Glenn Evers. Evers and our documents were all over network TV and other national news outlets just a week before EPA was to decide how much to fine DuPont for suppressing health studies on the Teflon chemicals.

When announced, the administrative penalty was the largest ever levied by the EPA. Compared to DuPont’s profits from PFCs it was a slap on the wrist. But it sent a strong message to companies that they should get PFCs out of their products.

Even if PFCs were banned tomorrow, the problem is much bigger. The failure of our laws to make sure that chemicals are proven safe before they’re allowed in consumer products is a national disgrace, and fixing it will take no less than a revolution in federal toxics policy. EWG will keep fighting.

“ENVIRONMENTAL GROUPS, LOOKING TO THE DATABASE OF MINING CLAIMS CREATED BY THEIR COLLEAGUES AT THE ENVIRONMENTAL WORKING GROUP, SAY PRIVATE OWNERS COULD GAIN TITLE TO 5.7 MILLION ACRES OF FEDERAL FORESTS, ROCKY PROMONTORIES AND GRASSLANDS.”
THE NEW YORK TIMES

November 20, 2005

“AMERICANS COULD SEE THAT THE RAID ON PUBLIC LANDS WAS NEVER ABOUT RAISING MONEY TO BALANCE THE BUDGET. IT WAS ALL ABOUT PRIVATIZING PUBLIC ASSETS.”

Sacramento Bee Editorial, December 15, 2005

The drumbeat of articles was joined by sharply worded editorials, excoriating Pombo and Gibbons for putting America's natural heritage on the auction block. Throughout the West, grassroots organizations fighting for their local public lands used our data to mobilize opposition, bringing together hunters, anglers, the ski industry, and politicians.

The provision passed the House, but that only served to fan public outrage. Before the budget bill went to conference with the Senate, Pombo and Gibbons decided to pull the lands provision, caving under intense pressure from their constituents back home and the national media uproar. But the fight is not over. Pombo and Gibbons have said they will try again. If they do, we'll again fight back with the power of information.

A large, dark-colored cotton harrow machine is shown in a field of young cotton plants. The machine has two large, angled metal frames on top, each with a row of sharp teeth. The scene is lit with a warm, golden light, suggesting either sunrise or sunset. The sky is filled with soft, wispy clouds. The overall mood is one of quiet industry in a rural setting.

King cotton loses its crown.

King cotton has reigned in the South since the colonial era. Propped up at first by slave labor and then by share cropping, during the Depression cotton became one of the crops covered by a federal subsidy program intended to help family farmers survive and to ensure adequate supplies of food and fiber. In recent years, this farm subsidy system has grown bloated, wasteful and unfair, with most subsidies going to a relative handful of large agribusinesses. Cotton is the poster child for all that has gone wrong.

Because subsidies encourage the planting of far more cotton than Americans need, growers are dependent on exports for almost half their sales. EWG's Farm Subsidy Database shows that in 2004, \$4.5 billion in cotton subsidies were doled out for a crop worth less than \$6 billion. These subsidies keep the price of cotton artificially low, preventing farmers in Third World nations from competing in global markets. What's more, taxpayers are essentially paying agribusiness to use farming methods that pollute drinking water.

**“ENVIRONMENTAL WORKING GROUP'S
INTERNET DATABASE WAS INFLUENTIAL
IN THE DEBATE OVER THE 2002 FARM
BILL AND ALMOST CERTAINLY HAS
INCREASED SUPPORT IN CONGRESS
FOR TIGHTENING LIMITS ON SUBSIDIES
TO LARGE FARMS. THE DATABASE HAS
BEEN SEARCHED 35 MILLION TIMES
SINCE NOVEMBER.”
DES MOINES REGISTER**

October 9, 2005

**“COTTON IS THE POSTER CHILD FOR ALL THAT'S WRONG WITH AMERICAN
AGRICULTURAL SUBSIDIES.”**

Ken Cook, EWG's President & Founder

In 2005, the subsidy issue exploded onto the international economic agenda, as World Trade Organization negotiations centered on cutting trade-distorting subsidies in the U.S., the European Union and Japan. EWG's Farm Subsidy Database inspired activists in several European nations to publish their own subsidy lists.

In early 2005 the WTO, acting on a complaint by Brazil, ruled that U.S. cotton subsidies unfairly restrained trade. EWG's customized analyses of U.S. cotton subsidies programs were used by Brazil to prove their case. Uruguay announced that it plans to challenge U.S. rice subsidies on the same grounds, and more challenges are coming. The Bush Administration was forced to announce an end to some of the worst abuses of the cotton program, and President Bush has publicly expressed his support for subsidy reform in the 2007 Farm Bill.

It won't be easy. Politically powerful subsidy recipients have vowed to fight any attempts to cut their windfall. But developing countries hold another card: threats of retaliation by refusing to crack down on illegal copying of U.S. movies, recordings and software. EWG began this fight to reform American agriculture, but the movement we sparked has wide implications for world trade.

EWG CONTRIBUTORS

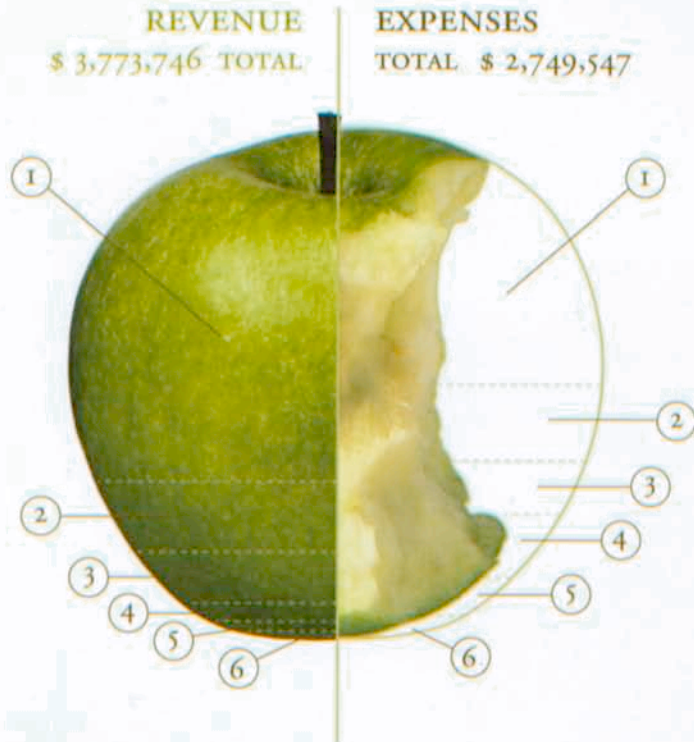
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EWG 2005 FINANCES AT A GLANCE

The cost of knowledge



REVENUE
\$ 3,773,746 TOTAL

EXPENSES
TOTAL \$ 2,749,547

\$ 2,942,270	1	FOUNDATIONS 78.0%		1	TOXICS & HEALTH 42.3%
\$ 593,944	2	INDIVIDUALS 15.7%		2	WATER & AGRICULTURE 25.6%
\$ 200,401	3	PROGRAM SUPPORT 5.3%		3	MANAGEMENT & GENERAL 11.9%
\$ 19,262	4	INTEREST & MISC. 0.5%		4	NATURAL RESOURCES 10.2%
\$ 14,869	5	ARSENIC TEST KIT SALES 0.4%		5	FUNDRAISING 5.4%
\$ 3,000	6	CORPORATE 0.1%		6	GENERAL PROGRAMS 4.6%

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