



global witness

"THE BLACK MIST"

"COOKING THE
BOOKS"

"TREBLES ALL
ROUND"

"PULLING STRINGS"

"LITTLE CARP"

"KITE"

"NOKIA BOX"

"TO WET

SOMEONE'S BEARD"

"TO GREASE THE PALMS"

SPOTLIGHT ON ANNUAL
CORRUPTION REPORT
2017

"GREASE MONEY"

"LITTLE WAY"

"WINE JAR"

VISION We want a better world – where corruption is challenged and accountability prevails, all can thrive within the planet's boundaries, and governments act in the public interest.

MISSION Many of the world's worst environmental and human rights abuses are driven by the exploitation of natural resources and corruption in the global, political and economic system. Global Witness is campaigning to end this. We carry out hard-hitting investigations, expose the facts and push for change. We are independent, not-for-profit and work with partners around the world in our fight for justice.

VALUES Courage and tenacity for justice.

"RICE CAKE EXPENSES"

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WHY CORRUPTION?

Global Witness protects human rights and the environment by fearlessly confronting corruption and challenging the systems that enable it.

When we were created in 1993 we were pioneers in seeing the link between natural resources, conflict and corruption. 25 years on and our investigations now determinedly focus on who is stealing the money, where they are hiding it, and how they are spending it. We throw grit in the system by tracking and exposing the path of corruption, confronting the systems that enable it and pushing for global change to end it.

In the face of climate change, misuse of power and increasing disregard for human rights, this work has never been more urgent. And we have never been more determined.

WHAT IS CORRUPTION?

We don't just see corruption as a series of separate crimes – fraud, bribery, money laundering. Instead, we define it as the broken global systems that enable a handful of the criminal and corrupt to benefit whilst millions lose out.

At Global Witness, we believe:

When someone is murdered defending their home because big business wants their land – **this is corruption.**

When people struggle for shelter while empty mansions are used to launder money – **this is corruption.**

When a child breathes polluted air because coal companies and politicians put profits before people – **this is corruption.**

Corruption has a deep-rooted impact across societies and is at the centre of much of the destruction of people and planet.



Over time, we have witnessed a distinctive, systemic pattern we call the 'corruption life-cycle:' STEAL, HIDE, SPEND.

First, money is stolen. A politician might award themselves a lucrative oil concession, passing profits to a shell company they secretly own, bribes may be paid for political favours, or criminal gangs could receive huge payments for the movement of drugs, illegal goods or trafficked people.

Next the money is hidden offshore. Typically a lawyer would be employed to create a series of shell companies which would be used to set up a bank account somewhere reputable where the corrupt might like to live, such as the UK or the US.

Then the money gets spent. Some of this might have to be ploughed back into paying for protection at home, or for rigging elections to maintain power and influence. The rest is funnelled into the international offshore system so it can be spent and enjoyed freely by the corrupt politician or criminal that stole it.

It's this ability to move, hide and spend money elsewhere that makes corruption possible and attractive.

This life-cycle doesn't just apply to the actions of kleptocrats and dictators from resource rich countries. It is also the modus operandi of organised crime groups and terrorists from all over the world. Our work has shown again and again how the services offered by financial centres like the UK and US don't just facilitate globalised corruption - they are at the epicentre of it.



Misha Glenny and *McMafia* star James Norton join Global Witness for an anti-corruption parliamentary briefing, January 2018. © Simon Rawles

MISHA GLENNY FOREWORD

Global Witness has been at the forefront of a growing movement that not only highlights large-scale crime and corruption but also campaigns tirelessly to actually change the structures that facilitate such criminal activity. Since its foundation more than two decades ago, it has consistently punched above its weight. Its unique character lies in its strategy of piecing together the links between natural resource exploitation, human rights violations and corruption. Global Witness reveals and then dissects all aspects of criminal corruption along the supply chain – from the illegal extraction of resources, almost always a violent affair, through their export and processing before the goods are secreted into ‘licit’ markets. The thoroughness of their work has led them to become an especially sharp and penetrating thorn in the side of the powerful elites who profit from a broken system.

A primary aim of Global Witness and similar organisations is to defend those who are trying against the odds to defend their communities by successfully pulling the rug from under them. From an early stage, they adapted technological advance into tools that expose corruption. To equal effect, they have forged cooperative relationships with media partners like *the Guardian* to keep the brutal murder of land defenders in the headlines.

Perhaps most striking is their ability to process the results of the incredibly dangerous and stressful work they do in the most violent if unseen parts of the world to then effect change in the western bastions where the natural resources end up as processed product. Whether blood diamonds from Africa, Cambodian timber, Nigerian oil and any number of the rich mineral resources of the Democratic Republic of the Congo, Global Witness has opened the eyes of countless western citizens, law makers, lawyers, journalists to the essential role which western institutions play in global criminal markets.

“I feel immense pride to be associated with this organisation as it becomes one of the most effective NGOs that I have encountered.” Misha Glenny

“The thoroughness of their work has led them to become an especially sharp and penetrating thorn in the side of the powerful elites who profit from a broken system.”

I first became aware of Global Witness in the early years of this century when I was beginning the research for my book, *McMafia*, a study of the globalization of organised crime. When I first met Global Witness’ three founding partners, Patrick Alley, Charmian Gooch and Simon Taylor, I was taken aback by their cheerfulness and enthusiasm. They described with typical modesty about how they had put their lives on the line in order to bring gross abuses of human rights in Cambodia and West Africa as though it were the most natural thing in the world. As I started to read more and more Global Witness reports, I was impressed by the extraordinary thoroughness and diligence of their work. For a journalist, seeing an NGO take documentation and verifiable witness testimony so seriously was especially heartening. Not only was I able to understand how the despicable trade in blood diamonds actually worked, it enabled me to investigate the trade fully prepared. Since those days,

Global Witness has been an essential tool not only for me but for dozens of other investigative journalists that I know and work with around the world.

When asked to join the International Advisory board of Global Witness, I did not hesitate. As the organisation was growing quickly, Patrick, Charmian and Simon understood that Global Witness needed to

expand the expertise it could draw on. I often feel that I gain more being on the Global Witness Board and seeing its work, than Global Witness gains from me. Nonetheless, that does not prevent me from feeling immense pride to be associated with this organisation as it becomes one of the most effective NGOs that I have encountered.

And this is really where Global Witness’ added value lies. It forces change. It provides civil servants and politicians with the information, always hard won, that demonstrates how large energy companies such as Shell and ENI have engaged in egregious corrupt practices in Nigeria. Thanks to Global Witness the case for transparency in this industry is now overwhelming. Equally in the United Kingdom, we need to bring to an end the practice of allowing anonymous companies, whose beneficial owners remain entirely hidden, to buy property in our already overheated capital. In this respect, I was absolutely thrilled that the fictional TV series based on *McMafia* has again brought the issue front and centre in Britain’s parliament – the change is coming even if it’s slower than most of us might like.

I will continue to support Global Witness in whatever way I can. And I urge everyone to get behind them, as they make a real difference.

CEO FOREWORD

When I reflect on the huge social and political challenges the world has faced this year, the achievements of Global Witness and the ground work we've laid for 2018 seem all the more remarkable. None of this would have been possible without the support of those who believe that meaningful and lasting change is possible.

2017 has been a year of stark contrasts. Global Witness has published some of its biggest and most important investigations to date. Our work has led to substantial improvements in the management of natural resources around the world and contributed to a real step change in holding major irresponsible corporations responsible for the environmental and human rights abuses inflicted in their own operations, or their supply chains.

However, we've also seen the spectre of corruption loom large over the White House in the United States, with scandal after scandal emerging regarding the actions of President Trump and his associates.

Elsewhere in the world brutality and violence continue to be rife against those who call out corruption and defend the planet's precious resources. Again and again we've seen attempts to shut down civil society and silence the voices of those seeking to hold guilty individuals, companies and governments to account. This was epitomised by the closure of the independent Cambodia Daily whose final edition was emblazoned with the

headline 'Descent into outright dictatorship'. Shortly thereafter, Daphne Caruana Galizia, an investigative journalist described as a 'one woman WikiLeaks', was killed by a car bomb in Malta. Her work complemented many of our campaigns, and included exposing shady secret deals uncovered in the Panama Papers and employed by politicians to hide illicit wealth behind secret companies. We will always stand in solidarity with those who face repression and violence when seeking to uncover the truth, and continue to speak out against attempts to silence their voices. This year, amongst many other vital achievements, we have:

➤ Revealed how President Trump made millions from selling his name to a luxury development used to launder money from Latin American drugs cartels.

➤ Exposed how oil giant Shell knowingly entered into a billion dollar corruption scandal in Nigeria, which played a significant role in triggering one of the largest corporate corruption trials in history now underway in Italy.

➤ Continued tracking the killings of earth and land rights defenders, revealing that 2016 was the deadliest year on record with 197 deaths recorded globally.

In 2017 we also expanded, opening an office in Brussels. While this permanent presence may be new for Global Witness, we've been lobbying for change across a number of campaigns within the EU for many years. This year, much of that work bore fruit, including the introduction



Gillian Galdwell, CEO, at the Skoll World Forum. © Stuart Ramson

"I am constantly reminded that our strategic, tenacious and hardworking team and our allies around the world can deliver victories against even the most formidable of opponents."

of a new law requiring EU importers of four minerals linked to violent conflict and human rights abuses round the world to commit to having full knowledge of their supply chain and dealing with any risks associated with it.

We are facing some uphill battles in our shared quest to tackle injustice and drive a more sustainable future, but I am constantly reminded that our strategic, tenacious and hardworking team and our allies around the world can deliver victories against even the most formidable of opponents.

As the Dalai Lama once said, "If you think you are too small to make a difference, try sleeping with a mosquito". We could hide our head under the covers and wait until we think it's safe to get out, but we won't. And we don't.

Thank you so much for your support, which is needed now as never before.

Onwards!

FOUNDER'S INTRODUCTION



Global Witness founders, from left, Patrick Alley, Charmian Gooch and Simon Taylor receiving the Skoll Award for Social Entrepreneurship, 2014. © Photo courtesy of Skoll Foundation

We set up Global Witness in 1993 because we had become aware of a lucrative timber trade between Cambodia's genocidal Khmer Rouge rebels and Thailand. We recognised the critical link between the exploitation of natural resources, conflict and corruption this exemplified - no other organisation was working on this nexus.

Armed simply with our own research and a homemade, secret pinhole camera carefully stitched into the lining of a bag, we went undercover along the Thai-Cambodia border. We pretended to be timber buyers whilst also secretly filming and meticulously documenting the hard evidence which exposed the illegal timber trade, discovering that it generated \$10-20 million a month for the Khmer Rouge.

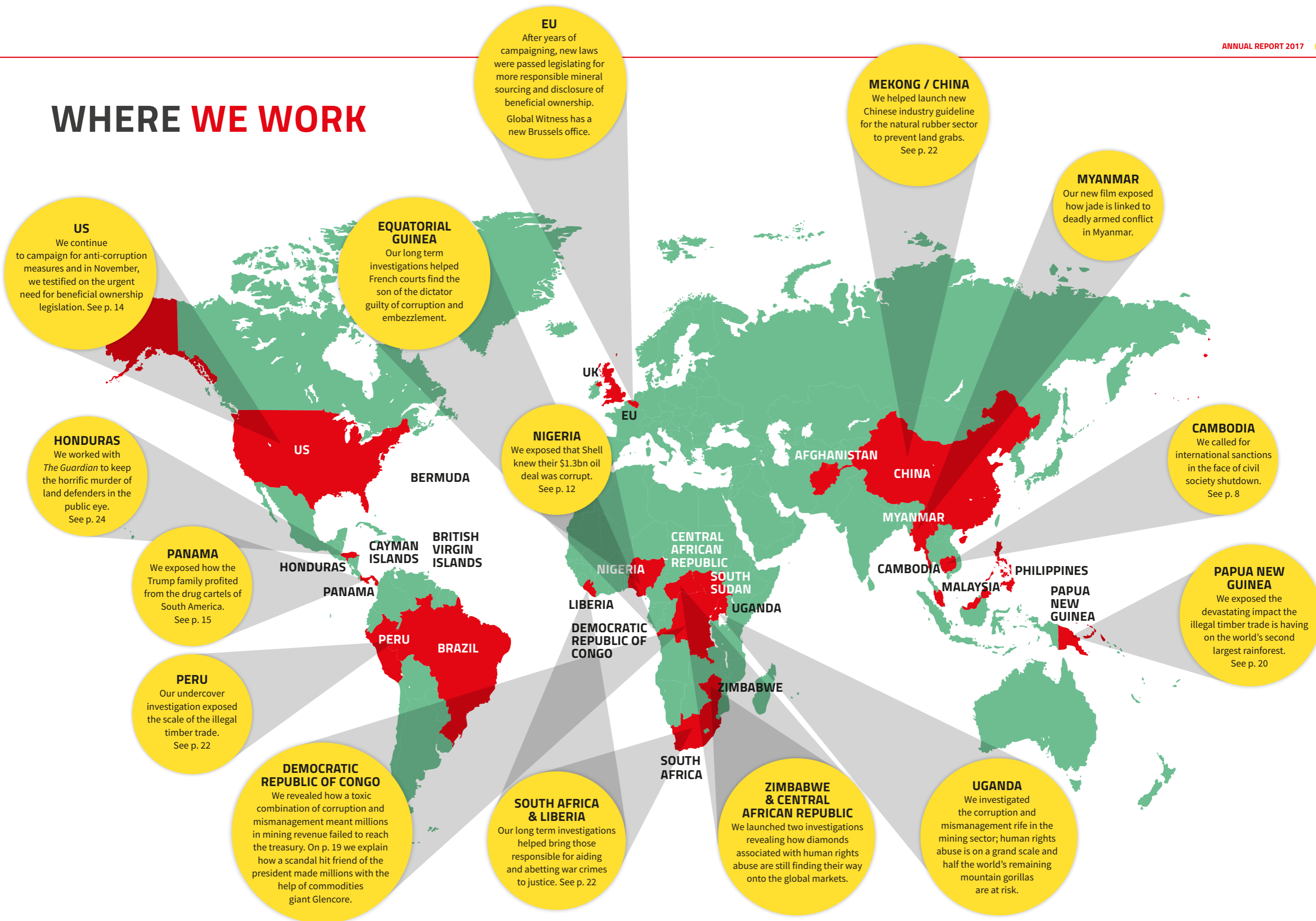
We published the information and our advocacy forced policy-makers to take action; the Thai-Cambodia border closed, cutting off the Khmer Rouge's prime funding source of around \$90 million a year, ultimately helping to end the brutal Cambodian civil war. What we had also discovered was that corruption in the natural resource sector

was fuelling conflict, embedding inequality and destroying the environment. We wanted to take action to change that.

And that was the start of Global Witness, which quickly established itself as a new kind of campaigning organisation: Fearless in uncovering the truth, exposing those involved, and driving change on a world-wide scale. Global Witness was one of the pioneers of the global anti-corruption movement.

Now, two decades and many more amazing staff and campaigns later - including alerting the world to the problem of blood diamonds funding war and taking on some of the world's biggest companies like Shell and Glencore - we remain as committed as ever to our cause. **And, although our methods are far more high tech than they were twenty years ago, we retain the same relentless belief that a better, more equitable, and more peaceful world is possible if we can tackle unsustainable predatory environmental exploitation and the root causes of corruption.**

WHERE WE WORK



EU
 After years of campaigning, new laws were passed legislating for more responsible mineral sourcing and disclosure of beneficial ownership. Global Witness has a new Brussels office.

MEKONG / CHINA
 We helped launch new Chinese industry guideline for the natural rubber sector to prevent land grabs. See p. 22

MYANMAR
 Our new film exposed how jade is linked to deadly armed conflict in Myanmar.

US
 We continue to campaign for anti-corruption measures and in November, we testified on the urgent need for beneficial ownership legislation. See p. 14

EQUATORIAL GUINEA
 Our long term investigations helped French courts find the son of the dictator guilty of corruption and embezzlement.

NIGERIA
 We exposed that Shell knew their \$1.3bn oil deal was corrupt. See p. 12

CAMBODIA
 We called for international sanctions in the face of civil society shutdown. See p. 8

HONDURAS
 We worked with *The Guardian* to keep the horrific murder of land defenders in the public eye. See p. 24

PANAMA
 We exposed how the Trump family profited from the drug cartels of South America. See p. 15

PERU
 Our undercover investigation exposed the scale of the illegal timber trade. See p. 22

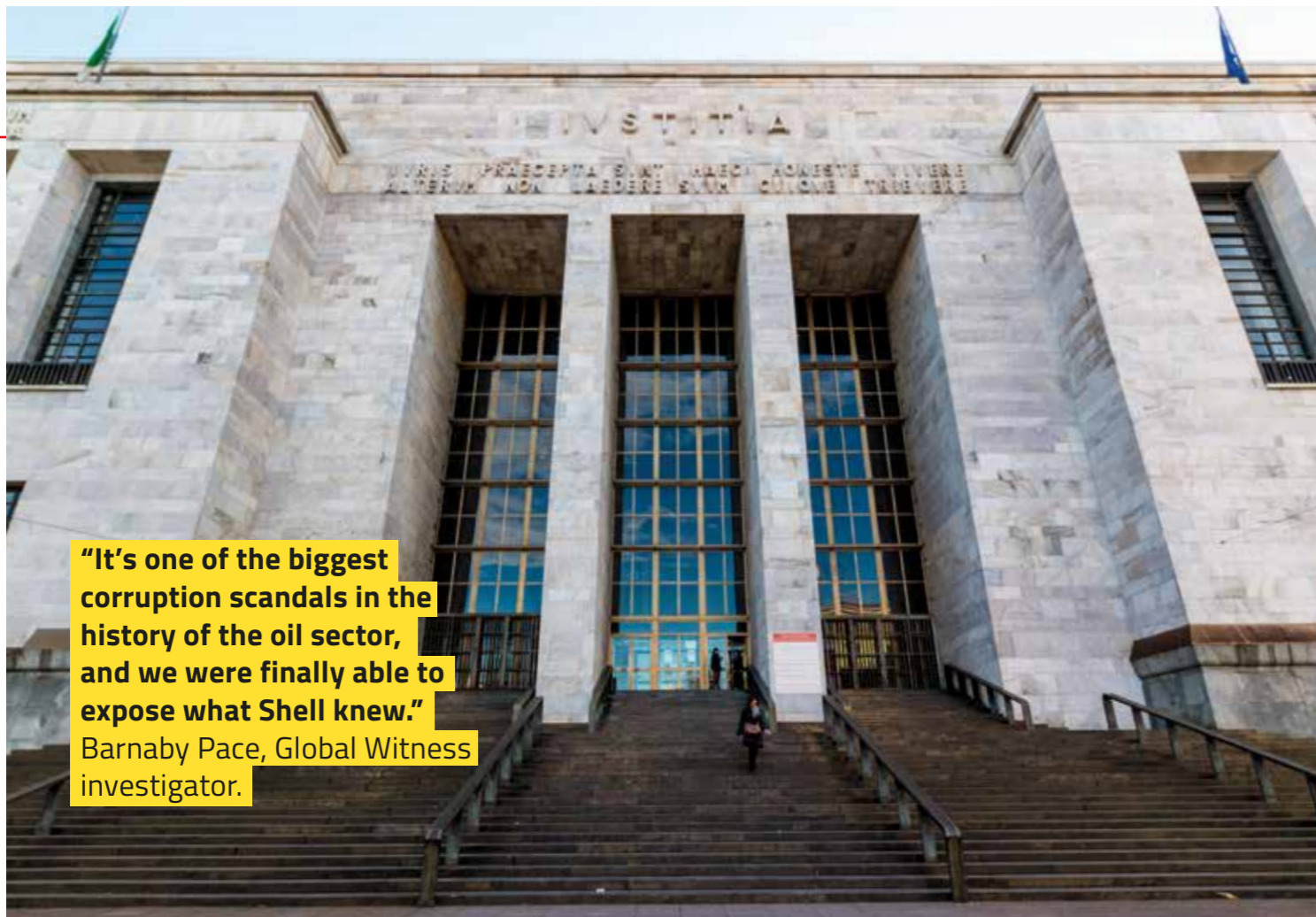
PAPUA NEW GUINEA
 We exposed the devastating impact the illegal timber trade is having on the world's second largest rainforest. See p. 20

DEMOCRATIC REPUBLIC OF CONGO
 We revealed how a toxic combination of corruption and mismanagement meant millions in mining revenue failed to reach the treasury. On p. 19 we explain how a scandal hit friend of the president made millions with the help of commodities giant Glencore.

SOUTH AFRICA & LIBERIA
 Our long term investigations helped bring those responsible for aiding and abetting war crimes to justice. See p. 22

ZIMBABWE & CENTRAL AFRICAN REPUBLIC
 We launched two investigations revealing how diamonds associated with human rights abuse are still finding their way onto the global markets.

UGANDA
 We investigated the corruption and mismanagement rife in the mining sector; human rights abuse is on a grand scale and half the world's remaining mountain gorillas are at risk.



"It's one of the biggest corruption scandals in the history of the oil sector, and we were finally able to expose what Shell knew."
 Barnaby Pace, Global Witness investigator.

Shell, Eni and 13 individuals are currently facing trial in this Italian courthouse charged with aggravated international corruption. © Global Witness

EXPOSING SHELL AND ENI'S CORRUPT DEAL IN NIGERIA

Six years of undercover investigations, building trust with whistleblowers, leaked emails, criminal investigations in multiple countries, police raids, a corporate U-turn, and millions of dollars returned to its rightful owners...

These are just some of the effects of our work to expose Shell, the world's seventh biggest company. We showed they were a knowing participant in a vast bribery scheme for one of Africa's most valuable oil blocks - and now former senior executives face jail in one of the largest corruption trials in history.

In 2011 a murky deal worth \$1.3bn took place for the lucrative Nigerian oil block, known as OPL 245. This money should have gone back to benefit Nigerian people and the state purse, but \$1.1bn of

it didn't. So we set about finding out where it went, and how.

How we exposed Shell and Eni

After a lengthy investigation, Global Witness tracked down documents showing that this vast sum of money for the rights to exploit the country's natural resources was paid to a convicted money launderer and former oil minister, Dan Etete, who awarded himself ownership of the oil block via a company he secretly owned.

The amount paid for the oil block was more than Nigeria's entire 2017 health budget and one and a half times what the UN said was needed to respond to the 2017 famine. Dan Etete used his share of the money to buy a private jet, armoured cars and shotguns.

For six years, Shell claimed it only paid the Nigerian government and insisted it did nothing wrong. We didn't believe them and conducted a painstaking fact-finding mission to reveal the truth. Finally, in the summer of 2017, we were able to reveal the

Nigeria, Africa's most populous nation, produces over 1.5million barrels of oil a day **but corruption helps explain why a third of its citizens live without running water or electricity.**



Shell CEO Ben van Beurden referred to emails implicating Shell in a vast bribery scheme that robbed Nigeria of life-saving funds as "pub talk". Credit: Alamy

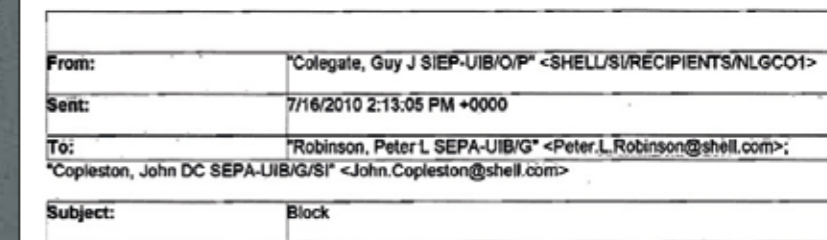
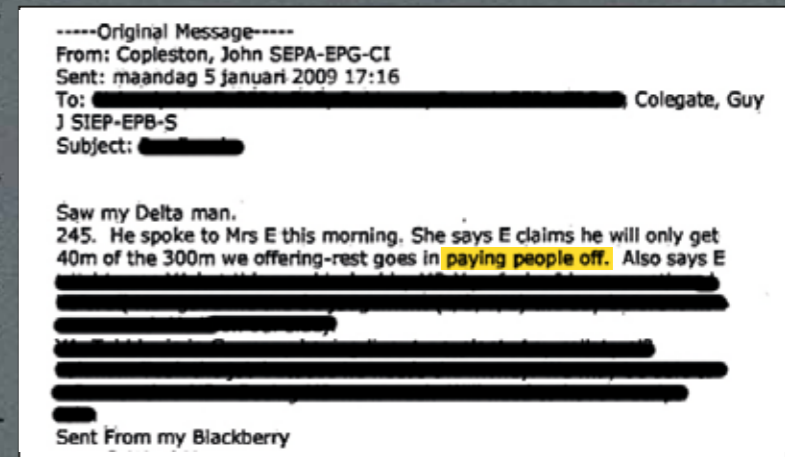
whole deal was deeply corrupt. We exposed leaked emails that confirmed Shell knew the money from the deal would be diverted to private hands. Yet they went ahead with it anyway. Furthermore, the emails confirmed some of Shell's most senior executives knew money from the deal would go to a vast bribery scheme involving payoffs to, among others, Goodluck Jonathan, the then Nigerian President. This didn't stop them. Shell continue to deny that they've done anything illegal, and even claim their actions around the OPL deal were 'morally ok.'

Within 24 hours of our exposé, Shell had done a U-turn and admitted they did know where the money was going all along.

Following our investigations, Shell and some of its most senior officials are standing trial, alongside senior managers at Italian oil giant, Eni, in one of the biggest corporate corruption cases in history. In separate legal proceedings related to this case, £85m has been returned to the Nigerian people from frozen assets in the UK. We're supporting the Nigerian people in their efforts to reclaim additional lost state money.

Our findings from this case have been used to develop and implement transparency laws around the world that could detect and deter similar deals in the future.

Emails exchanged between senior Shell staff show they knew its massive payment would go to convicted money launderer and former oil minister Dan Etete.



No pki- apologies its died.
 Long meeting yesterday in Paris- salient points:
 1) Etete claims he has and has shown (though not copied) a letter from President reiterating malabu's 100pc equity/contract "award"
 2) This letter clearly an attempt to deliver significant revenues to GLJ as part of any transaction
 3) Our source says this letter "has really damaged deal" as etete now "uncontrollable"- he stated deal was almost there on a proposed 50/50 split with RDS. I made no comment.
 4) Italians look like they might abandon whole thing as they realise there will be no RDS agreement on this basis and the letter has torpedoed reasonable discussion with chief.



A mother feeds her malnourished child at a feeding centre in Maiduguri, Nigeria. The amount paid for the oil block is one and a half times what the UN says was needed to respond to the 2017 famine crisis – but the money was diverted into private pockets. Photo: REX/Shutterstock

SPOTLIGHT ON

...SHADY HANDSHAKES IN THE OIL SECTOR

Every year, oil and mining companies pay hundreds of billions of dollars to governments across the world in exchange for access to natural resources. These vast public revenues should be used to benefit people and communities in resource-dependent countries. But all too often the money disappears as oil and mining deals are done behind closed doors, allowing corrupt elites to line their own pockets at the expense of ordinary citizens.

Global Witness has long campaigned for laws requiring oil companies to disclose payments to governments on a project-level basis. This would help to prevent companies and corrupt individuals within them from scheming with greedy government officials, or accepting kickbacks to get rich at the expense of ordinary people.

Thanks to sustained campaign pressure from Global Witness and our partners in the Publish What You Pay coalition, the tide has started to turn towards transparency. Laws in the EU and Canada now require extractive companies to publish details of the payments they make to governments across the world. As a result, companies have disclosed over \$400 billion worth of payments at project level over the past three years. The Extractive Industries Transparency Initiative (EITI), which operates in 51 countries across the world, has also made breakthrough transparency commitments on project-level payment disclosure, and on beneficial ownership to ensure the identity of company owners are made public.

We need to keep fighting

But despite this global trend towards transparency, oil companies like Shell and Exxon are still fighting to keep their extractive deals secret. Earlier this year, well-paid lobbyists won a big victory when the US voted to overturn anti-corruption rules that required extractive companies to disclose their payments to foreign governments. So while the rest of the world moves toward greater transparency and accountability for oil and mining revenues, the US is turning back the clock.

Infuriatingly, if the US had the anti-corruption legislation in place when Shell was involved in the OPL 245 scandal, it's highly unlikely the deal would have taken place at all.

DRUG CARTEL MONEY AT THE TRUMP OCEAN CLUB PANAMA

Question: What links real estate, drug cartels in Central America, the head of a bankrupt business and the US government?

Answer: Donald Trump, as revealed in our 2017 report *Narco-a-Lago*, we investigated and scrutinised the link between the president, real estate and Colombian drug cartels.

This is what we found...

In the early 2000s, a series of bankruptcies meant businessman Donald J. Trump was shunned by most lenders. Struggling for credit, he started selling his name to high-end real estate projects. One such development was the Trump Ocean Club International Hotel and Tower in Panama (TOC). It was here that Trump and his children went all out marketing, managing and helping with the design of the venture. It is also here that proceeds from the cartels' narcotics trafficking were laundered and where President Trump became a major beneficiary of the profitable venture. While he may not have deliberately set out to permit criminal activity at the TOC, Donald Trump certainly did little or nothing to prevent it.

At the time, Panama was known as one of the best places in the world to launder money. Whole neighbourhoods in Panama City were taken over by organised crime groups, and luxury developments were built to serve as money laundering vehicles.

In the case of the TOC, accepting easy – and possibly dirty – money early on would have been in Trump's interest. He got a cut on the sale of every unit at

the development and he and his family have made millions of dollars more from management fees.

Trademark Trump

Untraceable funds, bankruptcies and laundered cash are all trademarks for some Trump-branded real estate projects. Yet he has incessantly promoted himself as a successful and viable businessman, an image critical in the 2016 presidential election. But this façade was built, at least in part, on real estate ventures with his name which were used by criminals to launder cash generated by illicit and corrupt activities.

Trump's unscrupulous business dealings and blindness to potential illegality raise serious questions about both his suitability to govern the most powerful country in the world and his commitment to tackle crime and corruption.

Trump got elected by repeatedly pledging to 'drain the swamp', but since his inauguration he has actually taken steps that could worsen corruption in the US and internationally, including rolling back transparency laws (see opposite page for details).



I am pleased to introduce Trump Ocean Club International Hotel and Tower, an exciting and exclusive property located in Punta Pacifica, the most distinguished and renowned sector in the city of Panama. I am proud to develop this extraordinary high rise that has already become a landmark in Latin America and the Caribbean.

Our spectacular 65-floor tower has enviable views of the Pacific Ocean and Panama Bay. Its unique and vanguard architectural design will become the epicenter for comfort, entertainment and business all in one place, at an incomparable level.

Sincerely,

Donald J. Trump

The Trump Organization worked to promote the project and in this marketing brochure for the TOC Trump himself boasted: "I am proud to develop this extraordinary high rise." © Trump Ocean Club



Trump championed the Trump SoHo development with his daughter Ivanka and son Donald Jr. © Rex/Shutterstock



In his interview with NBC and Reuters, Ventura Nogueira described how the setting up of anonymous offshore companies was part of a package of services he offered for the buyers of TOC units. © NBC News

Alexandre Ventura Nogueira is a Brazilian former car dealer who was responsible for advance sales of up to half the units in the TOC. He worked with Ivanka Trump, who was so impressed with him, she reportedly helped him develop his career as a broker.

Nogueira was involved in many shady business dealings during the project including working with

those accused of kidnapping, money laundering and a suspected people smuggler who was later convicted of forging travel documents. Three years later, Nogueira himself was arrested by Panamanian authorities on charges of fraud and forgery, unrelated to the Trump project.

During our investigations, Nogueira agreed to go on camera and talk to NBC about his role in the Trump project where he explained setting up anonymous offshore companies was part of a package of services he offered for the buyers of TOC units.

“Nobody ever asked me. Banks never asked. Developer didn’t ask and (the) Trump Organization didn’t ask. Nobody ask, ‘Who are the customers, where did the money come from?’ No, nobody ask.” Ventura Nogueira

How we joined the dots

Data analysis is an increasingly important means through which we expose corruption. It was one of our key techniques during our investigations into dealings at the TOC and involved sifting through large volumes of public data in order to identify some of the key individuals who were involved in selling condominiums there.

By deploying the right technologies and techniques, we were able to make the investigative process smarter, cleaner and more efficient. Tasks that may have taken a team of researchers months before, we were able to complete in a matter of days.

First, we built computer programmes that automatically extracted relevant data from public registers of companies and records of property purchases. Then, we used additional software to visually map this data so that we could identify connections between specific companies, property deals and individuals.

The database of companies, individuals and property deals we built enabled us to quantify how central specific people of interest were to selling property at the TOC. In addition, the visual interface for the database allowed us to share interactive visualisations of the network we had developed in the course of the investigation when we came to publish.

Every step that we took extracting, cleaning and analysing this data was written out in plain non-technical English so that we developed a record of each step in our process. This meant that lawyers, researchers and investigators could understand and agree on the chosen approach before our investigation was finally published.



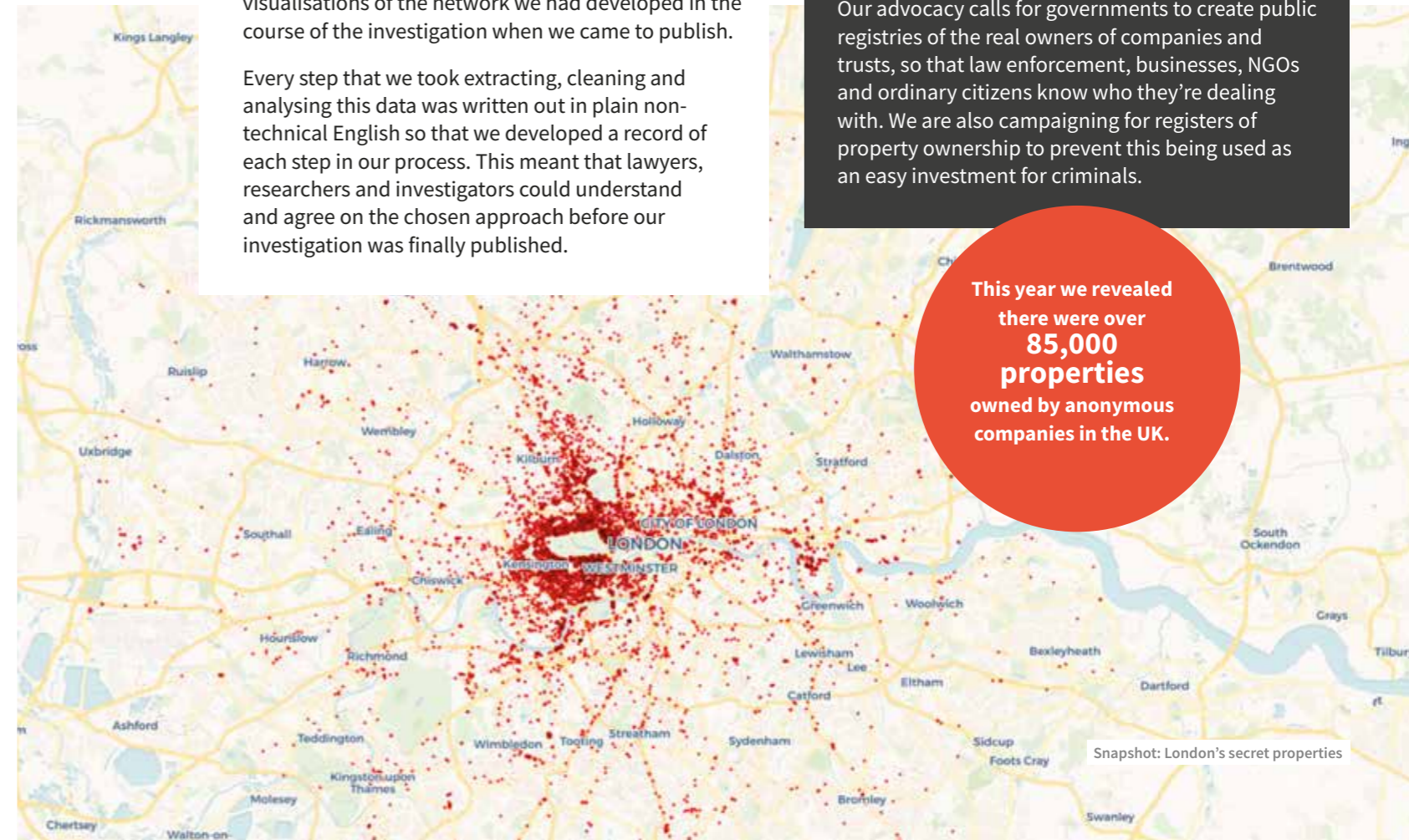
...ANONYMOUS COMPANIES

The current financial system makes it simple to hide and move suspect funds around the world. The criminal and corrupt, helped by legitimate lawyers, accountants and estate agents, can quickly and easily set up layer upon layer of anonymously-owned companies, crossing borders and jurisdictions and making it almost impossible for law enforcement to track down the real human behind the money. Corrupt politicians, tax evaders, terrorists, drug gangs, fraudsters and other criminals are all able to cover their tracks in this way.

One of the most effective ways for these criminals to hide and spend laundered money is by moving it into the legitimate financial system by investing in luxury properties.

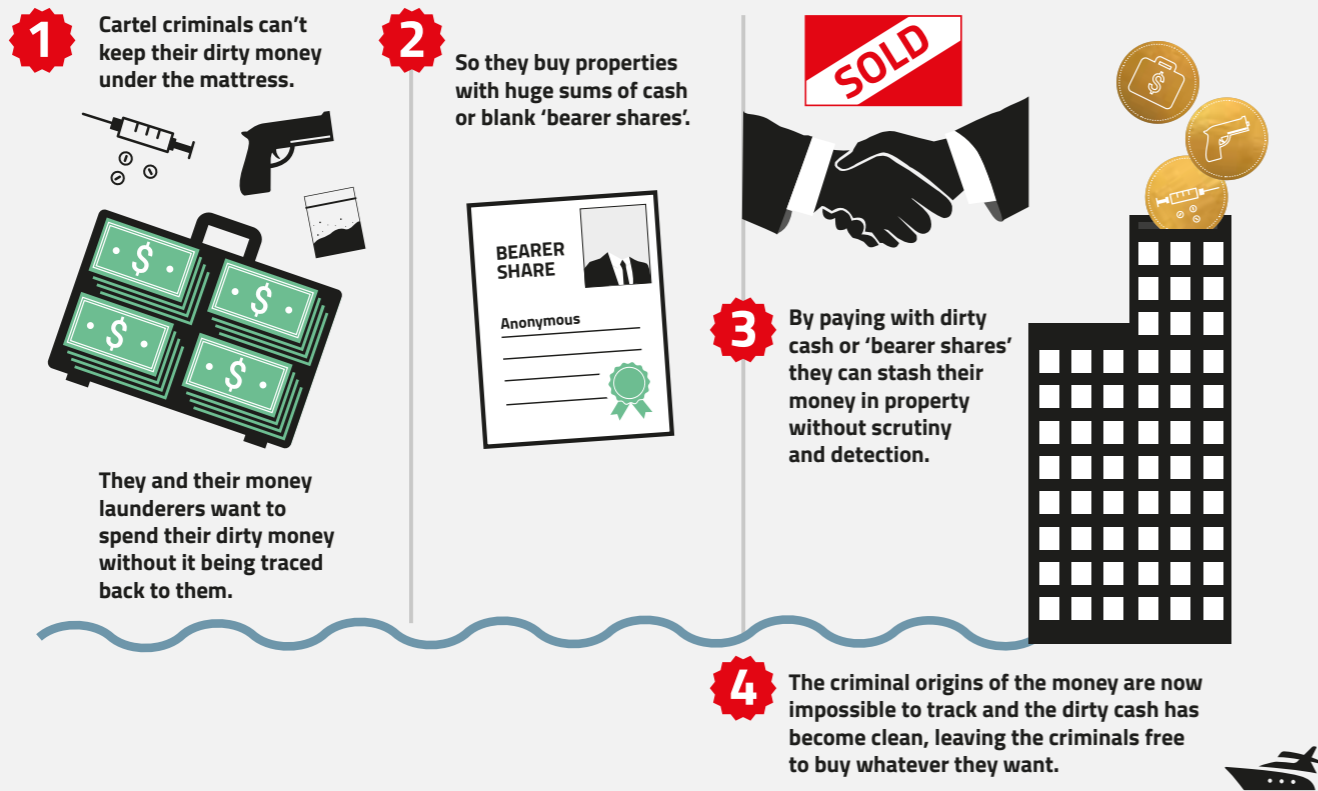
Criminals register companies in secret jurisdictions. The identity of the real owners can remain a mystery and the anonymous companies can be used to buy properties in some of the most expensive cities in the world. No one knows the identity of the properties’ owners – or whether the money used is from a legitimate source.

Our advocacy calls for governments to create public registries of the real owners of companies and trusts, so that law enforcement, businesses, NGOs and ordinary citizens know who they’re dealing with. We are also campaigning for registers of property ownership to prevent this being used as an easy investment for criminals.



Snapshot: London’s secret properties

LAUNDERING MONEY THROUGH REAL ESTATE: A BEGINNER'S GUIDE



TACKLING THE RESOURCE CURSE

For many years, Global Witness has focused on tackling natural resource misuse and its links to conflict and corruption. Our work spans the logging sector, extractives from oil and gas to minerals and gemstones, and the intensive farming that threatens so much of the planet's ecosystem.

In particular, Global Witness focuses on what is described as **'the Resource Curse'**, whereby the populations of countries rich in natural resources rarely benefit from their exploitation. Instead, these countries often find their natural resources being used to enable corruption, drive poverty or to fund conflict which places their people, wildlife and livelihoods at real risk. Throughout our history, we have campaigned for greater transparency over the way natural resources are extracted as a means of counteracting environmental and human rights abuses.



Between 2013 – 2016 mining giant Glencore paid over \$85m to Dan Gertler, a controversial businessman accused of bribing senior officials in the DRC to advance his mining interests. He was sanctioned by the US in December 2017. © Simon Dawson/Bloomberg via Getty Images

This year we have seen major developments in our work in this area:

Dan Gertler sanctioned

Since 2012, we have been concerned about the role that a billionaire mining magnate and close friend of Congo's President, Dan Gertler, has played in the mining sector in the DRC. We looked at his relationship with the commodities giant Glencore, which owns two of the country's biggest copper and cobalt operations. Our investigations have revealed suspect loans and payments made by Glencore to Gertler, who has been linked to numerous bribery scandals. We shone a spotlight on how Glencore joined forces with Gertler to take over a copper project. Gertler was personally negotiating mining licenses in favour of that company as the partners were in the process of taking it over. During these negotiations Gertler was being provided with tens of millions of dollars in loans and options, paid through secretive offshore companies, in what appears to have been an 'incentivisation' package.

"Should I decide who are my friends because of the threat of investigation, pressure from Global Witness or public relations?" "Never!" Dan Gertler

Glencore has denied any wrongdoing in their Congo deals, but the new evidence we uncovered suggests Glencore's relationship with Gertler goes much further than previously acknowledged, and raises concerns over possible bribery. This year, following comprehensive and detailed work by Global Witness, Gertler was sanctioned by the US government and his assets were frozen. This has not only shut him out of the American financial system, but has also contributed to the gradual removal of an important financial lifeline to his friend, Congo's President Joseph Kabila, who retains an unconstitutional grip on power. It also means international companies with existing business relationships with Gertler and related entities in the Congo, including Glencore, have had to re-evaluate their contracts.

Gatekeepers to the international financial system

Company owners need service providers like lawyers, estate agents and accountants to help run their business. These professions are currently considered to be high risk by the Financial Action Task Force (FATF), the international anti-money laundering standard-setting body. This is because the services they provide, such as forming companies and managing real estate deals, can constitute key stages in enabling money laundering. As a result, FATF now recommends that all such

professionals carry out checks on their customers to ensure that they are not facilitating money laundering. Global Witness is calling for all countries to make these checks mandatory.

Is the tide turning on anonymity?

This year, the EU agreed new ground-breaking rules to reveal the true owners of EU companies, through changes to the EU Anti-Money Laundering Directive. This is intended to respond to last year's Panama Papers revelations, which exposed how the rich are exploiting secretive offshore tax

regimes. While it may have been a long time coming, the introduction of public registers of beneficial ownership across 28 countries is definitely a game-changer for tackling anonymous companies.

We're pushing for the US, where more anonymous companies are formed than anywhere else, to follow the EU's legislative lead. Despite the administration's rejection of transparency, there is currently a very rare show of bipartisan support for the idea.

Stripping Papua New Guinea of its tropical rainforest

China is the world's largest timber market and manufacturer of wood products. It imports from many countries where weak governance is leading to illegal logging, land rights violations and rainforest destruction. It is also currently the only main timber consumer without a law to prohibit illegal timber imports.

Papua New Guinea (PNG) is China's biggest supplier of tropical logs and has seen its deforestation rate triple in recent years – its people are being illegally stripped of their land by their own government and police on the payroll of logging companies have harassed, arrested and beaten landowners trying to stand up for their rights. Widespread abuse of a land-leasing scheme has seen 12% of the country given away to mostly foreign-owned logging and agribusiness interests for up to 99 years.

No one had looked into how PNG wood was being used in China and globally. Until now.

Following years of research, our *Stained Trade* report revealed for the first time how companies in China are failing to screen out illegal timber, the risks this creates for importers of Chinese timber products, particularly in the US, and the devastating impact the trade is having on people in Papua New Guinea.

Wildlife in decline

The ecosystem of PNG is truly exceptional; a third of its species are believed to be unique to the country and it is home to one of the largest rainforests on the planet.

International press, including National Geographic, reported on our investigation, which led to a Chinese government delegation visiting Papua New Guinea to better understand the risks associated with this trade.

Major companies in the US that came up in our investigations have also committed to changing their sourcing practices, and Nature Home, China's largest flooring brand, also announced that it would stop buying from illegal land leases exposed in our investigation. An advisory body of China's forestry officials has publicly said that they are looking into options to regulate timber imports.



Logs in PNG © Global Witness



Drone image of oil palm frontier, Pomio District, East New Britain Province. © Global Witness / Alessio Bariviera



Widespread abuse of a land-leasing scheme has seen 12% of the country given away to mostly foreign-owned logging and agribusiness interests for up to 99 years.

SPOTLIGHT ON

...NATURAL RESOURCES AND TRANSPARENCY

In too many countries, natural resources are ripped up, torn down, and extracted on a vast scale to benefit a handful of businesses and government officials. The impact on communities living there is devastating as their homes and livelihoods are destroyed. This is causing untold damage to our planet, subverting efforts to tackle climate change.

Our campaigning focuses on exposing those who exploit natural resources for their own benefit, taking money out of desperately poor communities and circumventing rules that exist to preserve the environment. We also push for better enforcement of current laws protecting natural resources, and the introduction of new ones to create barriers to those who seek profit at any cost.



Satellite, October 2013



Satellite, January 2017

Clearing Pomio's forests PNG © DigitalGlobe 2017

PERU

Our undercover investigation into Peru's biggest-ever timber scandal revealed how, contrary to what they said publicly, exporters knew or had reasons to suspect their exports from the Amazon rainforest were illegal. Our footage is believed to be the first time exporters in Peru have been caught on camera acknowledging that official documents are often falsified, and gives an insight into the scale of corruption that allowed the scandal to happen. We are using our evidence to influence an unprecedented, ongoing legal case in the country, one that could see timber exporters prosecuted for the first time in Peru's history.



Global Witness captured undercover footage of major timber exporters discussing the cargo on board the Yacu Kallpa ship. It was subsequently detained and 96% of the timber on board was declared 'not of legal origin'. The case is recognised as the biggest timber sector scandal in Peru's history. © Environmental Investigation Agency

MINERALS

After years of advocacy from us and others, a law was passed requiring EU importers of four minerals linked to conflict and human rights abuse around the world to ensure they have full knowledge of their supply chains and deal effectively with risks that arise along them.

RUBBER

We helped launch new Chinese guidelines to ensure rubber in the Mekong is sourced without land grabs or deforestation. Following this, rubber giants Pirelli launched a sustainable sourcing policy. We're now looking to work with Chinese and international rubber producers, processors and purchasers to ensure the guidelines are implemented.

DRC LOGGING MORATORIUM

Under ongoing pressure from a coalition of Congolese and international NGOs – including Global Witness – DRC's ban on the allocation of new industrial logging concessions remains in place, despite moves to lift it.

EU FUNDING

Global Witness has exposed how major European investors have invested in projects such as rubber plantations in Cambodia which resulted in forced land grabs without compensation or palm oil plantations in Liberia, where communities have been harassed into signing away their land – we're campaigning for a change in EU law to stop this continuing.

MYANMAR JADE

We launched a new film exposing how jade is linked to deadly armed conflict in Myanmar.

DIAMONDS

We released two investigations revealing how diamonds associated with human rights abuse are still finding their way into global markets.

ENVIRONMENTAL DEFENDERS



"They threaten you so you will shut up. I can't shut up. I can't stay silent faced with all that is happening to my people. We are fighting for our lands, for our water, for our lives." Jakeline Romero, Colombian land defender

In recent years, Global Witness has documented the dramatic upturn in the murder of people who take a stand against companies that grab their land to turn their own profit, destroying the environment around them in the process. Land rights are ripe pickings for the corrupt elite who will use profit from the sale of land to fund lavish lifestyles, and not invest it into state treasuries where it should go to help the poor and disenfranchised.

"We have carried out 87 marches, demanding that they respect our rights and we have had no response. The only response we have had is the bullet."

Francisca Ramírez, Nicaraguan land defender



Left: Jakeline Romero has faced threats and intimidation after speaking out against abuses of powerful corporations in Colombia. © Christian McLaughlin. Above: Francisca Ramírez has been threatened, assaulted and arrested for opposing plans for an inter-oceanic canal that would force up to 120,000 indigenous people from their land. © Global Witness

This provides massive incentives to countries' leaders to silence those defending their land and shut down their activism.

In July, we launched our new report *Defenders of the Earth* which found that nearly four people were murdered every week in 2016 protecting their land and the natural world from industries like mining, logging and agribusiness. To coincide with this, we launched an important new partnership with *the Guardian*. Its online site logs and documents each and every defender death in real time. Our work with *the Guardian* has kept up the pressure on governments and companies by tracking the appalling violence directed at brave activists who fight not only to save their homes, livelihoods and land, but also to protect the environment for us all.

...HONDURAS - THE MOST DANGEROUS PLACE TO BE AN ENVIRONMENTAL DEFENDER

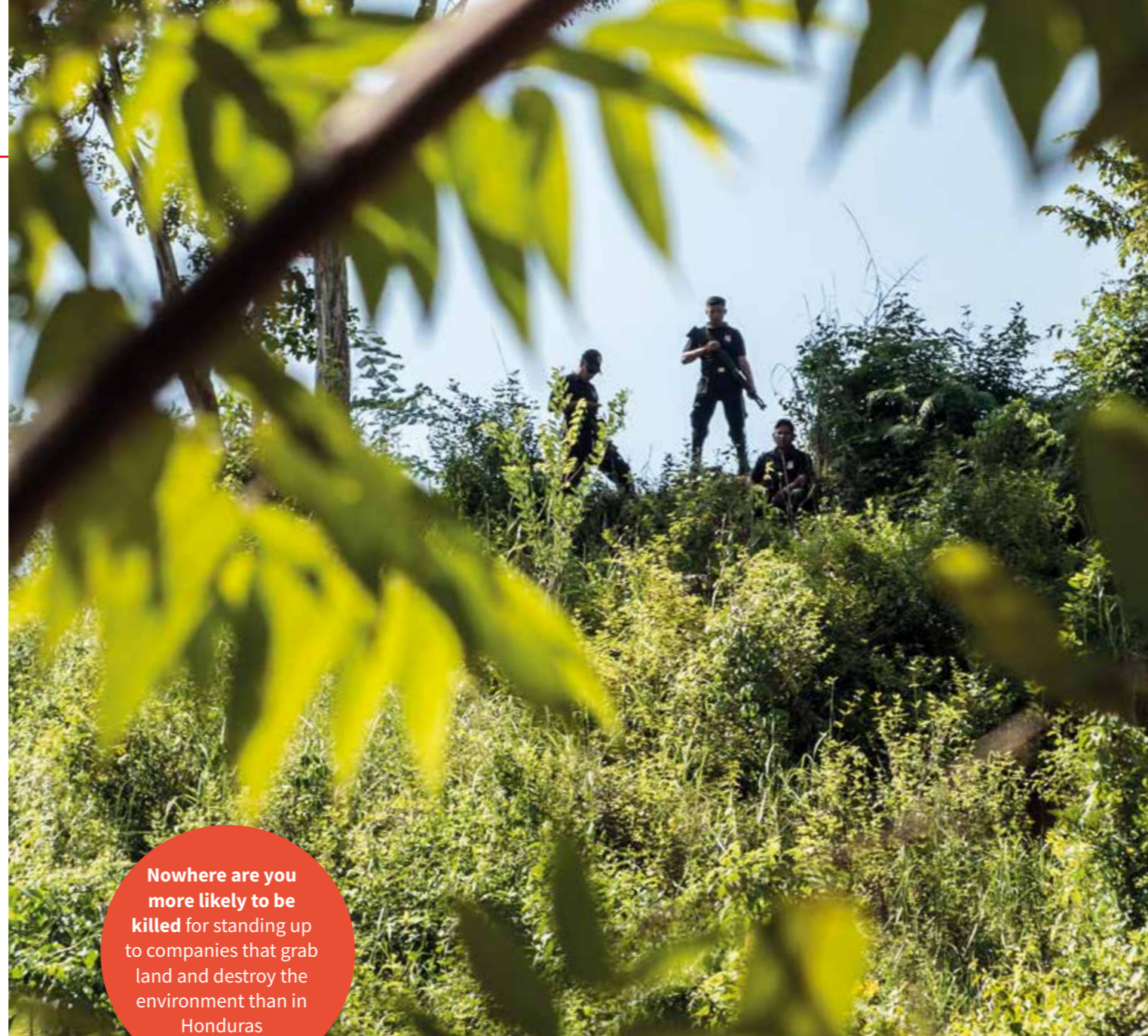
2017 began with a smear campaign in Honduras against both Global Witness and other human rights organisations as we launched our new report into deaths of environmental and land defenders in the country. By the end of the year we'd seen the suspension of constitutional rights and widespread mostly peaceful demonstrations against alleged fraud in the Presidential elections shattered as scores of protesters were killed by state security forces. Farcically, while this was happening the US government certified that Honduras had been fighting corruption and supporting human rights, clearing the way for the government to receive millions of dollars in US aid.

"You'd better make sure that car's bullet-proof!"
Journalist speaking to Global Witness investigator, Billy Kyte in Honduras 2017



Global Witness investigator Billy Kyte is met by the media after being threatened on live TV.

Nowhere are you more likely to be killed for standing up to companies that grab land and destroy the environment than in Honduras



Who is behind the murders?

Following a two-year investigation we revealed how projects at the heart of conflicts over land are linked to the country's rich and powerful elites, amongst them members of the political class.

We shed light on the back-door deals, bribes and lawbreaking used to impose projects and silence opposition. We also scrutinised how the US is bankrolling Honduran state forces, which are behind some of the worst attacks.

Among those linked to the violence is Gladis Aurora López, the president of Honduras' ruling party and one of the most powerful politicians in the country. Documents leaked to Global Witness reveal that the planned Los Encinos hydro-power project in the west of the country is controlled by López's husband, who aims to sell energy to the state despite appearing to have a clear, and illegal, conflict of interest. Both Gladis Aurora López and her husband deny any conflict of interest or illegality in the approval of the Los Encinos project.

Roberto Gonzalez is an indigenous activist who has vocally opposed the Los Encinos project. He spoke to us about the threats he and his community have faced.

"They destroyed our crops, they burnt our food, they left us completely on the street as if we have never been there. A community robbed of everything." Roberto Gonzalez

Despite the horrifying situation for so many defenders in Honduras this year, there was also some good news. Backers for a development project in the Agua Zara dam pulled out after relentless campaigning from many groups, including Global Witness. This followed the shocking murder of acclaimed land defender Berta Cáceres, a well known activist and a mother of four. She was brutally gunned down in her own home because of her opposition to the dam.

We continue to push for greater accountability from those banks who bankroll such projects.

The findings and recommendations in our Honduras report led to a call for a change in US policy in Honduras by almost 80 US legislators. Part of the US' aid to Honduras is being held back because of human rights concerns. Our report also led to charges being brought against one of Honduras' most powerful political figures.

SPOTLIGHT
ON

...2018

In 2018, we remain focused on exposing the systems that enable environmental and human rights abuse, and pushing for change. Our investigations can take years of painstaking and detailed research before we have all the facts, evidence and sources in place to go public. Throughout this entire process, we rely on funding to enable our work and to drive much needed change.

As well as longer term investigations, we'll continue to work on the following;

- **Anonymous companies** have no place in modern ethical business practice and there's a growing appetite to tackle this. We'll be using the success seen in the EU to galvanise support for similar legislative action in the US
- We're watching the **Shell and ENI trial** with interest and will be working hard to ensure it sets a precedent for the oil industry, showing that corruption can result in not only financial penalties for companies but also personal penalties for executives
- We will continue to **defend US transparency laws**, particularly aimed at the oil and gas sectors, and will look to expose how big oil companies, in particular Chevron and ExxonMobil, are working to undermine greater accountability
- We are **pushing for the International Criminal Court in The Hague to take up an investigation into land grabbing as a crime against humanity**. This will act as a warning to international companies and financial investors to steer clear of projects that are linked to land grabbing, human rights violations and environmental destruction
- Following our success in lobbying Michelin and Pirelli, **we are campaigning for other big tyre manufacturers, including Goodyear, General Motors and Continental, to develop their own natural rubber sourcing policies**. These should commit them to ending the purchase of natural rubber which is driving deforestation and land grabbing
- **Our pioneering work engaging influential Chinese ministries and top leadership** will continue in China to increase awareness of the damage illegal logging is having on the global environment
- We will continue to **expose the corruption and governance challenges facing the US** in order to highlight why these laws can't be dismantled



Global Witness has spent over 20 years exposing how a handful of people who hold the reins of power in Cambodia have used state security forces and violent tactics to evict people from their homes and seize valuable land. © Thomas Cristofolletti/Ruom

THANK YOU TO ALL OF OUR SUPPORTERS*

Global Witness is a non-profit organisation that relies on the generosity of our supporters and partners to continue our tireless investigations, exposés and advocacy. Without your support the victories we have struck against conflict, corruption, human rights abuses and environmental destruction around the world would never have happened.

We want to thank all of our donors for sharing our vision for a better world - where corruption in the global political and economic system is challenged and accountability prevails, people's rights to land and livelihood are protected, governments act in the public rather than the private interest, and the environment on which we all depend is protected.

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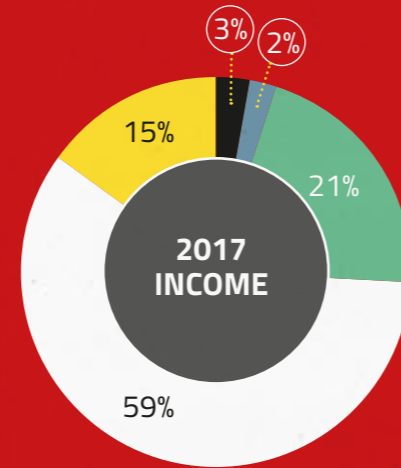
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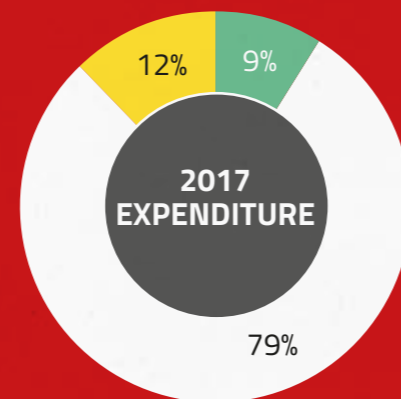
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INCOME AND EXPENDITURE STATEMENT

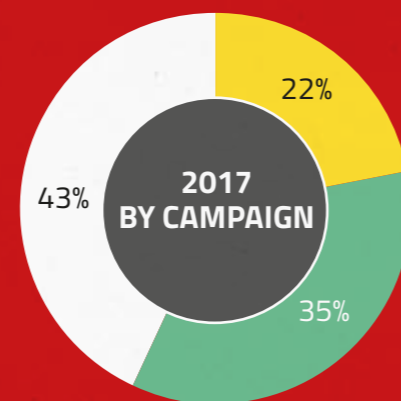
INCOME BY SOURCE	2017	2017	2016	2016
■ Governments	2,244	21%	2,284	22%
■ Trusts and Foundations	6,254	59%	5,434*	51%
■ Individuals	1,586	15%	1,603	15%
■ Other NGOs and Multilaterals	296	3%	790	8%
■ Donated services and facilities	193	2%	398	4%
	10,573	100%	10,509	100%



EXPENDITURE	2017	2017	2016	2016
■ Campaigns	7,600	79%	7,353	80%
■ Indirect costs and governance	1,121	12%	972	11%
■ Cost of raising funds	915	9%	849	9%
	9,636	100%	9,174	100%



BY CAMPAIGN	2017	2017	2016	2016
■ Conflict and fragile states	1,946	22%	1,800	22%
■ Corruption	3,016	35%	2,989	36%
■ Forests, Land and Climate	3,759	43%	3,536	42%
	8,721	100%	8,325	100%



*Does not include Challenge Fund income (2016 £1.25m)

SUMMARISED ACCOUNTS

For the year ended 31 December 2017 (in £ thousands)

	2017	2016
INCOME		
Income from donations and charitable activities	10,492	11,665
Interest and other income	81	94
Total income	10,573	11,759
EXPENDITURE		
Environmental and human rights research and campaigning		
> Conflict and fragile states	1,946	1,800
> Corruption	3,016	2,989
> Forests, Land and Climate	3,759	3,536
Subtotal campaign expenditure	8,721	8,325
Cost of raising funds	915	849
Total Expenditure	9,636	9,174
Net movement in funds, being net income for the year	937	2,585
Net movement of unrestricted fund	359	2,087
Net movement of designated fund	(28)	(18)
Net movement of restricted fund	606	516
Increase in net assets	937	2,585
Net assets at the beginning of the period	5,599	3,014
Net assets at the end of the period	6,536	5,599

"The black mist" "Kuroi Kiri" **Japan**
"Trebles all round" **UK**
"Little carp" **Czech Republic**
"To grease the palms" **US**
"Kite" **Argentina**
"Nokia box" **Hungary**
"To wet someone's beard" "Mouiller la barbe de quelqu'un" **Cameroon**
"Rice cake expenses" "Ttokkap" **South Korea**
"Cooking the books" **US**
"Pulling strings" **UK**
"Little way" "Jeitinho" **Brazil**
"Grease money" "Schmiergeld" **Germany**
"Wine jar" "Pot de vin" **Democratic Republic of Congo and Cameroon**

**People will do anything to avoid straight-talking.
At Global Witness we call it **corruption.****

Global Witness investigates and campaigns to change the system by exposing the economic networks behind conflict, corruption and environmental destruction.

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