

CLIENTEARTH

England & Wales · Charity number 1053988

Details

Other names	EARTHRIGHTS:THE ENVIRONMENTAL LAW AND RESOURCE CENTRE, EARTHRIGHTS
Status	Registered
Legal form	Charitable company
Company number	02863827
Registered	1996-03-26
Register	View on the Charity Commission register

Contact

Address	The Joinery 34 Drayton Park London N5 1PB
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Website	www.clientearth.org

Activities

Objects: (1)TO PROMOTE AND ENCOURAGE THE ENHANCEMENT, RESTORATION, CONSERVATION AND PROTECTION OF THE ENVIRONMENT, INCLUDING THE PROTECTION OF HUMAN HEALTH, FOR THE PUBLIC BENEFIT; (2)TO ADVANCE THE EDUCATION OF THE PUBLIC IN ALL MATTERS RELATING TO THE LAW, PRACTICE AND ADMINISTRATION OF JUSTICE IN CONNECTION WITH THE ENVIRONMENT; (3)TO RELIEVE POVERTY THROUGH THE PROVISION OF LEGAL SERVICES TO THOSE WHO CANNOT OTHERWISE AFFORD THEM; (4)TO PROMOTE, ASSIST, UNDERTAKE AND COMMISSION RESEARCH INTO THE LAW, PRACTICE, AND ADMINISTRATION OF JUSTICE IN CONNECTION WITH THE ENVIRONMENT AND MATTERS RELATING THERETO, INCLUDING THE IMPACT, DIRECT OR INDIRECT, OF ANY HUMAN ACTIVITY ON THE ENVIRONMENT AND TO DISSEMINATE THE USEFUL RESULTS OF SUCH RESEARCH.

Activities: ClientEarth's objects are the promotion and protection of the environment for the public benefit by the use of the law, to provide legal assistance to those who otherwise do not have access thereto, to promote education on environmental rights and responsibilities and to conduct research thereon. We will achieve these goals through advocacy, litigation, and research.

Classification

- **How:** Provides Advocacy/advice/information, Sponsors Or Undertakes Research, Other Charitable Activities
- **What:** Environment/conservation/heritage, Human Rights/religious Or Racial Harmony/equality Or Diversity
- **Who:** Other Charities Or Voluntary Bodies, The General Public/mankind

Geography

- Belgium
- Bulgaria
- China
- Congo
- Gabon
- Ghana
- Ivory Coast
- Liberia
- Poland
- Spain
- Throughout England And Wales

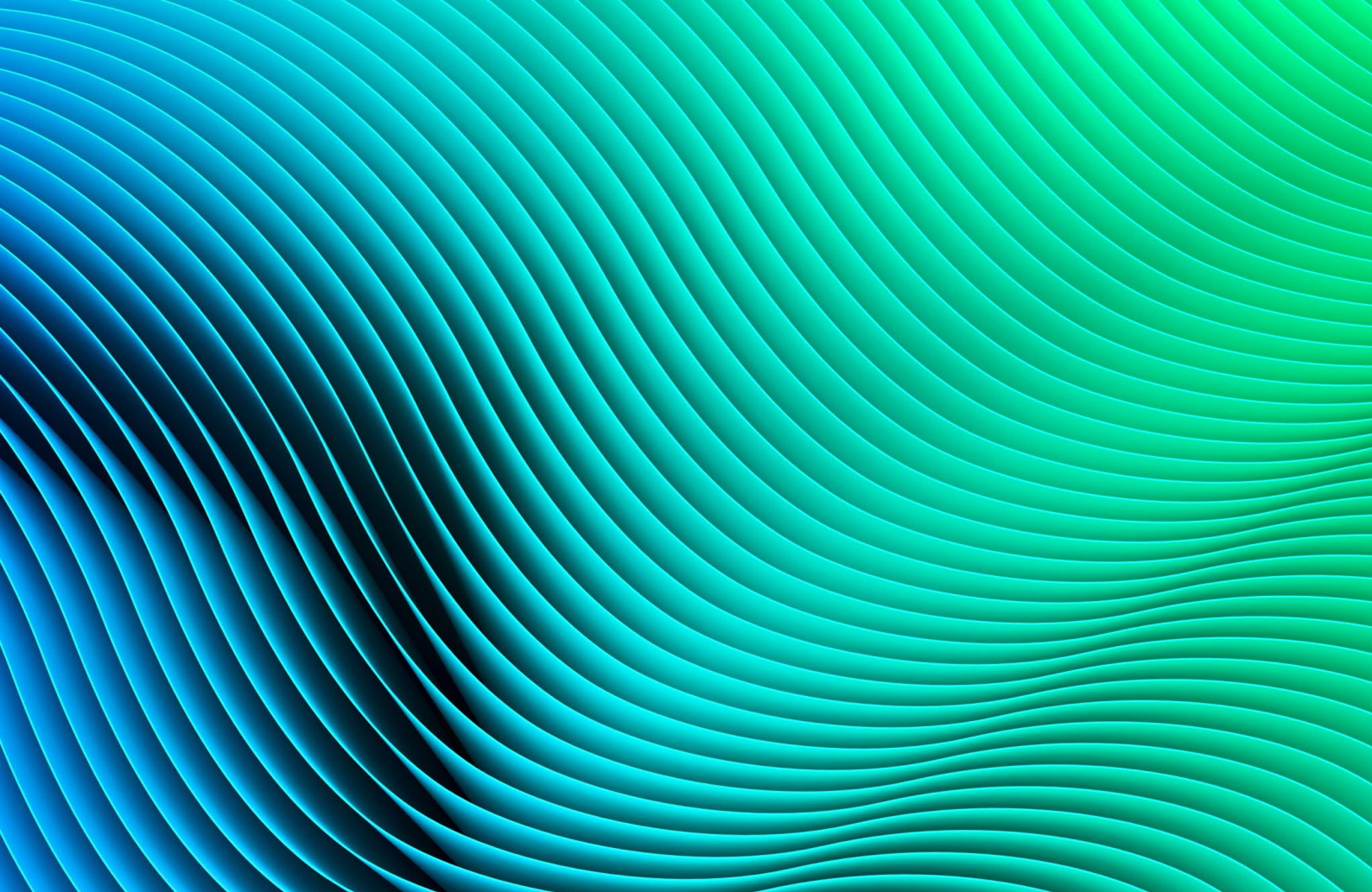
Finances

Period end	Income	Expenditure	Assets	Employees
2024-12-31	£26,499,465	£29,187,891	£28,284,394	291
2023-12-31	£29,449,150	£35,153,156	£30,034,613	292
2022-12-31	£30,944,615	£28,126,564	£36,043,725	260
2021-12-31	£28,320,568	£21,635,509	£33,370,189	223
2020-12-31	£20,790,707	£16,850,235	£26,044,725	200

Trustees

Name	Role	Appointed
Emma Howard Boyd	Chair	2024-04-18
Alexander Lyman Reid		2023-11-28
Amy Clarke		2025-03-14
Assaad Wajdi Razzouk		2020-11-19
Champa Khimji Patel		2024-07-11
Dr KILAPARTI RAMAKRISHNA		2024-07-11
Georg Stratenwerth		2016-03-22
Hilary Frances Wild		2024-07-11
Justin Johnson		2025-10-16
Rachel Wangechi Wanyoike		2025-03-14
Thomas Charles Rivett-Carnac		2024-07-11
WINSOME MCINTOSH		

Accounts



Annual Report and Financial Statements

For the year ended 31 December 2024

Charity Registration no. 1053988

Company Registration no. 2863827 (England and Wales)

Legal and Administrative information

Trustees	E Howard Boyd	(Chair, effective 18 April 2024)
	G Stratenwerth	(Treasurer, until 14 March 2025; Vice-Chair, effective 14 March 2025)
	F Beinecke	
	H Bruhn	(Resigned, effective 27 September 2024)
	S Butler-Sloss	(Resigned, effective 4 February 2025)
	B Eno	
	A Clarke	(Appointed, effective 14 March 2025)
	P Joubert	(Resigned, effective 11 August 2024)
	W McIntosh	
	S Medina Gomez	
	A Razzouk	
	A Reid	
	M Smith	(Resigned, effective 31 October 2024)
	H Wild	(Appointed, effective 11 July 2024; Treasurer, effective 14 March 2025)
	C Patel	(Appointed, effective 11 July 2024)
	K Ramakrishna	(Appointed, effective 11 July 2024)

T Rivett-Carnac

(Appointed, effective 11 July 2024)

R Wanyoike

(Appointed, effective 14 March 2025)

G Gurkaynak

(Resigned, effective 18 April 2024)

H Covington

(Resigned, effective 18 April 2024)

D Mokhtarzadeh

(Resigned, effective 18 April 2024)

Charity number 1053988

Company number 2863827

Principal address The Joinery
34 Drayton Park
London N5 1PB

Registered office The Joinery
34 Drayton Park
London N5 1PB

Auditor Crowe U.K. LLP
55 Ludgate Hill
London EC4M 7JW

Accountants Gravita LLP
Aldgate Tower
2 Lemn Street
London E1 8FA

Tax advisors Sayer Vincent
108-114 Golden Lane
London EC1Y 0TL

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ClientEarth Trustees' Report (including Directors' and Strategic Report) for the year ended 31 December 2024

The trustees present their report and accounts for the period ended 31 December 2024. The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the Companies Act 2006 and the Statement of Recommended Practice, 'Accounting and Reporting by Charities', FRS102 (published October 2019).

The charity is a company limited by guarantee and is governed by its memorandum and articles of association. The trustees, who are also the directors for the purpose of company law, who served during the relevant period, are listed on page 1.

Message from the Chair

My first year as Chair of ClientEarth has seen many external challenges. With the super election year of 2024, there have been substantial geopolitical changes – many of which have had an impact on how climate change work is viewed. We've also seen a push for deregulation in some of the jurisdictions where we work.

Climate impacts have remained stark. According to the European State of the Climate Report, Europe is the fastest-warming continent, and 2024 was the warmest year on record for Europe. It's no surprise, therefore, that a large proportion of ClientEarth's activity is concentrated in Europe, not just because of the impacts on the continent itself, but because of its influence and long reach around the world.

My first year as Chair has also seen many accomplishments, thanks to ClientEarth's talented team.

In the EU, and because of ClientEarth advocacy, a revised Industrial Emissions Directive was adopted, which regulates environmental and health impacts from the most polluting industrial activities. For the very first time in EU environmental legislation, people whose health has been affected by illegal pollution can be compensated.

And, in Liberia – which holds the vast majority of the remaining Upper Guinea Forest – we supported civil society and local communities to advocate their concerns about carbon credit deals that don't include benefit-sharing mechanisms or other safeguards.

To enable these groundbreaking efforts to continue, it's our role as trustees to support ClientEarth's CEO, Laura Clarke, and her team of nearly 300 passionate people to do their best work.

That's why this year we made progress on trustee recruitment, bringing new expertise onto our Board, to improve our diversity of thought, holding each other to account. I was encouraged to see just how much work was focused on stepping up the organisation's work on EDI (Equity, Diversity and Inclusion) this year, with a focus on recruitment and career progression, data transparency, and supporting an inclusive workplace. EDI is now built into ClientEarth's annual planning.

We know what gets measured, gets done, and so I'm eager to see the outcome of ClientEarth's first Annual Staff Diversity Survey in 2025, which will capture the demographics of our global workforce and measure representation across the organisation.

I'm also looking forward to seeing our work on environmental rights gather speed, and for an increasing number of people around the world being emboldened to use the law to defend their well-being and right to a safe environment. The momentum is with us.

As we move closer to that pivotal year of 2030, we will need a sharper focus in the coming years on accountability for adaptation and resilience. ClientEarth and our partners are well-positioned to lead this charge.

Emma Howard Boyd CBE, Chair

Message from the CEO

Across continents, communities and courtrooms, momentum is building. 2024 was a year that saw the power of the law grow even more substantially as a global force for change in the drive to protect all life on earth.

For the past 17 years, ClientEarth has been at the forefront of that shift, and 2024 was no different. We worked across the full life-cycle of the law: influencing new laws, strengthening existing laws, and ensuring powerful actors were held to account at the national and international level. We launched 22 new litigation cases, drove forward a further 131 ongoing cases, and engaged on 57 advocacy files. We leveraged the collective might and minds of ClientEarth's almost 300-strong workforce working across eight offices, to deliver on our global impact strategy, focusing on driving systemic change. We worked in partnership with many organisations, networks and individuals, knowing that we are always stronger together.

2024 marked a milestone moment for greenwashing litigation. We launched our first-ever financial greenwashing complaint against Blackrock, which was sent to the Financial Markets Authority in France. The “sustainable” funds we targeted funnel over \$1 billion to fossil fuel companies. In our groundbreaking win against KLM's misleading marketing – a collaborative effort with Dutch campaigners Fosseilvrij and Reclame Fossielvrij – the District Court of Amsterdam ruled that some claims by the airline were unlawful. This delivered a powerful message across the aviation industry, and later in the year, 71 airlines received a letter warning them not to promote similar industry claims.

Climate litigation used to be the domain of specialist groups. But we are increasingly seeing – and supporting – citizens and civil society to take action for their communities and rights. We were moved and inspired by the Swiss women who took their case all the way to the European Court of Human Rights — and won. In this landmark ruling, the ECHR found that Switzerland had breached its human rights obligations by failing to take adequate climate action. We were proud to have provided a third-party intervention in support of this ruling and continue to work with courageous claimants – from young people who want to defend their future, to Indigenous groups seeking to protect livelihoods and nature.

In 2025, our work in this area will continue, for example in Belgium and Germany, where we have pending cases, which assert a human right to breathe clean air as part of a right to a healthy environment. And we await – along with others – the Advisory Opinion from the International Court of Justice on the legal responsibilities that states have to address climate change.

In a world where the rule of law is under increasing pressure, we're focused not only on what we stand against, but what we're building. Through our work to uphold legal integrity and support robust institutions, we are actively defending and strengthening the systems that make progress possible. This starts with the development of robust climate laws. That's why our COP29 advocacy activity focused on securing agreement to enshrine NDCs into climate laws.

Nature, climate and the ocean are deeply intertwined, and our work reflects that connection. In 2024 we worked with partners to challenge a proposed new airport on the Tagus Estuary in Portugal (and won), and proposals in Italy to drill for gas in an iconic UNESCO heritage site (and won). We challenged bottom trawling in marine protected areas and co-operated with the Public Interest Litigation Department of the Supreme People's Procuratorate of China on tackling the problem of bird-killing 'mist nets'.

With the UN Ocean Conference and COP30 on the horizon in 2025, we are working to ensure legal frameworks reflect the reality of the interdependencies between nature, climate and the ocean — and work to protect what sustains us all.

While strategic litigation is a powerful driver of accountability, we are equally committed to building better systems through advocacy, policy reform and legal capacity-building, and this approach is gaining ground in Asia. We hosted the 2024 Asia-Pacific Judicial Convening on Environment and Climate Law Adjudication, co-organised with the Indonesia Supreme Court and the Indonesia Center for Environmental Law. We also conducted a high-level workshop with the Supreme People's Court and UNEP attended by over 300 senior environmental judges and lawmakers. One workshop focused on the drafting of the Environmental Code, which provides an opportunity to make important systemic improvements in environmental rule of law and will form China's first climate legislation.

As momentum builds, so too does our resolve. Our passionate partners, supporters and workforce together prove that the law is a force for a healthier, fairer world. But there is still much work to be done. 2025 will see the tenth anniversary of the Paris Agreement, and the half-way mark of this critical decade. Thank you for continuing to stand with us as we step up the fight to protect all life on earth.

Laura Clarke OBE, CEO

About ClientEarth

At ClientEarth, we use our unique expertise to harness the power of the law and bring about systemic change to protect all life on Earth. ClientEarth Group has a team of just under 300 people, based in eight offices across the world, actively working either directly or through partners, collaborators, and networks in over 60 countries. Together, we are focused on strengthening the law to change behaviours and practices; using strategic litigation to enforce laws, set precedents, raise awareness, and change government and corporate mindsets; and working with local communities and Indigenous peoples in using the law to defend their environment and uphold their rights. A future in which people and planet thrive together isn't just possible - it's essential.

Public benefit

The charity has regard to the Charity Commission's guidance on public benefit. The main aim of the charity is to promote the protection of the environment for the benefit of the public where the charity operates, and on a global basis, for current and future generations. The public benefit of the charity includes:

- To promote and encourage the enhancement, restoration, conservation, and protection of the environment, including the protection of human health.
- To advance the education of the public in all matters relating to the law, practice, and administration of justice in connection with the environment.
- To promote, assist, undertake, and commission research into the law and administration of justice in connection with the environment.

Our public benefit is further illustrated through the Achievements and Performance section of this report.

An overview of our work

At ClientEarth, we are working for a healthy planet where nature and all people can thrive together. What we do now will determine whether we hit or miss essential targets in four areas: climate, nature, health, and justice.

As we go about our work, we remain focused on three key principles that underpin our work. First, all our work is rooted in using the **power of the law**: we are legal experts who believe that the law is our best tool for achieving impactful outcomes. Second, we focus on bringing about the **systemic change** critical to wide-sweeping and lasting effects. Third, and finally, our work ensures that **nature and people** thrive together, because we know that the needs of people and planet are inextricably intertwined.

Using the law means much more than just going to court. We use **legal advocacy** and influencing to secure strong policies and legislation; we focus on strengthening the rule of environmental law by training lawyers, prosecutors, and judges, and building the confidence and competence of other NGOs, civil society, and community groups to leverage the law; and we use **strategic litigation** to hold governments and companies to account. Our approach is tailored, using the knowledge and expertise of our teams to best suit the cultural and legal differences of the regions where we are active.

Strategic approach

ClientEarth's 2030 Global Impact Strategy sets out how we drive the systemic change needed to build a planet with resilient and biodiverse ecosystems; a safe and stable climate; a toxic-free environment with healthy air, soil, and water; and societies that are just, fair, and equitable. Instead of working to achieve each of these goals under a separate programme, as previously, under our Strategy we rely on highly collaborative working, seeking to achieve multiple impacts with each intervention. This way of working allows us to prioritise interventions based on their potential to unlock transformational change across four groups of human-created systems (and our impact areas): **Legal Systems and Rule of Law; Financial and Economic Systems; Energy, Transport, and Materials Systems; and Food Systems, Ocean, & Land Use.**

In 2024, ClientEarth launched 22 new litigation cases and managed a total of 131 pending cases throughout the year. These actions were brought in international, regional, and national courts, tribunals, quasi-judicial bodies, and other adjudicatory bodies, including special procedures of the UN. These cases concerned issues of access to information, GHG emissions reduction, fundamental rights, wildlife & habitats protection, environmental assessment and permitting, financing and investment, disclosure/reporting, greenwashing, supply-chain deforestation, and plastic pollution. ClientEarth's role in these proceedings varies from being a named claimant in just under half of these suits, to providing input or funding to partners bringing the case.

Alongside our litigation portfolio of 220 active cases (including all stages, from scoping and preparing to pending), ClientEarth was engaged on 57 advocacy files in Europe, in which we work to influence governments and businesses to reform or remove harmful policies and laws, create more supportive policies and laws, and ensure adequate funding and implementation. Among these files, 34 were at EU-level and 23 at national level.

Achievements and performance in 2024 – highlights

In 2024, we continued to deliver groundbreaking litigation, advocacy, and capacity-strengthening work across the globe to achieve systemic change.

Our 2024 notable highlights include:

- We held a high-level workshop in China with the Supreme People's Court and UNEP, and more than 300 senior environmental judges and lawmakers. [See *Legal Systems and Rule of Law* below.](#)
- The Higher Administrative Court of Berlin and Brandenburg ruled Germany's National Air Pollution Control Programme unlawful, thanks to a challenge by Environmental Action Germany (DUH) and ClientEarth. [See *Legal Systems and Rule of Law* below.](#)
- We launched our first-ever financial greenwashing complaint against Blackrock for its "sustainable" funds that funnel over \$1 billion to fossil fuel companies. [See *Financial and Economic Systems* below.](#)
- J-Power announced closure of up to five domestic coal plants by FY2030 thanks to long term engagement started by our partner in Japan, ACCR. [See *Financial and Economic Systems* below.](#)
- The European Union adopted the Corporate Sustainability Due Diligence Directive. ClientEarth worked alongside partners for years to support the law's adoption. [See *Financial and Economic Systems* below.](#)
- Our ongoing work following the Dieselgate scandal contributed to the UK Department for Transport opening investigations into 11 manufacturers across 20 brands, with as many as 47 models suspected of having employed defeat devices in emissions testing. [See *Energy, Transport and Materials Systems* below.](#)
- We contributed legal and policy expertise to a draft Regulation on the Recognition of Local Wisdom in Environmental Protection and Management in Indonesia. [See *Food Systems, Ocean and Land Use* below.](#)
- The European Union adopted the Nature Restoration Law, a huge win for Europe's nature and climate action. ClientEarth was part of the #RestoreNature Coalition, which campaigned for years for the law to become reality. [See *Food Systems, Ocean and Land Use* below.](#)

- The Portuguese government announced it would abandon plans to build Lisbon's new airport on an internationally protected nature site, following a long-running legal case brought by ClientEarth, BirdLife Portugal, and eight Portuguese NGOs. [See Food Systems, Ocean and Land Use below.](#)

Detailed performance review

ClientEarth is a holistic environmental organisation, working on issues related to, and often at the intersection of, Climate, Health, Justice, and Nature, all around the globe. In doing so, we take a systems-change approach, working to achieve far-ranging impacts that will protect people and the planet.

This section of the Report provides an overview of the work delivered in 2024 against the charitable activities set in the Strategic Framework and the 2030 Global Impact Strategy, namely: legal systems and rule of law; financial and economic systems; energy, transport, and materials systems; and food systems, ocean, and land use.

1. Legal Systems and Rule of Law

OBJECTIVE 1A: Strengthen environmental rule of law, fundamental rights, and ecosystem governance and empower others to use legal tools to tackle climate change and protect ecosystems.

The European Court of Human Rights delivered a ruling against Switzerland that found that the country had breached its human rights obligations by failing to take adequate climate action. ClientEarth's third-party intervention was to assist the Court by providing information on 1) present and future effects of global temperature increases on human health, 2) the duties of States under international climate change law and, 3) the implications for climate policy and legislation and the due diligence standard under the European Convention on human rights.

Later in the year, ClientEarth and a Polish citizen who we supported to assert her right to climate protection in the Polish courts relied on the European Court ruling in an appeal pending before Poland's Supreme Court.

The General Court of the EU ruled that the Council of Ministers of the EU must make the opinions of its legal service on legislation public, following joined cases brought by ClientEarth and Päivi Leino-Sandberg, a law professor at the University of Helsinki. The ruling clarifies that people have the right to access the information they need to participate in EU legislative processes.

We celebrated ten years of specialised environmental adjudication in China. We marked this moment by co-organising a forum on rule of law at the annual meeting of the China Council for International Cooperation on Environment and Development (CCICED), where leaders of the Supreme People's Court and Supreme People's Procuratorate spoke and presented progress. Visible results have been achieved, with air, water, and soil pollution much reduced across the country, ecosystems enjoying much better protection, and a cultural shift towards government and business compliance with environmental laws. We also conducted a high-level workshop with the Supreme People's Court and UNEP attended by over 300 senior environmental judges and lawmakers. One workshop focused on the drafting of the Environmental Code, which provides an opportunity to make important systemic improvements in environmental rule of law and will form China's first climate legislation.

Several key points made by ClientEarth were included in the annual policy recommendations of CCICED to the State Council that were published in December 2024. These included; climate litigation by prosecutors, drafting climate legislation, strengthening disclosure in BRI (Belt and Road Initiative) projects, expanding marine protected areas in accordance with the 30 x 30 goals, and avoiding trade protectionism in green products.¹

We hosted the 2024 Asia-Pacific Judicial Convening on Environment and Climate Law Adjudication, co-organised with the Indonesia Supreme Court and the Indonesia Center for Environmental Law. It was attended by 50+ Asia-Pacific participant judges with two Chief Justices (Indonesia and Singapore) delivering keynotes and speeches. The six-day training delved into climate change, climate justice and human rights, nature and the just transition, use of climate science as evidence, developments in international environmental law principles and their application in climate cases, and judicial tools and methodologies in environmental adjudication and remedies.

Our Philippine law school clinic collaboration continued in 20 law schools and resulted in high impact. The green legal clinics delivered 49 capacity-building trainings, such as enforcement of environmental regulations, to local government and law enforcement officials and employees.

Objective 1b: Strive for ambitious and effective environmental and climate laws and legal precedents that align with scientific consensus.

Following a challenge brought by Environmental Action Germany (DUH) and ClientEarth in 2020, the Higher Administrative Court of Berlin and Brandenburg ruled Germany's National Air Pollution Control Programme unlawful and that it had relied on old data to claim the country would meet legal targets on time. The case was brought under the EU National Emissions Reduction Commitments (NEC) Directive, which regulates emissions of sulphur dioxide, nitrogen oxides, ammonia, fine particulate matter, and non-methane volatile organic compounds.

Following ClientEarth advocacy, the European Union adopted a revised Industrial Emissions Directive, a crucial piece of legislation regulating environmental and health impacts from the most polluting industrial activities. For the very first time in EU environmental legislation, the Directive includes the right for victims whose health has been affected by illegal pollution to be compensated.

In addition, and again following ClientEarth advocacy efforts, the European Union adopted a new Ambient Air Quality Directive, recognising the vital need to reduce air pollution in line with scientific recommendations. The legislation also empowers people to go to court when authorities fail to protect their health from dirty air.

We continued to press for the adoption of framework climate laws to protect the rights of future generations. This included events and a presence at key international fora including New York Climate Week and COP29. Ambitious, progressive, and science-driven framework climate laws are vital to creating a clear and binding legal foundation for reducing greenhouse gas emissions and to ensure national commitments to address climate change are kept.

2. Financial and Economic Systems

OBJECTIVE 2A: Strive for robust corporate and financial laws and precedents that contribute to the rapid emergence of new models of corporate governance and investment that operate within planetary boundaries, ensure accountability for environmental harm and stop greenwashing.

We launched our first-ever financial greenwashing complaint against Blackrock, which built on analysis by Reclaim Finance, and was sent to the Financial Markets Authority in France. The “sustainable” funds we targeted funnel over \$1 billion to fossil fuel companies.

The District Court of Amsterdam ruled that some claims by the airline KLM in its advertising were unlawful, following a claim brought by Dutch campaigners Fosseilvrij and Reclame Fosseilvrij, supported by ClientEarth. The judge ruled that KLM's claims suggesting flying can be or is becoming sustainable, as well as advertising suggesting its “offsetting” products reduce or compensate for the climate impact of flying, are misleading. Later in the year, the three NGOs sent a legal letter to 71 airlines warning them not to promote similar industry claims.

We launched a Guide on Climate Action for Boards in Southeast Asia in Kuala Lumpur, Malaysia, which sets out the legal framework for board accountability for mismanagement of climate risk. We co-published the Guide with Climate Governance Malaysia and Earth on Board, and it was supported by Bursa Malaysia, FIDE FORUM and the Securities Commission Malaysia.

In China, we have cooperated on green finance with the Ministry of Ecology and Environment and China Securities and Regulation Commission and engaged with financial institutions and prosecutors for several years. This work contributed to a series of policy documents and regulations being issued on green finance in late 2023 and throughout 2024, including a guiding opinion on finance supporting green and low carbon development, a ESG reporting framework, a draft sustainable disclosure guideline, and a policy document on controlling capital market risks, which mandates prosecutor's environmental public interest litigation in the securities market.

Objective 2b: Strengthen and enforce trade, investment, competition, subsidy, and supply chain laws to ensure financial flows are directed to achieving clean and sustainable energy, transport, and materials and regenerative food, ocean, and land use.

During Japan's 2024 Annual General Meeting season our partners filed a total of 11 climate-related shareholder proposals at six companies. The average shareholder support rate for climate-related proposals was c. 22.4%, a significant increase on c. 17% in 2023 (a rate of above 20% is considered "*significant shareholder dissent*").

Long term engagement started by our partner ACCR at Japanese utility J-Power (Japan's largest listed operator of coal plants) resulted in J-Power announcing closure of up to five domestic coal plants by FY2030 (see ACCR analysis [here](#)). The President of J-Power himself announced it as the company "*deemed it necessary to demonstrate to shareholders our strategy for coal power plants on a site-by-site or unit-by-unit basis*".

ClientEarth published a paper – "Guardrails to Address Transition-Washing and Scale Up Transition Finance" – which identified the absence of clear policy guardrails as a key factor enabling the proliferation of "transition-washing" (a form of greenwashing in finance). The paper emphasised the need for countries to establish differentiated standards for climate leaders to foster a more inclusive and globally coordinated transition.

The European Union adopted the Corporate Sustainability Due Diligence Directive. ClientEarth worked alongside partners for years to support the law's adoption.

ClientEarth published a paper - "[State aid control in the EU - a state aid guide for civil society](#)", which provided a global overview of what state aid is, how important it is, and how state aid control in the EU works.

3. Energy, Transport, and Materials Systems

OBJECTIVE 3A: Accelerate the global transition to clean and sustainable energy systems including the phasing out of fossil fuels (including subsidies and financing) and unlocking energy efficiency, sufficiency, renewables, smart technologies, and sustainable storage

We worked in partnership with TransitionZero, a climate analytics non-profit, to support policymakers and regulators in the shift to clean and affordable energy in Southeast Asia.

ClientEarth, TransitionZero and Aurora Research co-hosted an event with the Philippine Energy Regulatory Commission where TransitionZero presented our joint study on "Assessment of the Competitive Selection Process in the Philippines". This highlighted how fossil power plants are prone to shut down and how emerging hybrid contracts increase availability, and the need for risk evaluation metrics to incentivise proper risk management for generation companies and utilities.

In Japan, we published a [report](#) in Japanese and English about incompatibilities with Japanese law of the staffing process of the bodies in charge of discussing and drafting the Strategic Energy Plan (SEP). This report was used by our partners to engage with legislators and corporations. One of the outcomes is an increase of engagement of pro-climate stakeholders in preparing the SEP.

Following a case brought by ClientEarth, Friends of the Earth, and the Good Law Project in the High Court of England and Wales, the UK Government was once again found to have breached the Climate Change Act when it adopted the Carbon Budget Delivery Plan. The High Court gave the Government 12 months to draw up a revised plan.

OBJECTIVE 3B: Accelerate the phase out of hydrocarbons in transport, materials, and industrial processes along with a global shift in mobility behaviours and transition to a fully circular economy

We continued our work on plastics by publishing legal analysis shedding light on the legality of plastic recycling claims under consumer protection law. EU and UK consumers who see plastic recycling symbols on packaging often believe that means they are making a positive choice for the environment, when the reality is that most of the plastic packaging cannot and will not be recycled. This complemented our ongoing work challenging the INEOS permit for a gas-fed plastics facility in the Port of Antwerp, including court proceedings in Belgium.

To complement our legal work on plastics, we ran a targeted campaign during the 2024 Paris Olympics. The campaign highlighted the misleading recycling claims of the main sponsor, Coca-Cola, and the incongruity of the ambition to make the Paris Olympics the greenest ever.

Our ongoing work following the Dieselpgate scandal contributed to the UK Department for Transport opening investigations into 11 manufacturers across 20 brands, with as many as 47 models suspected of having employed defeat devices in emissions testing.

In 2024, the European Union adopted the Ecodesign Regulation, setting out requirements for the sustainable design of products. The Regulation could be a game-changer for product design in the circular economy, with the potential to provide clarity on the chemicals present in everyday products. ClientEarth and partners pushed for the legislation, as a first step towards eliminating toxic products from the lives of people living in the EU.

4. Food Systems, Oceans, and Land Use

OBJECTIVE 4A: Establish binding governance systems to protect and restore 30% of land and ocean by 2030 that also recognise and reflect the rights of Indigenous peoples and local communities

We worked with the ASEAN working group on Social Forestry and national stakeholders to strengthen social forestry laws and IPLC (Indigenous peoples and Local Communities) rights. We conducted a legal gap analysis on forest governance laws and their implementation in Indonesia, using the ASEAN Guiding Principles for Effective Social Forestry Legal Frameworks (AGP), and delivered a workshop to Indonesia's Ministry of Environment and Forestry to align national practices with the AGP.

ClientEarth supported HuMa (Perkumpulan HuMa Indonesia) on the IKN (Ibu Kota Nusantara) capital relocation project in Indonesia, contributing legal and policy expertise to a draft Regulation on the Recognition of Local Wisdom in Environmental Protection and Management. In Cambodia, our efforts focused on analysing and revising the [Community Protected Areas Guidelines](#) and the [Environment and Natural Resources Code](#), to better integrate community perspectives and ASEAN Guiding Principles.

Following a complaint ClientEarth filed with WWF Greece and Greenpeace Greece, the European Commission undertook to seek clarifications from the authorities in Greece about oil and gas projects to which it has given the green light, despite the threats they pose to protected marine sites and endangered species. We allege allowing this drilling without fully assessing the impacts breaches EU and national laws.

ClientEarth supported Legambiente, LIPU-Birdlife Italy, WWF Italy, and Greenpeace Italy to challenge the Italian government's approval to drill for gas in an iconic UNESCO heritage site adjacent to a Marine Protected Area off the Po Delta. The Teodorico Project was cancelled in 2024 after the courts ruled in our favour.

Following a successful ruling from Italy's Council of State, finding that the Lazio Region was in breach of EU drinking water laws, ClientEarth and Lipu-BirdLife Italy appealed to the same body to secure enforcement of the ruling. We claim the Region failed to take the steps required to protect the site, which is a source of drinking water, from catastrophic pollution caused by intensive hazelnut farming.

During Ocean week in September-October 2024, ClientEarth, alongside Seas At Risk, BirdLife Europe and Central Asia, Oceana, Surfrider Foundation Europe, and WWF, launched our Blue Manifesto, advocating for an ambitious EU Ocean Deal that would put ocean health at the heart of EU-decision making.

We pleaded at a hearing in the General Court of the EU directly challenging the Council of the European Union about fishing catch limits set by the Council. The EU missed a 2020 deadline to ensure all fish stocks were fished sustainably. We expect the outcome in the latter half of 2025.

We launched legal action to push the German government to implement the Sustainable Use of Pesticides Directive to limit pesticides in farming. Germany is 13 years late in transposing the directive, and the country's flying insect population dropped by 76% between 1989 and 2014.

ClientEarth published a report providing an interim assessment of how effectively Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia, and Serbia are safeguarding their rivers by incorporating key EU laws related to hydropower into their national legislation. While there was some progress, the report highlighted specific systemic failures.

The European Union adopted the Nature Restoration Law, a huge win for Europe's nature and climate action. ClientEarth was part of the #RestoreNature Coalition, which campaigned for years for the law to become reality.

Nature was also at the centre of our advocacy efforts for COP16 in October 2024 in Colombia, where we pushed for mechanisms to track progress towards the targets of the Global Biodiversity Framework, together with adequate finance.

Following a long-running legal case brought by ClientEarth, BirdLife Portugal, and eight Portuguese NGOs, the Portuguese government announced it would abandon plans to build Lisbon's new airport on an internationally protected nature site. The airport was planned to be built on the Tagus Estuary, Portugal's most important wetland and a crucial safe haven for millions of migratory birds.

We cooperated with the Public Interest Litigation Department of the Supreme People's Procuratorate of China on tackling the problem of bird-killing 'mist nets'. These invisible nets are used to intentionally trap birds or inadvertently kill birds to keep them away from crops or aquaculture ponds. We made them aware of this issue in September 2023 and followed up with joint research and legal recommendations in 2024, as they intensified a campaign to restrict the production, sale, purchase, and use of these nets. The prosecutors are working with the e-commerce platforms, with several provinces and cities, with communities where lots of migratory birds come to feed, and with a senior lawmaker to propose a regulated standard for legal vs illegal bird nets. This bodes well for our joint work on ocean conservation, which is the next big priority for our cooperation.

OBJECTIVE 4B: Catalyse regenerative food systems and agriculture and eliminate deforestation, unsustainable fishing and seafood, GHGs, waste, single use plastics, and toxic chemicals from global supply chains and the food system.

Through our work in Africa, we continued to provide legal support to national stakeholders (especially civil society, Indigenous peoples and Local Communities) to engage in law reform processes to strengthen forest governance in tropical forested countries.

Two notable examples in the past year stem from West Africa: Ghana and the European Union signed a deal making Ghana the first African country to issue Forest Law Enforcement, Governance and Trade (FLEGT) licences, to ensure the legality and sustainability of Ghana's timber industry. ClientEarth and our local partner provided 10 years of legal and advocacy support to this process.

Secondly, Liberia holds the vast majority of the remaining Upper Guinea Forest and is therefore of interest to players on the carbon market. ClientEarth supported civil society and local communities to engage in a national climate change policy reform process, to advocate on their concerns about carbon credit deals that do not establish community benefit-sharing mechanisms, or other safeguards for communities and forests. This led to civil society and community representation on the committee leading the next phases of this important law reform.

In Europe, after Birdlife and ClientEarth raised serious concerns about an "emergency" amendment to the EU's Common Agricultural Policy, the European Ombudsman wrote to the European Commission President asking questions and seeking a meeting. The amendment, which was adopted, raised major democratic issues and posed a threat to the future of farming by weakening environmental protections. The Ombudsman's inquiry into the matter remains open.

Following a complaint by ClientEarth over the UK government's approval of Cruiser SB – a pesticide, which has the potential to cause harm to pollinators – England's Office for Environmental Protection announced it was investigating repeated authorisation of the pesticide.

Alongside the Pesticides Action Network Europe (of which ClientEarth is a member), and fellow members Générations Futures, GLOBAL 2000, Pesticide Action Network Germany, and Pesticide Action Network Netherlands, we lodged proceedings before the Court of Justice of the European Union, challenging the European Commission's decision to reauthorise glyphosate in violation of their own guidelines and international protocols.

After the United Kingdom and Scottish governments put in place conservation measures to ban sandeel fishing in

English waters in the North Sea and all Scottish waters, the European Union objected, forcing the UK into arbitration. We submitted legal arguments to the tribunal hearing the case, to support the sandeel closures.

We published a report exposing failures by companies to comply with their legal duties to respect EU “authorisation” decisions concerning toxic chemicals. The failure of companies to ensure that chemicals identified as being “of very high concern” are only used in accordance with the Authorisations they have been given potentially exposes workers, communities, and the environment to the most harmful chemicals.

ClientEarth, Deutsche Umwelthilfe (DUH), and Mighty Earth wrote to Germany’s Federal Office for Economic Affairs and Export, urging them to investigate three of the country’s biggest meat producers, as new research indicated that the soy used to feed their livestock was exposed to a high risk of human rights abuses and deforestation in Brazil. The submission was based on research tracking soya from the Brazilian Cerrado, where human rights abuses are rampant, via the Netherlands, to terminals in Germany, and ultimately to Germany’s biggest animal feed facilities.

The European Ombudsman agreed with us that EU officials broke the law by delaying bans on dangerous chemicals over the course of nearly two decades. The Ombudsman concluded that taking 14.5 months on average to decide whether to allow companies to continue using banned chemicals amounted to maladministration on the part of the Commission.

England’s Office for Environmental Protection urged the Government to take immediate action on river pollution, following a 2022 complaint by ClientEarth and WWF. The watchdog determined that the Government may have broken environmental law by watering down critical regulations on nitrogen pollution.

Monitoring, evaluation and learning

In 2024, ClientEarth’s impact monitoring and evaluation had notable highlights:

- the launch of our new impact monitoring tool, which – for the first time – provides ClientEarth with a centralised solution to programmatic data and insights needs, and is relevant to all teams and regions;
- the piloting of learning fora (focused on discussing impact and strategy-related topics), allowing programmes to reflect on achievements and contributions to outcomes as well as investment needs in response to the changing context.

Both tools and processes were piloted in 2024 in support of our theory of change and action and will continue to be refined on an ongoing basis. Insights generated through impact monitoring will be complemented going forward by an impact evaluation approach, contributing to a robust evidence base to inform decision making, planning, and strategy development and adaptation.

We are particularly paying attention to how our tools and system support our collaborative work with partner organisations, ensuring we listen, learn and act together. Our theory of action is collaborative at its core: we succeed together with our partner organisations and strive for excellence in our relationships.

ClientEarth is a member of formal and informal networks and coalitions such as the European Environmental Bureau (and its Council); Wildlife and Countryside Link (UK); the European Pesticides Action Network; the MedSea Alliance; the Break Free From Plastic movement (global); the Climate Action Network (Europe); the Aarhus Convention EcoForum; and NGOs that litigate before the European Court of Human Rights. Our worldwide partners include Heritage Partners & Associates, LLC (Liberia), the Philippine Earth Justice Center, and the Asia Investor Group on Climate Change.

Innovation lab

Internally, the Lab is a catalyst for ClientEarth’s whole-organisation approach to Innovation and creativity. Externally, it scouts the fringes and the unexpected, to support the attuning of our relationships and actions to systemic risks and

opportunities. This last year, it opened new relationships in the Earth Law movement and with social innovators in the new economy field that directly enriched Lab Venture and ClientEarth's projects. It also identified relevant capacity-building practices (see below). Together, these efforts aim to boost the capacity and opportunities of ClientEarth's staff, partners and, ultimately, the sectors in which we operate, to deliver the social innovations needed to transition to societies that are good for people and planet.

Capacity

In 2024, the Lab made progress on the dissemination of skills critical to innovation thinking and practices. Future thinking (horizon scanning, visioning tools and 3 Horizon frameworks) spread to a critical mass within the organisation and was progressively integrated into our teams' routines. An increasing number of teams across our geographies have integrated system-change methodologies, innovation practices, and design-thinking practices into their strategy-setting gathering and design. The Lab is now considering how to disseminate what we have learned about activating legal innovation for system change further in the legal field.

Opportunities

In addition to building new relationships with social innovators, which opened new avenues of action for ClientEarth, the Lab has tested how it can best support staff and partners to experiment and explore. Two explorations, one on AI and another on the financial system, led to key learnings for the Lab and the teams involved. The Lab is now embedding this practice further into the organisation, connecting the "Impact Accelerator" to the strategic and organisational milestones of the year. In 2025, three to six projects will be launched, concerning our programmatic work and to inform the organisational structure that determines how our work is delivered.

Challenges in 2024

In 2024, ClientEarth faced several internal and external challenges:

- **Global geopolitical shifts, especially connected to elections.** More than 70 countries, covering half the world's population, went to the polls in 2024. This included places where ClientEarth focuses its work, notably the European Union (whose voters were invited to elect a new Parliament); more than half its Member States (including unexpected Parliamentary elections in France, as well as national elections in Belgium, local elections in Poland, and various State elections in Germany, all places where we are particularly active); and the United Kingdom.

Such elections demand time and effort to make sure that we work with NGO partners to set out clearly, for future elected officials, what is needed legally to achieve the transition to net-zero that is scientifically necessary. For example, we developed manifestos for the EU and UK elections. The elections also create the political context in which all of our work operates; the presidential campaign and outcome in the US had impacts on our work around the world.

In the EU we saw a significant shift from the European Green Deal environment in which we operated for the five years up to 2024, to one which is much more orientated towards competitiveness and defence, as well as a shift towards deregulation.

We saw the continued trend towards increased scrutiny of NGOs. In particular, there was political and media scrutiny of NGOs receiving funding from the European Union's LIFE Programme, which funds some of ClientEarth's work in Germany.

- **Difficulty raising unrestricted and flexible funds.** Much of ClientEarth's income is restricted, which is welcome and allows us to carry out strategic work at scale. A key challenge is in raising unrestricted and flexible funding that enables us to pivot and be agile in our responses. In a world with ever increasing and volatile climate challenges, we know the need for our work will increase, but we do not always know where and how we will be needed. Flexible funding allows ClientEarth to react and respond in areas of greatest

need.

- **Implementing our systems-based approach.** We undertook a broad Lessons Learned exercise from our 2022 reorganisation, led by a member of our Global Leadership Group. As a result, we implemented a series of recommendations, including changes to simplify our Programme Operating Structure.

Future plans

In 2025, we will continue to work on delivering our systems change objectives under our strategy. We will do this by consolidating and refining our impact in Europe, growing our impact and presence in China, Japan, Southeast Asia, and our collaboration with ClientEarth USA, and building on and expanding our work with partners in Africa and South America.

Legal Systems & Rule of Law:

- We will continue advocating for the adoption of effective framework climate legislation, including advocacy at the NDC Summit and COP30
- We will mobilise around the Meeting of the Parties of the Aarhus Convention.
- We will work to protect environmental democracy rights by responding with agility to the deregulation agenda.
- In China, we provide legal support to help the country achieve its dual carbon goals and its goals related to nature conservation and restoration, with a focus on judicial and prosecutor engagement

Financial and Economic Systems:

- We will challenge environmentally harmful subsidies in Europe and channel public funds to sustainable solutions or to recipients/projects that align with climate goals and biodiversity protection.
- We will conduct research with a view to developing legal/policy for reforms of corporate law and the governance of financial institutions.

Food Systems, Ocean, and Land Use:

- We will develop and implement a legal and advocacy strategy aimed at utilising the Global Biodiversity Framework to advance biodiversity protection and achieve global area-based conservation and restoration targets, addressing both international and national levels.
- We will prioritise ocean conservation, including participation in the United Nations Ocean Conference (UNOC), and working with China's prosecutors to step up law enforcement around fisheries.
- In South East Asia, we will support national and local governments in the implementation of forestry laws and commitments, including through work with Indigenous peoples and local communities
- We will agree and take action to promote a clear vision for a sustainable food system, underpinned by agroecology and capable of meeting all our challenges related to climate, health, nature, justice, and water.
- We will prioritise the successful implementation and enforcement of rules related to food, ocean, and land use and designed to hold European businesses accountable and bring them in line with planetary boundaries.
- We will prioritise the successful implementation and enforcement of rules related to food, ocean, and land use and designed to hold European businesses accountable and bring them in line with planetary boundaries.

Energy, Transport & Materials Systems:

- We will develop advocacy and litigation that promotes demand-side solutions and a sufficiency-based approach to decarbonising energy systems, including by targeting energy and resource-intensive sectors.
- We will work to influence the legal reform on the circular economy, including on chemicals, in the European Union.
- In Asia, we will work to create an enabling regulatory environment for rapidly scaling up renewable energy and mobilise the private sector behind an accelerated energy transition

Structure, governance and management

The charity is a company limited by guarantee and is governed by its memorandum and articles of association. The trustees, also the directors for the purpose of company law, who served during the period are listed on page 1. None of the trustees has any beneficial interest in the company. All of the trustees are members of the company and guarantee to contribute £10 in the event of a winding up.

ClientEarth Ltd.'s governance is undertaken by the trustees, who meet at least four times a year and met five times in 2024. There are five board committees covering (1) Finance, Audit, and Investment, (2) Governance and Risk, (3) Remuneration, (4) Equality, Diversity, and Inclusion and (5) Nominations. The committees generally meet three (EDI) or four times a year ahead of board meetings, except for the Remuneration and Nominations Committees which meet on an *ad hoc* basis. There is also a Global Impact Forum, which is comprised of all ClientEarth entities' governance board members globally and meets to consult on strategic direction.

The Charity Governance Code recommends that large charities commission external reviews of their governance every three years. In late 2021, the Board commissioned an external review of governance and board effectiveness against the Charity Governance Code. The recommendations from this report were approved by the Board and are intended to ensure that ClientEarth operates under the highest standard of governance. An ongoing implementation plan to deliver the recommendations is being overseen by the Governance and Risk Committee. As of the end of 2024, only one of 21 recommendations remains outstanding, and is currently in-progress anticipating completion in mid-2025. (Another external review of governance is currently being planned.)

While the external consultant concluded that the Board largely met the recommendations of the Code, recognising that the Code enhanced the principles on Equality, Diversity, and Inclusion, the Board agreed that further attention was needed in the areas of term limits and diversity, which is being addressed through a 5-workstream Equity, Diversity, and Inclusion Strategy (adopted in July 2023), with Workstream 1 focused on active trustee succession planning and recruitment of new trustees with more diverse experiences and perspectives.

ClientEarth had a heavy year of trustee recruitment in 2024, seeing the appointment of five new trustees, including its new chair, Emma Howard Boyd. Another round of recruitment was commenced in late 2024, and more trustee appointments are anticipated in 2025.

The trustees are responsible for setting the overall programmatic and financial strategy of the charity and for approving the annual budget but delegate the day-to-day management to the Chief Executive Officer (CEO), Laura Clarke, who is supported by an Executive Team and a Global Leadership Group (GLG).

ClientEarth offices

ClientEarth has its Group headquarters in London. The headquarters accommodates most of the core functions of the charity such as the CEO's office, finance, development, communications, human resources, administration, and IT teams. ClientEarth also has a number of additional offices throughout the world, and it operates in many countries throughout Europe, Central and Eastern Europe, Central and Western Africa, and Asia Pacific through staff, partners, and sub-grantees.

ClientEarth Trading Ltd is a trading subsidiary of ClientEarth in the UK. ClientEarth is the sole member of the company. The subsidiary only carries out small-scale non-primary purpose trading activities.

ClientEarth in Europe

Country		Legal Form	Year of Formation
Belgium	ClientEarth AISBL	International non-profit association	2018
France	ClientEarth France	French Foundation	2011 (currently inactive)
Germany	ClientEarth gGmbH	Limited Liability Company	2018

Luxembourg	ClientEarth ASBL	Non-profit association	2017
Poland	Fundacja ClientEarth Prawnicy dla Ziemi	Polish Foundation	2016
Spain	Fundación ClientEarth Delegación en España	Delegation of Foreign Foundation	2023
UK	ClientEarth Trading Limited	Trading subsidiary of ClientEarth Limited	2020

There is also an independent not-for-profit entity in Germany, ClientEarth e.V. – ANWÄLTE DER ERDE, which operates as a Registered Association. The board of chairpersons, which is the management body of this Registered Association, is comprised of senior staff of ClientEarth gGmbH and ClientEarth AISBL (Belgium), while the members (governance board) include ClientEarth ASBL (Luxembourg), staff of various ClientEarth entities, and a handful of external German citizens. The members together form the general assembly of the association, which provides guidelines and oversight to the Board of Chairpersons.

ClientEarth in Asia and the Pacific

Country		Legal Form	Year of Formation
China	ClientEarth (UK) Beijing Representative Office	Representative Office of ClientEarth Limited	2017
Japan	IPPAN SHADAN HOJIN ClientEarth	Non-profit general incorporated association	2023
Australia	ClientEarth Oceania Limited and ClientEarth Oceania Trust	Charitable trust, with a corporate trustee incorporated in the form of a public company limited by guarantee, with ClientEarth Limited (in the UK) as its sole member.	2022 (currently dormant)

ClientEarth Americas

There is an independent ClientEarth entity in the US, ClientEarth USA, Inc., d/b/a ClientEarth Americas, which operates as a 501(c)(3). Two directors who sit on the board of ClientEarth USA, Inc. are also trustees on the board of ClientEarth Ltd. Operations of this entity are not included in this report.

Compliance with Trustees' duties under Section 172(2) Companies Act 2006

Trustees must act in the way they consider, in good faith, would be most likely to promote ClientEarth's success to achieve its charitable purposes. In doing so, the Trustees have delegated day-to-day management and decision-making to the CEO and the Executive Team, as well as other members of the Global Leadership Group, who are required to act to further ClientEarth's adopted Strategic Framework and 2030 Global Impact Strategy, and to ensure that activities are carried out in compliance with agreed plans and policies and in accordance with ClientEarth's objectives and values. The Trustees receive regular reports on ClientEarth's performance and plans at each Board meeting and at the various Committee meetings overseeing specific areas of work and governance.

In carrying out their duties, the Trustees have regard (among others) to the following matters:

- **The likely consequences of any decision in the long term**

In making all its decisions, the Trustees consider the financial and operational sustainability of the organisation, as well as the importance of long-term results of the organisation's work, in line with the Strategic Framework and 2030 Global Impact Strategy.

- **The interests of the organisation's employees**

The Trustees recognise that attracting and retaining talented staff is critical to the success of the organisation's strategy. To that end, through regular reporting by senior management at Board meetings, the Trustees have oversight of internal initiatives to promote a positive working environment and culture. In 2023, the Board also adopted an organisational strategy to promote equity, diversity and inclusion. For more information, see the 'People' and 'Equity, Diversity and Inclusion' sections of this report.

- **The need to foster the organisation's relationships with suppliers, partners, and others**

The Trustees recognise that building strong and lasting relationships with all stakeholders will help to deliver the organisation's strategy to achieve its mission and vision. The Trustees and senior management have a strong risk management policy and process, and the organisation promotes a culture of upholding the highest standards of operational and regulatory conduct. For more information on suppliers, see the 'Financial and professional providers' section of this report.

- **The impact of the organisation's operations on the community and environment**

In line with our core values of acting courageously and opposing injustice, the Trustees ensure that the organisation has adopted strong internal policies and procedures relating to safeguarding of communities and individuals the organisation works with and the environmental impact of its operations. Matters of safeguarding are regularly covered in internal staff trainings and incorporated into agreements with partners that ClientEarth collaborates with. For more information about the organisation's environmental impact, see the 'Climate change and environmental policy' section of this report.

- **The desirability of the organisation maintaining a reputation for high standards**

ClientEarth's core values are embedded in the organisation's policies and procedures, employee induction and training programmes, and its risk management framework. The External Affairs department enables the organisation to present its work effectively to all types of external stakeholders and to protect and promote the reputation of the organisation. In line with the Trustees' commitment to the highest standards of transparency, integrity and accountability, in 2023 ClientEarth launched a whistleblowing channel so that anyone can voice concerns or complaints that relate to the organisation.

The Trustees' regard to these matters is embedded in their decision-making processes, through the organisation's mission and vision, values, culture, governance framework, information flows, and stakeholder engagement processes.

Trading company activity

No trading activity to report in 2024.

Climate change and environmental policy

ClientEarth is committed to reducing energy consumption and waste by encouraging staff, trustees, and board members to adopt sustainable practices and behaviours while working on behalf of ClientEarth. We plan to halve our carbon emissions from our operations by 2030¹ and to eliminate emissions by 2050.

Our Environmental Policy sets out guiding principles to help the organisation reduce emissions, consumption of

¹ Compared to a 2019 baseline.

resources, and waste by ensuring that, where relevant, environmental impacts are considered fundamentally when making decisions in our operations and programmatic work. The policy includes guidance in facilities management, recycling waste management, use of technology, procurement, and travel. ClientEarth's Environmental Policy and the principles are endorsed by the Executive Team and can be found on the [Transparency page](#) of the ClientEarth website. The CEO is accountable for the policy, and it is subject to periodic review.

In 2024 our total global emissions were 13% lower than in the previous year.

Carbon emissions

This is the third year that ClientEarth has reported on its energy consumption and carbon emissions. We have followed best practice based on HM Government Environmental Reporting Guidelines (March 2019), the Greenhouse Gas Protocol (GHG) Reporting Protocol – Corporate Standard and from the UK Government GHG Conversion Factors for Company Reporting document for calculating carbon emissions.

In 2023, we carried out an internal audit of our carbon emissions across other aspects of our global operations and activities to help support our reporting and are expanding the emission types that we are reporting on in 2024 to increase transparency and hold ourselves to high account. We present our report on energy consumption and carbon emissions under the Government's Streamlined Energy and Carbon Reporting (SECR) framework below. Our methodology includes use of the following guidance:

- UK Government Environmental Reporting Guidance (March 2019)²
- The Greenhouse Gas Protocol (GHG) Reporting Protocol – Corporate Standard³
- UK Government GHG Conversion Factors for Company Reporting document for calculating carbon emissions⁴
- Carbon Footprint's international electricity factors⁵
- EcoAct Homeworking Whitepaper⁶
- Construction Industry Research and Information Association's (CIRIA) W11 Key Performance Indicator for Water Use in Office report⁷

UK emission scope summary	Calculated emissions (tCO ₂ e) 2023 (UK Operations Only)	Calculated emissions (tCO ₂ e) 2023 (Global Operations)	Calculated emissions (tCO ₂ e) 2024 (UK Operations Only)	Calculated emissions (tCO ₂ e) 2024 (Global Operations)	Calculated energy usage (kWh, unless otherwise stated) 2024 (Global Operations)
Scope 1 (direct emissions)					
Refrigerant leak	2.03	2.03	-	-	
Data Servers	-	-	0.01	0.01	
Scope 2 (indirect GHG emissions)					
Office electricity	22.12	29.86	17.71	36.3	135,099.8
Data Servers	-	-	0.01	0.01	
Scope 3 (other indirect GHG emissions)					
WFH – electricity	6.1	16.14	7.45	19.84	73,798.6
WFH - gas	9.97	18.72	12.19	22.24	128,479.8
Waste water	616.22	1,243.07	531.56	1084.8	

²https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/850130/Env-reporting-guidance_inc_SECR_31March.pdf

³<https://ghgprotocol.org/sites/default/files/standards/ghg-protocol-revised.pdf>

⁴ Greenhouse gas reporting: conversion factors 2023 - GOV.UK (www.gov.uk)

⁵ carbonfootprint.com - International Electricity Factors

⁶ <https://info.eco-act.com/en/homeworking-emissions-whitepaper-2020>

⁷ https://www.ciria.org/CIRIA/Resources/Free_publications/KPI_water_offices.aspx

Vehicle use	3.85	7.2	0.61	1.52	
Courier	0.06	0.06	0.02	0.02	
Waste	0.13	0.13	0.05	0.05	
Electrical waste	-	-	5.69	5.69	
Use of technology	-	-	18.74	24.68	
Business travel	206.49	574.90	128.31	450.3	
Data servers	-	-	1.22	1.22	
Total	866.96	1,892.11	723.55	1646.67	337,378.2

For several of our operations outside of the UK, ClientEarth is often a subtenant in offices where it is a challenge to obtain data on energy consumption.

Generally, ClientEarth does not emit Scope 1 type emissions⁸. However, as part of our data servers, Microsoft provides information on ClientEarth's emissions, breaking it down to include Scope 1, 2 and 3 emissions. We therefore have a reportable 0.01 tCO₂e emissions for 2024 for Scope 1.

Scope 3 travel data is captured from ClientEarth's own internal tracking systems.

We are required to report emissions against an intensity of output measure (or normalising factor), so that decreases or increases in output in future years do not disguise changes in energy efficiency/emissions reductions and valid comparisons can be made over time. We have chosen to report tonnes of CO₂ equivalent per member of staff.

Intensity ratio	2023 (UK only)	2023 (Global)	2024 (UK only)	2024 (Global)
tCO ₂ e / per member of staff	5.8	6.3	4.85	5.49

To support our plan to halve our carbon emissions from our operations by 2030, and to hold ourselves to high account, we have extended our reporting to include as much data as possible from all locations in which ClientEarth employ staff. During 2024 we have:

- Reported energy use in all of our offices;
- Calculated working from home energy use in all locations we operate;
- Captured water use of all staff based on the Construction Industry Research and Information Association's (CIRIA) W11 Key Performance Indicators for Water Use in Offices report;
- Reported our business travel for all offices;
- Captured emissions from use of technology, specifically cloud services and purchase of hardware⁹
- Captured emissions from electrical waste due to recycling of IT equipment as part of the WEEE regulations
- In 2024, we also made several changes to reduce our future emissions, notably:
- Revised our Travel Policy to drive a general reduction of business travel including:
 - prioritising rail over flights where possible, where travel is less than 1 day/under 14 hours;
 - requiring additional approvals for short-haul flights.
 - reduced personal vehicle and taxi usage in terms of distances travelled, however overall number of trips increased slightly
 - requiring that all trips must be booked through internal system to assure compliance with Travel and Environmental policies.
- Installation of solar panels to our Warsaw office
- Changed our courier supplies in our London office to enable us to record data relating to the carbon emissions of our parcels.

⁸ ClientEarth's Scope 1 emissions in 2023 relate to an air refrigerant leak in our London office

⁹ Cloud emissions provided directly by Microsoft, hardware emissions calculated used data available from [DitchCarbon - Scope 3 Emissions Data Platform | DitchCarbon](#)

Recognising that business travel is the single largest contributor to our global emissions, the Executive Team set a target of reducing overall business travel emissions by at least 15% year on year. In 2024, the reduction in business travel emissions was 21.7%.

Financial and professional providers

ClientEarth recognises its responsibility to carry out its procurement activities in an environmentally responsible and sustainable manner and this includes its choice of financial and professional providers, including banks, pension providers, and external investment managers. In choosing the provider and default fund for our pension scheme and our external investment manager, we have been able to find options that satisfy our environmental criteria (see Investment Policy below). The options available to us for our banking services, however, are rather more limited.

We are aware that our bankers finance companies that are responsible for climate change, biodiversity loss, and toxic pollution and so are not aligned with our values, but we have not at this time been able to find alternatives that are so aligned.

We regularly engage with our banks on their environmental shortcomings through the work of our legal programmes. This has included some of the following:

- in September 2021 we named HSBC in [our legal complaint to the UN's human rights](#) experts alleging that the bank is in breach of international human rights law based on its continued financing of Saudi Aramco.
- following the [UN's warning letter to HSBC](#) regarding these allegations in June 2023, we [wrote to HSBC in December 2023](#) to further substantiate our challenge to the bank on its continued financing of fossil fuel companies in light of its climate-related human rights obligations
- We further engaged with the bank on these issues in Q1 2024.

We also keep under review whether there are alternative options that meet our needs for international banking services.

Risk management

The Trustees are responsible for oversight of the risks faced by the organisation.

The operative Risk Management Policy was approved by the Board in 2024 and provides a framework to guide the organisation's decision-making on risk management. ClientEarth maintains a comprehensive insurance portfolio, including coverage for professional liability (both for its lawyers and miscellaneous other professional work), errors & omissions, directors & officers, cyber, and premises.

At the start of 1 January 2023, ClientEarth formed a new Governance & Legal Services Department, which manages ClientEarth's governance, risk and compliance, legal services, and litigation approvals and management. The Governance & Legal Services Department maintains the organisational risk register, which identifies the major financial, regulatory, governance, external, operational, and reputational risks to ClientEarth (globally and nationally for each entity). For each risk, the relevant member of the Executive Team with primary responsibility assesses the likelihood and severity of impact with input from the national entities, the Governance & Legal Services Department, and the Global Leadership Group. The risk register includes a mitigation tracker by risk category, which includes for each risk details of all mitigation measures that are in place and all mitigation actions that are in progress or need to be implemented.

The Trustees of the Governance and Risk Committee review changes to this risk register on behalf of the Board at each committee meeting and consider any further steps that may be necessary to manage the risks, highlighting key issues to the full Board as relevant. Then once a year, the Governance and Risk Committee and the full Board will examine the full risk register in detail.

The trustees consider the most serious risks to which the charity is exposed to be:

- **Strategic Litigation Against Public Participation (SLAPP):** ClientEarth's greatest risk is that it will be the target of litigation or other legal action arising from its work. The most common form of SLAPP is a defamation

lawsuit, but intellectual property claims and business torts are increasingly common, as is the risk of regulatory complaints that can lead to investigations. SLAPPs are intended to divert time and attention from the work of the charity, and thus are often pursued regardless of their legal or factual merit. ClientEarth has received multiple SLAPP threats over the past five years, but none have resulted in any legal claims being made against it.

- **IT Vulnerability / Cyber Attack:** Since shifting our organisation-wide systems and data storage to the cloud environment in 2022 our overall resilience and security has strengthened. We now carry out an annual audit with our provider to help us identify and mitigate vulnerabilities and strengthen disaster recovery plans. In 2025, we expect to review and update all our IT related policies. Our Information Security team regularly carrying our phishing exercises to assess our vulnerability and run mandatory training for staff on cyber-risk. In July 2024, we undertook an exercise with the Executive Team and senior leaders to test our crisis preparedness, which included cyber-attack and information loss scenarios testing various internal controls, policies and procedures. The exercise helped validate the effectiveness of our Crisis Management plan as including our internal decision-making as well as current internal and external communications planning. We plan to undertake another crisis exercise later in 2025.
- **Reputational Threats:** We operate under the risk that our programmatic work may lead to certain sensitive political and corporate actors seeking to damage our reputation maliciously, including through insider threats and other means. ClientEarth continues to review risks and threats on all projects and initiatives prior to commencement, and the political and security risk team has been strengthened. A crisis management plan is in place together with communications strategies to mitigate the impact of such a threat.
- **Competition and Innovation:** In 2024, with several new Environmental EU Directives shortly coming into force, and a rapidly growing eNGO ecosphere, ClientEarth felt increasing challenges attracting and retaining top legal talent in the face of strong competition from governments, corporations, foundations and, to a lesser extent, some other eNGOs. This risk also creates increased financial pressures, as competition for top talent drives up salaries. It also could potentially lead to decreased innovation and leadership on bold new legal strategies. Several projects are underway to address this concern, including a comprehensive Job Architecture project to define progression pathways for staff, and a benchmarking exercise to ensure salaries are in line with relevant markets. For more information, see the 'People' and 'Remuneration' sections of this report.

Other risks:

- **Data Protection / Data Breach:** In 2024, there were no reports of data breaches made to any supervisory data protection authorities (such as the ICO in the UK). A small number of near misses were reported by staff, investigated, and mitigations were put in place.
- **Safeguarding:** In 2024, there were no safeguarding incidents reported. In 2023, the Executive Team and the Board adopted a new Safeguarding strategy to ensure that all of our activities, undertaken by staff and our partners, will safeguard the fundamental right of every adult and child to feel safe. Work continued in 2024 to embed the strategy with local Safeguarding Focal Points in a number of offices, an update to our Policy, through training and awareness building of our reporting channels, and by updating our risk assessments.

Equity Diversity and Inclusion (EDI)

During 2024 we stepped up work on our EDI Strategy commitment to building a ClientEarth that is an inclusive, values-driven organisation, where everyone has the opportunity to thrive to help achieve our mission and vision for a healthier planet. We made progress on our EDI Strategy roadmap, organised around five key workstreams such as recruitment and career progression, data transparency, and supporting an inclusive workplace, with activities planned in phases from 2023 to 2025.

After thoroughly reviewing the data protection laws in all the regions where we operate, we analysed our data in a more robust way, boosting our ability to create a truly diverse, equitable, and inclusive workplace. To support this goal, we developed an Annual Staff Diversity Survey set to launch in Q1 2025. This survey will capture the demographics of our global workforce and measure representation across the organisation, helping us identify gaps track our progress and target our EDI initiatives to where they are needed most. We have also made progress on Trustee recruitment,

building EDI into our annual planning and an approach to measure how we are addressing EDI within our programme delivery and external impact.

We are committed to ensuring equality of opportunity and full inclusion for disabled persons across all aspects of employment. In accordance with The Large and Medium-sized Companies and Groups (Accounts and Directors' Report) Regulations 2008.

We give full and fair consideration to all applications for employment from disabled persons, assessing each candidate on their individual aptitudes and abilities in relation to the requirements of the role. We are committed to making reasonable adjustments throughout the recruitment process to ensure that no applicant is disadvantaged on the grounds of disability.

Where an employee becomes disabled during their employment, we will make every effort to continue their employment. This includes making reasonable adjustments to their role or working environment and offering alternative duties where appropriate. We also provide tailored training and support to enable disabled employees to perform effectively and thrive in their roles.

We actively support the ongoing training, career development and promotion of disabled employees. Opportunities for advancement are made available based on merit and capability, and appropriate accommodations are made to ensure that disabled employees can fully participate in learning and development programmes.

Through these measures, we aim to foster an inclusive working environment that recognises and values the contributions of all employees, including those with disabilities.

People

In 2024, we reinforced our commitment to organisational effectiveness, development, and our people's professional engagement and mental wellbeing. This year, we developed our first People Strategy, which strengthens our approach to employee engagement and wellbeing and puts a sharper focus on career progression, pay talent management, performance and leadership skills. We also proposed a new People and Culture Committee which builds and integrates the work of the EDI Committee into a wider remit of people and organisational developments.

As part of our leadership development, we introduced, a new 360-degree feedback tool for our senior leadership, to assess our current leadership climate alongside other internal improvements to empower ClientEarth's leaders to cultivate workplaces where team members feel inspired, motivated, and encouraged to step out of their comfort zones to achieve their best.

Looking ahead, we are launching a program to support our line managers with blended leadership initiatives, boosting our ability to plan and execute strategic projects. We remain dedicated to ensuring every staff member has access to continuous development and wellbeing support, enhancing our overall efficiency and fostering an effective working environment.

Additionally, we started the process of refreshing our competencies and our values and developed a new set of accountability commitments in line with key organisational changes and revised our operating model to unlock potential through global collaboration.

Another project of the year is the Job Architecture initiative, which began in Q4 and is slated for completion in Q2 2025. This project aims to create a new framework for organising roles, aligning them with our business strategy, operating model, and laying the foundation for our compensation strategy.

Remuneration

Attracting, retaining, and motivating employees is invariably critical to delivering ClientEarth's mission. Reviews and pay awards for all staff, including the Executive Team (Key Management Personnel) and the Global Leadership

Group, are conducted in accordance with the policy framework previously agreed by the Board Remuneration Committee (in future, the People & Culture Committee) and within the salary budget agreed annually by the Board, pursuant to the organisation's Remuneration Policy. We benchmark our salary scales against similar roles within the charitable sector in the countries in which we work (most recently benchmarked in 2022, and in 2023 in Japan as a new location). In 2024, ClientEarth's People & Culture team initiated a comprehensive Job Architecture project, which will be followed by a remuneration review project and Remuneration Policy update. The projects are currently planned to be completed in Q3 2025. The aim of these projects is to create a robust reward strategy incorporating performance and recognition, employee development, and career opportunities.

The CEO's salary is evaluated and recommended by the Remuneration Committee and is approved by the Board. The Committee includes specialists with significant management expertise and knowledge, including in the charity sector.

Fundraising

Our restricted grants fundraising activity in 2024 focused on building strong relationships with private trusts and foundations, predominantly based in the UK, Europe, and the USA. In 2024 we secured renewals on many of our grants from large foundations. Some key grants will come to an end in 2025 and a key focus is on ensuring these funding partnerships are renewed.

Our efforts to raise funds from governments and multilateral funders is growing but remains a relatively small part of our programme at 8% of total income, up from 5% in 2023. This is all reflective of our strategy to invest in philanthropic fundraising sources and we remain on track to deliver growth across the fundraising streams.

Income from unrestricted sources remains an essential part of our long-term income-generating strategy. Philanthropic giving from major donors continues to be our predominant source of unrestricted income with a total of £3,596K raised in 2024, a 4% growth on 2023.

Income via online fundraising from the public, still a relatively new source of funds for ClientEarth, continues to grow well, with an increase of 9% above 2023 income figures (which were 26% above 2022), and growing numbers of regular supporters.

Fundraising statement

ClientEarth employs an in-house Development team that specialises in philanthropy, grants, and online fundraising. ClientEarth also hosts events throughout the year, typically targeted at stewarding and soliciting funding from funders and prospects. ClientEarth does not employ any third-party professional fundraisers (either individuals or organisations) and has no commercial partners contributing to fundraising efforts. ClientEarth is registered with the Fundraising Regulator and follows the guidance and recommendations from the Regulator, as well as the standards contained in the Code of Fundraising Practice, to ensure that our fundraising activities meets the expectations of the public and respect the rights of all individuals. ClientEarth has a statement of Donor Care in place that reiterates principles of donor care, accountability, transparency on use of funds, and data use. ClientEarth also has a clear complaints policy to ensure concerns or breaches are tackled efficiently and quickly. In 2024, the charity has not received any complaints about fundraising activities.

Financial review

In 2024, we secured income of £26,499k (2023: £29,449k). Income year-to-year can fluctuate depending on timing, with some donations and grant receipts at the end of 2024 being for activities in 2025. As in previous years, most of our income (79%) is in the form of restricted funding, and we continued to focus on raising a strong mix of unrestricted and restricted funds.

Total expenditure decreased to £29,188k (2023: £35,153k) driven by one off costs in 2023, programmatic spend delayed until early 2025 and the impact of the budget reset.

We ended the year with a deficit of £1,750k, including a net gain on investments of £938k.

We continued to invest Designated Funds in strategic legal initiatives, to ensure continuation of key work during the transition to our new 2030 Global Impact Strategy, and to cover temporary funding gaps between specific grants, spending a total of £1,612k. Using these funds results in a planned deficit as no further unrestricted income was designated by the trustees in 2024.

Managing key financial risks

Financial resilience: Over recent years, we have focused on diversifying our funder base, income streams, and income mix (between unrestricted income and restricted grants) to further strengthen financial resilience and support organisational growth. While income secured was not as high as originally planned for 2024, we had sufficient Restricted and Designated funds to cover all programmatic costs, and our financial resilience key indicators are tracking well year-on-year.

Economic environment: In 2024, like many organisations, we continued to feel the combined impact of higher cost inflation and a challenging fundraising environment. We monitored this through our in-year forecasting process, to ensure costs throughout the year remained within the approved budget. We have used our 2025 budget process to ensure our cost base over the medium term is affordable, aligned to our strategy, and to provide scope for impact growth in target regions in future years. The budget reset (which included a small number of redundancies) has brought costs back in line with our 5-year financial strategy.

Foreign exchange volatility, led to unrealised losses on exchange of £67k in 2024. We mitigate against exchange risk by holding non-GBP funds in the currency it is received, up to a point that exceeds our expenditure requirement. The excess is exchanged to other operating currencies according to entities cash flows needs. In addition, we look to hold sufficient GBP cash in bank to meet our short-term obligations and avoid a situation of forced currency exchange.

We continuously look to improve our cashflow forecasting across our key currencies (GBP, USD, EUR) for improved cash management and risk mitigation.

Financial regulatory compliance: As ClientEarth increases its global presence, expert advice is taken on specific governance and local regulatory compliance relevant to the jurisdictions in which we operate. In addition, accountants are appointed in these jurisdictions to file financial returns and provide advice.

Donor financial compliance and working with partners: We recognise the importance of compliance with donor financial reporting requirements and specific financial regulations. Our dedicated programme finance business partner team works closely with our grants management team to ensure compliance. See below for further details of how we manage grants and sub-grants to partners.

Managing grants and sub-grants to partners (grant making policy)

At ClientEarth, we actively work either directly or through partners, collaborators, and networks to achieve our charitable objectives. We are not a grant-making organisation (we do not hold a fund to which organisations can apply for grant funding), but our work through partners may include the provision of funding in the form of grants or sub-grants, which in 2024 totalled £2,441k (2023: £2,290k) of our charitable activity spend.

Grant and sub-grant partner selection is determined by our programme objectives and complementarity of skills, expertise and location; and is implemented in the spirit of our values of embracing collaboration and prizing diverse experience.

We use a structured approach to ensure mutual accountability including:

- partner due diligence and capacity assessment processes;
- use of standard grant/sub-grant templates with the inclusion of donor-specific requirements where appropriate;
- monitoring, evaluating and learning from work with partners, as appropriate;
- provision of support where needed, to mitigate non-compliance and other risks; and
- regular financial reporting to ensure financial compliance, and disbursement of funds in instalments.

Partnerships are the cornerstone of our work, especially as we seek to grow our impact and presence in Asia and North America, and build on our work with partners in Africa and South America.

Investment policy

The primary investment objective is to maintain, and if possible, enhance, the value of the invested funds to allow ClientEarth to effectively carry out its purposes in the future. A secondary objective is to provide ClientEarth with supplementary income to carry out its purposes effectively in the short term. As such, ClientEarth seeks the best financial return within an agreed level of risk and consistent with its charitable objects, values, and programmatic objectives. Both capital and income may be used at any time for the furtherance of the charity's aims and therefore the portfolio is managed on a total return basis.

As a charity with broad environmental objects, we ensure that we act within the guidance of the Charity Commission on investment of charitable funds (updated on 1 August 2023). ClientEarth therefore excludes from its investment portfolio businesses that cause significant harm to the environment or are detrimental to public health, as this would be in conflict with its charitable objects.

ClientEarth's core expertise is not in investments, so in March 2020 we appointed external investment managers Sarasin & Partners LLP (an authorised person within the meaning of the Financial Services and Markets Act 2000), who are delegated a discretionary mandate, in accordance with the charity's Articles of Association and the Trustee Act 2000. The investment manager is contractually bound to follow the instructions in the policy statement set out in our Investment Policy.

Key staff and trustees who are members of the Finance, Audit, and Investment Committee receive monthly reports on the performance of the investment portfolio, which are summarised in our Management Accounts. The Committee carries out an annual review of performance against market benchmarks with Sarasin & Partners LLP, with interim reports to the Committee throughout the year. The original investment of \$16m in March 2020 and a further \$3.5m invested in November 2022 increased to \$22.9m by the end of December 2024 (\$21.4m as at December 2023 - an improvement of 6.6%). We have not benefited as much from recent market improvements, as these have largely been driven by sectors that have been excluded from our portfolio. The trustees are satisfied that our investment managers adjusted the portfolio to mitigate against the risks of a more volatile investment market.

The investment is carried at a fair value of £18.2m in the Balance Sheet (2023: £16.8m), due to unrealised gains on exchange of £37k (2023: unrealised gains: £175k), and realised and unrealised gains on investment of £938k (2023: losses of £305k). At the end of December 2024, of the total investment with Sarasin & Partners LLP £3m along with an additional £2m in bank short-term deposits was held in liquid assets in line with our Investment policy, which requires a minimum of 20% of total investments to be held as liquid assets, should these be required for cash flow purposes.

Reserves policy

The charity's reserves policy considers the financial risks that the charity is exposed to and sets the target level of free reserves accordingly at 25% of annual operating expenditure (defined as total annual expenditure, less sub-grant and litigation costs, one-off provisions, and unrealised gains and losses), this target at the end of 2024 amounted to £6,358k (2023: £6,935k). Actual free reserves (general unrestricted funds minus fixed assets) at the end of 2024 were £9,753k (2023: £8,774k). Reserves are held to cover unexpected falls in income, provide bridging funding between grants, provide rapidly deployable seed funding for new initiatives, and to cover cash-flow needs. As the organisation grows, we closely monitor our projected future target free reserves as well current requirements, to ensure financial stability over the medium term.

Overall Funds at the end of 2024 were £28,284k (2023: £30,035k), made up of:

Unrestricted Funds

- General Funds of £10,438k (2023: £9,721k), which after deducting £685k (2023: £947k) funds tied up in Fixed Assets leaves free reserves of £9,753k (2023: £8,774k)
- Voluntarily Designated Funds of £6,732k (2023: £8,344k)

Reserves review

Unrestricted reserves

At the end of 2024, a small net unrestricted surplus and a lower net book value of Fixed Assets together increased free reserves to £9,753k (2023: £8,774k). The charity continued to meet its minimum free reserves target, meeting current requirements and ensuring financial stability over the medium term.

Designated funds

At the end of 2019, the trustees resolved to designate part of the generous unrestricted Gilmour-Samson gift, to be used over the following five to seven years to fight climate change and build the capacity of the organisation. During the year, £1,612k (2023: £4,359k) was invested in tackling the most pressing environmental challenges including the transition to clean and sustainable energy systems in Europe, strengthening laws that protect marine ecosystems, forests, and wildlife, and organisational strengthening.

In 2021 and 2022, trustees voluntarily designated unrestricted income raised from the Artists for ClientEarth campaign, a series of auctions in collaboration with the Gallery Climate Coalition and Christie's. These funds are being invested to support strengthening of public awareness of ClientEarth's work, income generation and the delivery of our strategy including new interventions in South America.

Over the period of our 2021-2026 financial plan that accompanies our strategic framework, total expenditure exceeds total income, as these funds are used according to the agreed designation.

Restricted funds

We spent down restricted funds received in prior years, and secured new funds, finishing 2024 with a total balance of restricted funds of £10,996k (2023: £11,851k). This was a higher balance than planned due to some programmatic expenditure being delayed to 2025.

Based on the healthy reserves position and fundraising pipeline, the Trustees are satisfied that there are no material uncertainties in relation to going concern.

Trustees' responsibilities statement

The trustees (who are also directors of ClientEarth for the purposes of company law) are responsible for preparing the Trustees' Annual Report (including the Strategic Report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to the auditors

Insofar as each of the trustees of the charity at the date of approval of this report is aware, there is no relevant audit information (information needed by the charity's auditor in connection with preparing the audit report) of which the charity's auditor is unaware. Each trustee has taken all of the steps that they should have taken as a trustee in order to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

In approving the Trustees' Annual Report, we also approve the Strategic Report included therein, in our capacity as company directors.

The Trustee's Annual Report was approved by the trustees and signed on their behalf by



17 July 2025

E Howard Boyd, Trustee

Brussels

Beijing

Berlin

London

Warsaw

Madrid

Los Angeles

Luxembourg

ClientEarth is an environmental law charity, a company limited by guarantee, registered in England and Wales, company number 02863827, registered charity number 1053988, registered office The Joinery, 34 Drayton Park, London, N5 1PB, a registered international non-profit organisation in Belgium, ClientEarth AISBL, enterprise number 0714.925.038, a registered company in Germany, ClientEarth gGmbH, HRB 202487 B, a registered non-profit organisation in Luxembourg, ClientEarth ASBL, registered number F11366, a registered foundation in Poland, Fundacja ClientEarth Poland, KRS 0000364218, NIP 701025 4208, a registered 501(c)(3) organisation in the US, ClientEarth US, EIN 81-0722756, a registered subsidiary in China, ClientEarth Beijing Representative Office, Registration No. G1110000MA0095H836. ClientEarth is registered on the EU Transparency register number: 96645517357-19. Our goal is to use the power of the law to develop legal strategies and tools to address environmental issues.

Independent Auditor's Report to the Members of ClientEarth

Opinion

We have audited the financial statements of ClientEarth ('the charitable company') and its subsidiaries ('the group') for the year ended 31 December 2024 which comprise the Consolidated statement of financial activities, the Consolidated Balance Sheet, Company Balance Sheet, Consolidated statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 December 2024 and of the group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- the parent company has not kept adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement [set out on page 25], the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members including internal specialists. We then designed and performed

audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be necessary to the charitable company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and group for fraud. The laws and regulations we considered in this context for the UK operations were employment legislation, taxation legislation and anti-fraud, bribery and corruption legislation. We also considered compliance with local legislation for the group's overseas operating segments.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of grant income, contract income and significant, one-off donation income, and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management and the Finance, Audit and Investment Committee about their own identification and assessment of the risks of irregularities, sample testing of funding received in the year and post year end to underlying documents, sample testing of year end balances for accrued and deferred income, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission, and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Dipesh Chhatralia

Senior Statutory Auditor

For and on behalf of

Crowe U.K. LLP

Statutory Auditor

London

22 July 2025

CLIENTEARTH

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2024

		Unrestricted funds General 2024 £	Unrestricted funds Designated 2024 £	Restricted funds 2024 £	Endowment funds 2024 £	Total 2024 £	Total 2023 £
	Notes						
<u>Income and endowments from:</u>							
Donations and legacies	3	5,057,637	-	3,086,698	-	8,144,335	7,889,416
Charitable activities	4	97,771	-	17,688,838	-	17,786,609	20,980,826
Investments	5	463,125	-	-	-	463,125	501,041
Other income	6	42,506	-	62,890	-	105,396	77,867
Total income		5,661,039	-	20,838,426	-	26,499,465	29,449,150
<u>Expenditure on:</u>							
Raising funds		2,667,431	253,626	1,227,076	-	4,148,133	4,382,392
Charitable activities		3,215,084	1,358,219	20,466,455	-	25,039,758	30,770,764
Expenditure	8	5,882,515	1,611,845	21,693,531	-	29,187,891	35,153,156
Net gains/(losses) on investments		938,207	-	-	-	938,207	(305,106)
Net movement in funds		716,731	(1,611,845)	(855,105)	-	(1,750,219)	(6,009,112)
Fund balances at 1 January 2024		9,720,846	8,344,116	11,850,991	118,660	30,034,613	36,043,725
Fund balances at 31 December 2024		10,437,577	6,732,271	10,995,886	118,660	28,284,394	30,034,613

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

CLIENTEARTH

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2024

		2024		2023	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	14		-		13,198
Tangible assets	15		685,073		933,932
Investments	16		17,675,848		15,689,825
			<u>18,360,921</u>		<u>16,636,955</u>
Current assets					
Debtors	17	1,823,481		1,569,932	
Investment cash		498,650		1,149,601	
Cash at bank and in hand		10,077,222		15,230,502	
		<u>12,399,353</u>		<u>17,950,035</u>	
Creditors: amounts falling due within one year		<u>(2,314,961)</u>		<u>(4,391,458)</u>	
Net current assets			<u>10,084,392</u>		<u>13,558,577</u>
Total assets less current liabilities			<u>28,445,313</u>		<u>30,195,532</u>
Provision for other liabilities	19		(160,919)		(160,919)
Net assets			<u>28,284,394</u>		<u>30,034,613</u>
Capital funds					
Endowment funds - general	23		118,660		118,660
Income funds					
Restricted income funds - general	21		10,995,886		11,850,991
Unrestricted funds - designated	22		6,732,271		8,344,116
Unrestricted funds - general			10,437,577		9,720,846
			<u>28,284,394</u>		<u>30,034,613</u>

The financial statements were approved by the trustees on 17 July 2025



E Howard Boyd (Chair)
Trustee

Company Registration No. 2863827

CLIENTEARTH

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2024

	Notes	2024 £	£	2023 £	£
Fixed assets					
Intangible assets	14		-		13,198
Tangible assets	15		362,063		526,628
Investments	16		17,657,972		15,689,825
			<u>18,020,035</u>		<u>16,229,651</u>
Current assets					
Debtors	17	1,615,442		1,341,375	
Investment cash		496,890		1,149,601	
Cash at bank and in hand		8,752,095		13,782,564	
		<u>10,864,427</u>		<u>16,273,540</u>	
Creditors: amounts falling due within one year	18	(1,524,452)		(4,327,830)	
Net current assets			9,339,975		11,945,710
Total assets less current liabilities			27,360,010		28,175,361
Provisions for liabilities	19		(160,919)		(160,919)
Net assets			<u>27,199,091</u>		<u>28,014,442</u>
Capital funds					
Endowment funds- general	23		118,660		118,660
Income funds					
Restricted income funds - general	21		10,915,358		11,605,623
Unrestricted funds - designated	22		6,732,271		8,344,116
Unrestricted funds - general			9,432,802		7,946,043
			<u>27,199,091</u>		<u>28,014,442</u>

A separate statement of the financial activities and income & expenditure accounts are not presented for the charity itself following the exemptions permitted by section 408 of the Companies Act 2006.

The total income for the charity for the year ended 31 December 2024 was £25,579,418 (2023: £28,511,097).
With the negative movements in funds being £815,351 (2023: positive £6,358,856).

The financial statements were approved and authorised for issue by the Board on 17 July 2025



E Howard Boyd (Chair)
Trustee

Company Registration No. 2863827

CLIENTEARTH

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 £	£	2023 £	£
Cash flows from operating activities					
Cash absorbed by operations	28	(5,170,137)		(4,955,375)	
Investing activities					
Purchase of tangible fixed assets		(41,451)		(414,036)	
Proceeds from disposal of tangible fixed assets		2,375		-	
Purchase of investments		(3,679,008)		(5,667,789)	
Proceeds from disposal of investments		2,620,865		3,645,759	
Investment income received		463,125		501,041	
Net cash used in investing activities			(634,094)		(1,935,025)
Net decrease in cash and cash equivalents			(5,804,231)		(6,890,400)
Cash and cash equivalents at beginning of year			16,380,103		23,270,503
Cash and cash equivalents at end of year			10,575,872		16,380,103

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

1 Accounting policies

Charity information

ClientEarth is a private company limited by guarantee incorporated in England and Wales. The registered office is The Joinery, 34 Drayton Park, London, N5 1PB. The principal place of business is The Joinery, 34 Drayton Park, London, N5 1PB.

1.1 Accounting convention

The accounts have been prepared in accordance with "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (published October 2019). The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The accounts have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

The trustees have reviewed the following to assess the going concern position of the charity:

- Comparison of free reserves (unrestricted funds) against the charity's reserves policy
- Restricted and Designated fund balances against budgeted future programme activities
- Information from budgets and forecasts for income, expenditure and cash flows
- In 2022 the Board approved the 5 year financial plan that accompanies the Strategic Framework to 2026. This focuses on continued financial resilience through investing to grow unrestricted income to improve the future funding mix; and targeting growth in programme costs towards strategic priorities. The Board review progress against the Strategic Framework through Income Resilience KPIs and financial reporting.
- At the end of 2023, the organisation course-corrected after a transition year of higher than planned costs, and the Board approved further investment in fundraising capacity needed to ensure a financially sustainable position within the parameters of the original Framework.

Based on this review, the trustees have reasonable expectation that the charity has adequate resources to continue in operation for the foreseeable future. The charity therefore continues to adopt the going concern basis in preparing its financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives unless the funds have been designated for other purposes.

Designated funds comprise unrestricted funds which have been voluntarily set aside at the discretion of the trustees for specific purposes. The purposes and uses of the designated funds are set out in the notes to the financial statements.

Restricted funds are subject to specific conditions by donors as to how they may be used. Restricted funds are classified in the notes to the accounts under the purpose for which they will be used.

Endowment funds are expendable endowment funds which are invested through our investment partner, and income generated is used to further charitable activities. The funds are invested through our investment partner, and income generated is used to further charitable activities.

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

1 Accounting policies

(Continued)

1.4 Income

Income from grants and contracts are recognised at fair value when the charity has entitlement after any performance conditions have been met, it is probable that the income will be received and the amount can be measured reliably. If entitlement is not met then these amounts are deferred.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

The charity is partially exempt for Value Added Tax and only charges VAT on income deemed business activities.

Grants received with both a restricted and unrestricted purpose are allocated on receipt directly into the correct fund.

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

Expenditure is recognised in the period in which they are incurred.

Expenditure is allocated to the particular activity where the cost relates directly to that activity.

Support costs comprising the salary and overheads costs of the central function are apportioned to each activity.

The charity is partially exempt for Value added tax and only claims VAT on expenditure relating to business activities.

Governance costs include all costs of compliance with constitutional and statutory requirements, including legal, audit fees and the costs of board meetings.

1.6 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Software	20% straight line

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

1 Accounting policies

(Continued)

1.7 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Assets above the value of £1,000 are capitalised. Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	20% straight line
Fixtures, fittings & equipment	20% straight line
Computers	20% straight line

1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits with banks, other investments with original maturities of three months or less, and bank overdrafts.

1.9 Financial instruments

The charity has applied the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

1 Accounting policies

(Continued)

1.10 Provisions

Provisions are recognised when the charity has a legal or constructive present obligation as a result of a past event, it is probable that the charity will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

1.11 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which that entitlement is earned.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

The charity operates a defined contributions pension scheme. Contributions are charged in the accounts as they become payable in accordance with the rules of the scheme.

1.12 Foreign exchange

Transactions denominated in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. All gains / losses are recorded in income or expenditure as appropriate.

1.13 Donated goods and services accounting policy

Donated goods are recognised in the accounts as a donation received and recorded at their market value.

Donated services are recognised in the accounts as a donation received and expenditure incurred. These are valued at the discounted rate that the charity would have paid for the service.

1.14 Basis of Consolidation

The consolidated financial statements incorporate those of ClientEarth and all of its subsidiaries (ie entities that the group controls through its power to govern and obtain benefits). Their results are consolidated on a line by line basis from the date that control passes.

All financial statements are made up to 31 December 2024. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation.

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

Judgement is required in applying the charity's policy on income recognition below and in estimating VAT provisions:

Income recognition

Income from grants are recognised at fair value when the charity has entitlement after any performance conditions have been met, it is probable that the income will be received and the amount can be measured reliably. If entitlement is not met then these amounts are deferred. Income from contracts are recognised in line with the expenditure against that contract as this is deemed the most accurate proxy for the performance conditions being met. Where such income is received in advance of delivering the goods or services required, the income is not recognised. Instead it is recognised as a liability (deferred income) until performance can be measured (based on spend).

Donated good and services

Donated goods are recognised in the accounts as a donation received and recorded at their market value. Donated services are recognised in the accounts as a donation received and expenditure incurred. These are valued at the discounted rate that the charity would have paid for the service.

3 Donations and legacies

	Unrestricted funds	Restricted funds	Total
	2024 £	2024 £	2024 £
Donations and legacies	5,057,637	3,086,698	8,144,335
For the year ended 31 December 2024	5,057,637	3,086,698	8,144,335
	2023 £	2023 £	2023 £
Donations and legacies	5,027,126	2,862,290	7,889,416
For the year ended 31 December 2023	5,027,126	2,862,290	7,889,416

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

4 Income from Charitable Activities

	Unrestricted funds 2024 £	Restricted funds 2024 £	Total funds 2024 £
Analysis by Impact Area			
Legal Systems and Rule of Law	8,157	3,535,954	3,544,111
Financial and Economic Systems	3,325	841,134	844,459
Energy, Transport and Materials Systems	71,029	7,340,173	7,411,202
Food Systems, Oceans and Land Use	15,260	5,971,577	5,986,837
	<u>97,771</u>	<u>17,688,838</u>	<u>17,786,609</u>

	Unrestricted funds 2023 £	Restricted funds 2023 £	Total funds 2023 £
Analysis by Impact Area			
Legal Systems and Rule of Law	-	4,510,065	4,510,065
Financial and Economic Systems	-	1,652,628	1,652,628
Energy, Transport and Materials Systems	3,171	9,895,815	9,898,986
Food Systems, Oceans and Land Use	-	4,919,147	4,919,147
	<u>3,171</u>	<u>20,977,655</u>	<u>20,980,826</u>

5 Investment income

	Unrestricted funds 2024 £	Unrestricted funds 2023 £
Income from listed investments	381,562	384,428
Interest receivable	81,563	116,613
	<u>463,125</u>	<u>501,041</u>

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

6 Other income

	Unrestricted funds	Restricted funds	Total	Unrestricted funds	Restricted funds	Total
	2024 £	2024 £	2024 £	2023 £	2023 £	2023 £
Rental income	14,400	-	14,400	15,473	-	15,473
Litigation awards	-	62,890	62,890	-	22,370	22,370
Other income	28,106	-	28,106	40,024	-	40,024
	<u>42,506</u>	<u>62,890</u>	<u>105,396</u>	<u>55,497</u>	<u>22,370</u>	<u>77,867</u>

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

7 Top Donors

Included within income are the following top ten donors:

	2024 £
Children's Investment Fund Foundation	3,900,000
Undisclosed Donor	2,498,510
Grantham Foundation and Trust	1,900,401
Players of People's Postcode Lottery	1,500,000
AKO Foundation	1,333,333
Arcadia	1,000,000
Rockefeller Philanthropy Advisors	886,344
The Norwegian Agency for Development Cooperation (Norad) - Norway's International Climate and Forest Initiative (NICFI)	867,700
Undisclosed Donor	800,000
European Climate Foundation (ECF)	558,160
	15,244,448

Income from top 10 donors equated to 58% (2023 - 56%) of total income.

Income from Grantham Foundation and Trust is represented by donations from Grantham Foundation for the Protection of the Environment and Jeremy and Hannelore Grantham Environmental Trust. It also includes income received from Grantham Trust via ClientEarth US.

Income from Rockefeller Philanthropy Advisors are made up of:

- £660,782 for projects made possible through the support of Oceans 5, a sponsored project of Rockefeller Philanthropy Advisors.
- £225,562 for projects made possible through the support of the Plastic Solutions Fund, a sponsored project of Rockefeller Philanthropy Advisors.

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

8 Expenditure

	Direct costs without support and governance costs 2024 £	Allocation of support costs 2024 £	Allocation of governance costs 2024 £	Total expenditure 2024 £
Raising funds	3,588,133	560,000	-	4,148,133
Legal Systems and Rule of Law	4,266,435	568,321	65,117	4,899,873
Financial and Economic Systems	1,693,605	338,238	38,754	2,070,597
Energy, Transport and Materials Systems	8,017,804	1,224,378	140,286	9,382,468
Food Systems, Oceans and Land Use	7,385,173	1,167,839	133,808	8,686,820
	24,951,150	3,858,776	377,965	29,187,891
	2023 £	2023 £	2023 £	2023 £
Raising funds	3,859,912	522,480	-	4,382,392
Legal Systems and Rule of Law	6,880,040	844,007	70,995	7,795,042
Financial and Economic Systems	1,528,113	160,763	14,791	1,703,667
Energy, Transport and Materials Systems	10,870,022	1,406,678	118,325	12,395,025
Food Systems, Oceans and Land Use	7,700,176	1,085,152	91,702	8,877,030
	30,838,263	4,019,080	295,813	35,153,156

The comparatives have been reclassified which has resulted in an increase in support costs of £857,908. Allocation of these additional support costs has resulted in an increase in raising funds and a decrease in charitable activities of £855,049.

9 Trustees

No trustees (or any persons connected with them) received any remuneration during the year or the prior year. During the year £3,668 (2023: £nil) of expenses were reimbursed to trustees for travel expenses incurred while carrying out their duties. All expenses were reimbursed in accordance with the charity's expenses policy.

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

10 Grants/Sub-grants to partners

Charitable Activities	Activities undertaken directly	Grants /Sub-grants to partners	Support costs (incl Governance costs)	Total
	2024 £	2024 £	2024 £	2024 £
Legal Systems and Rule of Law	3,658,038	608,397	633,438	4,899,873
Financial and Economic Systems	1,664,784	28,821	376,992	2,070,597
Energy, Transport and Materials Systems	7,340,964	676,840	1,364,664	9,382,468
Food Systems, Oceans and Land Use	6,258,536	1,126,637	1,301,647	8,686,820
	<u>18,922,322</u>	<u>2,440,695</u>	<u>3,676,741</u>	<u>25,039,758</u>
	2023 £	2023 £	2023 £	2023 £
Legal Systems and Rule of Law	5,891,377	988,663	915,002	7,795,042
Financial and Economic Systems	1,386,243	141,870	175,554	1,703,667
Energy, Transport and Materials Systems	10,325,260	544,762	1,525,003	12,395,025
Food Systems, Oceans and Land Use	7,085,819	614,358	1,176,853	8,877,030
	<u>24,688,699</u>	<u>2,289,653</u>	<u>3,792,412</u>	<u>30,770,764</u>

All of ClientEarth's sub-grantees are Nonprofits. For most cases ClientEarth applies for funding with its partners as named partners on its funding applications, working jointly together implementing the work and meeting the deliverables of the head grantor. During the financial year no grants/sub-grants were made to individuals and none of the grants/sub-grants were individually material.

The comparatives include a reclassification as explained in note 8.

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

11 Other expenditure

The results for the year are stated after charging:

	2024 £	2023 £
Depreciation	288,641	256,540
Amortisation	13,198	13,198
Rent payable under operating leases		
Land and buildings	849,639	823,885
Equipment	3,792	4,931
Fees payable to the charity's auditor and associates:		
Audit of the charity's annual accounts	38,240	33,340

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

12 Employees

Number of employees

The average number of employees during the year was 291 (2023: 292)

The average FTE employees employed during the year was:

	2024 Number	2023 Number
Raising Funds	40	37
Charitable activities		
<i>Legal Systems and Rule of Law</i>	33	51
<i>Financial and Economic Systems</i>	20	10
<i>Energy, Transport and Materials Systems</i>	71	83
<i>Food Systems, Oceans and Land Use</i>	68	65
<i>Support</i>	47	43
<i>Governance</i>	1	1
	<u>280</u>	<u>290</u>

Employment costs

	2024 £	2023 £
Wages and salaries	16,585,965	16,884,683
Social security costs	925,459	935,933
Other pension costs	667,851	660,912
Other employment related costs and temps	655,503	921,693
Holiday pay accrual	(124,235)	57,529
	<u>18,710,543</u>	<u>19,460,750</u>

During the year termination or redundancy payments of £100,323 (2023: £170,886) were recognised in accordance with the charity's accounting policy.

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

12 Employees

(Continued)

The number of employees whose annual remuneration was £60,000 or more were:

	2024 Number	2023 Number
£ 60,000 - £ 70,000	25	31
£ 70,001 - £ 80,000	18	14
£ 80,001 - £ 90,000	10	10
£ 90,001 - £100,000	2	2
£100,001 - £110,000	1	1
£110,001 - £120,000	2	1
£120,001 - £130,000	-	3
£130,001 - £140,000	1	-
£140,001 - £150,000	1	-
£150,001 - £160,000	-	1
£190,001 - £200,000	-	1
£210,001 - £220,000	1	-
£220,001 - £230,000	-	1
	<u>25</u>	<u>31</u>

Pension contributions for employees whose annual remuneration was £60,000 or more amounted to £239,211 (2023: £277,204).

Remuneration of key management personnel

The key management personnel of ClientEarth is comprised of the Executive Team: CEO, CFO, Chief External Affairs Officer (until February), Chief Programmes & Impact Officer and Chief People & Operations Officer (2023: CEO, Deputy CEO (to end of June), CFO, Chief External Affairs Officer, Chief Programmes & Impact Officer and Chief People & Operations Officer (from July)). The remuneration of key management personnel is as follows:

	2024 £	2023 £
Salary	667,679	728,773
Employers national insurance	84,520	91,486
Pension contributions	51,916	48,921
	<u>804,115</u>	<u>869,180</u>

The remuneration of the Founder and President in 2024 was £48,904 (2023: £250,656) until stepping down in February 2024. This role was not part of the Executive Team, so is not included in key management personnel.

13 Taxation

The charity is exempt from taxation on its activities because all its income is applied for charitable purposes.

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

14 Intangible fixed assets

	Software £
Cost	
At 1 January 2024 and 31 December 2024	118,738
Amortisation and impairment	
At 1 January 2024	105,540
Amortisation charged for the year	13,198
At 31 December 2024	118,738
Carrying amount	
At 31 December 2024	-
At 31 December 2023	13,198

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

15 Tangible fixed assets

	Leasehold improvements	Fixtures, fittings & equipment	Computers	Total
	£	£	£	£
GROUP				
Cost				
At 1 January 2024	1,169,445	104,467	208,678	1,482,590
Additions	-	15,850	25,601	41,451
Disposals	-	(5,139)	(2,232)	(7,371)
At 31 December 2024	1,169,445	115,178	232,047	1,516,670
Depreciation and impairment				
At 1 January 2024	412,321	44,250	92,087	548,658
Depreciation charged in the year	226,097	20,617	41,927	288,641
Eliminated in respect of disposals	-	(4,197)	(1,505)	(5,702)
At 31 December 2024	638,418	60,670	132,509	831,597
Carrying amount				
At 31 December 2024	531,027	54,508	99,538	685,073
At 31 December 2023	757,124	60,217	116,591	933,932
PARENT CHARITY				
Cost				
At 1 January 2024	839,187	22,991	125,362	987,540
Additions	-	-	25,601	25,601
Disposals	-	-	-	-
At 31 December 2024	839,187	22,991	150,963	1,013,141
Depreciation and impairment				
At 1 January 2024	384,054	10,445	66,413	460,912
Depreciation charged in the year	160,046	4,409	25,711	190,166
Eliminated in respect of disposals	-	-	-	-
At 31 December 2024	544,100	14,854	92,124	651,078
Carrying amount				
At 31 December 2024	295,087	8,137	58,839	362,063
At 31 December 2023	455,133	12,546	58,949	526,628

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

16 Fixed asset investments

	Listed investments £
GROUP	
Cost	
At 1 January 2024	15,689,825
Additions at cost	3,679,008
Unrealised gains/(losses) on investments	893,813
Disposals at opening market value	(2,586,798)
At 31 December 2024	17,675,848
At 31 December 2023	15,689,825
 PARENT CHARITY	
Cost	
At 1 January 2024	15,689,825
Additions at cost	3,665,044
Unrealised gains/(losses) on investments	889,901
Disposals at opening market value	(2,586,798)
At 31 December 2024	17,657,972
Carrying amount	
At 31 December 2024	17,657,972
At 31 December 2023	15,689,825

17 Debtors

	2024 £	2023 £
Amounts falling due within one year:		
GROUP		
Other debtors	284,196	245,520
Prepayments and accrued income	1,539,285	1,324,412
	1,823,481	1,569,932
 PARENT CHARITY		
Other debtors	215,786	174,810
Prepayments and accrued income	1,399,656	1,166,565
	1,615,442	1,341,375

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

18 Other creditors falling due within one year

	2024 £	2023 £
GROUP		
Trade creditors	214,792	786,788
Other creditors	400,881	404,456
Accruals and deferred income	1,176,453	2,290,224
Other taxation and social security	522,836	909,990
	<u>2,314,962</u>	<u>4,391,458</u>
PARENT CHARITY		
Trade creditors	184,640	607,174
Other creditors	580,888	1,838,010
Accruals and deferred income	556,166	1,433,147
Other taxation and social security	202,760	449,499
	<u>1,524,454</u>	<u>4,327,830</u>

19 Provisions

	2024 £	2023 £
VAT provisions	<u>160,919</u>	<u>160,919</u>

ClientEarth registered for UK VAT on 16 September 2021. As the charity should have registered sooner due to the impact of reverse charges a VAT liability provision was added to 2021 accounts. The VAT due and penalties were paid in 2023. The remaining provision is for any eventual interests applied by HMRC.

20 Retirement benefit schemes

ClientEarth operates defined contribution pension schemes for staff in the UK and Belgium. These schemes match employee contributions up to a maximum of 5% of pensionable salary and staff are automatically enrolled into the relevant scheme in line with government legislation. No employees receive benefits under a defined benefit pension scheme. The assets of the schemes are held separately from those of the charity in independently administered funds.

The charge to profit or loss in respect of defined contribution schemes was £611,768 (2023: £660,912).

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

21 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

Group	Movement in funds			Balance at 31/12/24 £
	Balance at 1/1/2024 £	Income £	Expenditure £	
Legal Systems and Rule of Law	1,576,197	2,834,512	3,475,270	935,439
Children's Investment Fund Foundation	-	790,467	772,732	17,735
Grantham Foundation and Trust	715,313	797,984	1,513,297	-
Undisclosed donor	-	111,371	111,371	-
John D. & Catherine T. MacArthur Foundation	36,124	-	36,124	-
European Climate Foundation (ECF)	-	41,615	-	41,615
European Union via Gesellschaft für Organisation, Planung und Ausbildung mbH (GOPA)	-	213,849	213,849	-
The William and Flora Hewlett Foundation	112,021	197,377	139,149	170,249
European Climate, Infrastructure & Environment Executive Agency (CINEA)	-	28,066	28,066	-
Other restricted funds	712,739	653,783	660,682	705,840
Financial and Economic Systems	713,328	796,053	1,011,231	498,150
Children's Investment Fund Foundation	-	179,358	179,358	-
Other restricted funds	713,328	616,695	831,873	498,150
Energy, Transport and Materials Systems	4,347,919	5,973,493	6,793,337	3,528,075
Children's Investment Fund Foundation	1,402,150	513,419	1,915,569	-
Grantham Foundation and Trust	878,995	904,705	1,366,584	417,116
Undisclosed donor	1,110,279	2,387,139	1,366,802	2,130,616
European Climate Foundation (ECF)	11,594	516,545	504,798	23,341
Rockefeller Philanthropy Advisors	-	225,562	225,562	-
Other restricted funds	944,901	1,426,123	1,414,022	957,002
Food Systems, Oceans and Land Use	2,387,268	5,816,773	6,022,100	2,181,941
Grantham Foundation and Trust	110,176	197,711	307,887	-
Arcadia	500,000	1,000,000	899,244	600,756
The Norwegian Agency for Development Cooperation (Norad) - Norway's International Climate and Forest Initiative (NICFI)	408,719	867,700	865,688	410,731
AKO Foundation	-	333,333	216,304	117,029
Undisclosed donor	-	200,000	-	200,000
Rockefeller Philanthropy Advisors	-	660,782	451,482	209,300
NIRAS - Darwin Initiative	-	105,256	107,701	(2,445)
Agence Française de Développement via The Rainforest Foundation (UK)	(15,209)	29,671	20,625	(6,163)
Other restricted funds	1,383,582	2,422,320	3,153,169	652,733
Sub total	9,024,712	15,420,831	17,301,938	7,143,605

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

21 Restricted funds

(Continued)

	Balance at 1/1/2024	Income	Expenditure	Balance at 31/12/24
	£	£	£	£
Brought forward from previous page	9,024,712	15,420,831	17,301,938	7,143,605
Global Impact (redistributed across all charitable activities above)	2,207,632	5,040,373	3,810,168	3,437,837
Children's Investment Fund Foundation	1,103,556	2,356,755	1,932,767	1,527,544
Players of People's Postcode Lottery	610,737	1,500,000	1,540,074	570,663
Undisclosed donor	-	623,303	23,303	600,000
Other restricted funds	493,339	560,315	314,024	739,630
Restricted core grants (redistributed across all charitable activities above)	618,647	377,222	581,425	414,444
Children's Investment Fund Foundation	(60,000)	60,000	-	-
Other restricted funds	678,647	317,222	581,425	414,444
Total	11,850,991	20,838,426	21,693,531	10,995,886

Income from Grantham Foundation and Trust is represented by donations from Grantham Foundation for the Protection of the Environment and Jeremy and Hannelore Grantham Environmental Trust. It also includes income received from Grantham Trust via ClientEarth US.

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

21 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

Group	Movement in funds			Balance at 31/12/23
	Balance at 1/1/2023	Income	Expenditure	
	£	£	£	£
Legal Systems and Rule of Law	3,124,553	3,261,172	(4,809,528)	1,576,197
Children's Investment Fund Foundation	425,577	778,935	(1,204,512)	-
Grantham Foundation and Trust	937,003	1,258,631	(1,480,321)	715,313
Undisclosed Donor	142,028	(103,838)	(38,190)	-
John D. & Catherine T. MacArthur Foundation	139,544	236,245	(339,665)	36,124
Players of People's Postcode Lottery	67,061	36,797	(103,858)	-
European Union via Gesellschaft für Organisation, Planung und Ausbildung mbH (GOPA)	(5,555)	167,546	(161,991)	-
Sequoia Climate Foundation	989,356	576,535	(989,356)	576,535
The William and Flora Hewlett Foundation	184,124	-	(184,124)	-
The Waterloo Foundation	40,000	-	(40,000)	-
Esmée Fairbairn Foundation	18,486	-	(18,486)	-
Other restricted funds	186,929	310,321	(249,025)	248,225
Financial and Economic Systems	165,768	1,718,627	(1,171,067)	713,328
Children's Investment Fund Foundation	3,455	283,205	(286,660)	-
Undisclosed donor	-	879,778	(464,260)	415,518
Other restricted funds	162,313	555,644	(420,147)	297,810
Energy, Transport and Materials Systems	4,824,317	8,273,125	(8,749,523)	4,347,919
Children's Investment Fund Foundation	1,251,101	2,229,465	(2,078,416)	1,402,150
The Tilia Fund via ClientEarth USA Inc	367,863	411,811	(399,908)	379,766
Grantham Foundation and Trust	1,268,449	1,923,844	(2,313,299)	878,994
Undisclosed Donor	973,150	1,759,995	(1,622,866)	1,110,279
Players of People's Postcode Lottery	178,101	(16,607)	(161,494)	-
European Climate Foundation	(15,762)	618,829	(591,472)	11,595
Rockefeller Philanthropy Advisors	-	227,921	(227,921)	-
Climate Imperative Foundation	-	93,246	(93,246)	-
Other restricted funds	801,415	1,024,621	(1,260,901)	565,135
Food Systems, Oceans and Land Use	2,757,007	4,719,463	(5,089,202)	2,387,268
Children's Investment Fund Foundation	839	962	(1,801)	-
The Tilia Fund via ClientEarth USA Inc	390,486	393,831	(476,300)	308,017
Grantham Foundation and Trust	(11,458)	402,821	(281,187)	110,176
Arcadia	492,471	500,000	(492,471)	500,000
Players of People's Postcode Lottery	244,560	(123,064)	(121,496)	-
The Norwegian Agency for Development Cooperation (Norad) - Norway's International Climate and Forest Initiative (NICFI)	656,283	1,031,789	(1,279,353)	408,719
Rockefeller Philanthropy Advisors	61,310	-	(61,310)	-
Agence Française de Développement via The Rainforest Foundation (UK)	-	18,680	(33,889)	(15,209)
Other restricted funds	922,516	2,494,444	(2,341,395)	1,075,565
Sub total	10,871,645	17,972,387	(19,819,320)	9,024,712

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

21 Restricted funds

(Continued)

	Balance at 1/1/2023	Income	Expenditure	Balance at 31/12/23
	£	£	£	£
Brought forward from previous page	10,871,645	17,972,387	(19,819,320)	9,024,712
Global Impact (redistributed across all charitable activities above)	1,561,050	5,069,512	(4,422,930)	2,207,632
Children's Investment Fund Foundation	1,114,449	1,818,158	(1,829,051)	1,103,556
Players of People's Postcode Lottery	-	1,499,953	(889,216)	610,737
Other restricted funds	446,601	1,751,401	(1,704,663)	493,339
 Restricted core grants (redistributed across all charitable activities above)	 842,802	 820,416	 (1,044,571)	 618,647
Children's Investment Fund Foundation	14,999	24,707	(39,706)	-
Players of People's Postcode Lottery	46,984	202,921	(249,905)	-
European Climate, Infrastructure & Environment Executive Agency (CINEA)	-	304,242	(304,242)	-
Other restricted funds	780,819	288,546	(450,718)	618,647
 Total	 13,275,497	 23,862,315	 (25,286,821)	 11,850,991

Income from Grantham Foundation and Trust is represented by donations from Grantham Foundation for the Protection of the Environment and Jeremy and Hannelore Grantham Environmental Trust. It also includes income received from Grantham Trust via ClientEarth US during the year.

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

22 Designated funds

Gilmour-Samson gift

During the year, the previously designated funds were spent on initiatives to support work tackling the most pressing environmental challenges including supporting the transition to clean and sustainable energy systems in Europe and Asia, strengthening laws which protect marine ecosystems, forests and wildlife, and organisational strengthening. The intention is to use the remaining funds over the period to December 2026 for similar purposes.

Lottery income

The balance on this fund was set aside for an iconic case launched in 2023, which has now concluded. As that case did not require the full balance, the remaining funds will be assigned to strategic litigation work.

Artists for ClientEarth

During the year, the previously designated funds were spent on initiatives to support strengthening of public awareness of ClientEarth's work, income generation, delivery of the new strategy including changes to structure and programmes, and programmes overall. The funds will be spent over the next 4 years on charitable activities to fight climate change.

	Balance at 1 January 2024	Expenditure	Transfers	Balance at 31 December 2024
	£	£	£	£
Gilmour-Samson gift - targeted projects	5,749,777	(1,424,493)	-	4,325,284
Artists for ClientEarth - targeted projects	2,354,339	(187,352)	-	2,166,987
Lottery income - targeted projects	240,000	-	-	240,000
	<u>8,344,116</u>	<u>(1,611,845)</u>	<u>-</u>	<u>6,732,271</u>

	Balance at 1 January 2023	Expenditure	Transfers	Balance at 31 December 2023
	£	£	£	£
Gilmour-Samson gift - targeted projects	8,106,693	(2,356,916)	-	5,749,777
Artists for ClientEarth - targeted projects	4,095,981	(1,741,642)	-	2,354,339
Lottery income - targeted projects	500,000	(260,000)	-	240,000
	<u>12,702,674</u>	<u>(4,358,558)</u>	<u>-</u>	<u>8,344,116</u>

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

23 Endowment funds

Balance at 31 December 2023	Income	Expenditure	Balance at 31 December 2024
£	£	£	£
118,660	-	-	118,660

During 2022 ClientEarth received its first endowment gift, enabling the Board to create an expendable endowment fund to which future gifts may be added. The funds are invested through our investment partner, and income generated is used to further charitable activities.

24 Analysis of net assets between funds

	Unrestricted funds 2024 £	Designated funds 2024 £	Restricted funds 2024 £	Endowment funds 2024 £	Total 2024 £
At 31 December 2024:					
Tangible assets	685,073	-	-	-	685,073
Investments	13,231,904	4,325,284	-	118,660	17,675,848
Current assets/(liabilities)	(3,318,481)	2,406,987	10,995,886	-	10,084,392
Provisions	(160,919)	-	-	-	(160,919)
	<u>10,437,577</u>	<u>6,732,271</u>	<u>10,995,886</u>	<u>118,660</u>	<u>28,284,394</u>
	<u><u>10,437,577</u></u>	<u><u>6,732,271</u></u>	<u><u>10,995,886</u></u>	<u><u>118,660</u></u>	<u><u>28,284,394</u></u>
	Unrestricted funds 2023 £	Designated funds 2023 £	Restricted funds 2023 £	Endowment funds 2023 £	Total 2023 £
At 31 December 2023:					
Intangible fixed assets	13,198	-	-	-	13,198
Tangible assets	933,932	-	-	-	933,932
Investments	9,821,388	5,749,777	-	118,660	15,689,825
Current assets/(liabilities)	(886,753)	2,594,339	11,850,991	-	13,558,577
Provisions	(160,919)	-	-	-	(160,919)
	<u>9,720,846</u>	<u>8,344,116</u>	<u>11,850,991</u>	<u>118,660</u>	<u>30,034,613</u>
	<u><u>9,720,846</u></u>	<u><u>8,344,116</u></u>	<u><u>11,850,991</u></u>	<u><u>118,660</u></u>	<u><u>30,034,613</u></u>

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

25 Operating lease commitments

At the reporting end date the charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2024 £	2023 £
Within one year	899,541	907,938
Between two and five years	908,040	1,816,679
	<u>1,807,581</u>	<u>2,724,617</u>

26 Related party transactions

Organisation	Related Trustee	2024 £	2023 £
Children's Investment Fund Foundation	Sonia Medina	3,900,000	5,135,432
EarthPercent	Bian Eno	65,000	50,000
The McIntosh Foundation	Winsome Dunn McIntosh	38,569	39,383
Global Returns Project	Sarah Butler-Sloss	57,273	-
The Savitri Waney Charitable Trust	Devika Waney	-	151,325
The Sainsbury Family Charitable Trusts (SFCT)	Sarah Butler-Sloss	638,040	123,332
Foundation for International Law and the Environment	Sonia Medina	-	1,415,339
		<u>4,698,882</u>	<u>6,914,811</u>

During the year the charity received no donations from trustees (2023: £247,729). There were no conditions attached to these which would, or might, require the charity to alter significantly the nature of its existing activities.

During the year grants and sub-grants of \$467,464 (2023: \$172,251) were given to ClientEarth USA Inc. During the year the charity also received income of £2,755,264 (2023: £4,260,556) from ClientEarth USA Inc., which represents direct grants or grants and donations from foundations and major donors via the US entity. Three trustees of the charity are also members of the board of ClientEarth USA Inc.

Upon his resignation in 2024, a gift of value £1,362 was purchased for the former chair Howard Covington.

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

27 Subsidiaries

The following subsidiaries are all charitable entities with no share capital, and are all consolidated in these accounts.

Details of the charity's subsidiaries at 31 December 2024 are as follows:

Name of undertaking	Registered office	Nature of business	% Held
ClientEarth France	86, boulevard Raspail, 75006 Paris, France	Dormant	100.00
ClientEarth AISBL	1050 Bruxelles, Rue du Trone 60, Belgium	Charity	100.00
ClientEarth gGmbH	Objekt Albrechtstrasse 22, 10117 Berlin, Germany	Charity	100.00
Fundacja ClientEarth Prawnicy dla Ziemi (ClientEarth Poland)	Zurawia 45 (staircase B, 2nd floor), 00-680 Warsaw, Poland	Charity	100.00
ClientEarth ASBL	17 Route d'Arlon, L-8009 Strassen, Luxembourg	Charity	100.00
ClientEarth Trading Ltd	The Joinery, 34 Drayton Park, London, N5 1PB	Trading	100.00
ClientEarth Oceania Limited	48 Warrimoo Avenue, St Ives, New South Wales, 2075	Dormant	100.00
Ippan Shadan Hojin ClientEarth	C/O Mazars Japan K.K., Akasaka Intercity 5F, 1-11-44 Akasaka, Minato-ku, Tokyo, 107-0052	Charity	100.00

ClientEarth Trading Ltd is exempt from audit under section 479A of the Companies Act 2006.

The results of the non dormant subsidiaries are as follows:

Name of undertaking	Company number	External income	Funding from head office	Expenditure	Surplus/ Deficit	Reserves
Client Earth AISBL	0714.925.038	165,079	4,419,202	(5,313,831)	(729,549)	276,977
ClientEarth gGmbH	HRB 202487 B	752,291	784,931	(1,757,123)	(219,901)	421,783
Fundacja ClientEarth Prawnicy dla Ziemi (ClientEarth Poland)	KRS 0000364218	2,494	1,353,177	(1,461,997)	(106,326)	229,922
Client Earth ASBL	20176102110	-	111,830	(122,297)	(10,467)	28,894
ClientEarth Trading Ltd	13,095,280	-	-	(8,605)	(8,605)	(14,644)
Ippan Shadan Hojin ClientEarth	6010405022079	186	484,634	(344,841)	139,979	142,368

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

27 Subsidiaries

(Continued)

Comparatives for 2023

Name of undertaking	Company number	External income	Funding from head office	Expenditure	Surplus/ Deficit	Reserves
Client Earth AISBL	0714.925.038	240,741	5,977,992	(6,225,815)	(7,082)	1,006,526
ClientEarth gGmbH	HRB 202487 B	695,990	1,500,920	(2,035,271)	161,640	641,684
Fundacja ClientEarth Prawnicy dla Ziemi (ClientEarth Poland)	KRS 0000364218	1,321	1,904,912	(1,716,384)	189,849	336,248
Client Earth ASBL	20176102110	-	151,126	(145,816)	5,310	39,361
ClientEarth Trading Ltd	13,095,280	-	-	(2,363)	(2,363)	(6,039)
Ippan Shadan Hojin ClientEarth	6010405022079	-	88,768	(86,379)	2,389	2,389

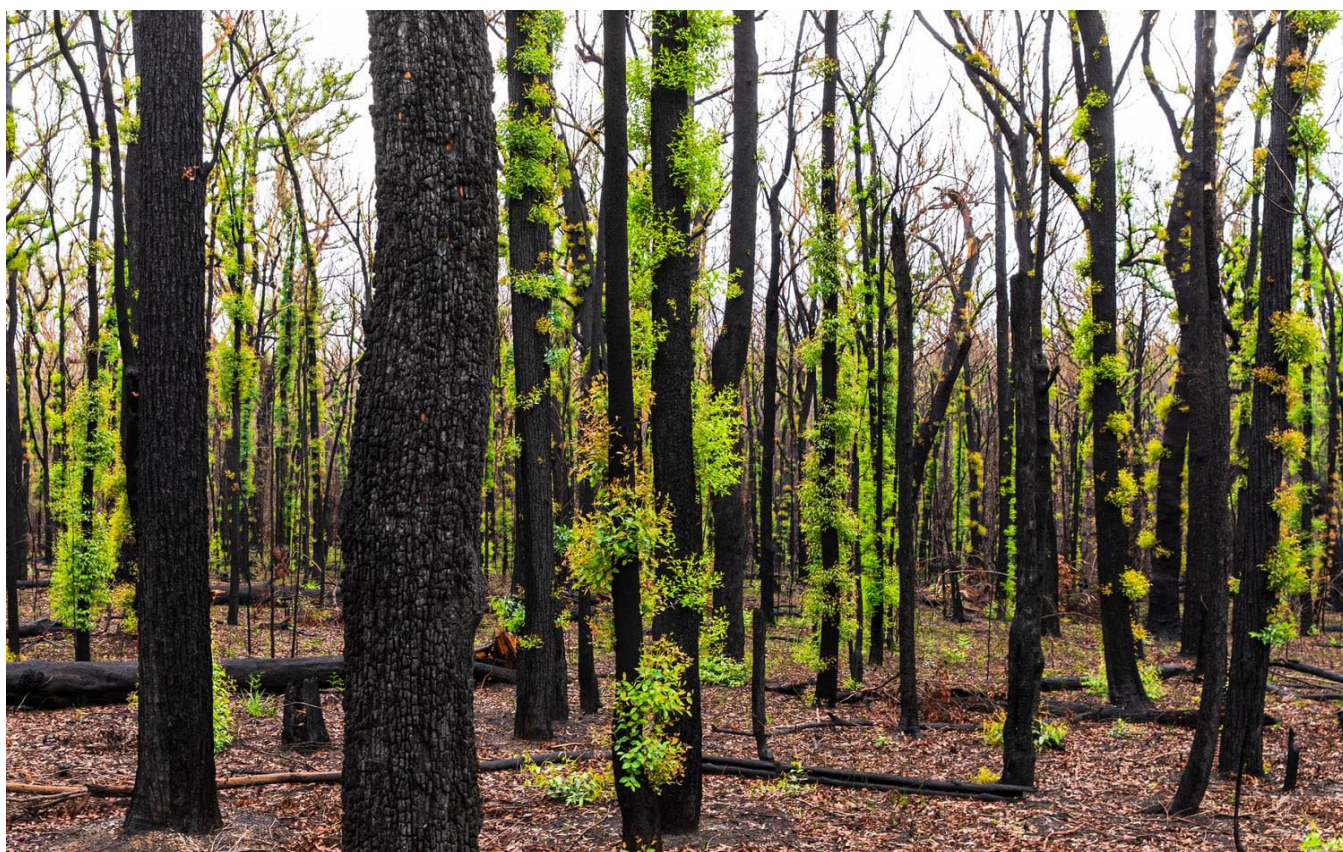
28 Cash generated from operations

2024
£

2023
£

Deficit for the year	(1,750,217)	(6,009,112)
Adjustments for:		
Investment income recognised in statement of financial activities	(463,125)	(501,041)
Fair value gains and losses on investments	(938,207)	305,106
Foreign exchange differences on investments	10,325	44,432
Depreciation and impairment of tangible fixed assets	301,839	269,738
Loss on disposal of fixed assets	(706)	13,449
Movements in working capital:		
(Increase)/decrease in debtors	(253,550)	1,346,262
(Decrease)/increase in creditors	(2,076,496)	857,873
Increase in provision	-	(1,282,082)
Cash absorbed by operations	(5,170,137)	(4,955,375)

Accounts



Annual Report and Financial Statements

For the year ended 31 December 2023

Charity Registration no. 1053988

Company Registration no. 2863827 (England and Wales)

Legal and administrative information

Trustees	H Covington	(Chair, resigned 18 April 2024)
	E Boyd Howard	(Chair, effective 18 April 2024)
	G Stratenwerth	(Treasurer)
	F Beinecke	
	H Bruhn	
	S Butler-Sloss	
	B Eno	
	G Gürkaynak	(Resigned 18 April 2024)
	P Joubert	
	J Kaufelt	(Resigned 28 November 2023)
	W McIntosh	
	S Medina Gomez	
	D Mokhtarzadeh	(Resigned 18 April 2024)
	A Razzouk	
	A Reid	(Appointed effective 28 November 2023)
Charity number	M Smith	
	H Wild	(Appointed effective 11 July 2024)
	C Patel	(Appointed effective 11 July 2024)
	K Ramakrishna	(Appointed effective 11 July 2024)
	T Rivett-Carnac	(Appointed effective 11 July 2024)
Company number	1053988	
Principal address	2863827	
Registered office	The Joinery	
	34 Drayton Park	
Auditor	London N5 1PB	
	10 Queen Street Place	
Accountants	London EC4R 1BE	
	Crowe U.K. LLP	
Tax advisors	55 Ludgate Hill	
	London EC4M 7JW	
	Gravita LLP	
	Aldgate Tower	
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CLIENTEARTH

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ClientEarth Trustees' Report (including Directors' and Strategic Report) for the year ended 31 December 2023

The trustees present their report and accounts for the period ended 31 December 2023. The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the Companies Act 2006 and the Statement of Recommended Practice, 'Accounting and Reporting by Charities', FRS102 (effective 1 January 2015).

The charity is a company limited by guarantee and is governed by its memorandum and articles of association. The trustees, who are also the directors for the purpose of company law, who served during the relevant period, are listed on page 1.

Introduction from the Outgoing Chair

When I joined the Board of Trustees ten years ago, ClientEarth was bringing an action in Poland, one of the most fossil-fuel intensive countries in the EU. We won and went on to stop the construction of more than 30 coal-fired power plants. This was a huge achievement and demonstrated how ClientEarth could use the power of the law to bring about the systemic change that the world urgently needs.

The opportunity for positive, coordinated legal action on a global scale was clear then and is even clearer now. ClientEarth's impact soared in 2023, thanks to increasingly bold and often high-risk legal interventions that have pushed boundaries. Our pathfinding case against Shell put company directors, and their insurers around the world, on notice that the personal risk of legal liability for the climate damage they are responsible for is mounting.

We lost. But it was a huge feat just to be able to construct a credible case, and a testament to our team's legal expertise and dedication to protecting life on Earth. I don't doubt that the time will come when this kind of case will succeed somewhere in the world. The law is a powerful tool, and once a legal precedent has been set, it will pave the way for a host of new actions.

With almost half of the world's population due to vote, 2024 is an opportunity to hold power to account. Warming is now well underway, and the climate is beginning visibly to depart from the familiar regime to which human society and the global economy is so well adapted. Climate action is ever more urgent for both electorates and their political leaders. Our mission at ClientEarth only grows in importance as we work to create, strengthen, and enforce the right rules to support a healthy planet where nature and people can thrive together.

Legal systems, the rule of law, and justice are at the centre of ClientEarth's work. As the world's economic centre of gravity shifts towards Asia, our work there to help governments reinforce and vitalise their environmental protections – from how laws are written, to how they are applied and interpreted by courts and regulators – goes from strength to strength. By engaging with judges, prosecutors, and policymakers, ClientEarth is helping accelerate a green transition that will eventually transform the lives of hundreds of millions – if not billions – of people's lives.

The awesome, positive impact that ClientEarth has on our planet, and the way it creates hope amongst all those who follow its work, has constantly inspired me during the last ten years. After a decade of deep involvement, I stepped down as Chair in April this year. But I know that, guided by incoming Chair Emma Howard Boyd, ClientEarth will continue to expand its work and use the law's immense power to shape the world for the benefit of all of us.

Emma is a dedicated changemaker, and brings with her a wealth of experience, having worked at the intersection of financial services and climate change. She is ideally placed to champion ClientEarth's work.

I would like to take this opportunity to thank the wonderfully talented ClientEarth team for all their support and dedication in protecting all life on Earth. I would also like to thank my excellent, hugely supportive, and hard-working Trustee colleagues.

I hope that, like me, you will continue to support ClientEarth's work in bringing about fundamental change. This decade is critical, and your support is invaluable in helping us achieve the change that is needed.

Howard Covington

Message from the Incoming Chair

In the context of today's polarised world, climate justice has become something of a political football. Its seriousness disregarded in favour of the economic systems that embolden corporates to continue making profit with impunity.

As people's human rights hang in the balance, political leaders continue to make promises around climate, but fail to take any meaningful action. These delay tactics are increasing climate risk and costing lives, and we cannot sit idly waiting for change to happen around us.

That is why ClientEarth's work is so crucial; holding power to account and being the driving force for the change we urgently need to see.

I began following ClientEarth's work many years ago, and I felt encouraged that justice would prevail; that using the power of the law to drive systemic change for the benefit of both people and planet would be the catalyst for change.

Today, I feel incredibly honoured to be taking on the role of Chair of this amazing charity, as Howard Covington steps down in April 2024. ClientEarth's innovative legal interventions and advocacy work has had far-reaching impact under Howard's stewardship, and I will continue to build on this work.

Of course this wouldn't be possible without the passion, dedication, and commitment from our CEO, Laura Clarke, and her fantastic team in these, unquestionably, challenging times. The team's collective expertise and collaboration has culminated in huge achievements towards making positive systemic change, and their work has never been more urgent.

As incoming Chair, it is my intention to support and guide the formidable team at ClientEarth; to address the greatest challenge of our time and protect all life on Earth.

Emma Howard Boyd CBE

Message from the CEO

This is the critical decade for environmental action: what we do now will determine whether we hit, or miss, vital targets on climate and nature, health and justice. The stakes are high, and to deliver on our mission and reflect our ambition to be a truly global organisation, ClientEarth underwent significant change in 2023.

We developed a new Global Impact Strategy for our programmes work, with ambitious objectives allowing us to prioritise our interventions based on their potential to unlock transformational change. We incorporated a new entity in Japan and, our related entity, ClientEarth US, also built its team in the USA, with a legal strategy focussed on using corporate and financial law.

We launched 30 new interventions in 2023, holding Governments and corporates to account for their environmental commitments. Alongside Friends of the Earth and the Good Law Project, we took further action over the UK Government's revised climate plan; and lodged a complaint against Cargill, the US

food giant, for not doing enough to address deforestation and human rights impacts in its soy supply chains.

We redoubled efforts in our fight against the scourge of plastic pollution: continuing our challenge to INEOS's new plastic plant in Belgium, and launching legal action against Coca-Cola, Nestlé and Danone for their misleading claims about recycling. Only nine percent of plastics ever made are recycled, so we are pushing business leaders to develop credible plans to “deplastify” across their value chains.

Meanwhile we worked to enforce existing legislation, tackling overfishing in the EU, and bringing clean air cases in Italy, Germany and Belgium. We also achieved our first agricultural win in our work to protect Italy's Lake Vico from the destructive effects of industrial agriculture.

We had setbacks too, including the UK courts refusing to hear the substance of our case against Shell's Board of Directors. But the case caused waves around the world, generating international press coverage and legal commentary. And the court acknowledged that climate change presents material and foreseeable risks to companies like Shell. It is only a matter of time before corporate directors are held legally responsible for not managing climate risk.

This year, we also strengthened our Global Policy and Public Affairs team, to reinforce our efforts on cross-cutting strategic policy and advocacy, and strengthen our presence and influence at global events such as New York Climate Week and COP. ClientEarth was engaged on 40 advocacy files in Europe in 2023, ranging from the EU Nature Restoration Law to our campaign for the creation and implementation of new national climate laws.

We continued our work to increase the number of people, globally, who are using the law to drive environmental action. We expanded our judicial training programme from China to Southeast Asia; expanded our training law clinics in the Philippines; provided support on regulatory reform to accelerate the transition to renewables; published financial sector guidance on greenwashing and – in Japan – supported shareholder resolutions driving progress in decarbonising the country's power, steel, and banking sectors.

Finally, and on behalf of all at ClientEarth, I'd like to thank Howard Covington, who steps down from his role as Chair in April 2024. He brought enormous commitment, energy, and drive to ClientEarth, overseeing significant growth in our reach and global impact. I'm delighted to welcome Emma Howard Boyd as our new Chair. She is ideally qualified for the role, and I look forward to working with her in the months and years ahead.

As we go into 2024, there is much to feel positive about. We will press on with the objectives set out in our new 2030 Global Impact Strategy, refining our approach in Europe, growing our impact and presence in Asia and North America, and building on our work with partners in Africa and South America. And with more than half the world's population eligible to vote this year, this is a critical year for ClientEarth to use all the tools available to drive environmental action, hold Governments and corporates to account, and ensure we have the right laws and policies in place to protect all life on Earth.

Laura Clarke OBE, CEO

About ClientEarth

At ClientEarth, we use our unique expertise to harness the power of the law and bring about systemic change to protect all life on Earth. We have a team of around 300 people, based in our eight offices across the world, actively working either directly or through partners, collaborators, and networks in 50

countries. Together, we are focused on strengthening the law to change behaviours and practices; using strategic litigation to enforce laws, set precedents, raise awareness, and change government and corporate mindsets; and working with local communities and Indigenous peoples in using the law to defend their environment and uphold their rights.

A future in which people and planet thrive together isn't just possible - it's essential.

Public benefit

The charity has regard to the Charity Commission's guidance on public benefit. The main aim of the charity is to promote the protection of the environment to the benefit of the public where the charity operates, and on a global basis, for current and future generations. The public benefit of the charity includes:

- To promote and encourage the enhancement, restoration, conservation, and protection of the environment, including the protection of human health.
- To advance the education of the public in all matters relating to the law, practice, and administration of justice in connection with the environment.
- To promote, assist, undertake, and commission research into the law and administration of justice in connection with the environment.

Our public benefit is further illustrated through the Achievements and Performance section of this report.

An overview of our work

At ClientEarth, we are working for a healthy planet where nature and all people can thrive together.

ClientEarth uses the power of the law to bring about the change we urgently need to protect all life on earth. What we do now will determine whether we hit, or miss, essential targets in four areas: climate, nature, health, and justice.

We believe that the law is one of the most powerful tools we have to help build a better future for *all* life on Earth. But using the law means much more than just going to court. We use **legal advocacy** and influencing to secure strong policies and legislation; we focus on **strengthening the field** of environmental law by training lawyers, prosecutors, and judges, and working with community groups to empower others; and we use **strategic litigation** to hold governments and companies to account. Our approach is tailored, using the knowledge and expertise of our teams to best suit the cultural and legal differences of the regions where we are active.

As we go about our work, we always stay focused on three key principles that underpin every piece of work we do. First, all our work is rooted in using the **power of the law**: we are legal experts who believe that the law is our best tool for achieving impactful outcomes. Second, we focus on bringing about the **systemic change** critical to wide-sweeping and lasting effects. Third, and finally, our work ensures that **nature and people** thrive together, because we know that the needs of people and planet are

inextricably intertwined. If a project, or other piece of work cannot deliver on all three of these principles, we will not do it.

Since ClientEarth's formation in 2007, we have built deep expertise in environmental law, fundamental rights law, and corporate, private, and public finance law in multiple jurisdictions. By using a uniquely wide range of laws and approaches to tackle the challenges we work on, we have been able to deliver real-world impact, while breaking new legal ground that others can leverage and expand upon.

Strategic approach

The past year was a time of significant internal change at ClientEarth, as we worked to implement the Strategic Framework approved by the Board in 2022. This included the development of a new 2030 Global Impact Strategy for our programmes work early in the year, which unfolds the Strategic Framework into ambitious objectives for the specific systems we are targeting in the regions where we work.

ClientEarth's new strategy in a nutshell:

The new 2030 Global Impact Strategy sets out how we drive the systemic change needed to build a planet with resilient and biodiverse ecosystems; a safe and stable climate; a toxic-free environment with healthy air, soil, and water; and societies that are just, fair, and equitable. Instead of working to achieve each of these goals under a separate programme, as previously, under the new Strategy we rely on highly collaborative working, seeking to achieve multiple impacts with each intervention. This way of working allows us to prioritise interventions based on their potential to unlock transformational change across four groups of human-created systems / impact areas: **Legal Systems and Rule of Law; Financial and Economic Systems; Energy, Transport, and Materials Systems; and Food Systems, Ocean, & Land Use.**

We have increased our global presence over the last year and are beginning to see significant successes in the new geographies where we are working. In May, we incorporated ClientEarth in Japan – an important platform to strengthen and scale our work in Asia's second largest economy and the world's fifth largest emitter. Our efforts in the region will be focused on driving corporate and financial sector climate action and supporting an accelerated energy transition.

We continued to work to deliver high-quality, cutting-edge legal interventions, looking for areas where ClientEarth can make a unique contribution using our specialised legal skillset.

Last year, ClientEarth launched 30 new litigation cases and managed a total of 165 pending cases throughout 2023. These actions were brought in international, regional, and national courts, tribunals, quasi-judicial bodies, and other adjudicatory bodies, including special procedures of the UN. These cases concerned issues of access to information, GHG emissions reduction, fundamental rights, wildlife & habitats protection, environmental assessment and permitting, financing and investment, disclosure/reporting, greenwashing, supply-chain deforestation, and plastic pollution. ClientEarth's role in these proceedings varies from being a named claimant in just under half of these suits, to providing input or funding to partners bringing the case.

Alongside our litigation portfolio of 165 cases, ClientEarth was engaged on 40 advocacy files in Europe, in which we work to influence governments and businesses to reform or remove harmful policies and

laws, create more supportive policies and laws, and ensure adequate funding and implementation. Among these files, 24 were at EU-level and 16 at national level.

Achievements and performance in 2023 - highlights

In 2023, we continued to deliver ground-breaking litigation, advocacy, and capacity-strengthening work across the globe to achieve systemic change.

Our 2023 notable highlights include:

- greatly expanding our support for **judicial training** in Asia, leading to greater capabilities to use the law to protect people and planet. [See *Legal Systems and Rule of Law* below.](#)
- launching a call for **Poland's first Climate Bill** to considerable interest from political circles. [See *Legal Systems and Rule of Law* below.](#)
- contributing to **judicial scrutiny and legal reform to help combat greenwashing** by the corporate sector. [See *Financial and Economic Systems* below.](#)
- supporting a “**historic year for environmental activism at Japan Inc**”, by aiding shareholders in their corporate engagement and filing climate-related resolutions. [See *Financial and Economic Systems* below.](#)
- forcing major legal reform in Romania to help bring an **end to illegal pollution by large industry**. [See *Energy, Transport and Materials Systems* below.](#)
- **blocking the application of a major plastics refinery** from being built in Belgium and continuing to challenge ongoing attempts to secure another building permit. [See *Energy, Transport and Materials Systems* below.](#)
- welcoming **a historic new law** to tackle Europe's high demand for goods driving deforestation. [See *Food Systems, Ocean and Land Use* below.](#)
- advocating for **an agreement to modernise fisheries rules** to support the end of illegal fishing and overfishing. [See *Food Systems, Ocean and Land Use* below.](#)
- helping to **remove toxic chemicals from use** in cooking equipment and plastic food packaging to protect human health and nature. [See *Food Systems, Ocean and Land Use* below.](#)

Detailed performance review

ClientEarth works on multiple issues, all around the globe, connected by our mission and the potential for systems change and far-reaching impacts that will protect people and the planet. This section of the Report provides a detailed performance review of the work delivered in 2023 against the charitable activities set forth in the new Strategic Framework and 2030 Global Impact Strategy (see *Strategic*

Approach above), namely Legal Systems and Rule of Law; Financial and Economic Systems; Energy, Transport & Materials Systems; and Food Systems, Ocean & Land Use.¹

1. Legal Systems and Rule of Law

Objective 1a: Strengthen environmental rule of law, fundamental rights, and ecosystem governance and empower others to use legal tools to tackle climate change and protect ecosystems.

Last year was another successful year for our capacity-strengthening work in Asia and Africa.

We continued **training Chinese judges and prosecutors and on-granting to local organisations** who take public interest environmental action. Since we began our training programme, Chinese environmental prosecutors have brought over 800,000 legal challenges seeking compensation for damages caused to the environment. From January to November 2023, about 7,000 cases related to ecological and environmental damage were heard, involving a total compensation amount of about £444 million. A significant example is the prosecution of a water company in Nanjing over the illegal discharge of wastewater to the Yangtze River, resulting in a fine of £5 million and £63 million of environmental damage compensation. By the end of 2023, we facilitated the disbursement of £800,000 of international funds to 15 national Chinese organisations to enhance their legal capabilities.

We took first steps in expanding ClientEarth's trainings beyond China with our **first regional judicial training on environment and climate change in Asia** for 70+ judges from 10 countries, which was received positively by participants. This work was covered by regional and local media and described as playing a "pivotal role in advancing environmental justice across Asia" by one of Indonesia's most senior judges. Meanwhile, we continued our work **pioneering a peer-learning model in our flagship law school clinic collaboration in the Philippines**, adding 10 law schools to bring the total number of law schools in the network to 20. This programme has already led to positive outcomes, including training 800+ law enforcement officers on enforcement procedures.

Meanwhile, our capacity-strengthening programme designed to **empower people and communities in West and Central Africa to protect and effectively manage their forests** continued to grow. Last year, our partners, with ClientEarth support, delivered a total of 36 on-the-ground trainings, workshops, and working group sessions that equip forest communities with the resources they need to participate in the creation and enforcement of rights that safeguard precious forests. We held these trainings in Cote d'Ivoire, Gabon, Ghana, Liberia, and the Republic of Congo. Three of the trainings were delivered to women's associations that are already implementing agroforestry practices. Women have a legislative right to be involved in forest and land governance processes, but their participation is often hindered by a lack of local support and certain cultural traditions. One of our priorities is to shift this trend and support women to meaningfully participate in - and lead - local forest governance.

Objective 1b: Strive for ambitious and effective environmental and climate laws and legal precedents that align with scientific consensus.

We welcomed several significant developments that provided stronger laws to protect the environment.

Poland is dangerously over-reliant on fossil fuels, and still does not have a legally binding plan to tackle climate change. Together with partners, we officially launched our call for **Poland's first Climate Bill**, setting out our draft proposal for a binding target to achieve climate neutrality by 2050. It is the first legal climate framework put forward in Poland. The Bill quickly gained traction and was included in the Climate Coalition's 100-Day Manifesto, adopted by both the Green Party and the Left Party ahead of the

¹ In 2022, ClientEarth's performance review was reported against charitable activities based on the previous 2017-2022 Strategy, namely Rule of Law, Climate, Energy Transition, Pollution & health, Forests, Oceans, and Wildlife.

parliamentary elections in October. This proposal will not only help Poland reduce its climate-harming emissions, but it will also deliver lower electricity bills and better-paying jobs in the region.

Meanwhile, the Chinese government announced that a **chapter on climate change will be added to China's Environmental Code by 2026**. This will become China's first real climate legislation and provide fundamental guidance in achieving its “dual carbon” emissions reduction goals. We contributed to this through our support for research on climate laws and our expert recommendations on strengthening environmental laws. Alongside this reform, **climate litigation continues to develop rapidly in Chinese courts**. In February, the highest court in the country issued a guidance document for climate cases – a milestone in the application of the law for climate governance in China that reconfirms the Court's consistent interest in climate litigation. In June, the public prosecutor's office issued guidance on ten ‘typical cases’ for carbon peaking and neutrality, as well as guidance on the role of public interest climate litigation in supervising the financial sector. It is the first time that Chinese prosecutors, who bring 80,000 environmental cases per year, are actively encouraged to bring climate cases. As the only international environmental partner working with Chinese judges and prosecutors, ClientEarth has helped improve their understanding of the role of public interest litigation for climate change mitigation.

In June, the European Parliament voted in favour of the **EU Nature Restoration Law (NRL), a key part of the European Green Deal**, despite an unprecedented disinformation campaign aimed at destroying it. The NRL is designed to be a unique tool to address the biodiversity, climate, and food security crises that the EU is facing. We supported a public campaign with over one million signatures, and there were repeated calls from 6,000 scientists, 100+ businesses, and civil society from across numerous sectors to support the NRL. But getting the law through parliament involved a significant watering down of the obligations and targets that are instrumental if the NRL is to deliver transformational change. Nonetheless, this was still a big step for nature.

Progress was also achieved in the courtroom with two notable decisions regarding the balancing of nature protection and development of land for commercial purposes.

In a major breakthrough in our fight to prevent a new airport being constructed in one of the most important protected areas in Europe for birds, the **Montijo airport near Lisbon was deemed unviable** due to its impact on the environment and biodiversity by an independent committee that carried out a strategic impact assessment. We have been opposing this project in court since 2020, seeking to protect the area, which is a stopover of international importance for migratory birds coming from other European countries. The strategic assessment makes it highly unlikely that the project will proceed. Awaiting a final decision by the Portuguese government in 2024, we remain ready to go back to court, if needed.

We supported an important case referred by an Irish court to the EU Court of Justice to clarify the need for public authorities to provide clear explanations for any decisions not to carry out environmental assessments. Aside from the direct impact of the case on preventing harmful development of a Natura 2000 protected site, the positive ruling advanced EU-level jurisprudence, setting precedent that will help to **guide decision-makers when granting permits for developments affecting protected areas**.

2. Financial and Economic Systems

Objective 2a: Strive for robust corporate and financial laws and precedents that contribute to the rapid emergence of new models of corporate governance and investment that operate within planetary boundaries, ensure accountability for environmental harm and stop greenwashing.

Our corporate law strategy is one of the most innovative and highest-risk areas of our work. Against the challenge of doing work that has never been done before, we have seen good progress that promises high impact towards our goals.

Cargill - the biggest privately held company in the United States - is the largest exporter of soya from Brazil, with operations across the Cerrado, the world's largest tropical savanna; the Atlantic Forest, stretching along Brazil's eastern coast; and the Amazon. This vast soya business has been linked to deforestation and violations of the rights of Indigenous, Afro-Brazilian, and other forest-dependent communities. We filed an OECD complaint in the US, claiming that **Cargill has breached UN guidelines on responsible, sustainable business practice** for failing to carry out proper checks on the vast amount of soya it buys, trades, and ships to markets worldwide. Alongside this pending complaint, we provided input to the revision of the UN guidelines, which now name biodiversity loss, degradation of land, and deforestation as adverse environmental impacts for which companies should conduct due diligence.

We have continued our **work to eliminate corporate greenwashing**, and two cases brought by national partners with our support were deemed admissible to proceed to full hearings. The first is a claim by a Dutch NGO partner against Dutch aviation company KLM concerning its climate marketing claims, including that customers can 'compensate' for the impact of flying through carbon offsetting. The second case, brought by a group of French NGOs, targets claims by TotalEnergies over transition, fossil gas, and biofuels – each key narratives that the fossil fuel industry is using to continue their climate-damaging practices. Alongside ongoing litigation, our advocacy around these issues has already helped shape the outcome of **major anti-greenwashing reforms to consumer protection law in the EU**, which included strengthened provisions relating to green advertising claims and a ban on carbon-offsetting product claims.

In late 2023, our case against **Shell's Board of Directors for failing to properly manage climate risk** was deemed inadmissible by the UK High Court. The court did not agree that ClientEarth has standing to bring this type of legal challenge. However, it did confirm that corporate directors have a duty to manage climate risk, which is significant in itself. Despite the disappointing ruling, the case catalysed important conversations on corporate liability for climate change. It garnered the support of major investors with more than 12 million shares in Shell and was discussed in boardrooms around the world.

We also contributed to strengthening sustainable finance capacity. In July, we co-hosted 40 senior representatives from central banks, financial regulators, government ministries, and stock exchanges across Asia for a first-of-its-kind regional sustainable finance leaders' programme in Oxford with the Oxford Sustainable Finance Group. In a *Manila Times* op-ed, a Philippines SEC Commissioner who had participated underlined the role the programme played in "incubat[ing] new ideas to accelerate sustainable finance and its regulation in Asia".

Objective 2b: Strengthen and enforce trade, investment, competition, subsidy, and supply chain laws to ensure financial flows are directed to achieving clean and sustainable energy, transport, and materials and regenerative food, ocean, and land use.

Last year saw a number of positive developments that will contribute to shifting financial flows towards a greener future.

The **Chinese government launched a special facility for financing green overseas investments** - the Green Investment and Financing Partnership – at the Third Belt and Road Forum, which was proposed by ClientEarth and other advisors.

2023 was described as **"a historic year for environmental activism at Japan Inc"** by the *Financial Times*. We provided support to institutional and non-profit shareholders engaging and filing shareholder proposals at major Japanese companies to accelerate the transition to a net-zero economy. We were pleased to see a record-breaking AGM season translate into concrete progress in climate action in the power, steel, and other sectors.

We obtained a final ruling in our four-year legal battle against the European Investment Bank (EIB). The EU court confirmed that the **bank illegally avoided environmental scrutiny of its financing decisions** after it rejected our request to review its decision granting a €60 million loan for the construction of a Spanish biomass plant. This case confirms our right to hold the EIB accountable for complying with its own environmental standards. This is pivotal to ensuring that the bank lives up to its ambitious commitment to be a “climate bank”. The bank has no further appeals and will no longer be allowed to shy away from public scrutiny.

3. Energy, Transport and Materials Systems

Objective 3a: Accelerate the global transition to clean and sustainable energy systems including the phasing out of fossil fuels (including subsidies and financing) and unlocking energy efficiency, sufficiency, renewables, smart technologies, and sustainable storage

Our long-running programme of work on energy transition in Europe had a number of significant successes last year.

Following a complaint to the European Commission, **Romania closed a legal loophole that allowed industrial plants to illegally pollute**. Our complaint, brought with a Romanian partner, revealed that because of the state's failure to apply penalties, several coal plants ran for years without legal permits and without fear of real sanctions. Romania has now implemented substantial reforms, ensuring that operators of large industrial plants from the most climate and environment damaging industry sectors cannot just ignore EU law. In addition to this, several of the targeted coal plants on which our complaint was based have subsequently been shut down for a total 1.735 MW reduction in coal capacity.

In another **major win in the fight to phase-out coal in Europe**, the EU court found that the operating permit for Maritsa 3 – the Balkans' largest coal plant – allowing excessive emissions of sulphur dioxide at double the legal limits for an indefinite period, is illegal under EU law. The ruling, which sets a legal precedent that public authorities have a duty to consider the cumulative pollution that people are exposed to, will have ripple effects in coal-heavy regions with high air pollution.

In collaboration with other NGOs, our long-term advocacy contributed to the European Commission's **decision on a coordinated withdrawal of the EU and Member States from the Energy Charter Treaty**. This treaty is a problematic legal instrument that allows foreign companies to obstruct the energy transition by claiming compensation from governments for introducing policy changes and laws that impact their profitability. We have been arguing for withdrawal from the treaty to put an end to its fossil-fuel lock-in, in the EU and beyond. As of the end of 2023, several key Member States, including France, Germany and Poland, have pulled out of the Energy Charter Treaty.

We also focused on developing our work supporting the energy transition in Asia. We worked in partnership with TransitionZero, a climate analytics non-profit, to support policymakers and regulators in the shift to clean and affordable energy in Southeast Asia. This collaboration combines TransitionZero's data and modelling expertise with ClientEarth's legal and regulatory insight and aims to build technical and legal capacity to support the region's energy transition efforts.

Objective 3b: Accelerate the phase out of hydrocarbons in transport, materials, and industrial processes along with a global shift in mobility behaviours and transition to a fully circular economy

We continued working to clean up transport and materials systems with a focus on plastics, chemicals, and air quality.

Fossil fuel-reliant companies are **avoiding the green transition by using fossil gas to manufacture plastics**. INEOS is one of the world's largest petrochemicals companies, and we dealt them a serious

blow in 2020 when a Belgian court granted an injunction that we had sought alongside a coalition of NGOs, leading INEOS to withdraw its plans and secure a fresh permit. In the latest development in our long-standing fight to oppose this project, INEOS' new permit, which we again challenged in court, was quashed by a Belgian court hearing a parallel challenge brought by two Dutch provinces just over the border, on the basis that the impacts the project would have on precious surrounding nature had not been properly assessed.

Not only are plastics made from oil and gas, but plastic packaging contains chemicals that are harmful to our health – many of which include hormone disruptors that have serious consequences for fertility and have been linked to diabetes and certain types of cancer. We brought **a legal challenge against Danone, one of the world's biggest plastic polluters**, demanding that it clean up its act and reduce the impact of its pollution on people and nature. This is the first case focused on plastic pollution using France's Duty of Vigilance law, which requires large companies to publish an annual 'vigilance plan' identifying the environmental and social risks caused by their activities.

Our EU-level advocacy prompted another significant development, when the **European Parliament passed a revision to its flagship air quality law** that supports people's right to breathe healthy air. All our key asks made it into the revised Ambient Air Quality Directive, including empowering people to go to court when public authorities fail to protect their health from dirty air and conferring a groundbreaking compensation right on citizens. Despite voting to align EU air quality limits to the WHO's guidelines, the European Parliament voted to delay alignment until 2035 – five years later than what its own Environment Committee had previously recommended.

In a further disappointing development, the European Commission **bowed to industry pressure and delayed the reform of chemicals regulation until late 2023**. We continued to work with staff at European institutions to maintain the momentum and ensure they clearly understand our demands. We are not giving up on the process and remain deeply committed to seeing this reform through.

4. Food Systems, Oceans and Land Use

Objective 4a: Establish binding governance systems to protect and restore 30% of land and ocean by 2030 that also recognise and reflect the rights of Indigenous peoples and local communities

We continued working with Indigenous peoples and local communities to halt deforestation. Two notable examples in the past year come from our work **to support local communities to engage in law reform in Cambodia and in the Republic of Congo**. In Cambodia, out-of-control logging of protected forests is threatening the cultural survival and livelihoods of Indigenous peoples. Relevant forestry laws are currently being revised, presenting an opportunity to influence the government to strengthen the rights of Indigenous peoples and protect their homes. We helped local partners analyse the draft law and organised trainings to share our findings and gather further NGO input. Forest covers 65% of the Republic of Congo and the lives of forest communities are intimately connected with these forests. To raise their voice on how forests are protected, we helped local groups to participate in the law reform through a public consultation and to join a national workshop on the latest proposal. Following the workshop, we provided advocacy input and supported partners to comment on the draft law. The new bill will play an important role in providing access to justice for forest communities and ensuring the protection of their homes and way of life.

Reports do not usually change a whole landscape. But in the case of national parks in Poland, ClientEarth's report on this topic in 2022 was like the pebble that started a (public awareness) avalanche. As a part of the 10% Coalition - a partnership of Polish NGOs - we used our report on national parks to **advocate for the expansion of protected areas in Poland** in line with the EU Biodiversity Strategy. As a result, the subject of national parks has been mainstreamed in the public

debate and galvanised the Polish public. This has increased the profile of our work and has put nature on the public agenda.

Our **advocacy work to plug a gap in UK law regarding soil health** – a significant policy issue that has been previously overlooked – bore a positive result when a UK Parliamentary inquiry recommended new regulation on soil health be put into place. The cross-party committee emphasised the importance of soil for sustaining food systems and maintaining rich ecosystems, referencing our submissions throughout its report. It remains to be seen how these recommendations will be followed, but amidst the current trend of de-regulation in the UK, this is an important step forward.

Objective 4b: Catalyse regenerative food systems and agriculture and eliminate deforestation, unsustainable fishing and seafood, GHGs, waste, single use plastics, and toxic chemicals from global supply chains and the food system.

Our work contributed to several positive developments related to eliminating deforestation and overfishing, as well as limiting the harmful effects of agricultural pollution and toxic chemicals.

The European Union adopted **an historic new law to tackle Europe's high demand for goods that are driving rampant deforestation** across the planet. The new law will require companies that import products into the EU to issue a so-called “due diligence” statement confirming that the products do not come from deforested land and have not caused any forest degradation. The law entered into force in June 2023. Operators and traders have 18 months to implement the new rules. We are working to monitor implementation and training partner NGOs to use the new law effectively in the fight against deforestation.

Following more than three years of active advocacy by a coalition of NGO partners, the European Union's institutions concluded **an agreement to bring about much-needed modernisation of fisheries rules**. The agreement contains significant wins for sustainable fisheries, including on transparency, sanctions, and tracking of EU fishing vessels among others. This revision will support the fight against illegal fishing and overfishing at a critical time when biodiversity and nature are lagging far behind other priorities in EU politics.

Our court challenge over the EU's complete failure to meet its own deadline to end overfishing received an important boost with the EU Advocate General issuing a legal opinion backing our argument that the **EU cannot derogate from the 2020 deadline to end overfishing**. The opinion influenced the court to rule in early 2024 that the EU cannot set catch limits above levels set by scientific advice, albeit with some exceptions. As a result of continued advocacy as part of an NGO coalition, reinforced by a concerted push to bring legal cases, the number of overfished stocks in the North East Atlantic fell from 76% in 2007 to 29% in 2023.

We also made headway in **protecting Lake Vico in Italy from the destructive effects of industrial agriculture**. The lake is a protected “Natura 2000” site and the sole source of drinking water for surrounding communities. Because of our court challenge, the regional authorities established the lake and its catchment area as a ‘nitrates vulnerable zone’. This will limit the use of fertilisers by obliging farmers to follow stricter rules. Limiting the amount of nitrates leaking in the lake should slow down, and eventually reverse, the eutrophication process, which is making water undrinkable and causing protected vegetation to shrink.

We have had further success in **ensuring toxic chemicals are strictly regulated**. We recorded wins in two legal cases where we intervened to support the European Chemicals Agency against industry challenges. These cases resulted in a complete ban of ‘Gen X’ (a chemical used to make non-stick products, including cookware, which is harmful to reproductive health) and the classification of BPA (a

chemical used to make plastics for food packaging) as a ‘substance of very high concern’ for wildlife, the environment, and human health.

Monitoring, Evaluation, and Learning

Everyone at ClientEarth has responsibility for Monitoring, Evaluation, and Learning (MEL), the aim of which is to generate meaningful insights about our work to enable learning, innovation, and improvement. It helps us to maximise efficiency and effectiveness in how we deploy our resources and enables evidence-based decision making about how to prioritise strategically to achieve greater impact.

Our Impact and Learning team focused on two key priorities last year following the finalisation of the 2030 Global Impact Strategy. The first has been to develop impact frameworks for assessing progress against the strategy for the Energy, Transport, and Materials Systems teams and the Food Systems, Ocean, and Land Use teams. This involved clarifying strategic objectives and priorities as well as identifying priority areas to collect data and evidence on.

To facilitate the consistent collection of impact data across programmes, the Impact and Learning team also developed a prototype for an impact tool. As an organisation driven by impact, it is imperative that we understand what we are achieving, why, and how. Data collected through consistent MEL practices allows us to do this and provides an evidence base to inform decision making, planning, and strategy development and adaptation. After a period of testing and further refinement, the impact tool will be the central source for data and insights for programme updates and reporting.

Innovation Lab

At the start of 2023, ClientEarth launched its own internal Innovation Lab. Against the tyranny of “there is no alternative”, the Innovation Lab supports ClientEarth and its allies to imagine, create, and scale up alternatives to the systems that destroy people and planet. In its first year, the Lab has focused on delivering:

- **Inspiration** – via a series of monthly “Futures Club” talks by well-renowned experts, working to bring about a better future. The talks have delivered a great deal of inspiration to ClientEarth staff, so we are considering ways to bring these to a larger audience.
- **New skills** – the Lab has been promoting the operationalisation of the new strategic approach, which focuses on systems change, by curating and disseminating relevant systems-thinking practices and tools. So far, this included futurist thinking, system change and innovation, and collective intelligence. ClientEarth now has a group of signal spotters, identifying the trends relevant to our work. Training was also organised for another group of 13 people to disseminate the “3 horizons” approach, a framework making futurist thinking easy, across the organisation and to partners.
- **Space for experimentation** - system innovation requires stepping out of business as usual and embracing a multidisciplinary design process. The Lab offers that space and coaching to staff and allies. Two explorations – concerning the potential and implications of AI and the financing of a regenerative economy – are now underway.

Challenges in 2023

In 2023, ClientEarth faced a number of internal and external challenges:

- **Rising costs and difficulty of fundraising flexible funds** – The economic crisis has led to a sharp increase in costs and, although we exceeded our income targets for 2022, the long-term effect of the economic crisis means that costs have risen across the board. As a result, our unrestricted income targets are stretched and raising income for our core costs is more valuable than ever to continue our growth and desired impact in these crucial years for our planet. Unrestricted and flexible income continues to be one of the toughest sources of income to secure, with more funders looking to restrict their support to specific areas of our work. We are investing more effort in raising unrestricted and flexible funding to alleviate this pressure and cover our critically important core costs.
- **Global geopolitical shifts** – Externally, we are operating in an increasingly polarised world. Many countries are experiencing political uncertainty as 2024 elections approach. In conjunction, there are viral misinformation campaigns to distract and divide attention from action on climate and nature. Due to this, some policy makers are slowing down - or even reversing - environmental policies across geographies. This means that 2024 will be a critical year for ClientEarth to ensure we have the right mechanisms to realise the right laws and policies for nature and people. All this reiterates the importance of our work to cut through misinformation and influence key decisions and policy makers, as well as to focus the public debate on positive solutions to solve the crises.
- **Backlash against the environment** – As our targets become bigger and our interventions more high-profile, they draw increased attention of the public, media outlets, as well as stakeholders from a broad range of sectors. This year marked an especially difficult political climate at EU and national levels. We have witnessed political backlash from powerful groups in the EU Parliament, leading to extreme resistance to many environmental proposals. Also, it has been difficult to find a “champion” in the EU Council – even traditionally friendly Member States do not want to be seen to impose restrictions and obligations in a difficult social and political context. Since the current political context in the UK and Europe encourages policymakers to either promote business as usual or backslide on ambition, the need for ground-breaking legal interventions is more acute. We continue to develop, hone, and re-invent our advocacy and public affairs work to overcome backlash and re-set the political narrative.
- **Growing scrutiny of NGOs** – International NGOs are facing more stringent scrutiny from authorities, in China, the US, and elsewhere. ClientEarth strictly abides by relevant NGO laws, closely monitoring legal and socio-political developments, carrying out ongoing risk evaluation, and assessing mitigation measures. We will keep cultivating open dialogue with partners and stakeholders in all regions where we operate to ensure our work can proceed smoothly and effectively globally.
- **Implementing our new organisational design** – As with any major change, there has been an adjustment period following our reorganisation. But legacy projects have now been largely completed, systems have been transitioned (or created), and our teams are now better positioned to deliver our mission. Following the finalisation of the 2030 Global Impact Strategy, a common framework for planning, collaboration, and accountability across ClientEarth was established, connecting all programme projects to the strategy. A clear programme structure

supports strategic decision-making by facilitating agile planning and resource allocation to allocate resources more effectively and respond quickly to emerging opportunities and risks and ensuring that budget decisions align with impact objectives.

Future plans

In 2024, we will continue to work on delivering the systems change objectives under our new strategy. We will do this by consolidating and refining our impact in Europe, growing our impact and presence in Asia and North America, and building on and expanding our work with partners in Africa and South America.

Legal Systems and Rule of Law: We believe in the power of the law as one of the most effective levers for sustained, intra-generational transformation. Our goal is to strengthen the rule of law – from how laws are written, to how they are applied, interpreted, and enforced by courts and regulators. To this end, we will:

- continue to expand our training programme for judges and legal practitioners across Asia and for Indigenous peoples and local communities in Africa;
- push for ambitious climate and environmental laws and legal precedents – focusing on the development of climate laws in Asia and in Europe (Belgium, Germany, Poland, Spain, Turkey, and the UK);
- develop strategies to use constitutional and fundamental rights to hold states accountable for their role in climate change, pollution, and biodiversity loss;
- use strategic litigation and advocacy to expand transparency, access to justice, and public participation in environmental decision-making by EU and national public authorities.

Financial and Economic Systems: To unlock transformational change and new opportunities across all economic sectors, we need to shift the global economy and financial flows. We will continue working on legal aspects of public sector finance mechanisms and private finance, market regulation, corporate governance, consumer rights, international trade laws, and taxation mechanisms by:

- pushing companies globally to manage risks linked to climate change and biodiversity loss properly and transition to a low-carbon economy that protects nature;
- monitoring the implementation of new deforestation due-diligence rules and developing enforcement actions where needed;
- facilitating cooperation to advance the greening of China's Belt and Road Initiative across Asia and globally with a focus on the transition to low-carbon energy systems;
- contributing to the emergence of corporate leaders that embrace climate and nature responsibility as a component of sustainable profitability.

Energy, Transport, and Materials Systems: To reduce global emissions, it is essential that we shift our energy, transport, and materials systems away from fossil fuels towards climate-neutral sources of energy while minimising the negative impacts of mining and energy infrastructure on biodiversity and people. To achieve this, we will:

- support the creation of an enabling regulatory environment for clean energy acceleration in Asia: clearing regulatory barriers and ensuring proper mechanisms for renewable energy support and managed coal phaseout while preventing gas lock-in;
- continue efforts to halt the expansion of the petrochemicals industry by taking strategic legal challenges, influencing stronger chemicals legislation, and using corporate and financial laws to highlight that non-essential production of petrochemicals is a risky activity both environmentally and financially;
- explore avenues to enshrine energy sufficiency and the circular economy into law.

Food Systems, Oceans and Land Use: Food Systems, Ocean & Land Use lie at the heart of tackling climate change, reducing water stress, eliminating pollution, restoring landscapes and ecosystems, and protecting wildlife. We aim to transform these systems by working to:

- take strategic legal action and advocate for better laws to protect and restore terrestrial and marine ecosystems;
- address illegal and unsustainable exploitation of ocean and land use, focusing on food (including eliminating destructive fishing practices such as bottom-trawling) and timber products;
- reduce water, air, and soil pollution caused by intensive farming in Europe by challenging harmful agricultural subsidies and activities incorrectly labelled as “environmentally sustainable” and by enforcing high environmental standards in the food system;
- establish the legal framework needed to transform Europe’s food systems to provide safe, nutritious, sufficient, and sustainable food;
- explore ways to develop our work on these systems in Asia.

Structure, governance, and management

The charity is a company limited by guarantee and is governed by its memorandum and articles of association. The trustees, also the directors for the purpose of company law, who served during the period are listed on page 1. None of the trustees has any beneficial interest in the company. All of the trustees are members of the company and guarantee to contribute £10 in the event of a winding up.

ClientEarth Ltd’s governance is undertaken by the trustees, who meet at least four times a year. There are five board committees covering (1) Finance, Audit, and Investment, (2) Governance and Risk, (3) Remuneration, (4) Equality, Diversity, and Inclusion and (5) Nominations. The committees generally meet four times a year ahead of board meetings, except for the Remuneration and Nominations Committees which meet on an *ad hoc* basis. There is also a Global Programmes and Impact Forum, which is comprised of all ClientEarth entities’ governance board members and meets three times a year to consult on programmatic strategic direction.

The Charity Governance Code recommends that large charities commission external reviews of their governance every three years. In 2021, the Board commissioned an external review of governance and board effectiveness against the Charity Governance Code. The recommendations from this report were approved by the Board and are intended to ensure that ClientEarth operates under the highest standard

of governance. While the external consultant concluded that the Board largely met the recommendations of the Code, recognising that the Code enhanced the principles on Equality, Diversity, and Inclusion, the Board agreed that further attention was needed in the areas of term limits and diversity, which is being addressed through active trustee succession planning and recruitment of new trustees. An ongoing implementation plan to deliver the recommendations is being overseen by the Governance and Risk Committee. As of the end of 2023, only one of 21 recommendations remains outstanding, and is currently in-progress anticipating completion by the end of 2024.

New trustees are appointed by the Board through the Nominations Committee. They are selected on the basis of their alignment with ClientEarth's charitable objects and their ability to further those objects as a trustee. The committee actively considers skills gaps in the Board of Trustees and seeks to fill these with any new appointments. New trustees are elected by resolution and approved by a majority of trustees where a board quorum is present. New trustees are provided with induction material containing relevant information regarding the charity, including the governing document, latest management reports and financials, together with relevant guidance on the role and responsibilities of trustees. Trustees have now adopted term limits. All new trustees serve three-year terms. Trustees are eligible to remain on the Board for up to two terms. A final 3-year term and/or an additional 1-year term can be extended by the Board in exceptional circumstances, such as in order to meet a skill or experience gap.

The trustees are responsible for setting the overall programmatic and financial strategy of the charity and for approving the annual budget, but delegate the day-to-day management to the Chief Executive Officer (CEO), Laura Clarke, who is supported by an Executive Team and a Global Leadership Group (GLG).

ClientEarth offices

ClientEarth has its global headquarters in London. The headquarters accommodates the majority of the core functions of the charity such as the CEO's office, finance, development, communications, human resources, administration, and IT teams. ClientEarth also has a number of offices throughout the world and it operates in many countries throughout Europe, Central and Eastern Europe, Central and Western Africa, and Asia Pacific through partners and sub-grantees.

ClientEarth Trading Ltd is a trading subsidiary of ClientEarth in the UK. ClientEarth is the sole member of the company. The subsidiary only carries out small-scale primary purpose trading activities which directly further the charity's charitable objects.

ClientEarth in Europe

Country		Legal Form	Year of Formation
Belgium	ClientEarth AISBL	International non-profit association	2018
Belgium	ClientEarth ASBL	Branch of ClientEarth Limited	2008 (currently being wound up)
France	ClientEarth France	French Foundation	2011 (currently inactive)

Germany	ClientEarth gGmbH	Limited Liability Company	2018
Luxembourg	ClientEarth ASBL	Non-profit association	2017
Poland	Fundacja ClientEarth Prawnicy dla Ziemi	Polish Foundation	2016
Spain	Fundación ClientEarth Delegación en España	Delegation of Foreign Foundation	2023
UK	ClientEarth Trading Limited	Trading subsidiary of ClientEarth Limited	2020

There is also an independent not-for-profit entity in Germany, ClientEarth – ANWÄLTE DER ERDE, which operates as a Registered Association. The board of chairpersons, which is the management body of this Registered Association, is comprised of senior staff of ClientEarth gGmbH and ClientEarth AISBL (Belgium), while the members (governance board) include ClientEarth ASBL (Luxembourg), staff of various ClientEarth entities, and a handful of external German citizens. The members together form the general assembly of the association, which provides guidelines and oversight to the Board of Chairpersons.

ClientEarth in Asia and the Pacific

Country	Legal Form		Year of Formation
China	ClientEarth (UK) Beijing Representative Office	Representative Office of ClientEarth Limited	2017
Japan	IPPAN SHADAN HOJIN ClientEarth	Non-profit general incorporated association	2023
Australia	ClientEarth Oceania Limited and ClientEarth Oceania Trust	Only expected to become active late in 2024, once deductible gift recipient status is confirmed by the Australian Taxation Office	2022 (currently dormant)

ClientEarth in the Americas

There is a related but independent ClientEarth entity in the US, ClientEarth USA Inc., which operates as a 501(c)(3). Two directors who sit on both the board of ClientEarth USA Inc. are also trustees on the board of ClientEarth Ltd. ClientEarth US Inc. also has the power of making grants and contributions and otherwise rendering financial assistance to ClientEarth.

Compliance with Trustees' duties under Section 172(2) Companies Act 2006

Trustees must act in the way they consider, in good faith, would be most likely to promote ClientEarth's success to achieve its charitable purposes. In doing so, the Trustees have delegated day-to-day management and decision-making to the CEO and the Executive Team, as well as other members of

the Global Leadership Team, who are required to act to further ClientEarth's adopted Strategic Framework and 2030 Global Impact Strategy, and to ensure that activities are carried out in compliance with agreed plans and policies and in accordance with ClientEarth's objectives and values. The Trustees receive regular reports on ClientEarth's performance and plans at each Board meeting and at the various Committee meetings overseeing specific areas of work and governance.

In carrying out their duties, the Trustees have regard (among others) to the following matters:

- **The likely consequences of any decision in the long term**

In making all its decisions, the Trustees consider the financial and operational sustainability of the organisation, as well as the importance of long-term results of the organisation's work, in line with the Strategic Framework and 2030 Global Impact Strategy.

- **The interests of the organisation's employees**

The Trustees recognise that attracting and retaining talented staff is critical to the success of the organisation's strategy. To that end, through regular reporting by senior management at Board meetings, the Trustees have oversight of internal initiatives to promote a positive working environment and culture. In 2023, the Board also adopted an organisational strategy to promote equity, diversity and inclusion. For more information, see the 'People' and 'Equity, Diversity and Inclusion' sections of this report.

- **The need to foster the organisation's relationships with suppliers, partners, and others**

The Trustees recognise that building strong and lasting relationships with all stakeholders will help to deliver the organisation's strategy to achieve its mission and vision. The Trustees and senior management have a strong risk management policy and process, and the organisation promotes a culture of upholding the highest standards of operational and regulatory conduct. For more information on suppliers, see the 'Financial and professional providers' section of this report.

- **The impact of the organisation's operations on the community and environment**

In line with our core values of acting courageously and opposing injustice, the Trustees ensure that the organisation has adopted strong internal policies and procedures relating to safeguarding of communities and individuals the organisation works with and the environmental impact of its operations. Matters of safeguarding are regularly covered in internal staff trainings and incorporated into agreements with partners that ClientEarth collaborates with. For more information about the organisation's environmental impact, see the 'Climate change and environmental policy' section of this report.

- **The desirability of the organisation maintaining a reputation for high standards**

ClientEarth's core values are embedded in the organisation's policies and procedures, employee induction and training programmes, and its risk management framework. A new External Affairs department enables the organisation to present its work effectively to all types of external stakeholders and to protect and promote the reputation of the organisation. In line with the Trustees' commitment to the highest standards of transparency, integrity and accountability, in 2023 ClientEarth launched a whistleblowing channel so that anyone can voice concerns or complaints that relate to the organisation.

The Trustees' regard to these matters is embedded in their decision-making processes, through the organisation's mission and vision, values, culture, governance framework, information flows, and stakeholder engagement processes.

Trading company activity

No trading activity to report in 2023.

Climate change and environmental policy

ClientEarth is committed to reducing energy consumption and waste by encouraging staff, trustees, and board members to adopt sustainable practices and behaviours while working on behalf of ClientEarth. We plan to halve our carbon emissions from our operations by 2030² and to eliminate emissions by 2050.

Our Environmental Policy sets out guiding principles to help the organisation reduce emissions, consumption of resources, and waste by ensuring that, where relevant, environmental impacts are considered fundamentally when making decisions in our operations and programmatic work. The policy includes guidance in facilities management, recycling waste management, procurement, and travel. ClientEarth's Environmental Policy and the principles are endorsed by the Executive Team and can be found on the [Transparency page of the ClientEarth website](#). The CEO is accountable for the policy and it is subject to periodic review.

Carbon emissions

This is the second year that ClientEarth has reported on its energy consumption and carbon emissions. We have followed best practice based on HM Government Environmental Reporting Guidelines (March 2019), the Greenhouse Gas Protocol (GHG) Reporting Protocol – Corporate Standard and from the UK Government GHG Conversion Factors for Company Reporting document for calculating carbon emissions.

Due to challenges in our data capture, last year we reported only on our UK emissions. In 2023, we carried out an internal audit of our carbon emissions across other aspects of our global operations and activities to help support our reporting and are reporting them here for the first time.

We present our report on energy consumption and carbon emissions under the Government's Streamlined Energy and Carbon Reporting (SECR) framework below. Our methodology includes use of the following guidance:

- UK Government Environmental Reporting Guidance (March 2019)³

² Compared to a 2019 baseline.

³ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/850130/Env-reporting-guidance_inc_SECR_31March.pdf

- The Greenhouse Gas Protocol (GHG) Reporting Protocol – Corporate Standard⁴
- UK Government GHG Conversion Factors for Company Reporting³ document for calculating carbon emissions⁵
- Carbon Footprint's international electricity factors⁶
- EcoAct Homeworking Whitepaper⁷
- Construction Industry Research and Information Association's (CIRIA) W11 Key Performance Indicator for Water Use in Office report⁸

UK emission scope summary	Calculated emissions (tCO ₂ e) 2022 (UK Operations Only)	Calculated emissions (tCO ₂ e) 2023 (UK Operations Only)	Calculated emissions (tCO ₂ e) 2023 (Global Operations)	Calculated energy usage (kWh, unless otherwise stated) 2023 (Global Operations)
Scope 1 (direct emissions) ⁹	Nil	2.03	2.03	
Scope 2 (indirect GHG emissions - electricity)	14.22	22.12	29.86	136,368
Scope 3 (other indirect GHG emissions)				
WFH - electricity	5.26	6.10	16.14	60,145.43
WFH - gas	9.33	9.97	18.72	109,681.18
Waste water	Unknown	616.22	1,243.07	
Vehicle use		3.85	7.2	
Courier		0.06	0.06	
Waste		0.13	0.13	
Business travel	227.83	206.49	574.90	
Total	256.64	866.96	1,892.11	306,194.31

For several of our operations outside of the UK, ClientEarth is often a subtenant in offices where it is a challenge to obtain data on energy consumption.

Generally, ClientEarth does not emit Scope 1 type emissions. However, in 2023 there was an incident concerning an air conditioning refrigerant leak in our London office resulting in emissions of 2.03 CO² tonnes.

Scope 3 travel data is captured from ClientEarth's own internal tracking systems.

We are required to report emissions against an intensity of output measure (or normalising factor), so that decreases or increases in output in future years do not disguise changes in energy

⁴ <https://ghgprotocol.org/sites/default/files/standards/ghg-protocol-revised.pdf>

⁵ [Greenhouse gas reporting: conversion factors 2023 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2023)

⁶ [carbonfootprint.com - International Electricity Factors](https://carbonfootprint.com/en/international-electricity-factors)

⁷ <https://info.eco-act.com/en/homeworking-emissions-whitepaper-2020>

⁸ https://www.ciria.org/CIRIA/Resources/Free_publications/KPI_water_offices.aspx

⁹ ClientEarth's Scope 1 emissions relate to an air refrigerant leak in our London office

efficiency/emissions reductions and valid comparisons can be made over time. We have chosen to report tonnes of CO² equivalent per member of staff.

Intensity ratio	2022 (UK only)	2023 (UK only)	2023 (Global)
tCO ₂ e / per member of staff	1.83	5.8	6.3

To support our plan to halve our carbon emissions from our operations by 2030, and to hold ourselves to high account, we have extended our reporting to include as much data as possible from all locations in which ClientEarth employ staff. During 2023 we have:

- Reported energy use in more of our offices;
- Calculated working from home energy use in non-UK offices;
- Captured water use of all staff based on the Construction Industry Research and Information Association's (CIRIA) W11 Key Performance Indicators for Water Use in Offices report;
- Updated our expenses claim forms to include additional information relating to vehicle use;
- Reported our business travel for all offices.

In 2023, we also made several changes to reduce our future emissions, notably:

- Revised our Travel Policy to drive a general reduction of business travel including:
 - prioritising rail over flights where possible, where travel is less than 1 day/under 14 hours;
 - requiring additional approvals for short-haul flights;
 - requiring that all trips must be booked through internal system to assure compliance with Travel and Environmental policies.
- Included LED and sensor lighting in all new offices that were fitted-out in 2023 to help reduce energy costs;
- Changed our courier supplies in our London office to enable us to record data relating to the carbon emissions of our parcels.

Recognising that business travel is the single largest contributor to our global emissions, the Executive Team set a target of reducing overall business travel emissions by at least 15% in 2024.

Financial and professional providers

ClientEarth recognises its responsibility to carry out its procurement activities in an environmentally responsible and sustainable manner and this includes its choice of financial and professional providers, including banks, pension providers, and external investment managers. In choosing the provider and default fund for our pension scheme and our external investment manager, we have been able to find options that satisfy our environmental criteria (see Investment Policy below). The options available to us for our banking services, however, are rather more limited.

We are aware that our bankers (HSBC) finance companies that are responsible for climate change, biodiversity loss, and toxic pollution and so are not aligned with our values, but we have not at this time been able to find alternatives that are so aligned. We regularly engage with our banks on their environmental shortcomings through the work of our legal programmes.

For example, in September 2021 we named HSBC in our legal complaint to the UN's human rights experts alleging that the bank is in breach of international human rights law based on its continued financing of Saudi Aramco. Following the UN's warning letter to HSBC regarding these allegations in June 2023, we wrote to HSBC in December 2023 to further substantiate our challenge to the bank on its continued financing of fossil fuel companies in light of its climate-related human rights obligations, and have been engaging with the bank on these issues in Q1 2024.

We also keep under review whether there are alternative options that meet our needs for international banking services.

Risk management

The trustees are responsible for oversight of the risks faced by the organisation.

The operative Risk Management Policy was approved by the Board in 2021 and provides a framework to guide the organisation's decision-making on risk management. ClientEarth maintains a comprehensive insurance portfolio, including coverage for professional liability (both for its lawyers and miscellaneous other professional work), errors & omissions, directors & officers, cyber, and premises.

Beginning 1 January 2023, ClientEarth formed a new Governance & Legal Services Department, which manages ClientEarth's governance, risk and compliance, legal services, and litigation approvals and management. In August 2023, the Governance & Legal Services Department launched ClientEarth's internal and external TellUs reporting channel, a link to which is publicly available on the Transparency page of the ClientEarth website. TellUs allows staff, funders, supporters, partners, and members of the public to voice any concerns and complaints, and allows ClientEarth to carry out a full and fair investigation and, where necessary, update or improve policies, and remediate anything that has gone wrong.

The reporting channel not only meets relevant requirements of the EU Whistleblowing Directive (as implemented in relevant Member States), but also helps to foster a culture in which people feel comfortable coming forward to report actual or potential breaches of the law (e.g., anti-corruption, safeguarding) or of our policies or values (e.g., value for money), unethical or improper behaviour (including sexual exploitation, abuse, and sexual harassment), complicit or obstructive conduct, as well as fundraising and advertising complaints – without fear of retaliation and with the confidence that these reports will be appropriately addressed.

The Governance & Legal Services Department maintains the organisational risk register, which identifies the major financial, regulatory, governance, external, operational, and reputational risks to ClientEarth (globally and nationally for each entity). For each risk, the relevant member of the Executive Team with primary responsibility assesses the likelihood and severity of impact with input from the national entities, the Governance & Legal Services Department, and the Global Leadership Group. The risk register includes a mitigation tracker by risk category, which includes for each risk details of all mitigation measures that are in place and all mitigation actions that are in progress or need to be implemented.

The trustees of the Governance and Risk Committee review changes to this risk register on behalf of the Board at each committee meeting and consider any further steps that may be necessary to manage the risks, highlighting key issues to the full Board as relevant. Then once a year, the Governance and Risk Committee and the full Board will examine the full risk register in detail.

The trustees consider the most serious risks to which the charity is exposed to be:

- Strategic Litigation Against Public Participation (SLAPP): ClientEarth's greatest risk is that it will be the target of litigation or other legal action arising from its work. The most common form of SLAPP is a defamation lawsuit, but intellectual property claims and business torts are increasingly common, as is the risk of regulatory complaints that can lead to investigations. SLAPPs are intended to divert time and attention from the work of the charity, and thus are often pursued regardless of their legal or factual merit.
- IT Vulnerability / Cyber Attack: In 2022, the organisation embarked on a digital transformation to improve the resilience and security of the organisation wide IT systems, including a move to a cloud environment and increased system and data monitoring and mobile device management which allows data on ClientEarth devices to be remotely deleted. During 2023, the Information Security Officer, responsible for management of information security and cyber risk, undertook a number of phishing exercises with staff to assess our vulnerability and ran additional sessions on cyber risk for staff. In 2023, we had an incident of cyber fraud at a regular supplier, which was fully investigated and corrective action taken by both the supplier and ClientEarth.
- Reputational Threats: We operate under the risk that our programmatic work may lead to certain sensitive political and corporate actors seeking to damage our reputation maliciously, including through insider threats and other means. ClientEarth continues to review risks and threats on all projects and initiatives prior to commencement, and the political and security risk team has been strengthened. A crisis management plan is in place together with communications strategies to mitigate the impact of such a threat.
- Rapid Costs Growth / Income Shortfall: In 2023, like all organisations, we continued to feel the impact of higher cost inflation, combined with a context of a hardening philanthropic market. In late 2023 ClientEarth undertook a budget reset process (which included a small number of redundancies), which brought costs back in line with its 5-year financial strategy.

Other risks:

- Data Protection / Data Breach: In 2023, there were no reports of data breaches made to any supervisory data protection authorities (such as the ICO in the UK). A small number of near misses were reported by staff, investigated, and mitigations were put in place.
- Safeguarding: In 2023, there were no safeguarding incidents reported. In 2023, the Executive Team and the Board adopted a new Safeguarding strategy to ensure that all of our activities, undertaken by staff and our partners, will safeguard the fundamental right of every adult and child to feel safe. Work started in 2023 and will continue in 2024 to embed the strategy with an update to our Policy, through training and awareness building of our reporting channels, and by updating our risk assessments.

Equity, diversity, and inclusion (EDI)

In 2023, ClientEarth adopted a comprehensive Equity, Diversity and Inclusion Strategy – the result of an 18-month long extensive internal practices review and an EDI external audit. Our goal is to create a working environment where inclusion, fairness, respect, and kindness transcend levels, roles, individual

characteristics, languages, and locations to form an integral part of our work for a healthy planet. The implementation will follow a roadmap of activities divided into main workstreams, including recruitment and progression, data transparency, and building inclusivity, which will be executed in phases from 2023 to 2025. All our activities are aimed at getting and holding us to highest standards globally.

Our internal EDI Committee – which provides an accountability mechanism for the implementation of the EDI Strategy – continues to monitor progress based on set metrics and indicators to ensure adjustments and course corrections are made.

People

2023 has been a year of significant transition after the ambitious redesign of our global operating structures. We welcomed Cheryl King-McDowall as Chief People and Operations Officer with a mandate to strengthen our focus on organisational effectiveness, development, and people.

We continued to strengthen our approach to providing a positive and supportive working environment for colleagues. We reviewed our overall onboarding process to make it more consistent and relevant to new joiners. We continued to engage with staff, through regular pulse surveys, town halls, and other engagement sessions. We provided learning and development opportunities and began offering wellbeing support to all staff through a new online platform with 24/7 support. We trained a group of Mental Health First Aiders to assist staff and confidentially point them in the direction of getting further support.

In 2024, we will develop ClientEarth's first People Strategy and bring an increased focus on leadership and management skills, performance management, talent management, and retention.

Remuneration

Attracting, retaining, and motivating employees is critical to delivering ClientEarth's mission. We benchmark our salary scales against similar roles generally within the charitable sector in the countries in which we work (most recently benchmarked in 2022, and in 2023 in Japan as a new location). Reviews and pay awards are conducted in accordance with the policy framework agreed by the Board Remuneration Committee and within the salary budget agreed annually by the Board. The CEO's salary is set by the Remuneration Committee, and is approved by the whole Board. The Remuneration Committee also approves the salaries of the Executive Team and the Founder and President. The Committee includes specialists with significant organisational management expertise and knowledge, including in the charity sector.

In 2023, ClientEarth's People & Culture team initiated a comprehensive remuneration review process. The aim of the review is to re-evaluate jobs, bandings, and competencies and to create a robust reward strategy incorporating performance and recognition, employee development, and career opportunities.

Fundraising

Our restricted grants fundraising activity in 2023 focused on building strong relationships with private trusts and foundations, predominantly based in the UK, Europe, and the USA. In 2023, many of our multi-year grants with large foundations came to an end and a key focus was on ensuring these funding partnerships were renewed. Our efforts to raise funds from governments and multilateral funders remains small, accounting for 5% of total income, reflective of our strategy to invest in philanthropic fundraising sources.

Income from unrestricted sources remains an essential part of our long-term income-generating strategy. Philanthropic giving from major donors continues to be our predominant source of unrestricted income with a total of £3,631k raised in 2023. This figure is less than in 2022, largely due to 2022 including one-off and exceptional donations.

Income via online fundraising from the public, still a relatively new source of income for ClientEarth, continues to grow well, with an increase of 26% above 2022 income figures, and growing numbers of regular supporters.

Fundraising statement

ClientEarth employs an in-house development team, which specialises in philanthropy, grants, and online fundraising. ClientEarth also hosts events throughout the year, typically targeted at stewarding and soliciting funding from funders and prospects. ClientEarth does not employ any third-party professional fundraisers (either individuals or organisations) and has no commercial partners contributing to fundraising efforts. ClientEarth is registered with the Fundraising Regulator and follows the guidance and recommendations from the Regulator, as well as the standards contained in the Code of Fundraising Practice, to ensure that our fundraising activities meets the expectations of the public and respect the rights of all individuals. ClientEarth has a statement of Donor Care in place that reiterates principles of donor care, accountability, transparency on use of funds, and data use. ClientEarth also has a clear complaints policy to ensure concerns or breaches are tackled efficiently and quickly. In 2023, the charity has not received any complaints about fundraising activities.

Financial review

In 2023, we secured income of £29,449k (2022: £30,945k). Income year-to-year can fluctuate depending on timing, with some donations and grant receipts at the end of 2022 being for activities in 2023. As in previous years, most of our income (81%) is in the form of restricted grants funding specific charitable activities, and we continued to focus on raising a strong mix of unrestricted and restricted funds.

Total expenditure increased to £35,153k (2022: £28,127k) with continued expansion of our charitable activities, and further investment in raising funds to support future growth to deliver our strategy.

We ended the year with a small operating surplus of £79k from unrestricted general funds (but a net deficit of £226k after £305k of unrealised losses on revaluation of investments). This follows several years of surpluses from unrestricted general funds, which were added to Free Reserves to protect the organisation from financial risks and support future organisational growth.

We continued to invest unrestricted designated funds in strategic legal initiatives, to ensure continuation of key work during the transition to our new 2030 Global Impact Strategy, and to cover temporary funding gaps between specific grants, spending a total of £4,359k. Using these funds results in a planned deficit as no further unrestricted income was designated by the trustees in 2023.

We completed the final phase of our multi-year project to upgrade office space with refurbishment of our offices in Brussels and Warsaw, resulting in a small increase in net Fixed Assets.

Managing key financial risks

Financial resilience: Over recent years, we have focused on diversifying our funder base, income streams, and income mix (between unrestricted income and restricted grants) to further strengthen financial resilience and support organisational growth. While income secured was not as high as originally planned for 2023, we had sufficient Restricted and Designated funds to cover all programmatic costs, and our financial resilience key indicators are tracking well year-on-year.

Economic environment: In 2023, like many organisations, we continued to feel the combined impact of higher cost inflation and a challenging fundraising environment. We monitored this through our in-year forecasting process, to ensure costs throughout the year remained within the approved budget. We have used our 2024 budget process to ensure our cost base over the medium term is affordable, aligned to our strategy, and to provide scope for impact growth in target regions in future years. This budget reset (which included a small number of redundancies) brought costs back in line with our 5-year financial strategy.

Foreign exchange volatility, especially GBP against USD, led to unrealised losses on exchange of £664k (following unrealised gains in 2022 which were unwinding in the last quarter of that year followed by further exchange losses in 2023). We mitigate against exchange risk primarily by holding funds in the currency in which they are received, and we continue to monitor this risk closely in 2024.

Financial regulatory compliance: As ClientEarth increases its global presence, expert advice is taken on specific governance and local regulatory compliance relevant to the jurisdictions in which we operate. In addition, accountants are appointed in these jurisdictions to file financial returns and provide advice.

Donor financial compliance and working with partners: We recognise the importance of compliance with donor financial reporting requirements and specific financial regulations. Our dedicated programme finance business partner team works closely with our grants management team to ensure compliance. See below for further details of how we manage grants and sub-grants to partners.

Managing grants and sub-grants to partners (grant-making policy)

At ClientEarth, we actively work both directly and through partners, collaborators, and networks to achieve our charitable objectives. We are not a grant-making organisation (we do not hold a fund to which organisations can apply for grant funding), but our work through partners may include the provision of funding in the form of grants or sub-grants. In 2023, ClientEarth provided a total of £2.29m (2022: £2.1m) in grants and sub-grants to partners which was 7% (2022: 8%) of charitable activity expenditure.

Grant and sub-grant partner selection is determined by our programme objectives and complementarity of skills, expertise and location; and is implemented in the spirit of our values of embracing collaboration and prizing diverse experience.

We use a structured approach to ensure mutual accountability including:

- partner due diligence and capacity assessment processes;
- use of standard grant/sub-grant templates with the inclusion of donor-specific requirements where appropriate;
- monitoring, evaluating and learning from work with partners, as appropriate;
- provision of support where needed, to mitigate non-compliance and other risks; and
- regular financial reporting to ensure financial compliance, and disbursement of funds in instalments.

Partnerships are the cornerstone of our work, especially as we seek to grow our impact in Asia and North America, and build on our work with partners in Africa and South America.

Investment policy

The primary investment objective is to maintain, and if possible, enhance, the value of the invested funds to allow ClientEarth to effectively carry out its purposes in the future. A secondary objective is to provide ClientEarth with supplementary income to carry out its purposes effectively in the short term. As such, ClientEarth seeks the best financial return within an agreed level of risk and consistent with its charitable objects, values, and programmatic objectives. Both capital and income may be used at any time for the furtherance of the charity's aims and therefore the portfolio is managed on a total return basis.

As a charity with broad environmental objects, we ensure that we act within the guidance of the Charity Commission on investment of charitable funds (updated on 1 August 2023). ClientEarth therefore excludes from its investment portfolio businesses that cause significant harm to the environment or are detrimental to public health, as this would be in conflict with its charitable objects.

ClientEarth's core expertise is not in investments, so in March 2020 we appointed external investment managers Sarasin & Partners LLP (an authorised person within the meaning of the Financial Services and Markets Act 2000), who are delegated a discretionary mandate, in accordance with the charity's Articles of Association and the Trustee Act 2000. The investment manager is contractually bound to follow the instructions in the policy statement set out in our Investment Policy.

Key staff and trustees who are members of the Finance, Audit, and Investment Committee receive monthly reports on the performance of the investment portfolio, which are summarised in our Management Accounts. The Committee carries out an annual review of performance against market benchmarks with Sarasin & Partners LLP, with interim reports to the Committee throughout the year. The original investment of \$16m in March 2020 and a further \$3.5m invested in November 2022 recovered slightly to \$20.4m by the end of December 2023 (an improvement of 4.7% over the year). We have not benefited as much from recent market improvements, as these have largely been driven by sectors that have been excluded from our portfolio. The trustees are satisfied that our investment managers adjusted the portfolio to mitigate against the risks of a more volatile investment market.

The gift that enabled ClientEarth to invest funds was received in USD, so the Finance, Audit and Investment Committee made the decision in December 2019 to hold the investment in USD to mitigate exchange risk. The investment is carried at a fair value of £16.8m in the Balance Sheet (2022: £17.2m), due to unrealised losses on exchange of £175k (2022: unrealised gains: £1,464k), and realised and unrealised losses on investment of £305k (2022: £145k). Of the total investment, \$4.0m was held in

liquid assets at the end of December 2023, in line with our Investment policy to hold an equivalent of 40% of Free Reserves as liquid assets should these be required for cash flow purposes.

Reserves policy

The charity's reserves policy considers the financial risks that the charity is exposed to and sets the target level of free reserves accordingly at 25% of annual operating expenditure (defined as total annual expenditure, less sub-grant and litigation costs, one-off provisions, and unrealised gains and losses). The target minimum level of free reserves at the end of 2023 increased to £6,935k (2022: £6,045k) due to planned increases in expenditure during the year. Reserves are held to cover unexpected falls in income, provide bridging funding between grants, provide rapidly deployable seed funding for new initiatives, and to cover cash-flow needs. As the organisation grows, we closely monitor our projected future target free reserves as well current requirements, to ensure financial stability over the medium term.

Overall Funds at the end of 2023 were £30,035k (2022: £36,044k), made up of:

Unrestricted Funds

- General Funds of £9,721k (2022: £9,947k), which after deducting £947k (2022: £816k) funds tied up in Fixed Assets leaves Free Reserves of £8,773k (2022: £9,131k)
- Voluntarily Designated Funds of £8,344k (2022: £12,703k)

Restricted Funds of £11,851k (2022: £13,275k)

An expendable Endowment fund of £119k from an endowment gift in 2022

Reserves review

Unrestricted reserves

General funds: At the end of 2023, a small net deficit and a higher net book value of Fixed Assets together reduced free reserves to £8,774k (2022: £9,131k). The charity continued to meet its minimum free reserves target, meeting current requirements and ensuring financial stability over the medium term.

Designated funds: At the end of 2019, the trustees resolved to designate part of the generous unrestricted Gilmour-Samson gift, to be used over the following five to seven years to fight climate change and build the capacity of the organisation. In 2021 and 2022, trustees voluntarily designated one-off unrestricted income raised from the Artists for ClientEarth campaign, a series of auctions in collaboration with the Gallery Climate Coalition and Christie's. These funds are being invested in strengthening of public awareness of ClientEarth's work, income generation and the delivery of our strategy including new interventions in South America.

During the year, £4,359k (2022: £1,155k) was invested in tackling the most pressing environmental challenges including the transition to clean and sustainable energy systems in Europe, strengthening laws that protect marine ecosystems, forests, and wildlife, and organisational strengthening. The Board approved the use of an increased level of designated funds in 2023, to ensure continuation of key work during the transition to our new Global Impact Strategy and to cover temporary funding gaps resulting from specific grant renewals.

Over the period of our 2021-2026 financial plan that accompanies our strategic framework, total expenditure exceeds total income, as these funds are used according to the agreed designation.

Restricted funds:

We spent down restricted funds received in prior years, and secured new funds, finishing 2023 with a total balance of restricted funds of £11,851k (2022: £13,275k). This is due to donor giving cycles providing grant funding at the end of the 2023 financial year, for charitable activities in 2024.

Based on the healthy reserves position and fundraising pipeline, the Trustees are satisfied that there are no material uncertainties in relation to going concern.

Trustees' responsibilities statement

The trustees (who are also directors of ClientEarth for the purposes of company law) are responsible for preparing the Trustees' Annual Report (including the Strategic Report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to the auditors

Insofar as each of the trustees of the charity at the date of approval of this report is aware, there is no relevant audit information (information needed by the charity's auditor in connection with preparing the audit report) of which the charity's auditor is unaware. Each trustee has taken all of the steps that they

should have taken as a trustee in order to make themselves aware of any relevant audit information and to establish that the charity’s auditor is aware of that information.

In approving the Trustees' Annual Report, we also approve the Strategic Report included therein, in our capacity as company directors.

The Trustee's Annual Report was approved by the trustees and signed on their behalf by

E Howard Boyd

.....
E Howard Boyd, Trustee

24 July 2024

.....
Date:

Brussels Beijing Berlin London Warsaw Madrid Los Angeles Luxembourg

ClientEarth is an environmental law charity, a company limited by guarantee, registered in England and Wales, company number 02863827, registered charity number 1053988, registered office 10 Queen Street Place, London EC4R 1BE, a registered international non-profit organisation in Belgium, ClientEarth AISBL, enterprise number 0714.925.038, a registered company in Germany, ClientEarth gGmbH, HRB 202487 B, a registered non-profit organisation in Luxembourg, ClientEarth ASBL, registered number F11366, a registered foundation in Poland, Fundacja ClientEarth Poland, KRS 0000364218, NIP 701025 4208, a registered 501(c)(3) organisation in the US, ClientEarth US, EIN 81-0722756, a registered subsidiary in China, ClientEarth Beijing Representative Office, Registration No. G1110000MA0095H836. ClientEarth is registered on the EU Transparency register number: 96645517357-19. Our goal is to use the power of the law to develop legal strategies and tools to address environmental issues.

Independent Auditor's Report to the Members of ClientEarth

Opinion

We have audited the financial statements of ClientEarth ('the charitable company') and its subsidiaries ('the group') for the year ended 31 December 2023 which comprise the Consolidated statement of financial activities, the Consolidated statement of financial position, Company statement of financial position, Consolidated statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 December 2023 and of the group's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's or the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context for the UK operations were employment legislation, taxation legislation and anti-fraud, bribery

and corruption legislation. We also considered compliance with local legislation for the group's overseas operating segments.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of grant income, contract income and significant, one-off donation income, and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management and the Finance, Risk and Audit Committee about their own identification and assessment of the risks of irregularities, sample testing of funding received in the year and post year end to underlying documents, sample testing of year end balances for accrued and deferred income, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission, and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Dipesh Chhatralia
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor

London

24 July 2024

CLIENTEARTH

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2023

		Unrestricted funds General 2023 £	Unrestricted funds Designated 2023 £	Restricted funds 2023 £	Endowment funds 2023 £	Total 2023 £	Total 2022 £
	Notes						
<u>Income and endowments from:</u>							
Donations and legacies	3	5,027,126	-	2,862,290	-	7,889,416	9,069,622
Charitable activities	4	3,171	-	20,977,655	-	20,980,826	20,490,252
Other trading activities	5	-	-	-	-	-	1,036,500
Investments	6	501,041	-	-	-	501,041	233,817
Other income	7	55,497	-	22,370	-	77,867	114,424
Total income and endowments		5,586,835	-	23,862,315	-	29,449,150	30,944,615
<u>Expenditure on:</u>							
Raising funds		3,080,264	79,734	367,347	-	3,527,345	2,791,773
Charitable activities		2,427,513	4,278,824	24,919,474	-	31,625,811	25,334,791
Expenditure	9	5,507,777	4,358,558	25,286,821	-	35,153,156	28,126,564
Net gains/(losses) on investments		(305,106)	-	-	-	(305,106)	(144,515)
Net movement in funds		(226,048)	(4,358,558)	(1,424,506)	-	(6,009,112)	2,673,536
Fund balances at 1 January 2023		9,946,894	12,702,674	13,275,497	118,660	36,043,725	33,370,189
Fund balances at 31 December 2023		9,720,846	8,344,116	11,850,991	118,660	30,034,613	36,043,725

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

CLIENTEARTH

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

		2023	2022
	Notes	£	£
Fixed assets			
Intangible assets	15	13,198	26,396
Tangible assets	16	933,932	789,885
Investments	17	15,689,825	14,017,332
		<u>16,636,955</u>	<u>14,833,613</u>
Current assets			
Debtors	18	1,569,932	2,916,194
Investments cash		1,149,601	2,994,782
Cash at bank and in hand		15,230,502	20,275,721
		<u>17,950,035</u>	<u>26,186,697</u>
Creditors: amounts falling due within one year	19	4,391,458	3,533,585
		<u>17,950,035</u>	<u>26,186,697</u>
Net current assets		13,558,577	22,653,112
Total assets less current liabilities		30,195,532	37,486,725
Provisions for liabilities	20	(160,919)	(1,443,000)
Net assets		<u>30,034,613</u>	<u>36,043,725</u>
Capital funds			
Endowment funds	24	118,660	118,660
Income funds			
Restricted income funds	22	11,850,991	13,275,497
Unrestricted funds- Designated	23	8,344,116	12,702,674
Unrestricted funds- Genral		9,720,846	9,946,894
		<u>30,034,613</u>	<u>36,043,725</u>

The financial statements were approved by the trustees and signed on their behalf by



E Howard Boyd (Chair)

Trustee

24 July 2024

Date:

Company registration number 2863827 (England and Wales)

CLIENTEARTH

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Notes	2023 £	£	2022 £	£
Fixed assets					
Intangible assets	15		13,198		26,396
Tangible assets	16		526,628		716,465
Investments	17		15,689,825		14,017,333
			<u>16,229,651</u>		<u>14,760,194</u>
Current assets					
Debtors	18	1,341,375		2,619,387	
Investment cash		1,149,601		2,994,782	
Cash at bank and in hand		13,782,564		17,670,710	
		<u>16,273,540</u>		<u>23,284,879</u>	
Creditors: amounts falling due within one year	19	(4,327,830)		(2,228,775)	
Net current assets			11,945,710		21,056,104
Total assets less current liabilities			28,175,361		35,816,298
Provisions for liabilities	20		(160,919)		(1,443,000)
Net assets			<u>28,014,442</u>		<u>34,373,298</u>
Capital funds					
Endowment funds	24		118,660		118,660
Income funds					
Restricted funds	22		11,605,623		12,457,746
Unrestricted funds - Designated	23		8,344,116		12,702,674
Unrestricted funds - General			7,946,043		9,094,218
			<u>28,014,442</u>		<u>34,373,298</u>

A separate statement of the financial activities and income & expenditure accounts are not presented for the charity itself following the exemptions permitted by section 408 of the Companies Act 2006.

The total income for the charity for the year ended 31 December 2023 was £28,511,097 (2022: £30,130,949). With the negative movements in funds being £6,358,856 (2022: £1,914,539).

The financial statements were approved by the trustees and signed on their behalf by



E Howard Boyd (Chair)
Trustee

24 July 2024
Date:

Company Registration No. 2863827

CLIENTEARTH

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 £	£	2022 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	30		(4,955,375)		8,905,804
Investing activities					
Purchase of tangible fixed assets		(414,036)		(109,930)	
Purchase of investments		(5,667,789)		(3,298,990)	
Proceeds from disposal of investments		3,645,759		2,353,372	
Investment income received		501,041		233,817	
Net cash used in investing activities			(1,935,025)		(821,731)
Net (decrease)/increase in cash and cash equivalents			(6,890,400)		8,084,073
Cash and cash equivalents at beginning of year			23,270,503		15,186,430
Cash and cash equivalents at end of year			16,380,103		23,270,503

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

Charity information

ClientEarth is a private company limited by guarantee incorporated in England and Wales. The registered office is 10 Queen Street Place, London, EC4R 1BE. The principal place of business is The Joinery, 34 Drayton Park, London, N5 1PB.

1.1 Accounting convention

The accounts have been prepared in accordance with "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (published October 2019). The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The accounts have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

The trustees have reviewed the following to assess the going concern position of the charity:

- Comparison of free reserves (unrestricted funds) against the charity's reserves policy
- Restricted and Designated fund balances against budgeted future programme activities
- Information from budgets and forecasts for income, expenditure and cash flows
- In 2022 the Board approved the 5 year financial plan that accompanies the Strategic Framework to 2026. This focuses on continued financial resilience through investing to grow unrestricted income to improve the future funding mix; and targeting growth in programme costs towards strategic priorities. The Board review progress against the Strategic Framework through Income Resilience KPIs and financial reporting.
- At the end of 2023, the organisation course-corrected after a transition year of higher than planned costs, and the Board approved further investment in fundraising capacity needed to ensure a financially sustainable position within the parameters of the original Framework.

Based on this review, the trustees have reasonable expectation that the charity has adequate resources to continue in operation for the foreseeable future. The charity therefore continues to adopt the going concern basis in preparing its financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives unless the funds have been designated for other purposes.

Designated funds comprise unrestricted funds which have been voluntarily set aside at the discretion of the trustees for specific purposes. The purposes and uses of the designated funds are set out in the notes to the financial statements.

Restricted funds are subject to specific conditions by donors as to how they may be used. Restricted funds are classified in the notes to the accounts under the purpose for which they will be used.

Endowment funds are expendable endowment funds which are invested through our investment partner, and income generated is used to further charitable activities. The funds are invested through our investment partner, and income generated is used to further charitable activities.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

(Continued)

1.4 Income

Income from grants and contracts are recognised at fair value when the charity has entitlement after any performance conditions have been met, it is probable that the income will be received and the amount can be measured reliably. If entitlement is not met then these amounts are deferred.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

The charity is partially exempt for Value Added Tax and only charges VAT on income deemed business activities.

Grants received with both a restricted and unrestricted purpose are allocated on receipt directly into the correct fund.

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

(Continued)

Expenditure is recognised in the period in which they are incurred.

Expenditure is allocated to the particular activity where the cost relates directly to that activity.

Support costs comprising the salary and overheads costs of the central function are apportioned to each activity on the following per capita basis:

Raising Funds	13%
Legal Systems and Rule of Law	21%
Financial and Economic Systems	4%
Energy, Transport and Materials Systems	35%
Food Systems Oceans and Land Use	27%

2022 Comparatives

Raising funds	13%
Rule of Law	13%
Climate	16%
Energy Transition	19%
Pollution and health	11%
Forests	12%
Oceans	8%
Wildlife	8%

The charity is partially exempt for Value added tax and only claims VAT on expenditure relating to business activities.

Governance costs include all costs of compliance with constitutional and statutory requirements, including legal, audit fees and the costs of board meetings.

1.6 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Software	20% straight line

1.7 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Assets above the value of £1,000 are capitalised. Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Fixtures, fittings & equipment	20% straight line
Computers	20% straight line

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

(Continued)

1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits with banks, other investments with original maturities of three months or less, and bank overdrafts.

1.9 Financial instruments

The charity has applied the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

1.10 Provisions

Provisions are recognised when the charity has a legal or constructive present obligation as a result of a past event, it is probable that the charity will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

1.11 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which that entitlement is earned.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

The charity operates a defined contributions pension scheme. Contributions are charged in the accounts as they become payable in accordance with the rules of the scheme.

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

(Continued)

1.12 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to net income/(expenditure) for the year so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged as an expense on a straight line basis over the term of the relevant lease.

1.13 Foreign exchange

Transactions denominated in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. All gains / losses are recorded in income or expenditure as appropriate.

1.14 Donated goods and services accounting policy

Donated goods are recognised in the accounts as a donation received and recorded at their market value.

Donated services are recognised in the accounts as a donation received and expenditure incurred. These are valued at the discounted rate that the charity would have paid for the service.

1.15 Basis of Consolidation

The consolidated financial statements incorporate those of ClientEarth and all of its subsidiaries (ie entities that the group controls through its power to govern and obtain benefits). Their results are consolidated on a line by line basis from the date that control passes.

All financial statements are made up to 31 December 2023. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

Judgement is required in applying the charity's policy on income recognition below and in estimating VAT provisions:

Income recognition

Income from grants are recognised at fair value when the charity has entitlement after any performance conditions have been met, it is probable that the income will be received and the amount can be measured reliably. If entitlement is not met then these amounts are deferred. Income from contracts are recognised in line with the expenditure against that contract as this is deemed the most accurate proxy for the performance conditions being met. Where such income is received in advance of delivering the goods or services required, the income is not recognised. Instead it is recognised as a liability (deferred income) until performance can be measured (based on spend).

VAT provisions

In 2021 the VAT provision was estimated by undertaking an extensive analysis of all financial transactions from the effective date to the date of registration. All VAT rules according to the past and present legal obligation were applied to get to a maximum figure for the provision. Any interest and penalties that may be due were also considered when calculating the provision. The VAT liability and penalty was paid in 2023 and the balance of the provision relates to interest which is yet to be calculated by HMRC.

Donated goods and services

Donated goods are recognised in the accounts as a donation received and recorded at their market value. Donated services are recognised in the accounts as a donation received and expenditure incurred. These are valued at the discounted rate that the charity would have paid for the service.

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

3 Donations and legacies

	Unrestricted funds	Restricted funds	Endowment funds	Total
	2023 £	2023 £	2023 £	2023 £
Donations and legacies	5,027,126	2,862,290	-	7,889,416
For the year ended 31 December 2023	<u>5,027,126</u>	<u>2,862,290</u>	<u>-</u>	<u>7,889,416</u>
	2022 £	2022 £	2022 £	2022 £
Donations and legacies	6,874,324	2,076,638	118,660	9,069,622
For the year ended 31 December 2022	<u>6,874,324</u>	<u>2,076,638</u>	<u>118,660</u>	<u>9,069,622</u>

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

4 Income from Charitable Activities

	Unrestricted funds 2023 £	Restricted funds 2023 £	Total funds 2023 £
Analysis by fund			
Legal Systems and Rule of Law	-	4,510,065	4,510,065
Financial and Economic Systems	-	1,652,628	1,652,628
Energy, Transport and Materials Systems	3,171	9,895,815	9,898,986
Food Systems, Oceans and Land Use	-	4,919,147	4,919,147
	3,171	20,977,655	20,980,826

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £
Analysis by fund			
Rule of Law	854	3,550,262	3,551,116
Climate and the Paris Agreement	3,633	4,440,284	4,443,917
Energy Transition	690	4,628,316	4,629,006
Pollution and Health	3,752	2,230,944	2,234,696
Forests	-	3,140,323	3,140,323
Oceans Protection	-	1,304,153	1,304,153
Wildlife Protection	416	1,186,625	1,187,041
	-	-	-
	9,345	20,480,907	20,490,252

From 1 January 2023, ClientEarth is working under its new Strategic Framework which sets four new charitable activities, namely Legal Systems and Rule of Law; Financial and Economic Systems; Energy, Transport and Materials Systems; and Food Systems, Oceans and Land Use.

Until 2022 ClientEarth reported against the previous charitable activities based on the 2017-2022 Strategy, namely Rule of Law, Climate and Paris Agreement, Energy Transition, Pollution and Health, Forests, Oceans Protection, and Wildlife Protection.

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

5 Other trading activities

	Total	Unrestricted funds
	2023	2022
	£	£
Trading activity income: Sale of goods	-	6,500
Trading activity income: Sale of donated goods	-	1,030,000
Other trading activities	-	1,036,500

Sale of goods

Income from the sale of photography prints through ClientEarth Trading.

Sale of donated goods

During the prior reporting period ClientEarth raised unrestricted income from a series of auctions held by Artists for ClientEarth.

6 Investments

	Unrestricted funds	Unrestricted funds
	2023	2022
	£	£
Income from listed investments	384,428	223,250
Interest receivable	116,613	10,567
	501,041	233,817

7 Other income

	Unrestricted funds	Restricted funds	Total	Unrestricted funds	Restricted funds	Total
	2023	2023	2023	2022	2022	2022
	£	£	£	£	£	£
Rental income	15,473	-	15,473	5,043	-	5,043
Litigation awards	-	22,370	22,370	-	52,459	52,459
Memberships	-	-	-	-	33,692	33,692
Other income	40,024	-	40,024	23,230	-	23,230
	55,497	22,370	77,867	28,273	86,151	114,424

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

8 Top Donors

Included within income are the following top ten donors:

	2023 £	2022 £
Children's Investment Fund Foundation	5,135,432	7,698,624
Grantham Foundation and Trust	3,585,296	-
Bloomberg Philanthropies	1,656,157	1,638,317
Postcode Earth Trust	1,600,000	1,500,000
The Norwegian Agency for Development Cooperation (Norad) - Norway's International Climate and Forest Initiative (NICFI)	1,031,789	1,014,529
AKO Foundation	-	1,750,000
Sequoia Climate Foundation	576,535	921,783
Undisclosed Donor	879,778	-
The Tilia Fund via ClientEarth USA Inc	805,642	820,518
UK Foreign, Commonwealth and Development Office (FCDO) - Forest Governance, Markets and Climate Programme (FGMC)	-	691,419
European Climate Foundation (ECF)	618,829	639,559
Arcadia	500,000	594,950
Other donors	12,480,783	12,290,175
	<u>28,870,241</u>	<u>29,559,875</u>

Income from Grantham Foundation and Trust is represented by donations from Grantham Foundation for the Protection of the Environment and Jeremy and Hannelore Grantham Environmental Trust. It also includes income received from Grantham Trust via ClientEarth US during the year.

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

9 Expenditure

	Direct costs without support and governance costs	Allocation of support costs	Allocation of governance costs	Total expenditure
	2023	2023	2023	2023
	£	£	£	£
Raising funds	3,116,393	410,952	-	3,527,345
Legal Systems and Rule of Law	7,088,298	663,846	70,995	7,823,139
Financial and Economic Systems	1,549,331	126,447	14,791	1,690,569
Energy, Transport and Materials Systems	12,003,435	1,106,410	118,325	13,228,170
Food Systems, Oceans and Land Use	7,938,714	853,517	91,702	8,883,933
	<u>31,696,171</u>	<u>3,161,172</u>	<u>295,813</u>	<u>35,153,156</u>
	2022	2022	2022	2022
	£	£	£	£
Raising Funds	2,406,945	384,828	-	2,791,773
Rule of Law	3,988,614	384,828	39,156	4,412,598
Climate and the Paris Agreement	4,927,472	473,635	49,598	5,450,705
Energy Transition	4,567,793	562,442	57,429	5,187,664
Pollution and Health	2,254,239	325,624	31,325	2,611,188
Forests	3,438,289	355,226	36,546	3,830,061
Oceans Protection	1,858,345	236,817	23,494	2,118,656
Wildlife Protection	1,463,608	236,817	23,494	1,723,919
	<u>24,905,305</u>	<u>2,960,217</u>	<u>261,042</u>	<u>28,126,564</u>

From 1 January 2023, ClientEarth is working under its new Strategic Framework which sets four new charitable activities, namely Legal Systems and Rule of Law; Financial and Economic Systems; Energy, Transport and Materials Systems; and Food Systems, Oceans and Land Use.

Until 2022 ClientEarth reported against the previous charitable activities based on the 2017-2022 Strategy, namely Rule of Law, Climate and the Paris Agreement, Energy Transition, Pollution and Health, Forests, Oceans Protection, and Wildlife Protection.

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

10 Grants/Sub-grants to partners

Charitable Activities	Activities undertaken directly	Grants /Sub-grants to partners	Support costs (incl Governance costs)	Total
	2023 £	2023 £	2023 £	2023 £
Legal Systems and Rule of Law	6,099,636	988,663	734,841	7,823,140
Financial and Economic Systems	1,407,462	141,870	141,237	1,690,569
Energy, Transport and Materials Systems	11,458,672	544,762	1,224,735	13,228,169
Food Systems, Oceans and Land Use	7,324,356	614,358	945,218	8,883,932
	<u>26,290,126</u>	<u>2,289,653</u>	<u>3,046,031</u>	<u>31,625,810</u>
	2022 £	2022 £	2022 £	2022 £
Rule of Law	3,061,184	927,430	423,985	4,412,599
Climate and the Paris Agreement	4,690,965	236,507	523,233	5,450,705
Energy Transition	4,149,955	417,838	619,871	5,187,664
Pollution and Health	2,192,813	61,426	356,949	2,611,188
Forests	3,079,233	359,055	391,772	3,830,060
Oceans Protection	1,770,994	87,351	260,311	2,118,656
Wildlife Protection	1,448,470	15,138	260,311	1,723,919
	<u>20,393,614</u>	<u>2,104,745</u>	<u>2,836,432</u>	<u>25,334,791</u>

All of ClientEarth's sub-grantees are Nonprofits. For most cases ClientEarth applies for funding with its partners as named partners on its funding applications, working jointly together implementing the work and meeting the deliverables of the head grantor. During the financial year no grants/sub-grants were made to individuals and none of the grants/sub-grants were individually material.

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

11 Other expenditure

The results for the year are stated after charging:

	2023 £	2022 £
Depreciation	256,540	233,553
Amortisation	13,198	21,989
	<u> </u>	<u> </u>
Rent payable under operating leases		
Land and buildings	823,885	757,060
Equipment	4,931	12,462
	<u> </u>	<u> </u>
Fees payable to the charity's auditor and associates:		
Audit of the charity's annual accounts	33,340	40,320
	<u> </u>	<u> </u>
Non-audit services		
Other assurance services	-	2,520
	<u> </u>	<u> </u>

12 Trustees

None of the trustees (or any persons connected with them) received any remuneration during the year. During the year £nil (2022: £nil) of expenses were reimbursed to trustees.

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

13 Employees

Number of employees

The average number of employees during the year was 292 (2022: 263)

The average FTE employees employed during the year was:

	2023 Number	2022 Number
Raising Funds	37	34
Charitable activities		
<i>Legal Systems and Rule of Law</i>	51	-
<i>Financial and Economic Systems</i>	10	-
<i>Energy, Transport and Materials Systems</i>	83	-
<i>Food Systems, Oceans and Land Use</i>	65	-
<i>Rule of Law</i>	-	28
<i>Climate and the Paris Agreement</i>	-	36
<i>Energy Transition</i>	-	40
<i>Pollution and Health</i>	-	23
<i>Forests</i>	-	26
<i>Oceans Protection</i>	-	17
<i>Wildlife Protecion</i>	-	18
<i>Support</i>	43	37
<i>Governance</i>	1	1
	290	260

Employment costs

	2023 £	2022 £
Wages and salaries	16,884,683	13,560,126
Social security costs	935,933	834,859
Other pension costs	660,912	434,570
Other employment related costs and temps	921,693	993,203
Holiday pay accrual	57,529	147,460
	19,460,750	15,970,218

During the year termination and redundancy payments of £170,886 (2022: £29,590) were recognised in accordance with the charity's accounting policy.

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

13 Employees

(Continued)

The number of employees whose annual remuneration was £60,000 or more were:

	2023 Number	2022 Number
£ 60,000 - £ 70,000	31	22
£ 70,001 - £ 80,000	14	10
£ 80,001 - £ 90,000	10	5
£ 90,001 - £100,000	2	1
£100,001 - £110,000	1	1
£110,001 - £120,000	1	3
£120,001 - £130,000	3	1
£140,001 - £150,000	-	1
£150,001 - £160,000	1	-
£190,001 - £200,000	1	-
£200,001 - £210,000	-	1
£220,001 - £230,000	1	-

Pension contributions for employees whose annual remuneration was £60,000 or more amounted to £277,204 (2022: £144,612).

Remuneration of key management personnel

The key management personnel of ClientEarth is comprised of the Executive Team: CEO, Deputy CEO (to end of June), CFO, Chief External Affairs Officer, Chief Programmes & Impact Officer and the newly created role of Chief People & Operations Officer (from July) (2022: CEO, Deputy CEO, CFO, Chief External Affairs Officer and Chief Programmes & Impact Officer). The remuneration of key management personnel is as follows:

	2023 £	2022 £
Salary	728,773	590,108
Employers national insurance	91,486	77,753
Pension contributions	48,921	31,129
	869,180	698,991

In September 2022, our founding CEO transitioned into a new Founder and President role. The remuneration of the Founder and President in 2023 was £250,656 (2022: £31,704 (October to December 2022)). This role is not part of the Executive Team, so is not included in key management personnel.

14 Taxation

The charity is exempt from taxation on its activities because all its income is applied for charitable purposes.

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

15 Intangible fixed assets

	Software £
Cost	
At 1 January 2023 and 31 December 2023	118,738
Amortisation and impairment	
At 1 January 2023	92,342
Amortisation charged for the year	13,198
At 31 December 2023	105,540
Carrying amount	
At 31 December 2023	13,198
At 31 December 2022	26,396

16 Tangible fixed assets

	Leasehold improvements £	Fixtures, fittings & equipment £	Computers £	Total £
Cost				
At 1 January 2023	839,188	134,145	409,442	1,382,775
Additions	330,257	17,251	66,528	414,036
Disposals	-	(46,929)	(267,292)	(314,221)
At 31 December 2023	1,169,445	104,467	208,678	1,482,590
Depreciation and impairment				
At 1 January 2023	224,010	69,269	299,611	592,890
Depreciation charged in the year	188,311	21,494	46,735	256,540
Eliminated in respect of disposals	-	(46,513)	(254,259)	(300,772)
At 31 December 2023	412,321	44,250	92,087	548,658
Carrying amount				
At 31 December 2023	757,124	60,217	116,591	933,932
At 31 December 2022	615,178	64,876	109,831	789,885

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

17 Fixed asset investments

	Investments £
Cost	
At 1 January 2023	14,017,332
Additions at cost	5,667,789
Unrealised gains/(losses) on investments	(354,308)
Disposals at opening market value	(3,640,988)
At 31 December 2023	15,689,825
At 31 December 2022	14,017,332

18 Debtors

	2023 £	2022 £
Amounts falling due within one year:		
GROUP		
Other debtors	245,518	300,629
Prepayments and accrued income	1,324,414	2,615,565
	1,569,932	2,916,194
PARENT CHARITY		
Other debtors	174,810	253,744
Prepayments and accrued income	1,166,565	2,365,643
	1,341,375	2,619,387

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

19 Other creditors falling due within one year

	2023 £	2022 £
GROUP		
Trade creditors	786,788	1,053,565
Other creditors	404,456	430,047
Accruals and deferred income	2,290,224	1,452,123
Other taxation and social security	909,990	597,850
	<u>4,391,458</u>	<u>3,533,585</u>
PARENT CHARITY		
Trade creditors	607,174	822,968
Other creditors	1,838,010	529,973
Accruals and deferred income	1,433,147	632,478
Other taxation & social security	449,499	243,356
	<u>4,327,830</u>	<u>2,228,775</u>

20 Provisions

	2023 £	2022 £
VAT provisions	<u>160,919</u>	<u>1,443,000</u>

ClientEarth registered for UK VAT on 16 September 2021. As the charity should have registered sooner due to the impact of reverse charges a VAT liability provision was added to 2021 accounts. The VAT due was paid August 2023 and the charity is currently working with HMRC to establish penalties and interest.

21 Retirement benefit schemes

ClientEarth operates defined contribution pension schemes for staff in the UK and Belgium. These schemes match employee contributions up to a maximum of 5% of pensionable salary and staff are automatically enrolled into the relevant scheme in line with government legislation. No employees receive benefits under a defined benefit pension scheme. The assets of the schemes are held separately from those of the charity in independently administered funds.

The charge to profit or loss in respect of defined contribution schemes was £660,912 (2022: £431,037).

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

22 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

Group	Movement in funds			
	Balance at 1/1/2023	Income	Expenditure	Balance at 31/12/23
	£	£	£	£
Legal Systems and Rule of Law	3,124,553	3,261,172	(4,809,528)	1,576,197
Children's Investment Fund Foundation	425,577	778,935	(1,204,512)	-
Grantham Foundation and Trust	937,003	1,258,631	(1,480,321)	715,313
Bloomberg Philanthropies	142,028	(103,838)	(38,190)	-
John D. & Catherine T. MacArthur Foundation	139,544	236,245	(339,665)	36,124
Postcode Earth Trust	67,061	36,797	(103,858)	-
European Union via Gesellschaft für Organisation, Planung und Ausbildung mbH (GOPA)	(5,555)	167,546	(161,991)	-
Sequoia Climate Foundation	989,356	576,535	(989,356)	576,535
The William and Flora Hewlett Foundation	184,124		(184,124)	-
The Waterloo Foundation	40,000		(40,000)	-
Esmée Fairbairn Foundation	18,486	-	(18,486)	-
Other restricted funds	186,929	310,321	(249,025)	248,225
Financial and Economic Systems	165,768	1,718,627	(1,171,067)	713,328
Children's Investment Fund Foundation	3,455	283,205	(286,660)	-
Undisclosed donor	-	879,778	(464,260)	415,518
Other restricted funds	162,313	555,644	(420,147)	297,810
Energy, Transport and Materials Systems	4,824,317	8,273,125	(8,749,523)	4,347,919
Children's Investment Fund Foundation	1,251,101	2,229,465	(2,078,416)	1,402,150
The Tilia Fund via ClientEarth USA Inc	367,863	411,811	(399,908)	379,766
Grantham Foundation and Trust	1,268,449	1,923,844	(2,313,299)	878,994
Bloomberg Philanthropies	973,150	1,759,995	(1,622,866)	1,110,279
Postcode Earth Trust	178,101	(16,607)	(161,494)	-
European Climate Foundation	(15,762)	618,829	(591,472)	11,595
Rockefeller Philanthropy Advisors	-	227,921	(227,921)	-
Climate Imperative Foundation	-	93,246	(93,246)	-
Other restricted funds	801,415	1,024,621	(1,260,901)	565,135
Food Systems, Oceans and Land Use	2,757,007	4,719,463	(5,089,202)	2,387,268
Children's Investment Fund Foundation	839	962	(1,801)	-
The Tilia Fund via ClientEarth USA Inc	390,486	393,831	(476,300)	308,017
Grantham Foundation and Trust	(11,458)	402,821	(281,187)	110,176
Arcadia	492,471	500,000	(492,471)	500,000
Postcode Earth Trust	244,560	(123,064)	(121,496)	-
The Norwegian Agency for Development Cooperation (Norad)				
- Norway's International Climate and Forest Initiative (NICFI)	656,283	1,031,789	(1,279,353)	408,719
Rockefeller Philanthropy Advisors	61,310	-	(61,310)	-
Agence Française de Développement via The Rainforest Foundation (UK)	-	18,680	(33,889)	(15,209)
Other restricted funds	922,516	2,494,444	(2,341,395)	1,075,565
Sub total	10,871,645	17,972,387	(19,819,320)	9,024,712

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

22 Restricted funds

(Continued)

	Balance at 1/1/2023	Income	Expenditure	Balance at 31/12/23
	£	£	£	£
Brought forward from previous page	10,871,645	17,972,387	(19,819,320)	9,024,712
Global Impact (redistributed across all charitable activities above)	1,561,050	5,069,512	(4,422,930)	2,207,632
Children's Investment Fund Foundation	1,114,449	1,818,158	(1,829,051)	1,103,556
Postcode Earth Trust		1,499,953	(889,216)	610,737
Other restricted funds	446,601	1,751,401	(1,704,663)	493,339
 Restricted core grants (redistributed across all charitable activities above)	 842,802	 820,416	 (1,044,571)	 618,647
Children's Investment Fund Foundation	14,999	24,707	(39,706)	-
Postcode Earth Trust	46,984	202,921	(249,905)	-
European Climate, Infrastructure & Environment Executive Agency (CINEA)	-	304,242	(304,242)	-
Other restricted funds	780,819	288,546	(450,718)	618,647
 Total	 13,275,497	 23,862,315	 (25,286,821)	 11,850,991

Income from Grantham Foundation and Trust is represented by donations from Grantham Foundation for the Protection of the Environment and Jeremy and Hannelore Grantham Environmental Trust. It also includes income received from Grantham Trust via ClientEarth US during the year.

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

22 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

Group	Movement in funds			
	Balance at 1/1/2022	Income	Expenditure	Balance at 31/12/22
	£	£	£	£
Rule of Law	3,049,988	2,769,602	(3,187,675)	2,631,915
Children's Investment Fund Foundation	-	50,000	(50,000)	-
Grantham Foundation for the Protection of the Environment	869,346	(3,500)	(119,232)	746,614
Jeremy and Hannelore Grantham Environmental Trust	750,114	-	(559,726)	190,388
Bloomberg Philanthropies	84,368	321,072	(263,412)	142,028
John D. & Catherine T. MacArthur Foundation	363,895	438,424	(662,776)	139,543
Postcode Earth Trust	-	54,878	(54,878)	-
European Union via Gesellschaft für Organisation, Planung und Ausbildung mbH (GOPA)	-	179,730	(185,285)	(5,555)
Department for Business, Energy and Industrial Strategy	(164,267)	164,776	(509)	-
Sequoia Climate Foundation	665,164	916,213	(592,021)	989,356
The William and Flora Hewlett Foundation	185,081	207,983	(208,939)	184,125
The Waterloo Foundation	40,000	40,000	(40,000)	40,000
Esmée Fairbairn Foundation	39,009	250,000	(270,523)	18,486
Other restricted funds	217,278	150,026	(180,374)	186,930
Climate and the Paris Agreement	3,342,698	3,750,115	(4,273,426)	2,819,387
Children's Investment Fund Foundation	1,292,339	2,595,587	(2,636,862)	1,251,064
Grantham Foundation for the Protection of the Environment	1,027,921	(3,500)	(277,807)	746,614
Jeremy and Hannelore Grantham Environmental Trust	750,114	-	(228,280)	521,834
Postcode Earth Trust	-	450,000	(395,808)	54,192
Other restricted funds	272,324	708,028	(734,669)	245,683
Energy Transition	1,808,109	4,051,711	(4,160,561)	1,699,259
Children's Investment Fund Foundation	34	1,060,745	(1,060,745)	34
Bloomberg Philanthropies	986,704	1,202,468	(1,261,726)	927,446
European Climate Foundation	23,070	466,112	(507,981)	(18,799)
Sequoia Climate Foundation	609,644	5,569	(615,213)	-
Postcode Earth Trust	-	225,000	(225,000)	-
The Tilia Fund	-	415,870	(210,608)	205,262
Other restricted funds	188,657	675,947	(279,288)	585,316
Pollution and Health	439,340	1,892,123	(1,860,025)	471,438
Children's Investment Fund Foundation	3,457	547,334	(547,334)	3,457
Bloomberg Philanthropies	78,869	114,777	(147,942)	45,704
European Climate Foundation	193,026	173,447	(363,435)	3,038
Postcode Earth Trust	-	399,000	(275,091)	123,909
Other restricted funds	163,988	657,565	(526,223)	295,330
Sub total	8,640,135	12,463,551	(13,481,687)	7,621,999

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

22 Restricted funds

(Continued)

	Balance at 1/1/2022	Income	Expenditure	Balance at 31/12/2022
	£	£	£	£
Brought forward from previous page	8,640,135	12,463,551	(13,481,687)	7,621,999
Forests	1,331,617	3,461,366	(3,053,046)	1,739,937
The Norwegian Agency for Development Cooperation (Norad) - Norway's International Climate and Forest Initiative (NICFI)	627,035	1,014,529	(985,281)	656,283
UK Foreign, Commonwealth and Development Office (FCDO) - Forest Governance, Markets and Climate Programme (FGMC)	231,273	691,419	(922,692)	-
Palladium – The UK Foreign, Commonwealth and Development Office's (FCDO's) Multi-stakeholder Forest Governance and Accountability Project (MFGAP)	(143)	91,908	(91,765)	-
EU Directorate-General for Migration and Home Affairs	103,216	(1,924)	1,924	103,216
Postcode Earth Trust	-	490,722	(246,162)	244,560
The Tilia Fund	-	404,648	(117,379)	287,269
Other restricted funds	370,236	770,064	(691,691)	448,609
Oceans Protection	294,963	1,607,382	(1,550,712)	351,633
Children's Investment Fund Foundation	(7,969)	128,000	(119,192)	839
Rockefeller Philanthropy Advisors	89,324	451,711	(479,725)	61,310
Postcode Earth Trust	-	130,006	(130,006)	-
Other restricted funds	213,608	897,665	(821,789)	289,484
Wildlife Protection	692,390	1,403,547	(1,430,499)	665,438
Grantham Foundation for the Protection of the Environment	63,261	230,489	(305,207)	(11,457)
Arcadia	396,149	594,950	(498,627)	492,472
Postcode Earth Trust	-	132,688	(132,688)	-
Other restricted funds	232,980	445,420	(493,977)	184,423
International Trade	-	177,686	(158,589)	19,097
Children's Investment Fund Foundation	-	20,000	(903)	19,097
Postcode Earth Trust	-	66,974	(66,974)	-
Other restricted funds	-	90,712	(90,712)	-
Strategic Climate Litigation (redistributed across Climate, Energy and Pollution and Health)	1,627,692	2,273,648	(1,866,750)	2,034,590
Children's Investment Fund Foundation	300,709	3,152,757	(1,932,538)	1,520,928
Postcode Earth Trust	1,000,000	(931,569)	(1,371)	67,060
Other restricted funds	326,983	52,460	67,159	446,602
Restricted core grants (redistributed across all charitable activities above)	623,211	1,256,516	(1,036,924)	842,803
Children's Investment Fund Foundation	83,364	144,202	(212,566)	15,000
Postcode Earth Trust	-	482,300	(435,316)	46,984
Other restricted funds	539,847	630,014	(389,042)	780,819
Total	13,210,008	22,643,696	(22,578,207)	13,275,497

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

23 Designated funds

Gilmour-Samson gift

During the year, the previously designated funds were spent on initiatives to support work tackling the most pressing environmental challenges including supporting the transition to clean and sustainable energy systems in Europe and Asia, strengthening laws which protect marine ecosystems, forests and wildlife, and organisational strengthening. The intention is to use the remaining funds over the period to December 2026 for similar purposes.

Lottery income

The balance on this fund was set aside for an iconic case launched in 2023, which has now concluded. As that case did not require the full balance, the remaining funds have been assigned to litigation work in 2024.

Artists for ClientEarth

During the year, the previously designated funds were spent on initiatives to support strengthening of public awareness of ClientEarth's work, income generation, delivery of the new strategy including changes to structure and programmes, and programmes overall. The funds will be spent over the next 4 years on charitable activities to fight climate change.

	Balance at 1 January 2023	Expenditure	Transfers	Balance at 31 December 2023
	£	£	£	£
Gilmour-Samson gift - targeted projects	8,106,693	(2,356,916)	-	5,749,777
Artists for ClientEarth - targeted projects	4,095,981	(1,741,642)	-	2,354,339
Lottery income - targeted projects	500,000	(260,000)	-	240,000
	<u>12,702,674</u>	<u>(4,358,558)</u>	<u>-</u>	<u>8,344,116</u>

	Balance at 1 January 2022	Expenditure	Transfers	Balance at 31 December 2022
	£	£	£	£
Gilmour-Samson gift - targeted projects	9,261,308	(1,154,615)	-	8,106,693
Artists for ClientEarth - targeted projects	3,065,981	-	1,030,000	4,095,981
Lottery income - targeted projects	500,000	-	-	500,000
	<u>12,827,289</u>	<u>(1,154,615)</u>	<u>1,030,000</u>	<u>12,702,674</u>

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

24 Endowment funds

Balance at 31 December 2022	Income	Expenditure	Balance at 31 December 2023
£	£	£	£
118,660	-	-	118,660

During 2022 ClientEarth received its first endowment gift, enabling the Board to create an expendable endowment fund to which future gifts may be added. The funds are invested through our investment partner, and income generated is used to further charitable activities.

25 Analysis of net assets between funds

	Unrestricted funds General 2023 £	Unrestricted funds Designated 2023 £	Restricted funds 2023 £	Endowment funds 2023 £	Total 2023 £	Total 2022 £
Fund balances at 31 December 2023 are represented by:						
Intangible fixed assets	13,198	-	-	-	13,198	26,396
Tangible assets	933,932	-	-	-	933,932	789,885
Investments	9,821,388	5,749,777	-	118,660	15,689,825	14,017,332
Current assets/(liabilities)	(886,753)	2,594,339	11,850,991	-	13,558,577	22,653,112
Provisions	(160,919)	-	-	-	(160,919)	(1,443,000)
	9,720,846	8,344,116	11,850,991	118,660	30,034,613	36,043,725
	Unrestricted funds General 2022 £	Unrestricted funds Designated 2022 £	Restricted funds 2022 £	Endowment funds 2022 £	Total 2022 £	
Fund balances at 31 December 2022 are represented by:						
Intangible fixed assets	26,396	-	-	-	26,396	
Tangible assets	789,885	-	-	-	789,885	
Investments	5,910,639	8,106,693	-	-	14,017,332	
Current assets/(liabilities)	4,662,974	4,595,981	13,275,497	118,660	22,653,112	
Provisions	(1,443,000)	-	-	-	(1,443,000)	
	9,946,894	12,702,674	13,275,497	118,660	36,043,725	

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

26 Operating lease commitments

At the reporting end date the charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2023 £	2022 £
Within one year	907,938	764,589
Between two and five years	1,816,679	2,360,913
	<u>2,724,617</u>	<u>3,125,502</u>

28 Related party transactions

Organisation	Related Trustee	2023 £	2022 £
Children's Investment Fund Foundation	Sonia Medina	5,135,432	6,366,814
Coldplay	Brian Eno	-	250,000
EarthPercent	Brian Eno	50,000	15,000
The McIntosh Foundation	Winsome Dunn McIntosh	39,383	118,660
The Aurora Trust, the JJ Charitable Trust and the Mark Leonard Trust	Sarah Butler-Sloss	-	120,834
The Savitri Waney Charitable Trust	Devika Waney	151,325	50,389
The Sainsbury Family Charitable Trusts (SFCT)	Sarah Butler-Sloss	123,332	-
Foundation for International Law and the Environment	Sonia Medina	1,415,339	-
		<u>6,914,811</u>	<u>6,921,697</u>

During the year the charity received donations totalling £247,729 (2022: £36,700) from trustees. There were no conditions attached to these which would, or might, require the charity to alter significantly the nature of its existing activities.

During the year sub-grants of \$172,251 (2022: \$472,433) were given to ClientEarth USA Inc. During the year the charity also received income of £4,260,556 (2022: £3,164,131) from ClientEarth USA Inc., which represents direct grants or grants and donations from foundations and major donors via the US entity. Some trustees of the charity are also members of the board of ClientEarth USA Inc.

During the year travel costs of £nil (2022: £1,062) were paid for the husband of the former CEO now President and Founder in connection with an event.

During the year the charity entered into an agreement with Oxford University to co-produce an Asian Leaders Sustainable Finance Program through their Sustainable Law Programme (a partnership between Oxford Faculty of Law and its Smith School of Enterprise and the Environment). Three ClientEarth trustees are on the advisory Board of The Smith School of Enterprise and the Environment. The charity paid £424,845 participants fees in connection with the programme.

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

28 Associates

There were no associates at 31 December 2023, there was one associate at 31 December 2022 as detailed below. This company was dissolved in October 2023.

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held
Climate Transition Expert Group Limited	England & Wales	Dormant	Ordinary	33

29 Subsidiaries

The following subsidiaries are all charitable entities with no share capital, and are all consolidated in these accounts.

Details of the charity's subsidiaries at 31 December 2023 are as follows:

Name of undertaking	Registered office	Nature of business	% Held
ClientEarth France	86, boulevard Raspail, 75006 Paris, France	Dormant	100.00
ClientEarth AISBL	1050 Bruxelles, Rue du Trone 60, Belgium	Charity	100.00
ClientEarth gGmbH	Objekt Albrechtstrasse 22, 10117 Berlin, Germany	Charity	100.00
Fundacja ClientEarth Prawnicy dla Ziemi (ClientEarth Poland)	Zurawia 45 (staircase B, 2nd floor), 00-680 Warsaw, Poland	Charity	100.00
ClientEarth ASBL	17 Route d'Arlon, L-8009 Strassen, Luxembourg	Charity	100.00
ClientEarth Trading Ltd	The Joinery, 34 Drayton Park, London, N5 1PB	Trading	100.00
ClientEarth Oceania Limited	48 Warrimoo Avenue, St Ives, New South Wales, 2075	Dormant	100.00
Ippan Shadan Hojin ClientEarth	C/O Mazars Japan K.K., Akasaka Intercity 5F, 1-11-44 Akasaka, Minato-ku, Tokyo, 107-0052	Charity	100.00

ClientEarth Trading Ltd is exempt from audit under section 479A of the Companies Act 2006.

The results of the non dormant subsidiaries are as follows:

Name of undertaking	Company number	External income	Funding from head office	Expenditure	Surplus/ Deficit	Reserves
ClientEarth AISBL	0714.925.038	240,741	5,977,992	(6,225,815)	(7,082)	1,006,526
ClientEarth gGmbH	HRB 202487 B	695,990	1,500,920	(2,035,271)	161,639	641,684
ClientEarth Poland	KRS 0000364218	1,321	1,904,912	(1,716,384)	189,849	336,248
ClientEarth ASBL	20176102110	-	151,126	(145,816)	5,310	39,361
ClientEarth Trading	13095280	-	-	(2,363)	(2,363)	(6,039)
Ippon Shadan Hojin ClientEarth	6010405022079	-	88,768	(86,379)	2,389	2,389

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

29 Subsidiaries

(Continued)

Comparatives for
2022

Name of undertaking	Company number	External income	Funding from head office	Expenditure	Surplus/ Deficit	Reserves
ClientEarth AISBL	0714.925.038	363,054	5,584,650	(4,973,195)	974,509	1,013,609
ClientEarth gGmbH	HRB 202487 B	466,818	659,110	(1,378,077)	(252,149)	480,044
ClientEarth Poland	KRS 0000364218	3,160	1,561,903	(1,528,458)	36,605	146,399
ClientEarth ASBL	20176102110	60,353	-	(56,644)	3,709	34,051
ClientEarth Trading	13095280	6,500	-	(10,177)	(3,677)	(3,676)

30 Cash generated from operations

2023
£

2022
£

(Deficit)/surplus for the year	(6,009,112)	2,673,536
Adjustments for:		
Investment income recognised in statement of financial activities	(501,041)	(233,817)
Fair value gains and losses on investments	305,106	144,515
Foreign exchange differences on investments	44,432	322,314
Depreciation and impairment of tangible fixed assets	269,738	255,542
Loss on disposal of fixed assets	13,449	-
Movements in working capital:		
Decrease in debtors	1,346,262	4,412,839
Increase in creditors	857,873	1,330,875
Increase in provisions	(1,282,082)	-
Cash (absorbed by)/generated from operations	(4,955,375)	8,905,804

Accounts



Annual Report and Financial Statements

For the year ended 31 December 2022

Charity Registration no. 1053988

Company Registration no. 2863827 (England and Wales)

CLIENTEARTH

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	H Covington (Chair)	
	G Stratenwerth (Treasurer)	
	F Beinecke	
	H Bruhn	
	S Butler-Sloss	
	B Eno	
	G Gurkaynak	(Appointed 7 July 2022)
	S Hockman	(Resigned 2 March 2022)
	P Joubert	
	J Kaufelt	
	W McIntosh	
	S Medina Gomez	
	D Mokhtarzadeh	
	A Razzouk	
	M Smith	
Charity number	1053988	
Company number	2863827	
Principal address	The Joinery 34 Drayton Park London N5 1PB	
Registered office	10 Queen Street Place London EC4R 1BE	
Auditor	Crowe U.K. LLP 55 Ludgate Hill London EC4M 7JW	
Accountants	Gravita ABG LLP 30 City Road London EC1Y 2AB	
Tax advisors	BDO 2 City Place, Gatwick RH6 0PA	
	Sayer Vincent 108-114 Golden Lane London EC1Y 0TL	

CLIENTEARTH

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ClientEarth Trustees' Report (including Directors' and Strategic Report) for the year ended 31 December 2022

The trustees present their report and accounts for the period ended 31 December 2022. The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the Companies Act 2006 and the Statement of Recommended Practice, 'Accounting and Reporting by Charities', FRS102 (effective 1 January 2015).

The charity is a company limited by guarantee and is governed by its memorandum and articles of association. The trustees, who are also the directors for the purpose of company law, who served during the period, are listed on page 1.

Introduction from the Chair

ClientEarth went through a year of transition and evolution in 2022, with the aim of making sure that it can have the greatest possible impact during the rest of this critical decade for our planet and for humanity. After 15 years of creating and then leading ClientEarth, James Thornton, the organisation's founding chief executive, stepped down from his role and has now moved into the role of President and Founder.

I cannot overstate James's role in building the organisation, leading it, inspiring its staff, and establishing the use of the law as a tool for tackling climate change and the destruction of nature. On behalf of my trustee colleagues, our staff and our client, the Earth, I pay tribute to all that he has achieved. We are delighted that he will continue to work with ClientEarth, provide us with his wisdom, guidance and inspiration, and be an important external voice for our work.

During the course of the year, the Board undertook a thorough search for a new chief executive to lead ClientEarth during the important next phase in our evolution. We are delighted that Laura Clarke has joined us. Laura is an experienced, committed and passionate leader. She has already made an excellent start, and we fully expect her to take ClientEarth from strength to strength.

After 15 years of rapid growth, ClientEarth has also reviewed and updated its operating model and evolved its organisational structure. One important outcome was a rationalisation of its executive team and the internal appointments of Stefanie Pfeil as Chief External Affairs Officer and Maria-Krystyna Duval as Chief Programmes and Impact Officer. We now have a strong executive team to provide us with leadership and strategic direction.

All these changes will better enable us to play our role in accelerating action and securing a future where people and nature can thrive together.

Alongside this work to ensure that ClientEarth's leadership and organisation are in good shape for the future, our teams continued to power ahead with highly impactful programmatic work, details of which you will find in the Performance Review. This has included our continuing expansion into Asia and the US (largely carried out by ClientEarth US), which we see as priority areas for delivering impact. We will continue to innovate, develop new legal strategies, and pioneer new approaches, wherever we work in the world.

Changes of leadership and organisational structure are always demanding on the staff. Our staff are enthusiastic, committed, hard-working and courageous, and I would like to thank them on behalf of my trustee colleagues for everything they do.

Howard Covington, Chair



Message from the CEO

The climate and environmental crises facing our planet are the greatest challenges of our time, and I feel deeply privileged to be leading ClientEarth in what is a critical decade for action. This is a remarkable organisation of nearly 300 colleagues, increasingly global, and using the law in innovative ways to accelerate the radical change needed for life on Earth to flourish.

Since taking on the role of CEO in September 2022, I have been continually impressed by the creativity, passion and commitment of the team at ClientEarth. Our colleagues are spread across our eight offices, using their individual skills and regional expertise but united behind a clear mission: to use the power of the law to bring about systemic change required to protect all life on Earth. We occupy a particular niche in the wider environmental movement, and our collective efforts to tackle the climate, biodiversity and pollution crises. I spent significant time in my first months in post meeting with partners, peers and others in our sector and I want to thank them all for being so generous with their time, knowledge and insights.

During 2022, we finalised our plans for organisational restructure and started to operationalise our Strategic Framework. The Framework sets out how we will drive the systemic change needed to build a planet with resilient and biodiverse ecosystems; a safe and stable climate; a toxic-free environment with healthy air and water; and societies that are just, fair and equitable. This framework will guide all our work, while providing flexibility, so that we can respond to a rapidly-changing world and ensure space for creativity and innovation within our teams of legal, policy and communications experts.

While we spent a lot of time in 2022 working on our plans for the years ahead, we continued to deliver impact across the board. Our support of the Indigenous Torres Strait Islanders' claim at the UN Human Rights Committee brought a world-first judgment that the Australian Government has breached its human rights obligations through inaction on climate change. Our challenge, with Friends of the Earth and the Good Law Project, of the UK's Net Zero Strategy led the High Court to order the UK Government to improve its climate plans. Our teams in China and Europe were heavily involved in the development of the ground-breaking Kunming-Montreal Global Biodiversity Framework (GBF). We continued our legal action on greenwashing, with claims against Total, KLM and a first action in the US against Washington Gas. We played an important role in advocating for new EU regulation that will tackle deforestation.

In 2023 we will continue to expand our work: using legal advocacy and influencing to secure robust legislation and policies; building the capacity of others, by training lawyers and prosecutors and working with community groups; and using strategic litigation to hold public authorities and private sector actors accountable. ClientEarth will continue to deliver impact in Europe, while also expanding our work in Asia, North America and Latin America.

I'm incredibly proud of what the organisation achieved in 2022 and what we have planned for 2023, and beyond, but none of this would be possible without our amazing supporters and donors. These range from individual citizens giving smaller amounts each month, through to large foundations and partnerships with the cultural sector. We are grateful to each and every one of them; it is thanks to their generosity that we are able to deliver our work.

The challenges facing the world are many, and often overwhelming. These are multifaceted crises that require a response from all sectors of society. I believe that if we come together we can confront these problems head on, challenge those standing in the way of progress and reverse the damage done to our planet. And although time is running out, it's not too late: we have the science, the resources and the skills to make the change we need.

Laura Clarke OBE, CEO

About ClientEarth

At ClientEarth we use the power of the law in unprecedented ways to accelerate the radical change needed for life on earth to flourish.

We have a team of more than 300 people, based in our eight offices across the world, all focused on bringing about systemic change by: informing, implementing and enforcing the law; advising decision-makers on policy; and training legal and judicial professionals. Because a future in which people and planet thrive together isn't just possible - it's essential.

An overview of our work

At ClientEarth we are working for a healthy planet where nature and all people can thrive together. We believe this can only be achieved by radical progress in four areas: **climate**, **nature**, **health** and **justice**.

We believe that the law is the most powerful tool that we have to help build a better future for *all* inhabitants of the Earth but using the law means much more than going to court. We use **legal advocacy** and influencing to secure strong legislation and policies; we focus on **building the field** of environmental law by training lawyers and prosecutors and working with community groups to empower others; and we use **strategic litigation** to go to court and hold governments and companies to account. We always tailor our approach, though, using the knowledge and expertise of our teams in different ways to suit the cultural and legal differences of the regions where we are active.

As we go about our work, we always stay focused on three key principles: using **The power of law**, we are legal experts who believe that the law is our best tool for bringing about the **Systemic change** that is critical to bringing about the lasting change needed to ensure **Nature and people** can thrive together, because we know that the needs of people and planet are inextricably intertwined. These principles underpin everything that we do and if a project or piece of work doesn't deliver on all three of them, we won't do it.

We've been refining our approach and for the last 15 years and building deep expertise of environmental law; fundamental rights law; and corporate, private and public finance law. By using a wide range of law to tackle the challenges we work on, we've been able to deliver real-world impact, while breaking new legal ground that others can exploit. In the last two years alone we have successfully challenged an oil major's greenwash advertising, forced improvements to a G7 country's net zero strategy, supported climate-affected Indigenous People to gain compensation from their government and secured the closure of Europe's largest emitter of carbon.

Public benefit

The charity has regard to the Charity Commission's guidance on public benefit. The main aim of the charity is to promote the protection of the environment to the benefit of broad sections of the public

where the charity operates, and on a global basis, for current and future generations. The public benefit of the charity includes:

- To promote and encourage the enhancement, restoration, conservation and protection of the environment, including the protection of human health.
- To advance the education of the public in all matters relating to the law, practice and administration of justice in connection with the environment.
- To promote, assist, undertake and commission research into the law and administration of justice in connection with the environment.

Our public benefit is further illustrated in this report through the Achievements and Performance section of this report.

Achievements and performance in 2022 - highlights

In 2022 we continued to deliver ground-breaking litigation and advocacy that accelerates the transition to a net zero future, champions the rights of people facing the impact of climate change and protects our planet's precious biodiversity.

Defending the rights of Indigenous Peoples: In September, we heard the verdict in our case supporting a group of eight Torres Strait Islanders, whose island home and ancient culture is threatened by rising tides from climate change. In a move that made international legal history, the UN Human Rights Committee agreed that the Australian Government has breached its human rights obligations through inaction on climate change.

The Committee found that climate change is currently impacting the claimants' daily lives to the extent that their rights are being violated, and that Australia is failing to take sufficient steps to secure the communities' safe existence on their islands. The Committee asked Australia to compensate the claimants for the harm suffered, and to do whatever needed to secure the communities' safe existence. We acted on behalf of the Islanders and submitted the complaint back in 2019. As one of the claimants, Yessie Moby, said: "This win gives us hope that we can protect our island homes, culture and traditions for our kids and future generations to come."

Forcing improvements to the UK Net Zero Strategy: We successfully challenged the UK Government's Net Zero Strategy for reducing greenhouse gas emissions. We argued that the Government had failed to show that its policies will reduce emissions sufficiently to meet its legally binding carbon budgets and that the Net Zero Strategy failed to include enough information about the policies and their expected effects to allow Parliament and the public to properly scrutinise its plans. The High Court found that the Net Zero Strategy, which sets out plans to decarbonise the economy, does not meet the Government's obligations under the Climate Change Act and will not deliver the climate action promised to the UK public.

At the end of March 2023, the Government updated its climate strategy to include a quantified account of how its policies will actually achieve climate targets. We are now reviewing this update.

Working with investors and directors in Asia: We collaborated with the Asia Investor Group on Climate Change on *Net zero engagement in Asia: A guide to shareholder climate resolutions*, to support effective corporate engagement on climate change. In the guide, 11 leading corporate law experts from across the region provided analysis on the framework for shareholder climate resolutions in territories

including Japan, South Korea and India. The launch brought together regulators, institutional investors and corporate law experts to discuss effective corporate engagement for the net zero transition in Asia. In the Philippines, we supported the Commonwealth Climate and Law Initiative and the Institute of Corporate Directors in launching a new legal opinion on directors' duties and responsibilities and disclosure obligations under Philippine law on climate change risks. The opinion provides a valuable legal framework for managing climate risks and pursuing opportunities as the Philippines transitions to a net zero economy.

Preparing Shell for a net zero future: We went public with our intention to file a world-first action against Shell's Board of Directors for failing to properly prepare the company for net zero. This is the first attempt to hold company directors personally liable for failing to properly prepare for the energy transition. We are clear that we are acting in Shell's best interests as we seek to ensure that near-term profit does not come at the expense of enduring commercial viability for all of the company's stakeholders, including its shareholders and employees.

Calling time on Europe's biggest carbon emitter: Bełchatów coal-fired power plant is Europe's largest emitter of carbon and a symbol of Poland and Europe's historical reliance on coal power. We have been attacking the plant on a number of fronts, but always with a close eye to ensuring a just transition for workers and the communities around the plant. The Bełchatów Territorial Just Transition Plan (TJTP) was accepted by the European Commission and will receive funds for the transition. It has now been agreed that one coal block will be shut down before 2030 and the region will set up a clear trajectory for decarbonisation. This now puts a clear date for the first stage in closing this iconic plant.

European law to combat deforestation: We played an important role in advocating for new regulation that will block products linked to deforestation from being sold on the EU market. Working with allies in the European Parliament, we secured crucial improvements to the proposed law. These included important protections for international human rights and especially the rights of Indigenous Peoples, coverage of the finance sector, as well as many improvements to the law's due diligence, transparency, enforcement and access to justice provisions. Our team, together with other Brussels NGOs, worked tirelessly for this outcome and in a final push we were able to garner support for the law from more than 140 prominent artists and activists, including Barbra Streisand, Mark Ruffalo, Sting and Emma Watson.

Challenging greenwashing: Along with campaigners Fossielvrij Netherlands and Reclame Fossielvrij, we launched legal action against major Dutch airline KLM, over misleading marketing. KLM's campaign attempts to convince consumers that the aviation industry can reach net zero without lowering air traffic. This gives a false impression of the sustainability of its flights and plans to address its climate harm. If KLM does not comply with our demands to cease greenwashing, the lawsuit argues that KLM's campaigns and carbon 'compensation' schemes are misleading and violate European Consumer Law.

We also joined action to hold Total accountable over its greenwashing advertising. Total has rebranded itself as TotalEnergies, with advertising campaigns featuring wind turbines and renewable energy projects. In reality, Total is one of the biggest polluters in the world, with greenhouse gas emissions higher than those of France itself. The company is planning a massive fossil fuel expansion, increasing its production of polluting gas and relying on as-yet-unproven technology, while avoiding meaningful action to reduce emissions this decade.

First ClientEarth action in North America: We teamed up with environmental and consumer groups in the United States to bring a first-of-its-kind lawsuit against District of Columbia power utility Washington Gas, over greenwashing in its marketing. We filed a lawsuit with US PIRG Education Fund and Environment America Research & Policy Center, arguing that Washington Gas Light Company has violated Washington, D.C.'s consumer protection laws for labelling its gas power as clean and sustainable. Washington Gas consistently refers to fossil gas in customer-facing materials as clean and

sustainable, and even includes on its invoices a colourful picture of flowers, with text describing gas as a “smart choice for the environment” compared to electrification. This is our first action in the US and builds on our extensive work on greenwashing across Europe.

Defending environmental rule of law: We undertook significant advocacy against UK Government attempts to weaken judicial review, a key pillar of environmental rule of law in the country. Working alongside Link, we helped to secure an amendment in the House of Lords that preserved the power of judges to be flexible in granting remedies that would ensure government is held to account. Without this amendment, an environmentally damaging decision by the government could be allowed to stand for an uncertain period of time or to go unrectified, leading to potentially irreversible damage.

Challenging plastic pollution: Working with Surfrider Foundation Europe and Zero Waste France, we put nine food and retail giants on notice for inadequately addressing the risks related to the plastic pollution they produce. We believe these companies are failing to live up to their legal duties on plastic pollution. In the Netherlands, we teamed up with Dutch Plastic Soup Foundation to take action against one of the world’s largest supermarket groups – Ahold Delhaize – for not disclosing key information on its use of plastics. We launched a joint complaint to the Dutch financial authority, the AFM, pressing it to enforce EU law that requires companies to disclose climate and environmental data to better inform investors about the sustainability of their investments.

Fighting overfishing in the EU: In a legal first in the history of fisheries, the Court of Justice of the European Union was called on to decide if EU ministers have illegally set unsustainable fishing limits. This call, made by the High Court of Ireland, follows a challenge by Friends of the Irish Environment (FIE) – supported by us – to end overfishing after the EU missed its binding 2020 deadline. This is a huge development that has upped the stakes in the battle to end overfishing in Europe.

Ensuring green EU investment: We took a critical first step in challenging the EU Taxonomy, a list that defines which economic activities can be labelled as “green” investments. We have started our legal challenge over the European Commission’s decision to label gas, bioenergy, bio-based plastics and chemicals used to make plastics as “sustainable” in the EU taxonomy. It is a decision that makes absolutely no sense and that we believe is unlawful.

Detailed performance review

ClientEarth works on multiple issues, all around the globe, connected by our mission and the potential for far-reaching impacts that will protect people and the planet.

Rule of Law

We work to ensure that the legal system enables public and environmental interests to be properly considered in decision-making at local, national and international levels. We believe this will result in environmental justice being placed at the heart of international trade agreements, post-Brexit UK environmental governance, China’s law and policy, as well as at EU level and across the EU’s Member States.

Environmental Democracy in the EU

As part of our ongoing efforts to ensure access to justice and information, we supported MEPs to engage with the European Commission and push for a revision of the EU Aarhus Regulation to open access to justice in State aid.

ClientEarth's advocacy resulted in the UN's Human Rights Council making recommendations to Poland related to climate and environment – the first time the UNHRC has done so. We submitted the so-called 'alternative report' and were actively involved in advocacy among UN member states. The recommendations push for legislative reforms in Poland and we can call on the UN Human Rights Council if Poland does not implement them. Our message to the Polish government that it urgently needs to fight the climate crisis is amplified by the voice of other UN Parties.

Environmental rule of law in China

The Kunming-Montreal Global Biodiversity Framework (GBF) was adopted on 19 December 2022. The framework aims to protect 30% of the planet by 2030, along with many other key targets and a stronger implementation mechanism. Through the EU – China Environment Project, we facilitated 10 bilateral workshops over four years, which led to a strong level of trust and a common vision among these key regions, and which provided the basis for this agreement.

We signed a five-year MOU with the China Environmental Protection Fund, to further expand the successful fund for granting to environmental NGOs, which we jointly established.

Under the EU-China Environment Project, we held the first of a series of workshops on negotiations towards the Global Plastics Treaty, an ambitious agreement targeting pollution and signed by 175 countries. Experience with the Montreal-Kunming Global Biodiversity Framework has shown that fostering alignment between the EU and China can lead to more ambitious and realistic global environmental governance frameworks.

UK Environment

In the UK, our lawyers launched a legal complaint, alongside WWF UK, with the new Office for Environmental Protection to bring attention to the systemic issue of nitrogen pollution from agricultural sources and its damaging impact on the climate and air and water quality. The complaint addressed the unlawful failure of environmental regulators to monitor and enforce existing regulations in the agricultural sector, which has been a significant issue for decades.

We secured important amendments to the Judicial Review and Courts Act (including removing parts of the Bill that would have given judges the ability to grant only weak remedies in cases against public authorities and put in place a statutory presumption in favour of those weak remedies) through targeted advocacy during the Bill's passage through Parliament.

Following ClientEarth's win in the High Court in July 2022 over the UK's Net Zero Strategy, we engaged with Chris Skidmore's independent review on net zero. We advocated for underdeveloped areas like land-use and nature-based climate mitigation are better represented in policies and proposals in the revised strategy due in 2023.

International Trade

After years of dedicated advocacy efforts by our Trade and Environment team, as well as wider pressure from civil society and NGO partners, it now seems inevitable that the EU will exit the Energy Charter

Treaty (ECT). Seven Member States have now withdrawn and there is strong opposition in the European Parliament to the process of modernising the ECT.

The European Commission's communication on the action plan regarding Trade and Sustainable Development (TSD) chapters was published and included some of our recommendations. This has been the result of a lengthy advocacy effort by our Trade and Environment team and our NGO partners.

We welcomed the publication of the European Commission's proposal for the Corporate Sustainable Due Diligence Directive (CSDDD) in February 2022. This proposal has the potential of being a real game changer in ensuring responsible and sustainable corporate behaviour throughout global value chains, and thereby achieve the objectives set out in the European Green Deal. We identified that the proposal has significant gaps in addressing the climate and environmental impact of companies' value chains. We will continue to advocate for a stronger proposal that will include a comprehensive definition of "adverse environmental impact" and a more prescriptive requirements to adopt "climate transition plan" to protect the environment and support companies to address the financial risks and opportunities of the energy transition.

Climate and the Paris Agreement

Mitigating greenhouse gas emissions, in line with the Paris Agreement goals, is one of the major challenges facing society today. States and companies are failing to rise to the challenge and time is running out. We work to establish the duties of states and companies to reduce their emissions and to ensure financial flows are consistent with the Paris Agreement.

Climate Accountability

We have developed and are supporting a group of greenwashing cases and complaints in Europe, Australia and the US, targeting key high-carbon industry advertising practices that we believe violate existing consumer laws. In March, we launched legal action against TotalEnergies, the first lawsuit to challenge the lawfulness of an oil and gas major's net zero publicity. We took the action in the French courts, together with Greenpeace France, Friends of the Earth France and Notre Affaire à Tous. We also worked with Fossielvrij NL and Reclame Fossielvrij, to launch (in July 2022) the first lawsuit to challenge airline industry greenwashing against Dutch aviation giant KLM.

We have advocated at the EU level, aimed at improving European consumer legislation and coordinated European regulatory enforcement action on greenwashing. The European Commission's proposal to amend the Unfair Consumer Practices Directive explicitly included strengthened requirements on corporate net-zero advertising, which aligned with our advocacy and the facts of the TotalEnergies case. The starting point for the ongoing legislative negotiation includes our 'asks': further strengthening provisions on net zero and other 'future goals' claims; a prohibition of certain offsetting claims; a prohibition on all fossil fuel industry environmental advertising; and a prohibition on 'cherry-picking' brand advertising.

We launched a claim against the Board of Shell plc in the High Court of England and Wales, alleging breaches of the UK Companies Act 2006. We secured the support of fellow Shell shareholders holding over 12 million shares in the company ahead of the case filing.

In July 2022, we won our case against the UK Government's Net Zero Strategy, brought with Friends of the Earth UK and the Good Law Project. The High Court found that the Net Zero Strategy, which sets out plans to decarbonise the economy, does not meet the Government's obligations under the Climate Change Act to produce detailed climate policies. This win will improve the operation and transparency of the Climate Change Act.

We also received the decision of the Human Rights Committee in the Torres Strait Climate Case, which for the first time found that States have duties under international human rights law to protect vulnerable communities from the impacts of climate change, and to help them to adapt. The Human Rights Committee found that Australia must compensate the Torres Strait Islander claimants – this is a world-first in climate change litigation. The Australian Government has responded positively to the decision by announcing additional funding and support for the region.

Climate Finance

Summer 2022 saw an intense period of policy work as we sought to input into various policy consultations seeking to establish robust standards for transition planning, sustainability and climate disclosures. This included the UK Transition Plan Taskforce Call for Evidence, the ISSB's Climate Exposure Draft, EFRAG's consultation on the first set of draft EU Sustainability Reporting Standards, the Voluntary Carbon Markets Initiative's provisional Claims Code consultation, and a submission to the UN High Level Expert Group on the Net-Zero Emissions Commitments of Non-State Entities. Additionally, we were invited to a number of roundtables and bilateral discussions to further explore our key points.

The Climate Finance team engaged with the UK's Financial Conduct Authority throughout 2022, advocating for increased scrutiny of the firms and markets it regulates in relation to the disclosure of climate-related financial risk, and to "greenwashing" by financial institutions and listed companies. During the autumn, we wrote to the FCA's Enforcement division to highlight our work with Australian partner, the Environmental Defenders Office (EDO), to support and assist EDO on behalf of The Plains Clan of the Wonnarua People and Lock the Gate Alliance. EDO's complaint (lodged with Australian regulators) alleges that by disclosing net zero targets that fail to align with pathways to net zero emissions by 2050, Glencore's climate change commitments give a false impression about how the business is working to achieve a sustainable transition. Our letter pointed to the regulator's duties when listed companies may be greenwashing in their corporate reporting and called on the FCA to coordinate with ASIC in a robust response.

In October 2022, we withdrew our case against the Belgian National Bank after the European Central Bank reformed its corporate bond purchase programme to take into account climate considerations. As the Bank had addressed the very concerns that we had raised, our case had achieved its aims and it was no longer necessary to proceed on appeal.

US Greenwashing

We recently brought our first case in the U.S., bringing a lawsuit under the District of Columbia's Consumer Protection Procedures Act (CPPA) against Washington Gas. As co-plaintiff with US PIRG and Environment America, we allege that the gas utility has made misleading claims in its marketing and advertising regarding the environmental aspects of natural gas, its role in the energy transition and so-called "renewable gas". The role of gas in the net zero transition (gas as 'lower-carbon') is a key greenwashing theme, an enabler of business as usual behavior in the oil and gas sector and a key consumer issue in transitioning home heating. Gas-related advertising (for example, gas as 'clean') in the US is particularly aggressively misleading, including in light of the vested interests of the fracking sector in the US and claims relating to gas' role in transition in various respects. We want to establish that public utilities have an obligation to be truthful in their advertising, and to stem the trend of representing gas as an attractive avenue for transition.

Energy Transition

The EU's energy system contributes the vast majority of the bloc's climate-harming emissions. We are accelerating the closure of coal plants across Europe, improving legal, policy and

regulatory frameworks to remove the market barriers for a greener, fairer and de-centralised energy market, and working to ensure public spending supports a just transition.

Energy Systems and State Aid

We continued our extensive advocacy on energy issues at EU level, and the European Commission's new draft on the reporting requirements for Member State National Energy and Climate Plans includes suggestions from ClientEarth.

We continued our legal action against the Taxonomy Climate Delegated Act (CDA) that classifies forest biomass burning, certain biofuel and plastics activities as sustainable. With partners WWF, T&E and BUND, we submitted another Internal Review Request (IRR) against the inclusion of fossil gas-based activities in the Taxonomy Complementary Delegated Act, a supplement to the CDA that added fossil gas-based activities to the list of sustainable activities. The purpose of the Taxonomy Regulation and its delegated acts is to channel private and, by extension, public investments towards 'sustainable' economic activities. False classification would maintain or increase financial support to unsustainable activities and distort the market to the detriment of genuinely sustainable ones.

We pushed for robust governance and distribution network planning requirements in the Gas Package (the revision of the EU gas market rules). We drafted amendments, in cooperation with Global Witness and others, to improve public participation in transmission network planning and require distribution network planning, and to ensure that such planning complies with EU climate targets and the energy efficiency-first principle. We will continue to monitor progress on this file throughout 2023.

We submitted comments in response to the Commission's proposal to amend the Recovery and Resistance Regulation. This legislative proposal risks waiving certain core environmental protections to finance fossil fuel projects, which the Commission has deemed (with limited transparency) critical to address immediate security of supply concerns. Our proposed changes maintain protections (do no significant harm, public participation and transparency) while still allowing for security of supply concerns to be effectively addressed. The Regulation is likely to be finalised in mid-2023.

We participated in the development of the new campaign framework for the Europe Beyond Coal (EBC) network (now Beyond Fossil Fuels, BFF), in particular its strategic strand on Energy Market Design. We are leading discussions with civil society experts and others in the EBC network to develop a strategy and action plan so that EBC can have an impact in this area.

At Member State level, we made several submissions to the European Commission regarding the formal investigation on compensation payments for German lignite operators. We are awaiting a decision. We also provided a legal opinion on whether the system of avoided grid fees in Germany (a hidden subsidy that mainly supports decentralised fossil fuel generation, as proposed by the German government) can qualify as State aid and determined it could be declared incompatible with the internal market. However, the German Parliament did not follow through with the proposal due to severe lobbying by the industry.

Energy Systems Asia

ClientEarth has continued to expand its work in Asia this year. In addition to our established office in Beijing, we have built a regional team of 14 experienced law and policy specialists across multiple jurisdictions. We are working collaboratively with governments, the private sector and civil society to accelerate the region's clean energy transition. We are helping to embed climate change in regulatory, policy and investment decisions across the region. We are building judicial and legal capacity to strengthen the environmental rule of law.

We worked with the Asia Investor Group on Climate Change on *Net zero engagement in Asia: A guide to shareholder climate resolutions*, to support effective corporate engagement on climate change. In the

guide, 11 leading corporate law experts from across the region provided analysis on the framework for shareholder climate resolutions in Japan, South Korea, India, the People's Republic of China, Hong Kong SAR, Malaysia, Singapore, Indonesia, Thailand, Vietnam and the Philippines. The launch brought together regulators, institutional investors and corporate law experts to discuss effective corporate engagement for the net zero transition in Asia.

In the Philippines, we supported the Commonwealth Climate and Law Initiative and the Institute of Corporate Directors in launching a new legal opinion on directors' duties and responsibilities and disclosure obligations under Philippine law on climate change risks. The opinion provides a valuable legal framework for managing climate risks and pursuing opportunities as the Philippines transitions to a net zero economy.

We also continued our support for ten university law school environmental law clinics in the Philippines. This collaboration aims to develop specialist expertise in energy, environmental and climate law and build the next generation of environmental lawyers.

Our broader regional team was active in regulatory and private sector engagement on the energy transition, green finance and the role for the law and legal profession in the net zero transition. Asia continues to be an important focus for the growth of our global team and programmes.

Fossil Fuel Infrastructure

We contributed to the revision of the Industrial Emissions Directive (IED) that regulates pollution from around 52.000 large industrial activities, to make it fit for the EU climate goals and zero-pollution target. Our involvement contributed to a more ambitious proposal of a new IED by the European Commission, including stricter energy efficiency standards and justice provisions – including a major breakthrough of a new compensation right for victims suffering from health damages caused by unlawful industrial operations. This compensation right is a blueprint for other EU environmental legislation. We continued to advocate for an ambitious IED towards the European Parliament and Council who tend to water down the proposal. Together with our NGO coalition partners, including the European Environmental Bureau (EEB), CAN Europe, Greenpeace, Carbon Market Watch and ECOS, we held a workshop for representatives of Member States to address key concerns to ensure a real transformation of industrial installations on the ground. The EU legislators are expected to adopt the final IED later in 2023.

In Poland, we continued to work on our five Polish Climate Cases, each supporting a different citizen to take the Polish government to court over its 'regressive' climate stance and failure to act to reduce greenhouse gas emissions. The cases are at different procedural stages and will continue to progress in court in 2023.

Our legal case against the Bełchatów power plant in Poland also continues, and we are currently awaiting further action from the court, with a hearing expected to take place in 2023.

In Germany, our legal action against the Datteln IV coal plant is ongoing. The case is aimed at the operational permit and building plan for the plant. The court decision declaring the latter unlawful in 2021 was appealed by the City of Datteln, as well as the operator. The appeal as well as the decision on the permit are pending. A hearing on the appeal is scheduled for the 6th of December 2023.

We continued to support a claim by BUND Brandenburg against the operating plan for the Welzow-Süd lignite mine. The challenge to the permit is based not on environmental grounds but instead on the lack of financial security for remediation of the area after the mine closes. We secured an early win on legal standing, when the Court upheld our interpretation of the Aarhus Convention and broadly interpreted when a case is "related to the environment" such that eNGOs have legal standing. This outcome, which ClientEarth has argued for decades, but which surprised some legal experts, is the subject of a forthcoming law journal article by Mascha Klein. The case is ongoing and is on appeal following the court's rejection of the claim.

With our partner DUH, we launched a lawsuit against the state government of North Rhine-Westphalia demanding effective measures to tackle mercury pollution of surface waters. The lawsuit is aimed at enforcing the EU Water Framework Directive and asking for better abatement technology to be used in coal-fired power plants.

After publishing a legal briefing on how the coal phase-out could be moved forward to 2030, we were invited to an expert hearing in the German parliament on the revision of the Coal Phase-Out Law. We made an opening statement, answered questions from MPs and submitted a written statement. Our demands were taken into account and though the outcome is far from what would be needed in terms of climate ambition, it is a success and can be attributed to our contribution that for the first time the (revised) Coal Phase-Out Act explicitly refers to the targets in the Climate Protection Act.

In Italy, following joint legal action by ClientEarth and WWF to challenge the permit of coal power plant Federico II, operator ENEL committed to shutting down the coal units of the power plant. To ensure this outcome, we continued to pursue our case in court. In July, the Administrative Court of Rome confirmed that ENEL is obliged to phase out the plant's coal units by 2025.

In Bulgaria, with our support and input our Bulgarian partners Za Zemiata (Friends of the Earth) won a preliminary reference case before the Court of Justice of the European Union (CJEU) on March 9, 2023. Legal submissions were drafted in this case in 2022, and AG Kokott handed down a favourable Opinion in September of that year. The European Commission and Italy provided legal submissions in support of our position. The Court of Justice held that Bulgaria violated EU law when it granted the largest thermal power plant in the Balkans, Maritsa East 2 (1,624MW), an operating permit with derogations allowing excessive emissions of health damaging sulphur dioxide (SO₂) for an indefinite time. The limits set went far beyond those associated with the so-called 'best available techniques' under the EU's industrial emissions law, the IED, currently being revised at EU level. The ruling confirms that permits for large industrial activities cannot be granted without considering environmental quality standards from other EU legislation (e.g., air quality standards, but arguably also water quality standards). The judgment sets a strong precedent for other industrial emissions in Bulgaria but may also provide a persuasive legal rationale for the 52,000 large industrial installations across the EU governed by the IED, including chemicals, steel, cement, gas refineries and large livestock farms.

We won several cases, including some notable "firsts". Along with our Serbian partner RERI, we won the first-ever court case against EPS, the state-owned operator of all Serbian coal power plants, for its illegal air emissions. In our case against the European Investment Bank (EIB), we obtained three favourable Ombudsman decisions following our complaint – we have been working to increase transparency of the EIB's operations for almost ten years. Implementation of the Ombudsman's suggestions would substantially increase civil society's ability to scrutinise its operations. Although the Bank has refused to implement them all at this stage, the decision ensures follow-up and continuous monitoring, not only by the Ombudsman, but potentially by the Aarhus Convention Compliance Committee (ACCC) too. For ClientEarth and our partners, it will be the basis for advocacy directed at the EIB Board of Directors.

Human health

The air we breathe, the food we eat and the water we drink are all polluted. The WHO estimates that almost a quarter of all deaths globally are linked to environmental factors. We work to minimise the use of harmful chemicals and plastics; to safeguard everyone's right to breathe clean air; and to ensure a healthier, sustainable agriculture model in the EU.

Clean air, transport and cities

This year we had several big clean air wins:

- In October, we supported nine claimants in Belgium to take their federal and regional governments to court. While the case is still pending, it has already led to immediate impact. In particular, following our legal pressure, Belgian authorities have updated the Belgian Air Quality Index and are now the first authorities in Europe to publish an AQI in line with the most recent 2021 WHO guidelines.
- In September, we launched our case to establish the right to clean and healthy air in Germany. Seven claimants from three cities sued the federal government, claiming air pollution caused their health issues and the legal framework is not enough to protect them. They have filed a constitutional complaint. We are now in touch with the UN Special Rapporteur on Human Rights and the Environment and the UN Special Rapporteur on toxics and human rights, who have both expressed interest in submitting an *amicus curiae* to support our case.
- In November 2022, we supported two parents in Turin, Italy, to file a compensation claim concerning the health effects of air pollution on their six-year-old son. The child suffers from complex health issues linked to poor air quality. With medical and environmental experts, we produced a report evidencing the link between air pollution and the claimant's health.

These three litigation cases come at a crucial time, as the EU Commission published a proposal to review EU air quality laws in October 2022. We have managed to influence the proposal, by ensuring it includes many of our key asks on the level of ambition, the governance and enforcement system and access to justice. We are now advocating with the European Parliament and the Council to ensure the adoption of ambitious new laws to protect people from air pollution.

In the UK, the government set out a new stricter legal target for PM2.5 pollution under the Environment Act 2021, which is in line with 2005 WHO guidelines, but with an attainment deadline of 2040. While the target level is ambitious, the attainment deadline has been set too far into the future and still leaves space for inaction. We are now increasing the pressure to ensure that a meaningful delivery plan is committed to, with the policies and measures necessary to protect people's health.

Clean Air Zones (CAZs) launched in Bradford in September 2022 and Bristol in November 2022. The Mayor of London announced in November 2022 that he was committed to expanding the Ultra Low Emission Zone to cover the whole of Greater London in August 2023. This follows government plans published in response to ClientEarth's successful legal rulings in the UK. CAZs and Low Emission Zones (LEZs) are the most effective way to reduce harmful and illegal levels of NO2 pollution.

In December 2022, ClientEarth Poland and our local partners submitted complaints to the European Court of Human Rights on behalf of Polish residents. We are arguing that the Polish government violates their human rights duties in the context of the right to clean and healthy air. A widespread media campaign accompanied the legal work.

We filed a judicial review claim in Spain in cooperation with our partner, IIDMA. We are challenging the Spanish government's refusal to disclose information relating to the Nissan Qashqai. This vehicle is known to contain a specific form of defeat device technology that tampers with emissions controls and leads to excessive levels of pollution in real-world conditions.

Harmful Chemicals

We made progress on the transparency of pesticides used in the EU. We successfully advocated for an ambitious revision of an EU regulation on agricultural data, which now organises the collection and publication of data on the use of pesticides - with full effect from 2027. But as not all relevant data will be collected, we also launched two national cases requesting access to farmers' records of pesticide use in Belgium and Spain.

We successfully mobilised a network of stakeholders to increase the scope of the restrictions on the use of microplastics proposed by the European Chemicals Agency, so that all main uses are covered and exceptions as well as transition periods are limited. We followed the file closely, challenging delays and pushing for a broad restriction.

We harnessed ten years of knowledge and working with the EU REACH Regulation to develop and disseminate proposals to allow the EU legal framework to bring chemical pollution within planetary boundaries. This includes a coherent approach to regulating the most harmful substances, which ensures their identification, their phase out and the accountability of polluters.

Forests, land conversion and trade

Globally, forests have decreased by 129 million hectares in 25 years. We build the legal capacity of civil society to influence forest law reform to ensure more sustainable and equitable forest governance. We work on the implementation and enforcement of legislation on illegal logging and advocating for the development of new requirements for companies placing commodities associated with deforestation on the EU and UK market.

Working with other NGOs, we undertook continuous advocacy on the EU Deforestation Regulation, pushing EU institutions to formulate a robust regulation that strengthens the EU's role in forest protection through regulation of forest-risk commodities entering the bloc. This included the formulation of a set of comprehensive amendment proposals for the consideration of MEPs on how to strengthen the EU Deforestation Regulation, covering ClientEarth's key advocacy priorities and legal advice on access to justice provisions. The final text of the Regulation, adopted by the EU in December 2022, includes relatively strong access to justice provisions: public enforcement of the law has been strengthened and allows for public and civil society organisations to file concerns to enforcement agencies in EU Member States when they deem that a company has not followed the rules.

We published a report disclosing our assessment of Poland's laws on forest governance, and have also been involved in several cases regarding potential illegal logging activities in the Polish Carpathians.

We continued working with partners in Liberia, Ghana, Ivory Coast, Gabon and the Republic of Congo, and began the process of scoping future work in the Democratic Republic of Congo. In Southeast Asia, we helped strengthen the Cambodian Protected Area Law and supported the Association of Southeast Asian Nations (ASEAN) to create the ASEAN Guiding Principles for Effective Social Forestry Legal Frameworks. We continued scoping work in Indonesia.

Oceans

One of the biggest impacts humans have on the ocean is through fishing, and unsustainable fishing continues to be the most immediate and significant threat in European waters. Marine ecosystems face the additional pressure of plastics pollution, which is a growing threat. We work to ensure sustainable fishing and promote stronger laws to reduce plastic supply and make producers bear the real cost of plastic on the environment.

Fisheries

In 2013, the EU brought in legislation setting out a legal deadline: catch limits for all fish stocks must be set sustainably by 2020 at the latest. Yet the Council of the European Union continues to set catch limits too high. Our case with Friends of the Earth in Ireland challenging the validity of those catch limits was referred to the Court of Justice of the European Union. Challenging the validity of an instrument of EU law is a first for ClientEarth and has huge implications for the Total Allowable Catch (TAC)-setting

process as a whole. The process has, until now, been run on governments' assumptions that they will not be challenged. The Irish judgement sets a good precedent for our parallel case in France and our Request for Internal Review with the European Council.

Thanks to the recent amendment to the EU's Aarhus Regulation, which expanded the ability of NGOs to challenge EU administrative acts that breach environmental laws, we also brought a direct challenge to the EU TAC Regulation, in which the Council of the European Union sets these limits.

Since launching our complaint on the inadequate enforcement of fisheries rules in the Netherlands, we have seen notable changes in the way controls are carried out. The Dutch fishing authority has recruited around 20 new fisheries inspectors and has improved its instructions on carrying out inspections and imposing sanctions. We do not yet have evidence that this is leading to a decrease in overfishing and illegal fishing, but will continue to monitor the situation. Our case before the Dutch courts continues.

Sustainable Seafood

After more than a decade of support as the Secretariat to the Sustainable Seafood Coalition (SSC), with amazing achievements over the years, ClientEarth decided it was time to refocus its seafood work onto more firmly grounded legal duties rather than voluntary market engagement initiatives. At the end of 2022, ClientEarth successfully passed on the torch to a new organisation, which will continue its legacy and guide the members of the SSC towards sustainable industry-led initiatives tackling the environmental challenges in seafood supply chains.

ClientEarth significantly influenced the building of a common statement on Marine Biodiversity of areas Beyond National Jurisdiction (BBNJ), supported and signed by more than 85 seafood companies including Tesco, Lidl, Aldi, Ahold and more. In this statement, they recognised commercial fisheries as the main driver of biodiversity decline in the high seas and called for the transformative change required to address the climate and biodiversity crises, including increased protection of the High Seas.

The Seafood team's work on Illegal, Unreported and Unregulated fishing (IUU) has been picked up on various occasions by organisations and institutions, notably two of our reports: "Digitising the control of fishery product imports – A panorama of the systems in place in the EU and ways forward", and "Spain – A progress report on a decade of combatting IUU fishing" were directly quoted in a publication from the European Court of Auditors (ECA) on IUU. Our work on IUU was nicely concluded by an event we organised with the IUU Coalition in Spain, which was picked up by the press and well attended by businesses.

Plastics

We launched our first plastics-related case under the French Duty of vigilance law by filing a lawsuit against Danone. We believe that Danone failed to comply with the law as it did not address the issue of plastics and its negative impact on the health of people and the environment in its "vigilance plan". This case resulted in widespread media coverage and offered an opportunity to finally make plastic-using companies accountable for the full life cycle impacts of their plastic.

We successfully intervened in support of the European Commission, which was being sued by six packaging companies seeking the annulment of the labelling requirements under the Single-Use Plastics Directive (SUPD). This requirement was something we had worked incredibly hard on during the SUPD adoption and its implementation. The companies withdrew their case after our intervention and were ordered to pay our lawyers' fees.

Wildlife

Biodiversity is under increasing threat; 1 million species of plants and animals face extinction, many within decades. We enforce EU biodiversity laws and hold Member States to account. Agricultural spending amounts to almost 40% of the whole EU budget, yet the sector does not really engage in mitigating climate change nor biodiversity decline. We use advocacy and litigation to align the Common Agriculture Policy (CAP) with EU environment legislation.

Wildlife and Habitat loss

The European Commission's proposal for the Nature Restoration Law, the most important biodiversity law in Europe in 30 years, was published in 2022. It includes important provisions, such as safeguarding restored areas and comprehensive national restoration plans. This required early and consistent engagement with the European Commission through various fora and extensive advocacy in the European Parliament, to strive for ambitious negotiating positions in both institutions.

The Kunming-Montreal Global Biodiversity Framework, adopted in December 2022 during the 15th UN Biodiversity Conference (COP15), aims, among other things, to protect and restore over 30% of the planet by 2030, ensure the sustainable use of biodiversity and improve biodiversity governance globally. For over three years, we have been actively contributing to the preparation, development and successful adoption of the Framework. During COP15, we advocated for effective transparency and accountability mechanisms, providing countries the best possible chance to meet the 2030 targets. The final framework bettered the expectations of many and represents an important step forward in global governance of biodiversity.

We helped save the UK's largest sandbank from bottom trawling, an environmentally destructive fishing technique. Following our legal interventions and advocacy with our partners, the UK government prohibited this practice in the Dogger Bank, an important site off the East coast of England for species including sand eels, hermit crabs, flatfish and starfish.

We contributed to the adoption of new EU conservation measures to stop the bycatch of the critically endangered Baltic harbour porpoise. Additionally, following a legal complaint and advocacy with our partners, the Commission advanced its enforcement actions against several Member States regarding the effective protection of dolphins and porpoises.

We are working on implementing the EU Biodiversity Strategy through development of a robust, resilient, well-managed and well-funded network of protected areas in Europe. In Poland, we prepared a legal and financial analysis aimed at creating more national parks and we launched several national and international legal interventions to protect old-growth forest against intensive logging in Poland and Romania.

Agriculture

In 2022, we launched our first cases at EU and national level. After the advocacy work on the Common Agricultural Policy (CAP), we monitored its implementation and decided to challenge the French CAP Strategic Plan, which regulates how CAP subsidies are distributed in France.

We launched our legal action contesting the approval by the European Commission of the French CAP Strategic Plan. We allege that the plan is in breach of EU environmental and climate law and, therefore, that the European Commission should not have approved it. We targeted France because it is the biggest recipient of agricultural subsidies, receiving more than seven billion Euros per year in direct payments. The challenge was launched in November with a broad coalition of French NGOs, including

organic farmers and small farmers' associations. We are awaiting a response from the European Commission.

In the aftermath of the Russian invasion of Ukraine, agro-food lobbies have used food security as a tool to undermine environmental and climate commitments, delaying the actions announced in the EU Farm-to-Fork Strategy. In this scenario, advocating for a shift towards healthy, socially and environmentally friendly farming practices has been more and more challenging. However, we have continued to engage with EU institutions, together with our partners, to highlight that only environmental and climate positive agriculture provides the path to ensuring long-term food security, and the overall sustainability of food systems.

We submitted our response to the European Commission's public consultation on the Sustainable Food Systems Law. This law represents the perfect opportunity for the EU to build a resilient food systems that operate within planetary boundaries, safeguard climate, biodiversity and natural resources - such as water and soil - and uphold the right to healthy and sustainable food for present and future generations. To cover the broad range of this law, we collaborated with colleagues from teams including fisheries and seafood, chemicals, trade and fundamental rights. ClientEarth is now considered a key stakeholder and has been invited as a member of the European Commission's Advisory Group on the Sustainability of Food Systems. We supported the evidence gathering for the European Commission's impact assessment of the future law.

We also launched our first national litigation case, in Italy, targeting intensive hazelnut production causing water pollution and ecosystem degradation in the Vico Lake. Due to the heavy use of agro-chemicals, the water of the lake, supplying drinking water to two municipalities, is no longer drinkable. This heavy pollution has also severely degraded the aquatic habitat. For these reasons, we challenged the inactivity of the competent public authorities in applying the Nitrates Directive, Drinking Water Directive and Habitats Directive.

Challenges in 2022

In 2022, ClientEarth faced a number of internal and external challenges:

- **Implementing our new organisational design** – throughout 2022, we undertook a substantial amount of work to implement a new organisational design including a new leadership structure. We saw significant organisational transformation in a relatively short space of time, which presented risks and challenges as we worked to bring all the pieces together and take all our staff on the journey with us. These changes are now complete and beginning to settle in.
- **Leadership transition** – after 15 years as CEO, James Thornton stepped down and the Board appointed our new CEO Laura Clarke, who joined in September 2022. James continues to support ClientEarth in his new role as Founder and President.
- **Ensuring continuity of funding during a period of transition** – ensuring funding proposals are adapted to reflect our new regional programme strategies and presenting our new strategic framework to our donors.
- **Cost of living crisis and inflation** – inflation had an impact on our operating costs, and volatile currency and investment markets had an impact on our income, investments and current assets. Going in to 2023, we adjusted our budgeting assumptions and continue to monitor these risks closely.

- **Global geopolitical shifts** – the war in Ukraine and growing tensions between China and the US have the potential to impact on both our programmatic work and our operations. We are monitoring these and responding as necessary.
- **SLAPP risks** – this remains a key risk, especially as our profile increases. As we bring a higher volume of high-profile cases, the risk of ClientEarth being targeted with a SLAPP suit (a Strategic Lawsuit Against Public Participation e.g. a defamation claim or similar retaliatory attack) increases. Over the last four years, we have done a substantial amount of work to assess and take steps to mitigate these risks, but they are ever present.
- **COVID and hybrid working**: The ongoing pandemic and connected shift to hybrid working was a challenge we continued to navigate in 2022. Further investments were made in our IT systems to enable successful flexible working, and staff well-being to support our staff.

Future plans

A key priority for 2023 is to ensure that all our work is aligned to the new Strategic Framework, in order to maximise our impact in the year ahead. We are finalising global, regional and country strategies aligned to the Strategic Framework and our five-year financial model. These strategies will provide further direction for our work, aiming to maximise our impact, while providing flexibility to adapt to shifting circumstances and devise creative and innovative work. Our goal is to consolidate and refine our impact in Europe, grow our impact and presence in Asia and North America and build on and expand our work with partners in Africa and South America.

Europe

The majority of our programmatic work is delivered in Europe. We will build on our portfolio of European projects by embedding a systems-change approach in our strategies, to ensure our interventions lead to large-scale and sustainable impact. Our work in Europe is designed to have a global impact by capitalising on Europe's influence across the world.

Some of the key priority areas for Europe include:

- Holding corporates accountable for environmental degradation and climate impacts.
- Establishing that biodiversity loss, chemicals and plastics all present business risk, just as climate does.
- Halting misleading claims ('greenwashing') by corporates and financial institutions.
- Greening financial flows and diverting investment away from climate and nature-damaging activities.
- Establishing the right to a healthy environment as a fundamental human right.
- Decarbonising the fishing industry.
- Ensuring Europe's laws and policies make it a leader in sustainable food systems.

Asia

We work across the region to accelerate the energy transition, protect ecosystems, fight pollution and strengthen environmental rule of law. Our new Asia regional strategy brings together our well-established work in China with our growing work in Japan and Southeast Asia. Growing our work in Asia

is a key component of our global strategy, as the course of development in the region could make or break the global climate and nature crises.

Some of the key priority areas in Asia include:

- Accelerating the energy transition through policy and regulatory engagement, corporate law and investor strategies.
- Working to green investments and trade, including the Belt and Road Initiative and supply chains.
- Expanding capacity-building of judges, prosecutors, legal professionals and civil society.

North America

We will grow our North America presence, working with ClientEarth US, to bring our expertise using corporate and financial law to influence decision-making and financial flows within energy and food systems, so that they are aligned with the goals of the Paris Agreement. The role of the private sector in the transition is absolutely crucial, and nowhere are the levers, impacts and opportunities for corporate Paris-alignment more pronounced than in North America or the global consequences of failure more dire.

Some of the key priority areas for North America include:

- Advancing strategies to delineate the role of company directors in considering climate risk.
- Halting misleading claims ('greenwashing') by corporates and financial institutions.
- Monitoring the use of carbon credits or offsets.
- Promoting the emergence of model corporate practices.

Africa and South America

We will build on our past successes to develop our work with partners in Africa and South America, home to the largest, most biodiverse and globally important biomes on the planet. To do this, we will set a new partnership strategy to equip us to work effectively with others and to contribute to the strengthening of civil society in these regions.

Some of the key priority areas for Africa and South America include:

- Promoting the enforcement of legislation regarding supply chains for forest-risk commodities.
- Expanding our forest governance work from West and Central Africa to new geographies.
- Ensuring corporate accountability and due diligence for deforestation in the Amazon & Cerrado.
- Promoting the full realisation of indigenous peoples' rights.

Organisational transformation

As we enter 2023 in a brand new organisational structure, we will be monitoring the implementation of the new organisational design, making adjustments where needed, to ensure that the new model successfully supports ClientEarth's transition to a global organisation. We will focus on improving our internal information flows and knowledge management, both of which are key to making our new organisational structure and operating model work efficiently. A key priority is to boost diversity and wellbeing across the whole organisation. The ultimate goal is to create an enabling internal environment where everyone at ClientEarth can do the best work of their lives, including streamlined systems and processes, fewer and better meetings and clearer and faster decision making.

Monitoring, evaluation and learning

ClientEarth's aim for Monitoring, Evaluation and Learning (MEL) is to generate meaningful insights about our work to enable learning, innovation and improvement. This will help us to maximise efficiency and effectiveness in how we deploy our resources. It will enable us to make evidence-based decisions about how to prioritise strategically, in order to achieve greater impact. In February 2022, we appointed a new Head of Impact and Learning to guide this work.

To support the organisational transition to the new Strategic Framework, which identifies 'changing systems' as one of our three strategic anchors, the Impact and Learning team have been working to embed systems approaches across the organisation. This is foundational to delivering our strategic priorities and adapting our MEL frameworks to the new Strategic Framework. Over the next year, we will build an approach to MEL that captures insights and learning at different levels - from the systems we seek to influence, to the types of interventions we deploy, to the countries and regions in which we operate.

We are extending the scope of MEL from our legal actions to how we achieve change as a whole organisation. As part of this, we have undertaken an assessment of ClientEarth's partnerships, examining the types of partnerships we engage in and why. We now have a framework to help us assess the effectiveness and maturity of partnerships, and how we can be more strategic with them. We have also been strengthening our efforts to learn as an organisation. New opportunities for colleagues to engage with learning include a toolkit to facilitate learning, and a newsletter and a podcast.

Structure, governance and management

The charity is a company limited by guarantee and is governed by its memorandum and articles of association. The trustees, also the directors for the purpose of company law, who served during the period are listed on page 2. None of the trustees has any beneficial interest in the company. All of the trustees are members of the company and guarantee to contribute £10 in the event of a winding up.

ClientEarth's governance is undertaken by the trustees, who meet four times a year. There are five board committees, covering (1) Programmes and Impact, (2) Finance, Audit, and Investment, (3) Governance and Risk, (4) Executive Performance and Remuneration, and (5) Equality, Diversity and Inclusion. All committees meet four times a year ahead of board meetings, except for the Remuneration Committee, which meets on an ad hoc basis.

The Charity Governance Code recommends that large charities commission external reviews of their governance every three years. In 2021, the Board commissioned an external review of governance and board effectiveness against the Charity Governance Code. The recommendations from this report were approved by the Board and are intended to ensure that ClientEarth operates under the highest standard of governance. While the external consultant concluded that the Board largely met the recommendations of the Code, recognising that the Code enhanced the principles on Equality, Diversity and Inclusion, the Board agreed that further attention was needed in the areas of term limits and diversity. These issues are being addressed via active trustee succession planning and recruitment of new trustees. An on-

going implementation plan to deliver the recommendations is being overseen by the Governance and Risk Committee.

New trustees are appointed by the Board through the Governance and Risk Committee. They are selected on the basis of their alignment with ClientEarth's charitable objects and their ability to further those objects as a trustee. The committee actively considers skills gaps in the Board of Trustees and seeks to fill these with any new appointments. New trustees are elected by resolution and approved by a majority of trustees where a board quorum is present. New trustees are provided with induction material containing relevant information regarding the charity, including the governing document, latest management reports and financials, together with relevant guidance on the role and responsibilities of trustees. Trustees have now adopted term limits. All new trustees serve three-year terms. Trustees are eligible to remain on the Board for up to two terms. A final term can be extended by the Board in special circumstances, such as in order to meet a skill or experience gap.

The trustees are responsible for setting the overall programmatic and financial strategy of the charity and for approving the annual budget, but delegate the day-to-day management to the chief executive officer (CEO), Laura Clarke, who is supported by an Executive Team and a Global Leadership Group (GLG).

ClientEarth offices and programmatic structure

ClientEarth offices

ClientEarth has its global headquarters in London. The headquarters accommodates the majority of the core functions of the charity such as the CEO's office, finance, development, communications, human resources and administration and IT teams. ClientEarth also has a number of offices throughout the world and it operates in many countries throughout Europe, Central and Eastern Europe, Central and Western Africa, and Asia Pacific through partners and sub-grantees.

ClientEarth Trading Ltd is a trading subsidiary of ClientEarth in the UK. ClientEarth is the sole member of the company. In 2022 the subsidiary only carried out small-scale non-primary purpose trading activities.

ClientEarth in Europe

Country		Legal Form	Year of Formation
Belgium	ClientEarth AISBL	International non-profit association (AISBL)	2018
Belgium	ClientEarth ASBL	Branch of ClientEarth Limited	2008 (currently inactive)
France	ClientEarth France	French Foundation	2011 (currently inactive)
Germany	ClientEarth gGmbH	Limited Liability Company	2018

Luxembourg	ClientEarth ASBL	Non-profit association	2017
Poland	Fundacja ClientEarth Prawnicy dla Ziemi	Polish Foundation	2016
Spain		Branch of ClientEarth Limited	2023
UK	ClientEarth Trading Limited	Trading subsidiary of ClientEarth Limited	2020

In January 2023, ClientEarth established a registered delegation in Spain, Fundación ClientEarth Delegación en España. In 2023, we will be transferring the activities of Spanish branch of ClientEarth Limited to the Fundación ClientEarth Delegación en España.

There is also a related but independent entity in Germany, ClientEarth – ANWÄLTE DER ERDE, which operates as a Registered Association. The executive body of this Registered Association is comprised solely of senior staff of ClientEarth.

ClientEarth in Asia and the Pacific

Country	Legal Form			Year of Formation
China	ClientEarth (UK) Beijing Representative Office	Representative Office of ClientEarth Limited		2017

In late 2022, ClientEarth established ClientEarth Oceania Limited and ClientEarth Oceania Trust in Australia. The entities were dormant in 2022 and are only expected to become active late in 2023, once charitable status is confirmed by the Australian Charities and Not-for-profits Commission.

In mid-2023, ClientEarth will be establishing a new entity in Japan.

ClientEarth in the Americas

There is a related but independent ClientEarth entity in the US, ClientEarth USA Inc., which operates as a 501(c)(3). Two directors from ClientEarth sit on the board of ClientEarth USA Inc. and the president of ClientEarth USA Inc. is also the CEO of ClientEarth. ClientEarth US Inc. also has the power of making grants and contributions and otherwise rendering financial assistance to ClientEarth.

Trading company activity

In March 2022, a photography exhibition was held at the central London Huxley Parlour gallery. This event was the end of a project with photographer Dan Wilton, who travelled across Europe documenting

the impact of the coal industry on communities throughout the continent. ClientEarth produced 22 prints from the images of the photographer to be displayed at the exhibition, three of which were sold at the event and the other 19 were donated to the ClientEarth charity.

Climate change and environmental policy

ClientEarth is committed to reducing energy consumption and waste by encouraging staff, trustees and board members to adopt sustainable practices and behaviours whilst working on behalf of ClientEarth. We plan to halve our carbon emissions from our operations by 2030 and to eliminate emissions by 2050.

Our Environmental Policy sets out guiding principles to help the organisation reduce our emissions, consumption of resources and waste by ensuring that, where relevant, environmental impacts are considered fundamentally when making decisions in our operations and programmatic work. The policy includes guidance in facilities management, recycling waste management, procurement and travel. ClientEarth's Environmental Policy and the principles are endorsed by the Executive Team and can be found on the ClientEarth website. The Chief Executive is accountable for the policy and it is subject to periodic review.

Carbon emissions

This is the first year that ClientEarth has reported on its energy consumption and carbon emissions. We have followed best practice based on HM Government Environmental Reporting Guidelines (March 2019), the Greenhouse Gas Protocol (GHG) Reporting Protocol – Corporate Standard and from the UK Government GHG Conversion Factors for Company Reporting document for calculating carbon emissions.

We present our report on energy use and carbon emissions under the Government's Streamlined Energy and Carbon Reporting (SECR) framework here:

UK emission scope summary	Calculated emissions (tCO ₂ e) 2022	Energy usage (kWh) 2022
Scope 1 (direct emissions)	Nil	Nil
Scope 2 (indirect GHG emissions - electricity)	14.22	73522
Scope 3 (other indirect GHG emissions)		
WFH - electricity	0.78	4022
WFH - gas	9.43	52382
Waste water	Unknown	
Business travel	227.83	

Total UK	252.26	129926
Non-UK business travel	155.31	

During 2023, we will be carrying out a full audit of our carbon emissions across other aspects of our operations and activities to help support us in setting emission targets.

For our offices and operations outside of the UK, ClientEarth is often a subtenant in offices where it is a challenge to obtain data on energy consumption. In 2023, we will be making further efforts to accurately track emissions from our energy suppliers outside of the UK to enable us to report globally and on the progress in reducing emissions.

Scope 3 travel data is captured from ClientEarth's own internal tracking systems. In 2023, we plan to extend our tracking to include Scope 1 transport data.

We are required to report emissions against an intensity of output measure (or normalising factor), so that decreases or increases in output in future years do not disguise changes in energy efficiency/emissions reductions and valid comparisons can be made over time. We have chosen to report tonnes of CO2 equivalent per member of staff (average staff numbers in the UK for 2022 was 137.5).

Intensity ratio	2022
tCO2e / per member of staff	1.832

Risk management

The trustees are responsible for oversight of the risks faced by the organisation.

The Risk Management Policy approved by the Board in 2021 provides a framework to guide the organisation's decision-making on risk management.

The organisational risk register identifies the major financial, regulatory, governance, external, operational and reputational risks to which the charity is exposed, assesses their likelihood and potential impact and details the mitigation measures that are (a) already in place and (b) necessary to implement. The trustees of the Governance and Risk Committee review changes to this risk register on behalf of the Board at each Board meeting and consider any further steps which may be necessary to manage the risks, highlighting key issues to the full Board as relevant. Then once a year, the full Board will examine the register in detail. The trustees consider the most serious risks to which the charity is exposed to be:

- The risk of lawsuits or defamation cases targeting our work that might damage reputation. In recognition of this risk, ClientEarth has a Risk & Compliance Committee to oversee compliance and risk, reporting to the Executive Team, GLG and the Governance and Risk Committee of the Board. Beginning 1 January 2023, this internal Committee has evolved and been replaced by a Governance & Legal Services Department, comprised of nine full-time and two part-time staff, including six lawyers, which manages and has oversight of ClientEarth's governance, risk and compliance, legal services and litigation approvals and management.
- The risk of cyber-attack that results in loss of data. The GLG ensures cyber insurance is in place to support business interruption. There is a regular programme of activity to raise awareness of

cyber-threats, including phishing. In 2022, the organisation embarked on a digital transformation to improve the resilience and security of the organisation wide IT systems, including a move to a cloud environment and increased system and data monitoring and mobile device management which allows data on ClientEarth devices to be remotely deleted.

- The risk that our programmatic work leads to certain sensitive political and corporate actors seeking to damage our reputation maliciously through insider threats and other means. ClientEarth continues to review risks and threats on all initiatives prior to commencement and the political and security risk team has been strengthened. A crisis management plan is in place together with communications strategies together external support.

Other risks:

- Fraud risk: in May 2022, a whistle-blower employed by one of our partners raised concerns about financial management, which were fully investigated, reported to the relevant donors and regulatory bodies and resolved. This matter is now closed.
- Data breach risk: there were no reports of data breaches in 2022. There were several reported near misses, which were fully investigated and resulted in additional mitigation measures being adopted.
- Safeguarding: there were no safeguarding incidents reported in 2022.

Fundraising

2022 was - despite external challenges - a successful year in terms of fundraising. We met and exceeded our income target significantly as all our income channels held up and even outperformed expectations. Our most notable increase was in support from major donors. Both existing and new donors, relationships that we have cultivated mainly online and only in 2022 for the first time in real life since the start of the pandemic, gave generously, and increased support throughout the year. We were able to hold our first in-person events, in the summer for our 15th anniversary and then again in November, the first time in almost three years that we were able to gather our supporters. We attribute our fundraising success to the power of our work, our ongoing efforts to improve communications and feedback on our impact to donors, but also to the chance to reconnect in real life with many of our supporters, some of which met us for the first time this year.

Our grant-making foundations also continued to support our work across the different areas and with an 80% renewal rate, we have been able to retain many of these relationships for the foreseeable future. Whilst the cost-of-living crisis and the pandemic have put many pressures on our supporters, in 2022, we have been largely protected still from an impact on either the foundations or major donors who support us. We have however witnessed the first slowdown in the growth of our newest income channel, digital fundraising. Whilst income has still performed against target, it did so with a time lag, and we have as a result reduced our expectations and pressure on this income channel for the foreseeable future. We still see it however as an important income channel for our work and will continue to scale up and increase our online donor base.

Another highlight of the year was the culmination of the *Artists for ClientEarth* campaign, a series of auctions in collaboration with the Gallery Climate Coalition and Christie's. The last two auctions of the series took place in 2022 with support from Anthony Gormley and Beatriz Milhazes, who both generously

contributed pieces of art. Over two years, the campaign has raised just over £6m of unrestricted funds for ClientEarth, funds we have ringfenced in our designated income.

Donor cultivation was an ongoing focus throughout the year, we have improved and tailored our regular communications to donors and worked hard on improving our feedback. This ongoing effort will continue in 2023, as we continue to develop ways in which we make our work come to life for a wide range of supporters.

To reflect our global ambitions, we have also expanded and developed the team to reflect our new global structure, this includes a more streamlined philanthropy team. This team now also includes dedicated fundraisers for Germany and the US, both key income targets for the future. We also have submitted our registration to received DGR status in Australia as we continue to build our global footprint and expand our donor base. Our Grants team has also grown to reflect our increased portfolio size and also the complexity that a larger grants portfolio brings with it. As a result, we have recruited our first Grants Compliance Manager to ensure we continue to manage our existing grants in the best way possible.

2022 has undoubtedly been a challenge given the external environment, and we expect a lagging impact of cost of living and pandemic on our income in the coming months, but overall, we are glad to report that we have had a successful year across the board. The challenge will be how to continue on this trajectory.

Fundraising statement

ClientEarth employs an in-house development team, which specialises in philanthropy and grants fundraising. ClientEarth does not employ any third-party professional fundraisers (either individuals or organisations) and has no commercial partners contributing to fundraising efforts. ClientEarth is registered with the Fundraising Regulator. The charity has not received any complaints about fundraising activities. In addition to philanthropy and grants fundraising, ClientEarth offers members of the public the opportunity to donate through its website, and is committed to fundraising in a way that meets the expectations of the public and respects the rights of all individuals. ClientEarth has a statement of Donor Care in place that reiterates principles of donor care, accountability, transparency on use of funds and data use. ClientEarth also has a clear policy of complaint to ensure concerns or breaches are tackled efficiently and quickly.

People

Through 2022, we embarked on an ambitious redesign of our global operating structures. ClientEarth has grown rapidly in recent years and our existing organisation structure and ways of working were no longer serving us well. This process has involved strengthening our Executive Team by creating three new Chief Officer roles, as well as transitioning our Senior Leadership Team to become our Global Leadership Group – with representation from across all the regions we now work in globally. It has also involved restructuring our programme teams to have a more regional focus (but with joined up global strategic priorities), strengthening our local business services capacity and bringing in new digital systems to underpin how we work in this new model.

This transformation journey has involved making changes at all levels of the organisation and we have been supported by external consultants through the process. At the same time we transitioned from our

founding CEO, James Thornton, to our new CEO, Laura Clarke, who joined the organisation in September 2022.

Throughout this process we have been conscious of the inevitable stress and strain major organisational change creates for people within the organisation. We have continued to carry out regular pulse surveys through the period, run town halls and other engagement sessions, provide learning and development opportunities and offer wellbeing support. As our new model fully embeds in 2023, we hope that this will have beneficial effects on wellbeing and workload across the organisation, whilst at the same time further increasing our impact.

Remuneration

Attracting, retaining and motivating employees is critical to delivering on ClientEarth's mission. This is supported by a process which benchmarks our salary scales against similar roles generally within the charitable sector in the countries in which we work (most recently benchmarked in 2022). The organisation has an annual review process where performance against objectives is evaluated. Staff may be awarded an increase in pay if their scope of responsibility increases. The reviews and any pay awards are conducted in accordance with the policy framework agreed by the Remuneration Committee and within the salary budget agreed annually by the Board. The CEO's salary is set by the Remuneration Committee, a sub-committee of our Board of Trustees, and is approved by the whole Board. The Remuneration Committee also approves the salaries of the Executive Team and the Founder and President. The Committee includes specialists with significant organisational management expertise and knowledge, including in the charity sector.

Equity, diversity and inclusion (EDI)

ClientEarth is committed to achieving equity, diversity and inclusion across our organisation and through our work. We are working to realise this commitment through our People team, Global Staff EDI Committee, Executive Team and our Board (Trustee) EDI Committee. This gives us a strong infrastructure to drive forward the work, monitor progress and to hold ourselves accountable. In 2022, we rolled out a global unconscious bias training programme, partnering with a provider specialising in working with organisations with offices in multiple countries and in different languages.

In 2022, ClientEarth also provided placements for three people through the UK Government Kickstart Scheme, a DWP programme which provided employment for 18-24 year-olds on universal credit. The placements were successful and one person who worked with ClientEarth quickly found employment in the environmental sector.

ClientEarth was represented on an external EDI Group with a number of other environmental charities. In 2022, the group published the results of an EDI study in which ClientEarth participated and which was led by Wildlife and Countryside Link, demonstrating lack of diversity in the sector and setting out a road map to remedy the problem. We also became active in a similar, albeit more informal external group of environmental charities with offices in Brussels. 2022 also saw work begin on the development of our first long-term global EDI Strategy, based on extensive data collection. The strategy will be rolled out in 2023.

Financial review

In 2022, we secured income of £30,945k (2021: £28,320k), a growth of 9%. As in previous years, most of our income is in the form of restricted grants funding our charitable activities. These grants come from private foundations and governmental agencies, predominantly based in the UK, Europe and the USA, and are restricted to specific projects. In 2022, we successfully increased funding for the following charitable activities: Pollution and Health; Oceans and Wildlife protection; and Forests. We also received a further £1m of unrestricted income from the auctions of donated artwork through Artists for ClientEarth, which the Board voluntarily designated for charitable activities.

Total expenditure increased by 30% to £28,127k (2021: £21,636k) with increased charitable activities expenditure of 29%, primarily across key programmes: Rule of Law; Climate; and protecting Forests and Oceans. We continued to invest in organisational infrastructure including IT, and new office space for our growing teams in Spain and Berlin. Given the nature of our work, staff costs represent 56%, and consultancy services, sub-grants and litigation costs increased to 27% (2021: 22%) of our annual expenditure as Covid restrictions lifted and we were able to increase litigation activity.

In 2022, our fundraising performed above target for unrestricted income, resulting in an operating profit; we also benefited temporarily from unrealised exchange gains on cash and investments held in USD, ending the year with a higher than forecast unrestricted surplus of £2,614k (2021: £2,960k), which is added to Unrestricted Reserves.

Managing key financial risks

Financial resilience: over recent years, we have focused on diversifying income streams to reduce our reliance on key donors. We are making steady progress, with income from our Top 10 donors reducing to 56% of total (2021: 60%); our largest donor provided 25% of our total income (2021: 16%) including the renewal of a two-year grant for our work in Asia. In 2022, we continued to increase our profile and digital fundraising, and secured funding from new philanthropy and foundation donors. We continue to monitor our income mix as one of our key indicators. The three-year fundraising strategy approved by the Board in December 2021 focuses on growing unrestricted income faster than restricted income, to further strengthen financial resilience and support organisational growth, and we are meeting the targets set out in that strategy.

Economic environment: In 2022, like all organisations, we felt the impact of higher cost inflation, which we managed by adjusting inflation assumptions in our budget, carefully managing costs throughout the year to maintain costs at budgeted levels. Foreign exchange volatility, especially GBP against USD led to unrealised gains on exchange from re-valuation of bank balances, which were already un-winding in the last quarter of 2022; we mitigate against exchange risk by holding funds in the currency in which they are received (the donor currency) and are now benefiting from higher interest rates through short-term deposits with our bank. Economic instability also led to a fall in value of investments (see Investment Policy below). We continue to monitor this risk closely in 2023.

Financial regulatory compliance: as ClientEarth increases its global presence, expert advice is taken on specific governance and local regulatory compliance relevant to the jurisdictions in which we operate. In addition, accountants are appointed in these jurisdictions to file financial returns and provide advice. ClientEarth registered for VAT in the UK in 2021, prompted by the auction of donated artworks (a zero-rated supply) that took income over the UK VAT threshold; in addition, a provision was made in the 2021 accounts for a potential prior year VAT liability. The charity is currently working with HMRC to establish the final settlement.

Donor financial compliance and working with partners: we recognise the importance of compliance with donor financial reporting requirements and specific financial regulations. Our dedicated programme finance business partner team works closely with our grants management team to ensure compliance. We recognise that working third parties can increase this risk, and we manage this risk through our due diligence process, use of standard contract templates with the inclusion of donor-specific requirements, and on-going monitoring of partner activity and financial reports.

Investment policy

The primary investment objective is to maintain, and if possible, enhance the value of the invested funds so as to allow ClientEarth to effectively carry out its purposes in the future. A secondary objective is to provide ClientEarth with supplementary income to carry out its purposes effectively in the short term. As such, ClientEarth seeks the best financial return within an agreed level of risk and consistent with its charitable objects, values and programmatic objectives. Both capital and income may be used at any time for the furtherance of the charity's aims and therefore the portfolio is managed on a total return basis.

As a charity with broad environmental objects, we ensure that we act within the guidance of the Charity Commission on investment of charitable funds and in line with the High Court's decision in *Harries* - that trustees should not invest in companies engaged in a type of business that the trustees were satisfied would "conflict with the very objects their charity is seeking to achieve", even if it would be likely to result in significant financial detriment to the charity. ClientEarth therefore excludes from its investment portfolio businesses that cause significant harm to the environment or are detrimental to public health, as this would be in conflict with its charitable objects.

ClientEarth's core expertise is not in investments, so in March 2020 we appointed external investment managers Sarasin & Partners LLP (an authorised person within the meaning of the Financial Services and Markets Act 2000), who are delegated a discretionary mandate, in accordance with the charity's Articles of Association and the Trustee Act 2000. The investment manager is contractually bound to follow the instructions in the policy statement set out in our Investment Policy.

Trustees and key staff receive monthly reports on the performance of the investment portfolio, which are summarised in our Management Accounts. The Finance, Investment and Audit Committee carry out an annual review of performance against market benchmarks with Sarasin & Partners LLP, with interim reports to the Committee throughout the year. The original investment of \$16m in March 2020 had grown by the end of 2021 to just under \$19m but suffered significant losses during 2022 due to economic turmoil, recovering slightly to \$16.6m by the end of December 2022, plus a further \$3.5m invested in November 2022. We have not benefited as much from recent market improvements as these have largely been driven by oil and gas which are excluded from our portfolio. The trustees are satisfied that our investment managers took appropriate action to mitigate against this risk in a very volatile investment market.

The investment is carried at a fair value of £14.0m in the Balance Sheet (2021: £12.8m), including funds added during the year and unrealised gains on exchange of £1,683k which were unwinding towards the end of 2022. Of the total investment, £2,995k was held in liquid assets at the end of December 2022 (2021: £657k), due to the phasing of additional funds placed for investment.

Reserves policy

The charity's reserves policy considers the financial risks that the charity is exposed to and sets the target level of free reserves accordingly at 25% of annual operating expenditure (defined as total annual expenditure, less sub-grant and litigation costs, one-off provisions, and unrealised gains and losses). The target minimum level of free reserves at the end of 2022 increases to £6,045k (2021: £4,199k) due to planned increases in expenditure during the year. Reserves are held to cover unexpected falls in income, to provide bridging funding between grants, to provide rapidly deployable seed funding for new initiatives and to cover cash-flow needs, especially where grants are paid in arrears. As the organisation grows, we closely monitor our projected future target free reserves as well current requirements, to ensure financial stability over the medium term. In 2023, a proportion of unrestricted reserves will fund charitable activities and further investment in fundraising activities.

Overall Reserves at the end of 2022 were £36,044k (2021: £33,370k), made up of:

- Unrestricted Reserves
 - General Funds of £9,947k (2021: £7,333k), which after deducting £816k (2021: £962k) funds tied up in Fixed Assets leaves free reserves of £9,131k (2021: £6,371k)
 - Voluntarily Designated Reserves of £12,703k (2021: £12,827k)
- Restricted Reserves of £13,275k (2021: £13,210k)
- A new expendable Endowment fund of £119k (2021 nil) from an endowment gift in 2022

Reserves review

Unrestricted reserves

At the end of 2022, a net unrestricted surplus of £2,614k (2021: £2,960k) and a lower net book value of Fixed Assets of £816k (2021: £962k) together increased free reserves to £9,131k (2021: £6,371k). This strong performance enabled the charity to continue to meet its minimum free reserves target and budget for further growth in 2023 as we expand our global presence and increase impact through our programmes.

Designated reserves

At the end of 2019, the trustees resolved to designate £12,171k of the generous unrestricted Gilmour-Samson gift, to be used over the following five years to fight climate change and build the capacity of the organisation. During the year, £1,155k (2021: £923k) was spent on initiatives to support work tackling the most pressing environmental challenges including the transition to clean and sustainable energy systems in Europe and Asia, strengthening laws which protect marine ecosystems forests and organisational strengthening.

In 2022, trustees voluntarily designated £1,030k of unrestricted income raised from the final auctions under the Artists for ClientEarth campaign, a series of auctions in collaboration with the Gallery Climate Coalition and Christie's. These funds will support strengthening of public awareness of ClientEarth's work, income generation, delivery of a new strategy including changes to structure and programmes, and in programmes overall.

Over the period of our next five-year financial plan that accompanies our new strategic framework, total expenditure exceeds total income, as these funds are used according to the agreed designation.

Restricted reserves

We spent down restricted funds received in prior years, and secured new funding, finishing 2022 with a total balance of restricted funds of £13,275k (2021: £13,210k). Due to donor giving cycles, this includes grant funding received at the end of the financial year for charitable activities in 2023.

Based on the healthy reserves position and fundraising pipeline, the Trustees are satisfied that there are no material uncertainties in relation to going concern.

Trustees' responsibilities statement

The trustees (who are also directors of ClientEarth for the purposes of company law) are responsible for preparing the Trustees' Annual Report (including the Strategic Report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to the auditors

Insofar as each of the trustees of the charity at the date of approval of this report is aware, there is no relevant audit information (information needed by the charity's auditor in connection with preparing the audit report) of which the charity's auditor is unaware. Each trustee has taken all of the steps that they

should have taken as a trustee in order to make themselves aware of any relevant audit information and to establish that the charity’s auditor is aware of that information.

In approving the Trustees' Annual Report, we also approve the Strategic Report included therein, in our capacity as company directors.

On behalf of the board


.....
H Covington, Trustee

8 August 2023
.....
Date

Brussels Beijing Berlin London Warsaw Madrid Los Angeles Luxembourg

ClientEarth is an environmental law charity, a company limited by guarantee, registered in England and Wales, company number 02863827, registered charity number 1053988, registered office 10 Queen Street Place, London EC4R 1BE, a registered international non-profit organisation in Belgium, ClientEarth AISBL, enterprise number 0714.925.038, a registered company in Germany, ClientEarth gGmbH, HRB 202487 B, a registered non-profit organisation in Luxembourg, ClientEarth ASBL, registered number F11366, a registered foundation in Poland, Fundacja ClientEarth Poland, KRS 0000364218, NIP 701025 4208, a registered 501(c)(3) organisation in the US, ClientEarth US, EIN 81-0722756, a registered subsidiary in China, ClientEarth Beijing Representative Office, Registration No. G1110000MA0095H836. ClientEarth is registered on the EU Transparency register number: 96645517357-19. Our goal is to use the power of the law to develop legal strategies and tools to address environmental issues.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF CLIENTEARTH

Opinion

We have audited the financial statements of ClientEarth ('the charitable company') and its subsidiaries ('the group') for the year ended 31 December 2022 which comprise the Consolidated statement of financial activities, the Consolidated statement of financial position, Company statement of financial position, Consolidated statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 December 2022 and of the group's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's or the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and

INDEPENDENT AUDITOR'S REPORT (CONTINUED)**TO THE TRUSTEES OF CLIENTEARTH**

- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context for the UK operations were employment legislation, taxation legislation and anti-fraud, bribery

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF CLIENTEARTH

and corruption legislation. We also considered compliance with local legislation for the group's overseas operating segments.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of grant income, contract income and significant, one-off donation income, the completeness and valuation of provisions and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management and the Finance, Risk and Audit Committee about their own identification and assessment of the risks of irregularities, sample testing of funding received in the year and post year end to underlying documents, sample testing of year end balances for accrued and deferred income, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission, and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Tim Redwood
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London
Date: 10th August 2023

CLIENTEARTH

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 DECEMBER 2022

		Unrestricted funds General 2022 £	Unrestricted funds Designated 2022 £	Restricted funds 2022 £	Endowment funds 2022 £	Total 2022 £	Total 2021 £
	Notes						
<u>Income and endowments from:</u>							
Donations and legacies	3	6,874,324	-	2,076,638	118,660	9,069,622	6,041,684
Charitable activities	4	9,345	-	20,480,907	-	20,490,252	18,918,468
Other trading activities	5	1,036,500	-	-	-	1,036,500	3,065,981
Investments	6	233,817	-	-	-	233,817	191,209
Other income	7	28,273	-	86,151	-	114,424	103,226
Total income and endowments		8,182,259	-	22,643,696	118,660	30,944,615	28,320,568
<u>Expenditure on:</u>							
Raising funds		2,083,172	102,880	605,721	-	2,791,773	1,982,391
Charitable activities	9	2,310,570	1,051,735	21,972,486	-	25,334,791	19,653,118
Expenditure		4,393,742	1,154,615	22,578,207	-	28,126,564	21,635,509
Net gains/(losses) on investments		(144,515)	-	-	-	(144,515)	640,405
Net income before transfers		3,644,002	(1,154,615)	65,489	118,660	2,673,536	7,325,464
Gross transfers between funds		(1,030,000)	1,030,000	-	-	-	-
Net movement in funds		2,614,002	(124,615)	65,489	118,660	2,673,536	7,325,464
Fund balances at 1 January 2022		7,332,892	12,827,289	13,210,008	-	33,370,189	26,044,725
Fund balances at 31 December 2022		9,946,894	12,702,674	13,275,497	118,660	36,043,725	33,370,189

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

CLIENTEARTH

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Intangible assets	13		26,396		48,385
Tangible assets	14		789,885		913,508
Investments	15		14,017,332		13,538,543
			<u>14,833,613</u>		<u>14,500,436</u>
Current assets					
Debtors	16	2,916,194		7,329,033	
Investment cash		2,994,782		657,031	
Cash at bank and in hand		20,275,721		14,529,399	
		<u>26,186,697</u>		<u>22,515,463</u>	
Creditors: amounts falling due within one year	17	(3,533,585)		(2,202,710)	
Net current assets			<u>22,653,112</u>		<u>20,312,753</u>
Total assets less current liabilities			<u>37,486,725</u>		<u>34,813,189</u>
Provisions for liabilities	18		(1,443,000)		(1,443,000)
Net assets			<u><u>36,043,725</u></u>		<u><u>33,370,189</u></u>
Capital funds					
Endowment funds	22		118,660		-
Income funds					
Restricted funds	20		13,275,497		13,210,008
Unrestricted funds - Designated	21		12,702,674		12,827,289
Unrestricted funds - General			9,946,894		7,332,892
			<u><u>36,043,725</u></u>		<u><u>33,370,189</u></u>

The financial statements were approved and authorised for issue by the Board on 8 August 2023



H Covington (Chair)
Trustee

Company Registration No. 2863827

CLIENTEARTH

COMPANY STATEMENT OF FINANCIAL POSITION

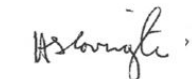
AS AT 31 DECEMBER 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Intangible assets	13		26,396		48,385
Tangible assets	14		716,465		842,276
Investments	15		14,017,333		13,538,543
			<u>14,760,194</u>		<u>14,429,204</u>
Current assets					
Debtors	16	2,619,387		7,007,211	
Investment cash		2,994,782		657,031	
Cash at bank and in hand		17,670,710		13,626,828	
		<u>23,284,879</u>		<u>21,291,070</u>	
Creditors: amounts falling due within one year	17	(2,228,775)		(1,818,515)	
Net current assets			<u>21,056,104</u>		<u>19,472,555</u>
Total assets less current liabilities			<u>35,816,298</u>		<u>33,901,759</u>
Provisions for liabilities	18		(1,443,000)		(1,443,000)
Net assets			<u><u>34,373,298</u></u>		<u><u>32,458,759</u></u>
Capital funds					
Endowment funds	22		118,660		-
Income funds					
Restricted funds			12,457,746		12,640,257
Unrestricted funds - Designated	21		12,702,675		12,827,289
Unrestricted funds - General			9,094,217		6,991,213
			<u><u>34,373,298</u></u>		<u><u>32,458,759</u></u>

A separate statement of the financial activities and income & expenditure accounts are not presented for the charity itself following the exemptions permitted by section 408 of the Companies Act 2006.

The total income for the charity for the period ended 31 December 2022 were £30,130,949 (2021: £27,720,382) with the positive movements in funds being £1,914,539 (2021: £7,364,964).

The financial statements were approved and authorised for issue by the Board on 8 August 2023



H Covington (Chair)
Trustee

Company Registration No. 2863827

CLIENTEARTH

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	£	2021 £	£
Cash flows from operating activities					
Cash generated from operations	28		8,905,804		5,703,362
Investing activities					
Purchase of tangible fixed assets		(109,930)		(825,475)	
Proceeds from disposal of tangible fixed assets		-		1,941	
Purchase of investments		(3,298,990)		(3,192,753)	
Proceeds from disposal of investments		2,353,372		3,050,963	
Investment income received		233,817		191,209	
Net cash used in investing activities			(821,731)		(774,115)
Net cash used in financing activities			-		-
Net increase in cash and cash equivalents			8,084,073		4,929,247
Cash and cash equivalents at beginning of year			15,186,430		10,257,183
Cash and cash equivalents at end of year			23,270,503		15,186,430

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

Charity information

ClientEarth is a private company limited by guarantee incorporated in England and Wales. The registered office is 10 Queen Street Place, London, EC4R 1BE. The principal place of business is The Joinery, 34 Drayton Park, London, N5 1PB.

1.1 Accounting convention

The accounts have been prepared in accordance with "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (published October 2019). The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The accounts have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

The trustees have reviewed the following to assess the going concern position of the charity:

- Comparison of free reserves (unrestricted funds) against the charity's reserves policy
- Restricted and Designated fund balances against budgeted future programme activities
- Information from budgets and forecasts for income, expenditure and cash flows
- The Board approved a 5 year financial plan that accompanies the new Strategic Framework. This focuses on continued financial resilience through investing to grow unrestricted income further, to improve the future funding mix; targeting growth in programme costs towards strategic priorities; and seeking efficiencies across key processes.

Based on this review, the trustees have reasonable expectation that the charity has adequate resources to continue in operation for the foreseeable future. The charity therefore continues to adopt the going concern basis in preparing its financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives unless the funds have been designated for other purposes.

Designated funds comprise unrestricted funds which have been voluntarily set aside at the discretion of the trustees for specific purposes. The purposes and uses of the designated funds are set out in the notes to the financial statements.

Restricted funds are subject to specific conditions by donors as to how they may be used. Restricted funds are classified in the notes to the accounts under the purpose for which they will be used.

Endowment funds are expendable endowment funds which are invested through our investment partner, and income generated is used to further charitable activities. The funds are invested through our investment partner, and income generated is used to further charitable activities.

1.4 Income

Income from grants and contracts are recognised at fair value when the charity has entitlement after any performance conditions have been met, it is probable that the income will be received and the amount can be measured reliably. If entitlement is not met then these amounts are deferred.

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

The charity is partially exempt for Value Added Tax and only charges VAT on income deemed business activities.

Grants received with both a restricted and unrestricted purpose are allocated on receipt directly into the correct fund.

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Expenditure is recognised in the period in which they are incurred.

Expenditure is allocated to the particular activity where the cost relates directly to that activity.

Support costs comprising the salary and overheads costs of the central function are apportioned to each activity on the following per capita basis:

Raising funds	13%
Rule of Law	13%
Climate	16%
Energy Transition	19%
Pollution & health	11%
Forests	12%
Oceans	8%
Wildlife	8%

2021 Comparatives

Raising funds	12%
Rule of Law	10%
Climate	16%
Energy Transition	21%
Pollution & health	12%
Forests	12%
Oceans	8%
Wildlife	9%

The charity is partially exempt for Value added tax and only claims VAT on expenditure relating to business activities.

Governance costs include all costs of compliance with constitutional and statutory requirements, including legal, audit fees and the costs of board meetings.

1.6 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Software	20% straight line

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.7 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Assets above the value of £1,000 are capitalised. Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Fixtures, fittings & equipment	20% straight line
Computers	20% straight line

1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits with banks, other investments with original maturities of three months or less, and bank overdrafts.

1.9 Financial instruments

The charity has applied the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.10 Provisions

Provisions are recognised when the charity has a legal or constructive present obligation as a result of a past event, it is probable that the charity will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

1.11 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which that entitlement is earned.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

The charity operates a defined contributions pension scheme. Contributions are charged in the accounts as they become payable in accordance with the rules of the scheme.

1.12 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to net income/(expenditure) for the year so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged as an expense on a straight line basis over the term of the relevant lease.

1.13 Foreign exchange

Transactions denominated in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. All gains / losses are recorded in income or expenditure as appropriate.

1.14 Basis of Consolidation

The consolidated financial statements incorporate those of ClientEarth and all of its subsidiaries (ie entities that the group controls through its power to govern and obtain benefits). Their results are consolidated on a line by line basis from the date that control passes.

All financial statements are made up to 31 December 2022. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation.

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

Judgement is required in applying the charity's policy on income recognition below and in estimating VAT provisions:

Income recognition

Income from grants are recognised at fair value when the charity has entitlement after any performance conditions have been met, it is probable that the income will be received and the amount can be measured reliably. If entitlement is not met then these amounts are deferred. Income from contracts are recognised in line with the expenditure against that contract as this is deemed the most accurate proxy for the performance conditions being met. Where such income is received in advance of delivering the goods or services required, the income is not recognised. Instead it is recognised as a liability (deferred income) until performance can be measured (based on spend).

VAT provisions

VAT provisions are estimated by undertaking an extensive analysis of all financial transactions from the effective date to the date of registration. All VAT rules according to the past and present legal obligation have been applied to get to a maximum figure for the provision. Any interest and penalties that may be due have also been considered when calculating the provision. A prudent approach has been adopted by assuming the maximum penalty could be applied. The charity is currently working with HMRC to establish the liability and as such the final settlement may differ from the provision.

3 Donations and legacies

	Unrestricted funds	Restricted funds	Endowment funds	Total
	2022 £	2022 £	2022 £	2022 £
Donations and gifts	6,874,324	2,076,638	118,660	9,069,622
For the year ended 31 December 2022	6,874,324	2,076,638	118,660	9,069,622
	2021 £	2021 £	2021 £	2021 £
Donations and gifts	4,417,024	1,624,660	-	6,041,684
For the year ended 31 December 2021	4,417,024	1,624,660	-	6,041,684

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

4 Income from Charitable Activities

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £
Analysis by fund						
Rule of law	854	3,550,262	3,551,116	-	3,832,489	3,832,489
Climate and the Paris agreement	3,633	4,440,284	4,443,917	23,041	4,838,159	4,861,200
Energy transition	690	4,628,316	4,629,006	-	4,315,471	4,315,471
Pollution & health	3,752	2,230,944	2,234,696	1,375	1,655,352	1,656,727
Forests	-	3,140,323	3,140,323	-	2,599,058	2,599,058
Oceans protection	-	1,304,153	1,304,153	-	936,052	936,052
Wildlife protection	416	1,186,625	1,187,041	-	717,471	717,471
	<u>9,345</u>	<u>20,480,907</u>	<u>20,490,252</u>	<u>24,416</u>	<u>18,894,052</u>	<u>18,918,468</u>

5 Other trading activities

	Unrestricted funds 2022 £	Unrestricted funds 2021 £
Trading activity income: Sale of goods	6,500	-
Trading activity income: Sale of donated goods	1,030,000	3,065,981
Other trading activities	<u>1,036,500</u>	<u>3,065,981</u>

Sale of goods

Income from the sale of photography prints through ClientEarth Trading.

Sale of donated goods

During the reporting period ClientEarth raised unrestricted income from a series of auctions held by Artists for ClientEarth.

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

6 Investments

	Unrestricted funds	Unrestricted funds
	2022	2021
	£	£
Income from listed investments	223,250	182,069
Interest receivable	10,567	9,140
	<u>233,817</u>	<u>191,209</u>

7 Other income

	Unrestricted funds	Restricted funds	Total	Unrestricted funds	Restricted funds	Total
	2022	2022	2022	2021	2021	2021
	£	£	£	£	£	£
Rental income	5,043	-	5,043	5,746	-	5,746
Litigation awards	-	52,459	52,459	152	31,206	31,358
Memberships	-	33,692	33,692	-	58,475	58,475
Other income	23,230	-	23,230	7,647	-	7,647
	<u>28,273</u>	<u>86,151</u>	<u>114,424</u>	<u>13,545</u>	<u>89,681</u>	<u>103,226</u>

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

8 Top Donors

Included within income are the following top ten donors:

	2022 £	2021 £
Children's Investment Fund Foundation (CIFF)	7,698,624	4,310,072
Bloomberg Philanthropies	1,638,317	1,424,427
Postcode Earth Trust	1,500,000	1,000,000
The Norwegian Agency for Development Cooperation (NORAD) - Norway's International Climate and Forest Initiative (NICFI)	1,014,529	997,323
AKO Foundation	1,750,000	-
Sequoia Climate Foundation	921,783	1,227,750
The Tilia Fund	820,518	-
European Climate Foundation (ECF)	639,559	896,825
UK Foreign, Commonwealth and Development Office (FCDO) - Forest Governance, Markets and Climate Programme (FGMC)	691,419	804,872
Arcadia	594,950	
Grantham Foundation and Trust	-	3,092,740
Rockefeller Philanthropy Advisors	-	570,320
John D. & Catherine T. MacArthur Foundation	-	539,596
Other donors	12,290,175	10,096,227
	<u>29,559,874</u>	<u>24,960,152</u>

Income from Grantham Foundation is represented by donations from Grantham Foundation for the Protection of the Environment and Jeremy and Hannelore Grantham Environmental Trust.

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

9 Charitable activities:

	Charitable activities without support and governance costs	Allocation of support costs	Allocation of governance costs	Total charitable activities
	2022	2022	2022	2022
	£	£	£	£
Raising Funds	2,406,945	384,828	-	2,791,773
Rule of Law	3,988,614	384,828	39,156	4,412,598
Climate	4,927,472	473,635	49,598	5,450,705
Energy Transition	4,567,793	562,442	57,429	5,187,664
Pollution & Health	2,254,239	325,624	31,325	2,611,188
Forests	3,438,289	355,226	36,546	3,830,061
Oceans	1,858,345	236,817	23,494	2,118,656
Wildlife	1,463,608	236,817	23,494	1,723,919
	24,905,305	2,960,217	261,042	28,126,564
	2021	2021	2021	2021
	£	£	£	£
Raising Funds	1,766,057	216,334	-	1,982,391
Rule of Law	2,487,942	180,278	7,621	2,675,841
Climate	3,618,110	288,445	13,164	3,919,719
Energy Transition	4,611,462	378,584	16,628	5,006,674
Pollution & Health	2,215,735	216,334	9,700	2,441,769
Forests	2,275,922	216,334	9,007	2,501,263
Oceans	1,458,395	144,223	6,235	1,608,853
Wildlife	1,329,823	162,250	6,926	1,498,999
	19,763,446	1,802,782	69,281	21,635,509

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

10 Other expenditure

The results for the year are stated after charging:

	2022 £	2021 £
Depreciation	233,553	163,823
Amortisation	21,989	23,746
	<u> </u>	<u> </u>
Rent payable under operating leases		
Land and buildings	757,060	588,797
Equipment	12,462	6,285
	<u> </u>	<u> </u>
Fees payable to the charity's auditor and associates:		
Audit of the charity's annual accounts	40,320	33,600
	<u> </u>	<u> </u>
Non-audit services		
Other assurance services	2,520	-
	<u> </u>	<u> </u>

11 Trustees

None of the trustees (or any persons connected with them) received any remuneration during the year. During the year £nil (2021: £nil) of expenses were reimbursed to trustees.

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

12 Employees

Number of employees

The average monthly number employees during the year was 263 (2021: 229)

The average FTE employees employed during the year was:

	2022 Number	2021 Number
Raising Funds	34	28
<i>Charitable Activities</i>		
Rule of Law	28	18
Climate	36	31
Energy	40	40
Health	23	24
Forests	26	22
Oceans	17	15
Wildlife	18	17
Support	37	28
Governance	1	-
	<u>260</u>	<u>223</u>

Employment costs

	2022 £	2021 £
Wages and salaries	13,560,126	10,748,767
Social security costs	834,859	650,853
Other pension costs	434,570	318,738
Other employment related costs and temps	993,203	461,107
Holiday pay accrual	147,460	281,461
	<u>15,970,218</u>	<u>12,460,926</u>

During the year termination or redundancy payments of £29,590 (2021: £nil) were recognised in accordance with the charity's accounting policy.

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

12 Employees

(Continued)

The number of employees whose annual remuneration was £60,000 or more were:

	2022 Number	2021 Number (restated)
£ 60,000 - £ 70,000	22	10
£ 70,001 - £ 80,000	10	5
£ 80,001 - £ 90,000	5	7
£ 90,001 - £100,000	1	1
£100,001 - £110,000	1	-
£110,001 - £120,000	3	1
£120,001 - £130,000	1	2
£140,001 - £150,000	1	-
£200,001 - £210,000	1	-
£260,001 - £270,000	-	1
	<u> </u>	<u> </u>

The comparative figures have been amended to reflect the secondment of the CEO to ClientEarth US which was funded by ClientEarth UK.

Pension contributions for employees whose annual remuneration was £60,000 or more amounted to £144,612 (2021: £79,218)

Remuneration of key management personnel

The key management personnel of ClientEarth is comprised of the Executive Team: CEO, Deputy CEO, CFO, and the newly created roles of Chief External Affairs Officer and Chief Programmes & Impact Officer (2021: CEO, Deputy CEO and CFO). In September 2022, our new CEO took up her post, and our founding CEO stepped down and transitioned into a new Founder and President role. This new role is not part of the Executive Team, so is not included in key management personnel. The remuneration of key management personnel is as follows.

	2022 £	2021 £ (restated)
Salary	590,108	455,608
Employers national insurance	77,753	59,320
Pension contributions	31,129	16,792
	<u> </u>	<u> </u>
	698,990	531,720
	<u> </u>	<u> </u>

The comparative figures have been amended to reflect the secondment of the CEO to ClientEarth US which was funded by ClientEarth UK.

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

13 Intangible fixed assets

	Software £
Cost	
At 1 January 2022 and 31 December 2022	118,738
Amortisation and impairment	
At 1 January 2022	70,353
Amortisation charged for the year	21,989
At 31 December 2022	92,342
Carrying amount	
At 31 December 2022	26,396
At 31 December 2021	48,385

14 Tangible fixed assets

	Leasehold improvements £	Fixtures, fittings & equipment £	Computers £	Total £
Cost				
At 1 January 2022	764,679	101,284	406,882	1,272,845
Additions	74,509	32,861	2,560	109,930
At 31 December 2022	839,188	134,145	409,442	1,382,775
Depreciation and impairment				
At 1 January 2022	68,100	49,764	241,473	359,337
Depreciation charged in the year	155,910	19,505	58,138	233,553
At 31 December 2022	224,010	69,269	299,611	592,890
Carrying amount				
At 31 December 2022	615,178	64,876	109,831	789,885
At 31 December 2021	696,579	51,520	165,409	913,508

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

15 Fixed asset investments

	Listed investments £
Valuation	
At 1 January 2022	13,538,543
Additions at cost	3,298,990
Unrealised gains/(losses) on investments	(256,089)
Disposals at opening market value	(2,564,112)
At 31 December 2022	14,017,332
Carrying amount	
At 31 December 2021	13,538,543

16 Debtors

	2022 £	2021 £
Amounts falling due within one year:		
GROUP		
Other debtors	300,629	341,262
Prepayments and accrued income	2,615,565	6,987,771
	2,916,194	7,329,033
PARENT CHARITY		
Other debtors	253,744	245,012
Prepayments and accrued income	2,365,643	6,762,199
	2,619,387	7,007,211

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

17 Other creditors falling due within one year

	2022 £	2021 £
GROUP		
Trade creditors	1,053,565	658,415
Other creditors	430,047	226,197
Accruals and deferred income	1,452,123	764,205
Other taxation and social security	597,850	553,893
	<u>3,533,585</u>	<u>2,202,710</u>
PARENT CHARITY		
Trade creditors	822,968	578,127
Other creditors	529,973	569,392
Accruals and deferred income	632,478	365,196
Other taxation & social security	243,356	305,800
	<u>2,228,775</u>	<u>1,818,515</u>

18 Provisions

	2022 £	2021 £
VAT provisions	<u>1,443,000</u>	<u>1,443,000</u>

ClientEarth registered for UK VAT on 16 September 2021. As the charity should have registered sooner due to the impact of reverse charges a VAT liability provision was added to 2021 accounts. The charity is currently working with HMRC to establish final liability.

19 Retirement benefit schemes

ClientEarth operates defined contribution pension schemes for staff in the UK and Belgium. These schemes match employee contributions up to a maximum of 5% of pensionable salary and staff are automatically enrolled into the relevant scheme in line with government legislation. No employees receive benefits under a defined benefit pension scheme. The assets of the schemes are held separately from those of the charity in independently administered funds.

The charge to profit or loss in respect of defined contribution schemes was £431,037 (2021: £318,738).

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

20 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

Group	Movement in funds			
	Balance at 1/1/2022	Income	Expenditure	Balance at 31/12/22
	£	£	£	£
Rule of Law	3,049,988	2,769,602	(3,187,675)	2,631,915
Children's Investment Fund Foundation	-	50,000	(50,000)	-
Grantham Foundation for the Protection of the Environment	869,346	(3,500)	(119,232)	746,614
Jeremy and Hannelore Grantham Environmental Trust	750,114	-	(559,726)	190,388
Bloomberg Philanthropies	84,368	321,072	(263,412)	142,028
John D. & Catherine T. MacArthur Foundation	363,895	438,424	(662,776)	139,543
Postcode Earth Trust	-	54,878	(54,878)	-
European Union via Gesellschaft für Organisation, Planung und Ausbildung mbH (GOPA)	-	179,730	(185,285)	(5,555)
Department for Business, Energy and Industrial Strategy	(164,267)	164,776	(509)	-
Sequoia Climate Foundation	665,164	916,213	(592,021)	989,356
The William and Flora Hewlett Foundation	185,081	207,983	(208,939)	184,125
The Waterloo Foundation	40,000	40,000	(40,000)	40,000
Esmée Fairbairn Foundation	39,009	250,000	(270,523)	18,486
Other restricted funds	217,278	150,026	(180,374)	186,930
Climate and the Paris agreement	3,342,698	3,750,115	(4,273,426)	2,819,387
Children's Investment Fund Foundation	1,292,339	2,595,587	(2,636,862)	1,251,064
Grantham Foundation for the Protection of the Environment	1,027,921	(3,500)	(277,807)	746,614
Jeremy and Hannelore Grantham Environmental Trust	750,114	-	(228,280)	521,834
Postcode Earth Trust	-	450,000	(395,808)	54,192
Other restricted funds	272,324	708,028	(734,669)	245,683
Energy Transition	1,808,109	4,051,711	(4,160,561)	1,699,259
Children's Investment Fund Foundation	34	1,060,745	(1,060,745)	34
Bloomberg Philanthropies	986,704	1,202,468	(1,261,726)	927,446
European Climate Foundation	23,070	466,112	(507,981)	(18,799)
Sequoia Climate Foundation	609,644	5,569	(615,213)	-
Postcode Earth Trust	-	225,000	(225,000)	-
The Tilia Fund	-	415,870	(210,608)	205,262
Other restricted funds	188,657	675,947	(279,288)	585,316
Pollution and Health	439,340	1,892,123	(1,860,025)	471,438
Children's Investment Fund Foundation	3,457	547,334	(547,334)	3,457
Bloomberg Philanthropies	78,869	114,777	(147,942)	45,704
European Climate Foundation	193,026	173,447	(363,435)	3,038
Postcode Earth Trust	-	399,000	(275,091)	123,909
Other restricted funds	163,988	657,565	(526,223)	295,330
Sub total	8,640,135	12,463,551	(13,481,687)	7,621,999

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

20 Restricted funds

(Continued)

	Balance at 1/1/2022	Income	Expenditure	Balance at 31/12/2022
	£	£	£	£
Brought forward from previous page	8,640,135	12,463,551	(13,481,687)	7,621,999
Forests	1,331,617	3,461,366	(3,053,046)	1,739,937
The Norwegian Agency for Development Cooperation (Norad) - Norway's International Climate and Forest Initiative (NICFI)	627,035	1,014,529	(985,281)	656,283
UK Foreign, Commonwealth and Development Office (FCDO) - Forest Governance, Markets and Climate Programme (FGMC)	231,273	691,419	(922,692)	-
Palladium – The UK Foreign, Commonwealth and Development Office's (FCDO's) Multi-stakeholder Forest Governance and Accountability Project (MFGAP)	(143)	91,908	(91,765)	-
EU Directorate-General for Migration and Home Affairs	103,216	(1,924)	1,924	103,216
Postcode Earth Trust	-	490,722	(246,162)	244,560
The Tilia Fund	-	404,648	(117,379)	287,269
Other restricted funds	370,236	770,064	(691,691)	448,609
Oceans	294,963	1,607,382	(1,550,712)	351,633
Children's Investment Fund Foundation	(7,969)	128,000	(119,192)	839
Rockefeller Philanthropy Advisors	89,324	451,711	(479,725)	61,310
Postcode Earth Trust	-	130,006	(130,006)	-
Other restricted funds	213,608	897,665	(821,789)	289,484
Wildlife	692,390	1,403,547	(1,430,499)	665,438
Grantham Foundation for the Protection of the Environment	63,261	230,489	(305,207)	(11,457)
Arcadia	396,149	594,950	(498,627)	492,472
Postcode Earth Trust	-	132,688	(132,688)	-
Other restricted funds	232,980	445,420	(493,977)	184,423
International Trade	-	177,686	(158,589)	19,097
Children's Investment Fund Foundation	-	20,000	(903)	19,097
Postcode Earth Trust	-	66,974	(66,974)	-
Other restricted funds	-	90,712	(90,712)	-
Strategic Climate Litigation (redistributed across Climate, Energy and Pollution and Health)	1,627,692	2,273,647	(1,866,750)	2,034,589
Children's Investment Fund Foundation	300,709	3,152,757	(1,932,538)	1,520,928
Postcode Earth Trust	1,000,000	(931,569)	(1,371)	67,060
Other restricted funds	326,983	52,459	67,159	446,601
Restricted core grants (redistributed across all charitable activities above)	623,211	1,256,515	(1,036,924)	842,802
Children's Investment Fund Foundation	83,364	144,201	(212,566)	14,999
Postcode Earth Trust	-	482,300	(435,316)	46,984
Other restricted funds	539,847	630,014	(389,042)	780,819
Total	13,210,008	22,643,694	(22,578,207)	13,275,495

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

20 Restricted funds (comparative figures)

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

Group	Movement in funds				
	Balance at 1/1/2021	Income	Expenditure	Reclassification	Balance at 31/12/21
	£	£	£	£	£
Rule of Law	1,719,777	3,793,322	(2,428,280)	(34,831)	3,049,988
Children's Investment Fund Foundation	270,249	(75,182)	(195,067)	-	-
Grantham Foundation for the Protection of the Environment	750,227	706,701	(587,582)	-	869,346
Jeremy and Hannelore Grantham Environmental Trust via ClientEarth USA Inc	-	750,114	-	-	750,114
Bloomberg Philanthropies	-	151,863	(67,495)	-	84,368
Rockefeller Philanthropy Advisors	-	145,436	(145,436)	-	-
John D. & Catherine T. MacArthur Foundation	14,681	539,596	(190,382)	-	363,895
European Union via Gesellschaft für Organisation, Planung und Ausbildung mbH (GOPA)	2,038	128,211	(130,249)	-	-
Department for Business, Energy and Industrial Strategy	-	121,803	(286,070)	-	(164,267)
UN Sustainable Development Solutions Network Association	(8,982)	24,595	(15,613)	-	-
Sequoia Climate Foundation	-	665,164	-	-	665,164
The William and Flora Hewlett Foundation	-	185,081	-	-	185,081
The Waterloo Foundation	25,255	40,000	(25,255)	-	40,000
Esmée Fairbairn Foundation	-	300,000	(260,991)	-	39,009
Other restricted funds	666,309	109,940	(524,140)	(34,831)	217,278
Climate and the Paris agreement	1,017,828	4,094,557	(2,171,864)	402,177	3,342,698
Children's Investment Fund Foundation	203,649	2,183,974	(1,497,461)	402,177	1,292,339
Grantham Foundation for the Protection of the Environment	750,227	706,701	(429,007)	-	1,027,921
Jeremy and Hannelore Grantham Environmental Trust via ClientEarth USA Inc	-	750,114	-	-	750,114
Other restricted funds	63,952	453,768	(245,396)	-	272,324
Energy Transition	1,082,626	2,959,501	(2,234,018)	-	1,808,109
Children's Investment Fund Foundation	216,365	409,425	(625,756)	-	34
Bloomberg Philanthropies	(21,935)	1,066,131	(57,492)	-	986,704
European Climate Foundation	73,022	505,258	(555,210)	-	23,070
Sequoia Climate Foundation	579,482	562,586	(532,424)	-	609,644
European Union Horizon 2020	(8,307)	24,609	(16,302)	-	-
Other restricted funds	243,999	391,492	(446,834)	-	188,657
Pollution and Health	245,636	1,014,362	(820,658)	-	439,340
Children's Investment Fund Foundation	103,066	56,423	(156,032)	-	3,457
Bloomberg Philanthropies	-	78,869	-	-	78,869
European Climate Foundation	-	391,567	(198,541)	-	193,026
Other restricted funds	142,570	487,503	(466,085)	-	163,988
Sub total	4,065,867	11,861,742	(7,654,820)	367,346	8,640,135

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

20 Restricted funds (comparative figures)

(Continued)

	Balance at 1/1/2021	Income	Expenditure	Reclassification	Balance at 31/12/2021
	£	£	£	£	£
Brought forward from previous page	4,065,867	11,861,742	(7,654,820)	367,346	8,640,135
Forests	448,271	2,870,262	(1,986,916)	-	1,331,617
The Norwegian Agency for Development Cooperation (Norad) - Norway's International Climate and Forest Initiative (NICFI)	-	997,323	(370,288)	-	627,035
UK Foreign, Commonwealth and Development Office (FCDO) - Forest Governance, Markets and Climate Programme (FGMC)	-	804,872	(573,599)	-	231,273
Palladium – The UK Foreign, Commonwealth and Development Office's (FCDO's) Multi-stakeholder Forest Governance and Accountability Project (MFGAP)	235,460	70,190	(305,793)	-	(143)
EU Directorate-General for Migration and Home Affairs	6,460	4,980	(11,440)	-	-
European Forest Institute	-	28,043	(28,043)	-	-
Food and Agriculture Organization	-	50,000	(50,000)	-	-
European Forest Institute	2,449	6,463	(8,912)	-	-
Other restricted funds	203,902	908,391	(638,841)	-	473,452
Oceans	250,842	1,255,931	(1,211,810)	-	294,963
Children's Investment Fund Foundation	-	-	(7,969)	-	(7,969)
Rockefeller Philanthropy Advisors	-	424,885	(335,561)	-	89,324
Other restricted funds	250,842	831,046	(868,280)	-	213,608
Wildlife	622,111	1,229,892	(1,159,613)	-	692,390
Grantham Foundation for the Protection of the Environment	63,753	179,109	(179,601)	-	63,261
Arcadia	358,337	450,303	(412,491)	-	396,149
Other restricted funds	200,021	600,480	(567,521)	-	232,980
Strategic Climate Litigation (redistributed across Climate, Energy and Pollution and Health)	2,317,917	2,775,799	(3,098,678)	(367,346)	1,627,692
Children's Investment Fund Foundation	2,076,307	1,567,029	(2,940,450)	(402,177)	300,709
Bloomberg Philanthropies	14,235	127,564	(141,799)	-	-
Postcode Earth Trust	-	1,000,000	-	-	1,000,000
Other restricted funds	227,375	81,206	(16,429)	34,831	326,983
Restricted core grants (redistributed across all charitable activities above)	438,768	614,767	(430,324)	-	623,211
Children's Investment Fund Foundation	-	168,403	(85,039)	-	83,364
European Climate, Infrastructure & Environment Executive Agency (CINEA)	5,127	187,677	(192,804)	-	-
Other restricted funds	433,641	258,687	(152,481)	-	539,847
Total	8,143,776	20,608,393	(15,542,161)	-	13,210,008

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

21 Designated funds

Gilmour-Samson gift

During the year, the previously designated funds were spent on initiatives to support work tackling the most pressing environmental challenges including supporting the transition to clean and sustainable energy systems in Europe and Asia, strengthening laws which protect marine ecosystems, forests and organisational strengthening. The intention is to use the remaining funds over the period to December 2026 for similar purposes.

Lottery income

The final balance on this fund was set aside for an iconic case that has now been launched in 2023.

Artists for ClientEarth

At the end of the 2021 reporting period, trustees voluntarily designated unrestricted income raised from the auctions held by Artists for ClientEarth to be spent in the next five years. These funds will support strengthening of public awareness of ClientEarth's work, income generation, delivery of a new strategy including changes to structure and programmes, and in programmes overall, and will be spent over the next 5 years. In 2022 a further £1,030,000 of unrestricted income from the auctions of donated artwork was voluntarily designated for charitable activities to fight climate change.

	Balance at 1 January 2022	Expenditure	Transfers	Balance at 31 December 2022
	£	£	£	£
Gilmour-Samson gift - targeted projects	9,261,308	(1,154,615)	-	8,106,693
Artists for ClientEarth - targeted projects	3,065,981	-	1,030,000	4,095,981
Lottery income - targeted projects	500,000	-	-	500,000
	<u>12,827,289</u>	<u>(1,154,615)</u>	<u>1,030,000</u>	<u>12,702,674</u>

	Balance at 1 January 2021	Expenditure	Transfers	Balance at 31 December 2021
	£	£	£	£
Gilmour-Samson gift - targeted projects	11,504,741	(923,349)	(1,320,084)	9,261,308
Artists for ClientEarth - targeted projects	-	-	3,065,981	3,065,981
Lottery income - targeted projects	2,023,742	(1,523,742)	-	500,000
	<u>13,528,483</u>	<u>(2,447,091)</u>	<u>1,745,897</u>	<u>12,827,289</u>

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

22 Endowment funds

Balance at 31 December 2021	Income	Expenditure	Balance at 31 December 2022
£	£	£	£
-	118,660	-	118,660

During 2022 ClientEarth received its first endowment gift, enabling the Board to create an expendable endowment fund to which future gifts may be added. The funds are invested through our investment partner, and income generated is used to further charitable activities.

23 Analysis of net assets between funds

[illegible]

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

24 Operating lease commitments

At the reporting end date the charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2022 £	2021 £
Within one year	764,589	438,819
Between two and five years	2,360,913	2,101,083
	<u>3,125,502</u>	<u>2,539,902</u>

25 Related party transactions

During the year the charity received the following grants from organisations connected to trustees:

Organisation	Related Trustee	2022 £	2021 £
Children's Investment Fund Foundation (CIFF)	Sonia Medina	6,366,814	4,310,072
The Aurora Trust	Sarah Butler-Sloss	-	120,834
Coldplay	Brian Eno	250,000	250,000
Prospect Hill Foundation	Frances Beinecke	16,635	-
EarthPercent	Bian Eno	15,000	-
The McIntosh Foundation	Winsome Dunn McIntosh	118,660	7,165
The Aurora Trust, the JJ Charitable Trust and the Mark Leonard Trust	Sarah Butler-Sloss		
		120,834	-
The Savitri Waney Charitable Trust	Devika Waney	50,389	-
		<u>6,938,332</u>	<u>4,688,071</u>

During the year the charity received donations totalling £36,700 (2021: £184,246) from trustees. There were no conditions attached to these which would, or might, require the charity to alter significantly the nature of its existing activities.

During the year the charity made a donation of €nil (2021: €20,000) to ClientEarth – ANWÄLTE DER ERDE. Members of ClientEarth – ANWÄLTE DER ERDE include trustees and members of the executive team of the charity.

During the year sub-grants of \$472,433 (2021: \$125,000) were given to ClientEarth USA Inc. During the year the charity also received income of £2,048,436 (2021: £2,212,993) from ClientEarth USA Inc., which represents direct grants or grants and donations from foundations and major donors via the US entity. Some trustees of the charity are also members of the board of ClientEarth USA Inc.

During the year travel costs of £1,062 (2021: £nil) were paid for the husband of the CEO in connection with an event and during 2021 an amount of \$10,000 was also paid for editing services.

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

26 Associates

Details of the charity's associates at 31 December 2022 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held
Climate Transition Expert Group Limited	England & Wales	Dormant	Ordinary	33

27 Subsidiaries

The following subsidiaries are all charitable entities with no share capital, and are all consolidated in these accounts.

Details of the charity's subsidiaries at 31 December 2022 are as follows:

Name of undertaking	Registered office	Nature of business	% Held
ClientEarth France	86, boulevard Raspail, 75006 Paris, France	Dormant	100.00
ClientEarth AISBL	1050 Bruxelles, Rue du Trone 60, Belgium	Charity	100.00
ClientEarth gGmbH	Objekt Albrechtstrasse 22, 10117 Berlin, Germany	Charity	100.00
Fundacja ClientEarth Prawnicy dla Ziemi (ClientEarth Poland)	Zurawia 45 (staircase B, 2nd floor), 00-680 Warsaw, Poland	Charity	100.00
ClientEarth ASBL	17 Route d'Arlon, L-8009 Strassen, Luxembourg	Charity	100.00
ClientEarth Trading Ltd	The Joinery, 34 Drayton Park, London, N5 1PB	Trading	100.00

ClientEarth Trading Ltd is exempt from audit under section 479A of the Companies Act 2006.

The results of the non dormant subsidiaries are as follows:

Name of undertaking	Company number	External income	Funding from head office	Expenditure	Surplus/ Deficit	Reserves
ClientEarth AISBL	0714.925.038	363,054	5,584,650	(4,973,195)	974,509	1,013,609
ClientEarth gGmbH	HRB 202487 B	466,818	659,110	(1,378,077)	(252,149)	480,044
ClientEarth Poland	KRS 0000364218	3,160	1,561,903	(1,528,458)	36,605	146,399
ClientEarth ASBL	20176102110	60,353	-	(56,644)	3,709	34,051
ClientEarth Trading	13095280	6,500	-	(10,177)	(3,677)	(3,676)

Comparatives for 2021

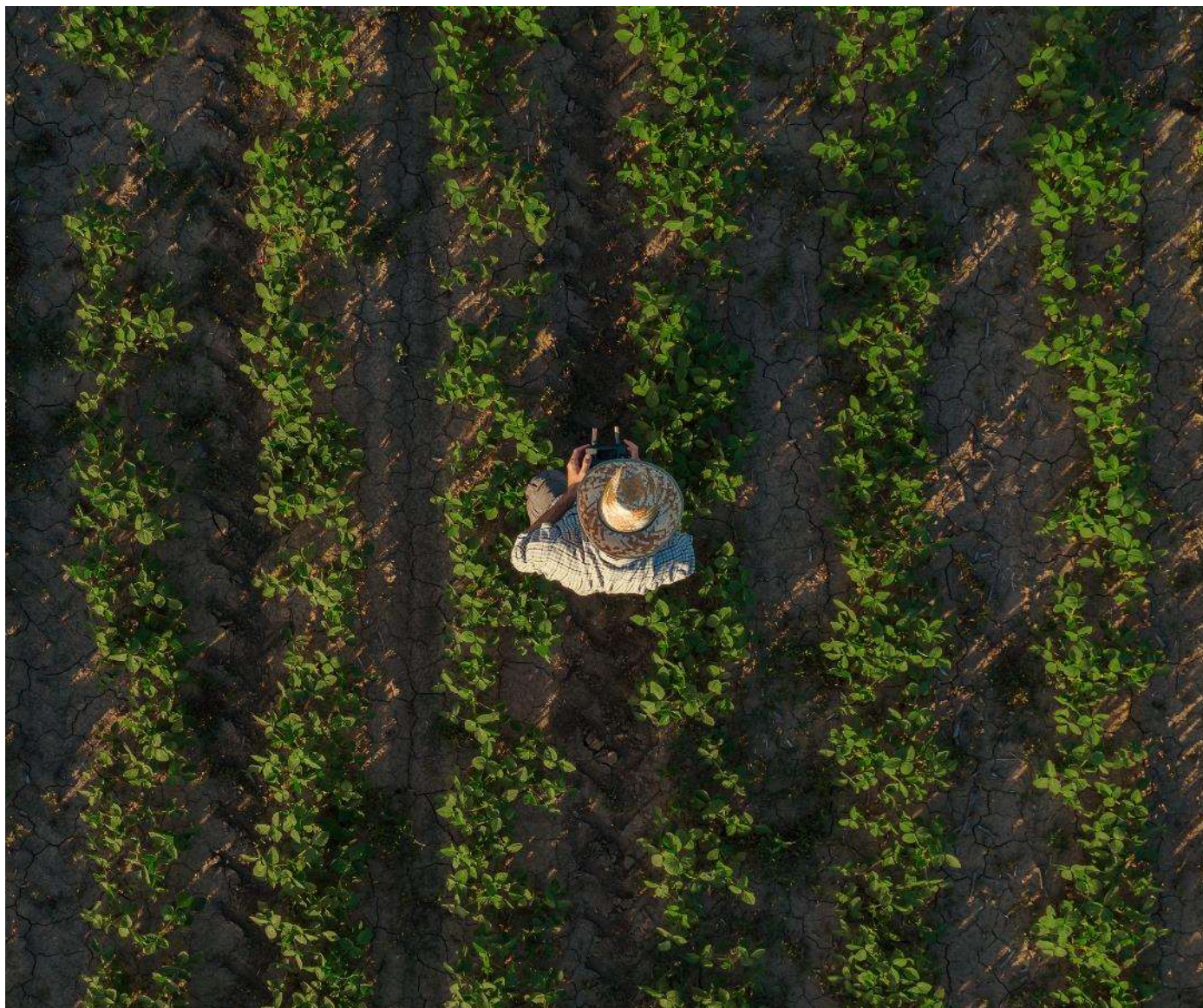
Name of undertaking	Company number	External income	Funding from head office	Expenditure	Surplus/ Deficit	Reserves
ClientEarth AISBL	0714.925.038	117,112	3,425,779	(3,870,504)	(327,613)	39,100
ClientEarth gGmbH	HRB 202487 B	472,382	451,435	(732,277)	191,540	732,192
ClientEarth Poland	KRS 0000364218	692	1,190,575	(1,140,115)	51,152	109,794

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

27	Subsidiaries	(Continued)					
	ClientEarth ASBL 20176102110	-	166,025	(120,606)	45,419	30,343	
	ClientEarth Trading 13095280	-	-	-	-	-	
28	Cash generated from operations				2022	2021	
					£	£	
	Surplus for the year				2,673,536	7,325,464	
	Adjustments for:						
	Investment income recognised in statement of financial activities				(233,817)	(191,209)	
	Fair value gains and losses on investments				144,515	(640,405)	
	Foreign exchange differences on investments				(1,360,657)	-	
	Depreciation and impairment of tangible fixed assets				255,542	187,570	
	Movements in working capital:						
	Decrease/(increase) in debtors				4,412,839	(3,460,844)	
	Increase in creditors				1,330,875	1,039,786	
	(Decrease) in provisions				-	1,443,000	
	Cash generated from operations				7,222,833	5,703,362	

Accounts



Annual Report and Financial Statements

For the year ended 31 December 2021

Charity Registration no. 1053988

Company Registration no. 2863827 (England and Wales)

CLIENTEARTH

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	H Covington (Chair)	
	G Stratenwerth (Treasurer)	
	F Beinecke	
	H Bruhn	
	S Butler-Sloss	
	B Eno	
	S Hockman	(Resigned 2 March 2022)
	P Joubert	
	W McIntosh	
	S Medina Gomez	
	D Mokhtarzadeh	
	A Razzouk	
	Sir Martin Smith	
	J Kaufelt	(Appointed 2 December 2021)
	Dr E Ugirashebuja	(Resigned 4 November 2021)
Charity number	1053988	
Company number	2863827	
Principal address	The Joinery 34 Drayton Park London N5 1PB	
Registered office	10 Queen Street Place London EC4R 1BE	
Auditor	Crowe U.K. LLP 55 Ludgate Hill London EC4M 7JW	

CLIENTEARTH

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ClientEarth Trustees' Report (including Directors' and Strategic Report) For the year ended 31 December 2021

The trustees (who are also the directors of ClientEarth for the purposes of company law) present their report and accounts for the period ended 31 December 2021. The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the Companies Act 2006 and the Statement of Recommended Practice, 'Accounting and Reporting by Charities', FRS102 (effective 1 January 2015).

The charity is a company limited by guarantee and is governed by its memorandum and articles of association. The trustees, who are also the directors for the purpose of company law, who served during the period, are listed on page 1.

Introduction from the Chair

ClientEarth has grown quickly and managed successfully to scale-up its work of using the law to protect life on earth. It is now well along the path from being a small but impactful organisation to becoming one with global reach.

Last year, to address the challenges of both our increasing reach and our rapid growth, we started a number of projects to make sure we are as fit as possible to deliver increasing impact in the critical years ahead for our planet. We have been very busy delivering these alongside our growing programmatic work.

A new strategic framework was developed during 2021 and signed-off by the trustees in April 2022. This will take full effect from January 2023. It will help guide our work over the next five years and focus our minds on how to drive the systemic change that the law can deliver and which the planet so urgently needs. As part of that work, we updated our organisational values to ensure that we remain true to what we believe in and that we maintain a strong ClientEarth culture right across our organisation. We also began work on a new organisational design.

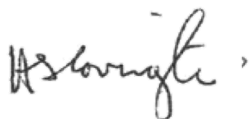
During the balance of this year, we will implement the strategic framework, the updated values and the new organisational design. These changes will put us in great shape to deliver against our mission in coming years.

Towards the end of last year, the trustees began the search for a new chief executive to take over executive responsibility from our founding chief executive, James Thornton, when he moves into the new position of President and Founder in the Autumn. We ran a thorough recruitment process, and received applications from a strong group of candidates. I am delighted with the outcome and expect to be able to announce our new chief executive within a few weeks.

Most of the work I have just described took place while covid restrictions were in place. Our teams were working remotely and sometimes in challenging personal circumstances. I want to thank our staff for the enormous effort they have made and the resilience they have shown in delivering their work in such difficult circumstances.

This is James Thornton's last year as ClientEarth's chief executive. James is a poet, a strategic thinker, a great lawyer, an entrepreneur and an inspiring leader. His contribution to creating ClientEarth, and to building it into an environmental legal powerhouse, cannot be overstated. In his new role as President and Founder, James will be liberated from the daily burdens of executive office and will be free to explore new ways of using the law for the benefit of the people and the planet. We look forward enormously to having James alongside us as ClientEarth continues its great progress.

Howard Covington, Chair



Entering a new phase – a note from CEO and Founder, James Thornton

This is a key year for ClientEarth and its journey. We prepare for our future by making carefully considered transformations to our structure. Our Chair, Howard Covington has reflected on them above. As we mark our 15th anniversary, we will also take time to reflect on what we have achieved so far.

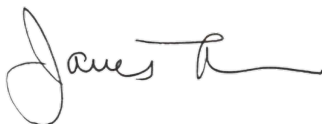
We have come a long way in those 15 years – back in 2007 I was the only employee, working from a laptop in a corner of my bedroom in North London. Today we have grown to an organisation of more than 260 people, with a staff from over 30 countries, and with offices in Europe, Asia and the Americas. More importantly, though, our work and the impact that we are having on our mission has grown enormously in that time. We have helped to transition Europe away from its reliance on coal and we are now working to do the same in Asia. We have played an important role in protecting critical habitats and wildlife. We have fought for the rights of citizens across Europe to be able to hold their institutions to account over environmental damage. We've helped to protect the health of people, from pollution and toxic chemicals. We have pioneered the use of corporate and finance law to address climate change.

We've been able to do this work, and much, much more, thanks to the enormous power of the law, the innovative way we use it at ClientEarth and the incredible people that we have within our organisation. As I reflect on the staff we have today, and those who came before them, I am immensely proud of the work that they have done and of the teams we have been able to build. Today, everywhere I look across our global organisation I see talented, passionate and incredibly smart people all working in concert to build a better future for our planet.

I am constantly aware that none of this would have been possible without the phenomenal support that we've had from our supporters and funders over the last 15 years. I want to say a heartfelt thank you to all of the donors, large and small, who have helped us to do our work over the last 15 years. And to all of our supporters during that time, who believed in what we were trying to do, when many others didn't, and who have given their time and their energy to the organisation. Thank you, one and all.

This year I will transition away from the day to day leadership of the organisation and into the role of Founder and President. As I do so, I know that the strong leadership team that we have built and the incredible talent that we have in every part of the organisation will continue to deliver work in the spirit that the organisation was founded 15 years ago. They will innovate, collaborate and create. They will be nimble, pragmatic and entrepreneurial. And they will always focus on our client: the Earth and all the life that lives upon her.

James Thornton, CEO



About ClientEarth

Our planet is changing. Rising carbon emissions are accelerating climate change. Our forests are disappearing. The air we breathe and the oceans we depend on are polluted. Vulnerable plants and animals are under threat.

To meet these global challenges, we draw on our unique expertise, using the power of the law to bring about systemic change – informing, implementing and enforcing the law, advising decision-makers on policy and training legal and judicial professionals. Because a future in which people and planet thrive together isn't just possible: it's essential.

An overview of our work

Tackling climate change

The world is changing dramatically due to climate change. We're taking action to protect life on Earth for future generations.



The Paris Agreement: We work to ensure governments and companies establish ambitious climate laws, plans and policies that are in line with the Paris Agreement. We monitor these and existing laws, plans and policies to ensure they are enforced and when governments and companies fail to deliver on their environmental obligations, we bring legal challenges.

Leaving fossil fuels behind: We work with campaigners around the world, learning from their expertise and sharing ours. Together, we devise the best ways to use law to hold governments and businesses to account, from challenging pollution permits of coal plants to bringing cases before the UN.

Stopping the money that contributes to climate change: We want to see investors using their power as a force for good in the fight against climate change. That's why we're pioneering the use of corporate law and pushing companies and pension funds to report and manage climate risks.

Transforming the way we produce food: Sustainable agriculture is vital to climate, health and biodiversity protection. So we're working to transform the food system, protect our soils, tackle pollution from intensive agricultural practices and pave the way for more sustainable, regenerative agriculture.

Ending pollution

We're fighting to end pollution because the health of people and planet are inextricably linked.



Chemical pollution: We take action to ensure the safer use of chemicals across the EU. That means pushing for increased regulation of the most harmful chemicals and improving the implementation of existing chemicals regulations. And we're pushing for much more information on where toxic chemicals are used, so that ordinary consumers can make informed decisions to protect their health.

Air pollution: We bring legal action against local and national governments when they fail to act and protect their citizens from toxic air pollution. And we're pushing for more ambitious policies and laws that protect people's health, make air pollution a priority and support people to shift to cleaner alternatives.

Plastic pollution: Plastic is everywhere and from its production to its disposal, plastic has a huge impact on our planet. We use the law to challenge plastic plants that are polluting their surrounding environments and we push for new laws to limit the unnecessary use of single-use plastics and make plastic producers responsible for the environmental and financial costs of dealing with plastic waste.

Defending wildlife and habitats

Our survival depends on our incredible natural world. We are using the power of the law to stop damage to our ocean, forests and wildlife so that nature is able to thrive.

Defending habitats: We use our legal expertise to make sure everyone, including politicians, businesses and the public, knows their rights and obligations when it comes to protecting nature. And we work to ensure that the law defends important nature sites across Europe. This includes ocean sites, where we fight for the designation of marine protected areas and the restriction of damaging fishing activities.



Protecting species: We use wildlife protection laws to challenge governments, from stopping unlawful hunting to protecting the woods, wild places and marine habitats that nature needs to thrive.

Fisheries and sustainable seafood: Despite clear EU commitment there is still a huge problem with overfishing and illegal fishing in EU waters and EU vessels in other waters. We work for transparency in setting fishing limits, push for more effective policing of overfishing and apply pressure to make sure existing laws that could tackle illegal, unreported and unregulated fishing are fully implemented.

Protecting forests

Forests are essential for people, wildlife and fighting climate change - but they're under tremendous threat. We're dedicated to preserving them.

Making trade sustainable: We work with partners across the globe to develop stronger laws and policies that tackle deforestation caused by the illegal timber trade and the negative impacts of trade in other forest-risk commodities. We are also working to harness the trading power of the EU and UK to eliminate the destruction of nature and human rights violations from supply chains.



Supporting forest communities: We support forest communities to sustainably manage their land and improve the health of the world's forests. We collaborate with national non-profits to support the design of community forestry laws to ensure that the rights of people who depend on forests for their livelihoods are recognised in law. And we work with the most vulnerable groups, particularly women and indigenous people, to empower them to actively take part and benefit from their community forests.

Promoting environmental justice and strengthening the rule of law

We make sure environmental law is respected, because it's our best hope to protect people and the planet. And we know that climate change does not affect us equally, so we're working to promote environmental justice.

Access to justice for a cleaner Europe: We're fighting to increase the ability of EU citizens to go to court when environmental laws are broken and make sure that they know what their rights are when it comes to accessing environmental justice. We're building expertise, sharing good practises, and improving access to justice in environmental matters across the EU.

Pushing for climate change mitigation and adaptation: Climate impacts hit the most vulnerable communities the hardest. We're using the law to hold governments to account for failing to take urgent action to mitigate and adapt to climate change.

Ensuring a just transition: We're pushing for a brighter, greener future that leaves no one behind. Phasing out fossil fuels and other polluting industries has a real impact on people's livelihoods. We push for investment and policies that promote green jobs and green industries and minimise the costs and impacts for individuals and communities.

Public benefit

The charity has regard to the Charity Commission's guidance on public benefit. The main aim of the charity is to promote the protection of the environment to the benefit of broad sections of the public

where the charity operates, and on a global basis, for current and future generations. The public benefit of the charity includes:

- To promote and encourage the enhancement, restoration, conservation and protection of the environment, including the protection of human health.
- To advance the education of the public in all matters relating to the law, practice and administration of justice in connection with the environment.
- To promote, assist, undertake and commission research into the law and administration of justice in connection with the environment.

Our public benefit is further illustrated in this report through the Achievements and Performance section of this report.

Achievements and performance in 2021

Highlights from 2021

The end of Europe's biggest coal plant: Bełchatów is enormous – five times the size of the average coal power plant and the biggest single emitter of carbon in the EU. With its surrounding mines, it's even visible from space. We filed an unprecedented lawsuit against the plant's operators, arguing that Bełchatów must stop damaging the climate, water and soil of the region, Poland and further afield. In June 2021, Polish authorities announced that Bełchatów will start to wind up operations and the mines will begin to close. This was an outstanding result which showed the world that coal is on the way out.

Stopping coal investment: In September, monumental news came from China. President Xi Jinping announced that China will no longer fund overseas coal-power plants. Our team in Beijing contributed to this vital shift – we developed a report recommending that China stop financing overseas coal plants, on the basis that they are simply not economically viable. The report went straight up the chain of authority, gaining endorsement from key individuals in China's leadership.

Putting communities before coal: Germany's newest coal plant, Datteln IV, should never have been approved. It is built on the doorstep of a children's hospital and hundreds of homes. This year we supported a group of German residents in their legal action against the Datteln IV plant. In a pivotal ruling, the court agreed that permission to build the plant was granted illegally. This was an important step, and our second legal challenge remains in the pipeline which, if successful, will likely mean that Datteln must cease operation.

Suing the central bank of Belgium over its climate failings: Through the purchases of corporate sector bonds, Belgium's central bank is providing some of Europe's worst polluters with access to cheap finance, facilitating the expansion of their climate damaging activities. Central banks in the EU are legally obliged to contribute to the protection of our environment and respect human rights. Earlier this year we launched a landmark case against the Belgian National Bank for failing to fulfil these requirements. We also put pressure on the European Central Bank (ECB), who designed these purchasing programmes. Following our efforts, the ECB announced its commitment to incorporate climate considerations into its monetary policy. This was a momentous decision that could shift enormous financial resources away from fossil fuels and towards clean energy.

Demanding transparency on climate-related risks: We reported food delivery platform Just Eat and cruise operator Carnival to the UK's Financial Conduct Authority over their failure to properly disclose climate change risks in their investor reports. Neither of these sector-leading companies made a single reference to climate change in their annual reporting, and it was time they got to grips with the challenges at hand. The complaint also put the company's auditors, Deloitte and PwC, on notice for signing off on their reports.

Calling out corporate climate inaction: Directors have a legal obligation to act in the best interest of their shareholders. Working with our partners in the US, we launched a ground-breaking legal analysis of these fiduciary duties. Climate change poses significant and increasing risks to corporations around the world – this report outlines how directors could be breaching these duties by failing to adequately govern for climate-related risks. In 2022, we will use this argument to launch litigation targeting the worst offenders in the US, aiming to make climate inaction a thing of the past.

Improving EU forest biomass standards: The EU's forest biomass standards have come under intense criticism. Biomass – using plant or animal materials to produce energy – is often treated as a source of renewable energy that can reduce greenhouse gas emissions without harming forests. For this to be anywhere near the truth, current biomass standards require immediate reform. This year, our lawyers have been doing just this. The European Commission has been revising its biomass criteria, and we contributed by providing a detailed legal analysis of the current rules. It shows that they fail to ensure that bioenergy is produced without harming forests, or in a way that helps tackle the climate crisis.

Combatting greenwashing: Building on our high-profile success against BP, in spring we launched the Greenwashing Files. These profiles expose how certain fossil giants produce advertising that misleads the public about their climate impact. Our findings have already been cited in New York City's lawsuit against Exxon, Shell, BP, and the API for misleading consumers about climate change. In 2022, we plan to launch legal challenges against some of the worst offenders.

Winning the right for everyone to take the EU to court: After 13 years of fighting, we finally achieved a landmark reform of EU access to justice laws. The reform lifts the main barriers preventing NGOs and individuals from legally challenging environmental wrongdoings, meaning that anyone can now take the EU to court over climate-damaging decisions and practices. Access to justice is a right that is often overlooked – but this is a fundamental right in every democracy.

Detailed performance review

Rule of Law

We work to ensure that the legal system enables public and environmental interests to be properly considered in decision-making at local, national and international levels. We believe this will result in environmental justice being placed at the heart of international trade agreements, post-Brexit UK environmental governance, China's law and policy, as well as at EU level and across the EU's Member States.

Environmental Democracy in the EU

This year we celebrated two important milestones to opening up greater access to justice for citizens and civil society. First, at the beginning of the year, we achieved a comprehensive victory in our case against

the European Investment Bank (EIB) challenging their refusal of our application for internal review of a financing decision for a biomass power plant. We are defending an appeal by the EIB to ensure this decision is upheld so environmental NGOs are able to require scrutiny of EIB decisions which affect the environment. Second, after the years of legal advocacy, in July 2021, the EU co-legislators amended the Aarhus Regulation in order to bring the EU into compliance with the Aarhus Convention on access to justice. The changes will enable many more EU decisions to be subject to challenge by NGOs and members of the public.

The Environmental Democracy and Agriculture teams also achieved a political commitment to more transparency under the future Common Agricultural Policy in the EU, as the European Commission will now publish the "observation letters" with the Commission's comments on Member States' Common Agricultural Policy strategic plans.

Environmental rule of law in China

We contributed to two important policy changes marking a major step for China towards taking on a global climate leadership role. First, our detailed study to develop a traffic light system for 'greening' the Belt and Road Initiative (BRI) and subsequent advocacy led to China's announcement that it will end all financing of overseas coal. Second, the Chinese environment ministry will now include CO2 emissions in environmental impact assessments, following a study we undertook jointly with government officials.

Throughout the year, we continued working with the legal community and financial and business leaders involved in green development in China. In June, ClientEarth held a training workshop for financial institutions involved in BRI. We believe this is the first time that an environmental NGO has held a training on environmental and climate risk with Chinese financial institutions.

UK Environment

In 2021, working with the Greener UK coalition, we gained the attention and trust of multiple decision-makers and government officials responsible for post-Brexit fisheries management in the UK. We contributed to the development of the coalition's detailed policy and legal asks and subsequent advocacy activities that led to improvement in the new draft UK Environment Bill. We are working closely with Parliamentarians, Defra officials and other NGOs to continue to improve the content of the bill during its passage through Parliament. We have also submitted a response to the Government consultation on the environmental principles policy statement.

International Trade

Years of our advocacy to strengthen the boilerplate sustainability provisions for EU trade agreements were successful, as the Commission decided to launch an early review and public consultation on the matter. We also exposed flaws in procedures of negotiating trade agreements, with the European Ombudsman finding, in response to our complaint, that the European Commission failed to consider in a timely manner the potential social, economic and environmental impacts when conducting negotiations with Mercosur countries. On the financial front we successfully advocated against the establishment of an EU special investment court that was proposed by the arbitration industry to fill the gap left by the end of bilateral investment treaties.

Together with partner NGOs, we successfully advocated for the development of robust legislation on due diligence in the European Parliament, which resulted in a strong legislative report. We published two briefings on environmental due diligence and environmental impacts across company value chains and

took part in a public consultation by the Commission to indicate possible solutions to adverse impacts of business on the environment and human rights.

Climate and the Paris Agreement

Mitigating greenhouse gas emissions, in line with the Paris Agreement goals, is one of the major challenges facing society today. States and companies are failing to rise to the challenge and time is running out. We work to establish the duties of states and companies to reduce their emissions and to ensure financial flows are consistent with the Paris Agreement.

Climate Corporate & State Accountability

In April 2021, we made headlines in national and international media with the publication of the 'Greenwashing Files' which expose how pervasive false sustainability narratives are among nine of the largest fossil fuel companies in the world. Shedding light on this issue contributed to a review by the UK Advertising Standards and Competition and Market Authorities of the rules regarding 'green' advertising in the UK.

In Poland, we launched another emblematic case on behalf of five Polish individuals who are taking their government to court for its failure to act on climate change and secured confirmation by the court that ClientEarth can represent the claimants. As the first ever time climate issues are raised before the Polish courts, the case garnered a lot of media attention.

In the UK, whilst the judgment was not made in our favour in our case against the UK government challenging its approval of Drax's plans to build a new gas fired power plant, following the case, Drax cancelled their plans for the plant. This is a welcome development given the serious danger of carbon lock-in posed by new gas development throughout Europe.

Our report on global lessons from climate change legislation was promoted at COP26, while a guide aimed at institutional investors regarding climate-related shareholder contributed to improved investor engagements with key actors throughout Europe.

Climate Finance

Our work to increase pressure on significant financiers of fossil fuel companies to set and disclose Paris-aligned climate targets led us to engage with HSBC's Board over the legal duties of directors to promote the success of the company. As a result, HSBC proposed a bold and progressive resolution committing to a phase out of coal financing by 2030 (EU/OECD) and 2040 (non-OECD) and a broader strategy to align its financing across all sectors with the Paris goals. We also worked with the Commonwealth and Climate Law Initiative to raise awareness of the legal duties of directors under Singaporean law, which was immediately picked up by the Singapore Exchange in a consultation paper on climate and diversity.

We launched an important case in the Belgian court system targeting the European Central Bank's (ECB) monetary policy that we believe are biased towards carbon-intensive companies. Alongside that litigation, we engaged in advocacy with the ECB on reforming problematic areas of the policy. As a result, the ECB announced a strategic review on a commitment to take climate considerations into account in the future. This represents a significant breakthrough for the ECB, which as a traditionally conservative institution has maintained for many years that climate issues are beyond its mandate. We will continue to engage the ECB on the forthcoming proposals and encourage ambitious reform.

Energy transition

The EU's energy system contributes the vast majority of the bloc's climate-harming emissions. We are accelerating the closure of coal plants across Europe, improving legal, policy and regulatory frameworks to remove the market barriers for a greener, fairer and de-centralised energy market, and working to ensure public spending supports a just transition.

Energy Systems & State Aid

We continued our extensive advocacy on energy issues at EU level, contributing in particular to legislative initiatives falling under the European Green Deal and the revision of key laws, such as the renewable energy and energy efficiency directives. Despite our active work on the EU Taxonomy – a list defining activities that are considered 'green' investment – we were disappointed to see gas, among bioenergy and bioplastics, labelled as sustainable. We will continue working to reverse this in 2022.

We succeeded in blocking a poorly designed capacity mechanism scheme that would have exempted large companies from paying some fees with the shortfall financed by the consumer. After presenting arguments on the scheme's incompatibility with EU State aid rules to the Commission, Poland withdrew its proposal.

Our long-term advocacy towards the European Commission and the Aarhus Compliance Committee on the EU's State aid regime has succeeded in opening the doors for civil society and citizens to be allowed to challenge subsidies that pose environmental harm before national courts. The European Commission has repeatedly expressed its appreciation of the team's inputs.

Fossil Fuels Infrastructure

Our work to phase out coal in Europe made news headlines with several big successes in the past year. In August, a German court ruled that the permission to build the Datteln IV coal plant was granted illegally. This ruling removes one of two legal grounds permitting the continued operation of the plant, which is located just 500m from a village and 1000m from a children's hospital. This is an important victory for the local citizens, whom we supported to bring the challenge.

In Italy, where a court challenge by ClientEarth and WWF Italy against Federico II, one of Europe's most climate-damaging coal plants, is pending, the operator, ENEL, committed to shutting down the coal units of the plant. ClientEarth and partners followed up with a report demonstrating that a possible conversion of the plant to gas contradicts decarbonisation targets and is unnecessary from an energy perspective.

We continued our multi-pronged campaign to close Bełchatów, Europe's largest coal power plant. Alongside, our pending civil claim seeking the closure of the plant, we blocked the environmental permit of the nearby Złoczew coal mine, which was to be the source of lignite for Bełchatów for many years after 2030. Without this new supply, Bełchatów will run out of lignite when its current deposits are empty. It cannot switch to a new deposit and is not planning to do so. Meanwhile, we have seen a shift in the authorities attitude marked by the new just transition plan for the area, which is the first ever official document to mention the complete closure of the coal complex.

In 2021, we expanded our regional focus and reach in Asia. First, we entered two collaborations with law school groups in the Philippines that will support the development of specialised energy, environmental and climate law expertise in 10 law schools across the Philippines. Next, we are also expanding our work to Pakistan to provide strategic and legal support to lawyers' group Alternative Law Collective on a

challenge to an environmental impact assessment of an infrastructure project to supply water to planned coal plants in the water-scarce Thar region.

Human health

The air we breathe, the food we eat, and the water we drink are all polluted. The WHO estimates that almost a quarter of all deaths globally are linked to environmental factors. We work to minimise the use of harmful chemicals and plastics to safeguard everyone's right to breathe clean air; and to ensure a healthier, sustainable agriculture model in the EU.

Clean air, transport, and cities

This year saw a number of important successes in our main target jurisdictions. In January, ClientEarth and Brussels residents won a five-year legal battle for clean air. After finding that the Brussels regional government had failed to correctly monitor and protect the health of its citizens against harmful levels of air pollution, the court ordered that the authorities take immediate action to address the issue. A similar finding on failure to take appropriate action was made by a Bulgarian court in a case brought by our partner, Za Zemiata with ClientEarth's support. Following this finding, the court upheld an interim measure ordered in 2019, which included providing information on particulate matter pollution levels, road washing and bicycle paths. In the UK, Bath & North East Somerset Council successfully launched a Clean Air Zone, excluding the dirtiest vehicles, in order to cut NO₂ emissions to legal levels, alongside £9.4 million of funding from central government to help residents and businesses to replace polluting vehicles with cleaner, compliant ones.

Building on our domestic cases, which forced action on air pollution across the main urban centres in Germany, we engaged the European Commission throughout their infringement action over Germany's systematic failure to address illegal levels of air pollution. The Commission repeatedly referred to information we provided in its argumentation before the EU court and succeeded in obtaining a judgment condemning Germany's breach of EU law.

In Poland, we put additional pressure on the government by engaging the UN Child Rights Committee as it produced its first country report recommendations on air quality and climate change issues in relation to children's human rights.

In our work to address the EU's flawed vehicle authorisation process, we obtained a court order forcing auto manufacturer Fiat to disclose information about the testing of the model 500X, whose real world NO₂ emissions reach 22 times the legal limit. This ruling is a first fundamental success against a completely opaque system.

Harmful Chemicals

This year we began work to increase the transparency of pesticides-use data across the EU. Working with several other NGOs we had some early advocacy successes, including securing positive amendments by the Parliament and convincing Germany to change its position ahead of a Council vote.

We also witnessed long-desired improvements in the way the Commission and European Chemicals Authority (ECHA) interpret the rules on authorisation of harmful substances. This was triggered by a finding by the EU court that the authorisation of certain lead and chromates in paint pigments was illegal. While ClientEarth first engaged the Commission about this decision in 2016, we lacked standing to bring the case to court. Nonetheless, following a case brought by Sweden, we were able to advise the EU institutions on how to make the authorisation process more rigorous.

We also undertook vital groundwork for the upcoming reform of the EU's REACH Regulation, which we will continue to work on actively in 2022 to ensure that the regime for chemical regulation is fit-for-purpose.

Forests land conversion and trade

Globally, forests have decreased by 129 million hectares in 25 years. We build the legal capacity of civil society to influence forest law reform to ensure more sustainable and equitable forest governance. We work on the implementation and enforcement of legislation on illegal logging and advocating for the development of new requirements for companies placing commodities associated with deforestation on the EU and UK market.

At EU level, we actively engaged in the European Commission's review of illegal logging rules by inputting into the study underpinning the review process and responding to extensive public consultation on the Timber and Forest, Law, Enforcement, Governance and Trade (FLEGT) Regulations.

We have been conducting research and gathering evidence for a potential complaint to the EC regarding the actions of the Polish Competent Authority, and a subsequent launch of infringement proceedings against Poland on the improper implementation and enforcement of the EUTR in Białowieża Forest.

We played an important role in agreeing priority issues amongst the UK NGO Forest Coalition regarding the Deforestation Schedule in the UK Environment Bill. A strong joint briefing was finalised and signed by key allies, published and shared with MPs and Peers with all priority amendments to the UK Environment Bill tabled in the House of Lords and debated during Committee Stage.

We initiated a new five-year programme of work on community forestry in Gabon, Republic of Congo and Liberia, as well as demand-side measures to reduce deforestation in the EU and China. We undertook advocacy around the importance of fair benefit sharing with communities and the role of strong agreements (contracts) to protect communities' rights in Asia, and worked with regional policy and decision-making bodies (namely the Association of Southeast Asian Nations (ASEAN) Working Group on Social Forestry) to develop regional guiding principles for successful community forestry.

Oceans

One of the biggest impacts humans have on the ocean is through fishing, and unsustainable fishing continues to be the most immediate and significant threat in European waters. Marine ecosystems face the additional pressure of plastics pollution, which is a growing threat. We work to ensure sustainable fishing and promote stronger laws to reduce plastic supply and make producers bear the real cost of plastic on the environment.

Fisheries

We achieved notable success in our advocacy on the revision of the EU's Control Regulation, which is the primary tool for implementing the bloc's fisheries policy. Following a coordinated effort with nine other organisations, the European Parliament adopted key changes to the legal text, including provision for remote electronic monitoring of large vessels, digital traceability of fish from point of catch to point of sale, improved reporting and access to information.

Alongside this work, we also adopted a new approach in our work addressing enforcement gaps – the use of litigation at national-level. In June we launched a ground-breaking and high-profile case involving the very powerful large-scale fishing fleet industry in the Netherlands. We also supported a case brought

by Friends of the Irish Environment, which was referred to the EU court to review the validity of the catch limits set by the EU Council under a completely opaque procedure.

We have been gathering a broad range of support for our work on the elimination of fisheries fuel tax exemptions from the Energy Taxation Directive (ETD). We sought economists' opinions, who concluded that although these exemptions generate a lot of revenue, they don't benefit the fishers themselves. We produced an ETD briefing aimed at decision-makers at the national level who will decide within the Council on the next steps for the ETD.

Sustainable Seafood

Having grown to 42 UK members, representing 80% of the country's largest retailers, the Sustainable Seafood Coalition updated its strategic plan, setting an updated vision and two-year activity plan.

At the EU level, we were able to significantly influence two sets of Markets Advisory Council (MAC) recommendations – one on voluntary claims and one on a business code of conduct. This has raised the profile of ClientEarth's markets work, allowing us to connect with other businesses and strengthen our collaboration with other NGOs, amplifying our impact at EU level.

We featured on a prime time Spanish TV show, ¿Te lo vas a comer? (Are you going to eat that?) exposing the widespread mislabelling and misrepresentation of species at a fish market in Madrid. This awareness raising is an important strand of our strategy as the European Green Deal is largely predicated on consumer empowerment, yet it remains difficult for consumers to ensure that their seafood purchases are sustainable.

Plastics

In our longstanding challenge to INEOS' plans to expand its plastic production plant in the Port of Antwerp, the company announced its decision to cancel plans for one of two installations it planned to build. We are continuing to oppose the second installation which would be a significant source of greenhouse gas emissions and air pollution.

We filed a notification to the Dutch Financial Markets authority against Dutch supermarket giant Ahold Delhaize for failure to comply with reporting requirements relating to its use of single-use plastic packaging. This case forms part of a new strategy that aims to highlight the major role that companies selling packaged food and drink play in the plastics crisis, as well as the gaps in the current business disclosure practice. To build awareness of the business risk of plastics we also published our 'Material Issues' report focusing on 'Big Food'.

Our advocacy on the implementation of the Single Use Plastic Directive (SUPD) also bore success with the Commission taking up three of our four key asks in its interpretive guidelines. We were also granted permission to intervene in a case on the side of the Commission, which is defending a challenge to the SUPD Implementing Regulation by plastics manufacturers.

Wildlife

Biodiversity is under increasing threat; 1 million species of plants and animals face extinction, many within decades. We enforce EU biodiversity laws and hold Member States to account. Agricultural spending amounts to almost 40% of the whole EU budget, yet the sector does not really engage in mitigating climate change nor biodiversity decline. We use advocacy and litigation to align the Common Agriculture Policy (CAP) with EU environment legislation.

Wildlife and Habitat loss

We continued to take action in target countries to protect Europe's most precious species and habitats. Working with partners in the Western Balkans, we defended nature sites in Serbia, Bosnia and Herzegovina, and Albania against damage by hydro-power plant development. A particular highlight was the Energy Community Secretariat's decision to pursue a first-of-its-kind case against Albania on the basis of our complaint, which led to the Albanian Prime Minister announcing the cancellation of two projects.

In October we lodged a complaint with the Commission relating to the catastrophic pollution of the Mar Menor Mediterranean coastal lagoon in Murcia (Spain). This has been caused by nitrates from agriculture and the failure of the Spanish authorities to comply with EU law to prevent the ecological collapse of this Natura 2000 protected site. This legal work will also lay the groundwork for legal interventions before national courts in 2022 when the river basin management plan (including the Mar Menor) is to be approved.

We submitted observations to the Strategic Environmental Assessment of the Italian national plan identifying areas suitable for hydrocarbon activities, which failed to exclude protected areas as required by EU law due to implementation gaps.

During the International Union for Conservation of Nature (IUCN)'s internal negotiations relating to the post-2020 Global Biodiversity Framework, all wording proposed by ClientEarth was accepted with an overwhelming majority. This represents an important step towards our work to achieve international commitment to protect precious wildlife and habitats.

Agriculture

Our agriculture work focused on using advocacy to influence the EU institutions and Member States. This work resulted in improvements in the legal text of the Common Agricultural Policy (CAP) to ensure stronger rules on public participation and stricter reporting requirements for Member States. Together with partners, we also pressured the Commission to provide greater transparency over their assessment and approval processes for the CAP rural development programmes, establishing a positive precedent for assessing and approving new CAP strategic plans.

We engaged in the EU's new Soil Strategy and the ambitious Farm to Fork Strategy and related proposals which aim at making food systems green, fair and healthy – a key part of the EU Green Deal. Our focus was on raising awareness to keep agriculture, food and soil matters high on the political agenda through interviews with media outlets and organising high level discussions. Consequently, ClientEarth has become a recognised legal expert on these topics and a vocal leader of the environmental NGO coalition in Brussels working to influence EU policy.

Challenges in 2021

Rule of Law and access to justice

We are seeing dramatic delays in response times to requests for access to environmental information. The lack of timely access to the environmental information involved in EU decision-making has a very

negative impact on the ability of NGOs like ClientEarth to challenge the resulting decisions in Court, making it a systemic issue for our mission generally.

We are also facing the issue of shrinking civil society space, such as the proposal from the Polish Government to put conditions on foreign financing of NGOs. Environmental NGOs in Poland face hostile attitudes from the right-wing national government, including the Minister of the Environment. A polarised political scene and our work on subjects typically associated with left-wing progressives makes it very difficult to influence the current government by using advocacy. The political polarisation translates into a polarised media landscape, which complicates delivering our message to more conservative and centrist audiences. Some team members and partners were even targeted by right wing media as a result of their work on illegal logging in Białowieża and bison culling.

Similarly, in Bulgaria a law was passed in 2018 restricting the ability of people, public institutions and NGOs to raise legal environmental action in court, and the failure of existing legal systems to effectively enforce environmental rules. Access to justice barriers, particularly in Eastern Europe, have generally made progress difficult. This has been compounded by roll-backs of environmental and information rights in the wake of Covid-19.

In our work in trade the European Commission's resistance to any systemic changes on trade and investment issues has resulted in slow progress on moving EU trade policies towards a model of sustainability. At the same time, across the environmental NGO sector, there is limited capacity and a limited number of partners on trade and investment-only issues. A key challenge looking forward will be to expand our network with new partners in order to be able to cover a wider spectrum of actions, legislations and topics.

Covid-19

Covid-19 continued to provide a range of challenges to our programmatic work in 2021, particularly as a result of not being able to meet with people face-to-face. The team building our work in Asia faced difficulties building strong relationships with national and regional partners as a new actor in the region. The work of our Forests Team has always been heavily focussed on activities and stakeholders in other geographies, so travel has always been an important aspect of their work. With the ongoing travel restrictions this proved increasingly difficult. In countries where we have established programmes, this can be managed for the short term, with our in-country partners continuing essential programming while our interventions occur remotely. Newly identified strategies and geographies require extensive relationship building with new stakeholders and potential partners. While this can be accomplished to some extent via electronic communications, it is much less effective than in-person relationship building.

In the UK, progress in amending the Environment Bill to enshrine WHO guidelines on PM2.5 into law stalled as the government shifted priorities to dealing with the pandemic. On a local level the Greater Manchester local authority delayed long-standing proposals to introduce a Clean Air Zone.

The pandemic has caused delays to court schedules and made it difficult to engage politicians and decision-makers. Nature conservation legislation has been rolled back in some places during the pandemic. The same applies to the international planning on biodiversity governance: The 15th Conference of the Parties of the CBD has been delayed by (at least) 18 months, with negotiating during the intersessional period being quite ineffective in advancing the process.

Our Chemicals Team faced challenges caused by ever-evolving timelines of EU decision making, and some of the specific delays, such as to Food Contact Materials consultation were caused by Covid-19.

Other issues

Industry resistance posed a challenge in terms of slowing down planned reforms at an EU-level in a number of areas of our work. There are a range of very well-funded industry lobby groups fighting against many areas of reform that would support the ambitions of society more broadly to move to a net-zero world and to protect nature.

Communicating on a number of areas of our work have proved to be challenging, for instance on the importance of sustainable fisheries for a healthy ocean and environment as a whole to a broad audience. Equally, conveying the role that agriculture plays in the climate and the biodiversity crisis has been challenging. While fossil fuels companies can be easily blamed, agriculture is often associated with bucolic landscapes and romantic visions of farmers. As industrial farms are far from urban areas and consumers' relationship with food is mediated by supermarkets, the reality of intensive agriculture is not understood by most of EU citizens.

Managing the quality of work provided by pro bono lawyers, which we do through providing extensive guidance and regular monitoring.

Future plans

Protecting nature

Our oceans work will focus on enforcing compliance with fisheries rules by EU fishing vessels (both in EU and non-EU waters), eliminating harmful fishing subsidies in the EU, implementing and enforcing EU sustainable catch levels, as well as making complaints to the European Commission about seafood labelling. We will also start pushing to establish overfishing as a business risk and to normalise corporate reporting on overfishing.

Our Forests Team will continue to undertake legal reform and capacity building to tackle deforestation. We will start to use strategic litigation to support our work stopping deforestation, focussing on the Amazon, the Congo Basin and south-east Asia. The team will also focus on new regulations and government guidelines to reduce deforestation from China's overseas investment and trade.

Our wildlife and habitat protection work will focus on using the internal processes, including the CBD CoP and Global Biodiversity Fund, to push 30/30 target implementation. Alongside that we will continue enforcing key EU nature protection Laws – Habitats, Birds, Natura 2000 Directives – in central and eastern Europe and the Western Balkans. As well as enforcement work we will be actively advocating for new EU legislation on restoration of habitats.

The energy transition and climate change

We will continue the expansion of our corporate and climate finance work, focusing on the use of fiduciary duties in Europe and the US to press for swifter action on climate change. Our legal work will also focus on applying pressure to public and private finance institutions to align with the Paris Agreement and developing new strategies to address financial greenwashing.

In China, our climate accountability efforts will be focused on Advocating for ways to 'green' China's Belt and Road Initiative, the extensive infrastructure projects spanning much of the world. We will continue our work to tackle greenwashing, with claims against companies in Europe and the US. Our work in south east Asia will continue to build, focusing particularly on shareholder engagement. We plan to deliver novel litigation against using human rights and directors' duties to drive action on climate change, while also challenging the UK's Net Zero Strategy, which we believe lacks substance.

Preventing the lock-in of new gas infrastructure will be a major priority for energy systems and fossil fuel infrastructure work in Europe and south east Asia, where we will bring energy market and infrastructure challenges. As many parts of the world transition fully away from using coal to generate power, it's also important that we don't simply move to other fossil-based fuels. We will push for the final phase-out of coal in Europe, targeting a date of 2030 for the EU and 2030-40 for the western Balkans. At EU level we will be advocating on the revision of the EU Industrial Emissions Directive and challenging subsidies for fossil fuels.

We are planning to start our first litigation in support of our work on agriculture, with a focus on agricultural pollution run-off and Common Agricultural Policy (CAP) plans in Europe. Alongside the litigation we will be undertaking advocacy on the CAP implementation and on the UK's post-Brexit agricultural subsidies regime.

Human health

This is an important year for our work tackling the harm caused to human health by toxic chemicals. The regulations covering chemicals in the EU (REACH) are being reformed and we will input into that process, trying to ensure that there are restrictions on the use of the most harmful chemicals such as PFAs and bisphenols. We will also be pushing to improve collection and publication of data about pesticide use in the EU and carrying out advocacy and litigation targeting use of pesticides in the UK.

A big focus of work tackling plastic pollution will be the continuation of our long-running battle against INEOS's expansion of its plastics production plant in the Port of Antwerp, working with local campaigners to prevent the expansion going ahead. We will also be engaging in reform of the EU Packaging and Packaging Waste Directive, while also trying to establish plastics as a business risk and ensure it is well reported on.

Air pollution is one of our longest-running areas of work and we will continue our litigation strategy to enforce the Air Quality Directive and reduce pollution in cities across the UK, Germany, Poland and Bulgaria. We have been advocating for alignment of EU and UK laws with WHO air quality guidelines and this will continue in 2022 but we will also bring novel litigation using human rights and fundamental rights to address impacts of air pollution on individuals in a number of countries.

Rule of law

Our work on Environmental Democracy in the EU will follow-on from the success in 2021 in opening up access to EU citizens to take action under the Aarhus Regulation and will look at testing the new EU internal review procedure. We will also work on ensuring access to justice is embedded in any new laws created under the European Green Deal. We will also continue capacity-building for the legal community and civil society, so that they can exercise their environmental democracy rights across the EU

We will continue to advocate strongly for the inclusion of sustainability provisions in trade deals and for the EU withdrawal from the Energy Charter Treaty. The ECT is an outdated investment treaty which allows companies to bypass national courts and sue states for billions in compensation in secretive tribunals, notably when environmental or climate action affects their economic interests.

In Poland we will focus on the implementation of new EU legislation on sustainable corporate governance. In the UK will be heavily scrutinising how the Government uses its executive powers and working to protect judicial review, a critical component in the country's democracy. In China we will be working to integrate climate change into the country's laws and helping prosecutors to bring climate litigation.

Organisational transformation

In 2022 the organisation is undertaking a series of inter-connected transformation projects, which will ensure that the organisation is positioned to deliver the greatest possible impact on its mission in the coming years. Much of the foundational work for this process was done in 2021 and this year we will see us embedding it into the organisation.

During 2021 we spent a significant amount of time co-creating a new Strategic Framework, which will guide our work in the coming years, including the way that we organise our work in order to deliver the greatest possible systemic change. The Framework was finalised in the first quarter of 2022 and this year we will embed it fully within the organisation, so that it is operational in January 2023. As part of developing the Framework we have also refreshed our organisational values and will roll these out in 2022, so that every part of our organisation is truly living and breathing them.

In order to support the delivery of our new Strategic Framework and to resolve some of the challenges that have arisen following a period of swift growth, in 2021 we reviewed and redefined our operating model and organisational design. We will start to implement this new model in 2022, significantly evolving the way that we organise our teams and how we structure our programmes. We expect the majority of these changes to be rolled out by the end of the year.

Our founding-CEO, James Thornton, will transition into the role of President and Founder and the organisation will welcome a new CEO. The Board of Trustees have commenced the process of recruiting for a new CEO and we expect them to be in post in the second half of 2022.

Monitoring, evaluation and learning

After 18 months of development, consultation and refinement 2021 saw the roll out of our organisational approach to monitoring, evaluation and learning (MEL). Our approach is driven by the needs of our programmes and ensures we have consistent and reliable data that is meaningful, and enables us to make evidence based decisions and demonstrate our effectiveness and impact to others.

Underpinning our approach is the organisational Legal Action Theory of Change which sets out how ClientEarth sees change happening and what our contribution can be through the undertaking of our legal actions. Each programme initiative's theory of change has been aligned to this providing consistency across all of our programme initiatives.

With the transition to a new five-year strategic framework planned for 2022, we purposefully kept our MEL work focused at the initiative level so that it could be aligned to a new organisational structure more easily. Therefore each initiative has a MEL framework which provides a space to collect a range of data including progress against indicators; a log of significant activities; evidence of impact; and details of challenges faced. Collecting more consistent data across initiatives and geographies will allow us to better evidence and understand impact, learn and ultimately improve. Over the course of 2021 the MEL

team have supported initiatives to implement these frameworks and fully integrate MEL processes into ClientEarth's programmatic work.

Structure, governance and management

The charity is a company limited by guarantee and is governed by its memorandum and articles of association.

The trustees, who are also the directors for the purpose of company law, who served during the period are listed on page 2.

None of the trustees has any beneficial interest in the company. All of the trustees are members of the company and guarantee to contribute £10 in the event of a winding up.

ClientEarth's governance is undertaken by the trustees, who meet four times a year. There are four board committees, covering finance and investment, governance, CEO performance and remuneration, and equality, diversity and inclusion. The Finance and Investment Committee meets four times a year ahead of board meetings, the Governance Committee and Equality, Diversity and Inclusion Committee also meet four times a year. The Remuneration Committee meets on an ad hoc basis.

In 2021 the Board commissioned an external review of board effectiveness. The recommendations from this report were approved by the Board and are intended to ensure that ClientEarth has the highest standard of governance. An implementation plan to deliver the recommendations is being overseen by the Governance Committee.

New trustees are appointed by the Board through the Governance Committee. They are selected on the basis of their sympathy with ClientEarth's charitable objects and their ability to further them as a trustee. The Governance Committee actively considers skills gaps in the Board of Trustees and seeks to fill these with any new appointments. New trustees are elected by resolution and approved by a majority of trustees where a Board quorum is present.

New trustees are provided with an induction material containing relevant information regarding the charity, including the governing document, latest management reports and financials, together with relevant guidance on the role and responsibilities of trustees.

Trustees are gradually moving to new term limits. All new trustees serve three-year terms. Trustees are eligible to remain on the Board for up to two terms. A final term can be extended by the Board in special circumstances in order to meet a skill or experience gap.

The trustees are responsible for setting the overall programmatic and financial strategy of the charity and for approving the annual budget, but delegate the day-to-day management to the chief executive officer (CEO), James Thornton, who is supported by a senior leadership team (SLT). Late in 2021 the Board launched a process to identify a successor to the CEO. It is expected that a new CEO will be identified in early 2022.

ClientEarth Offices

ClientEarth has its headquarters in the UK, and a number of offices throughout the world: Belgium, Germany, Luxembourg, Poland, Spain, the USA and China. In addition, it operates in many countries throughout Europe, Central and Eastern Europe, Central and Western Africa, and Asia Pacific through partners and sub-grantees.

The charitable work of the organisation is structured by programmes, which are led by programme heads or programme leads. This programme-centric structure is distributed across the offices without reference to geographical location, so that teams may be dispersed in more than one office. This structure is complemented by staff in geographic locations that can bring local expertise and a strategic perspective on the issues in the region. In 2021 the London headquarters moved to new premises in Drayton Park, London. The headquarters accommodates the majority of the core functions of the charity such as the CEO's office, finance, development, communications, human resources and administration and IT teams.

ClientEarth Trading Ltd is a trading subsidiary of ClientEarth in the UK. ClientEarth is the sole member of the company. The subsidiary only carries out small-scale primary purpose trading activities which directly further the charity's charitable objects.

ClientEarth in Europe

Country	Legal Form		Year of Formation
Belgium	ClientEarth AISBL	International non-profit association (AISBL)	2018
Belgium	ClientEarth ASBL	Branch of ClientEarth Limited	2008 (currently inactive)
France	ClientEarth France	French Foundation	2011 (currently inactive)
Germany	ClientEarth gGmbH	Limited Liability Company	2018
Luxembourg	ClientEarth ASBL (previously EarthRights Luxembourg ASBL)	Non-profit association	2017
Poland	Fundacja ClientEarth Prawnicy dla Ziemi	Polish Foundation	2016
Spain		Branch of ClientEarth Limited	
UK	ClientEarth Trading 23imited	Trading subsidiary of ClientEarth Limited	2020 (dormant in 2021)

ClientEarth in China

Country	Legal Form		Year of Formation
China	ClientEarth (UK) Beijing Representative Office	Representative Office of ClientEarth Limited	2017

There is a related, independent ClientEarth entity in the US, ClientEarth USA Inc., which operated as a 501(c)(3). Two directors from ClientEarth sit on the board of ClientEarth USA Inc. and the president of ClientEarth USA Inc. is also the CEO of ClientEarth. ClientEarth US Inc. also has the power of making grants and contributions and otherwise rendering financial assistance to ClientEarth.

There is also a related independent entity in Germany, ClientEarth – ANWÄLTE DER ERDE, which operates as a Registered Association. The executive body of this Registered Association comprises solely of senior staff of ClientEarth.

Climate Change and Environmental Policy

ClientEarth is committed to reducing energy consumption and waste by encouraging staff to adopt sustainable practices and behaviours in the office. We plan to halve our carbon emissions from our operations by 2030 and to eliminate emissions by 2050. Our Environmental Policy sets out guiding principles to help the organisation reduce our emissions, consumption of resources and waste by ensuring that, where relevant environmental impacts are considered fundamentally when making decisions in our operations and programmatic work. The policy includes guidance in facilities management, recycling waste management, procurement and travel.

ClientEarth's Environmental Policy and the principles are endorsed by the Senior Leadership Team and can be found on the ClientEarth website. The Deputy Chief Executive is accountable for the policy and it is subject to periodic review.

Remuneration

Attracting, retaining and motivating employees is critical to delivering on ClientEarth's mission. This is supported by a process which benchmarks our salary scales against similar roles generally within the charitable sector in the countries in which we work.

The organisation has an annual review process where performance against objectives is evaluated and staff may be awarded an increase in pay if appropriate. The reviews and any pay awards are conducted in accordance with the policy framework agreed by the Remuneration Committee and within the salary budget agreed annually by the Board.

The 'EO's salary is set by the Remuneration Committee, a sub-committee of our Board of Trustees, and is approved by the whole Board. The Committee includes specialists with significant organisational management expertise and knowledge, including in the charity sector.

Risk management

The trustees are responsible for the oversight of the risks faced by the organisation. In 2021 a new Risk Management Policy was approved by the Board to provide a framework to guide the organisation's decision-making on risk management. The organisation risk register identifies the major financial, regulatory, governance, external, operational and reputational risks to which the charity is exposed, assesses their likelihood and potential impact, and details the mitigation measures that are a) already in place and b) necessary to implement. The trustees of the Governance Committee review this risk register on behalf of the Board at each Board meeting and consider any further steps which may be

necessary to manage the risks, highlighting key issues to the full Board as relevant. Then once a year, the full Board examine the register in detail.

The trustees consider the most serious risks to which the charity is exposed at present to be:

- The risk of lawsuits or defamation cases targeting our work that might damage reputation. In recognition of this risk, ClientEarth has a Risk & Compliance Committee to oversee compliance and risk, reporting to the Senior Leadership Team and Governance & Risk Committee of the Board.
- The risk of cyber-attack that results in loss of data. The Senior Leadership Team ensures cyber insurance is in place to support business interruption. There is a regular programme of activity to raise awareness of cyber-threats including phishing. In 2022 the organisation is embarking on a digital transformation to improve the resilience and security of the organisation wide IT systems including a move to a cloud environment and increased system and data monitoring and mobile device management which will allow data on ClientEarth devices to be remotely deleted.
- The risk that our programmatic work leads to certain sensitive political and corporate actors seeking to damage our reputation maliciously through insider threats and other means. ClientEarth continues to review risks and threats on all initiatives prior to commencement and the political and security risk team has been strengthened. A crisis management plan is in place together with communications strategies together external support.

Other risks:

- Fraud risk: in May 2022 a whistle-blower employed by one of our partners raised concerns about financial management, which are being investigated. This has been reported to the relevant donors and regulatory bodies.
- Safeguarding: there were no safeguarding incidents reported.

Fundraising

Despite the ongoing challenges of operating in a world still dominated by COVID-19, ClientEarth had a very positive year in terms of income. All income channels exceeded their targets and we made progress in regards to our income mix, our diversity of donors and in turn improved the financial sustainability of the organisation.

Our biggest income growth has been in philanthropy, where we have seen numerous new donors join us with generous unrestricted gifts and as a result of our increased engagement of wealth advisors and our ongoing commitment to improved donor care. As a result, we have also had several donors step up their annual giving. Our digital fundraising also continues to grow and we will aim to strengthen our digital supporter base in the year to come, not just in the United Kingdom, but also further afield.

As well as broadening our income channels, we've also had the great fortune of a collaboration with the Gallery Climate Coalition and Christie's. This is the result of our ongoing engagement with the music and cultural world and resulted in several high profile auctions. These generated several millions of pounds of income, which has gone into a designated fund and will be invested into our continued growth and work globally. This relationship will continue into 2022, and has also helped us to broaden our network.

Our work with large grant funders has also continued to develop positively, with strong renewal rates, and continued efforts to ensure we deliver impact and work closely with our growing portfolio of large funders.

We have grown our international footprint in fundraising with rising income from donors in the United States and also in mainland Europe, and we will continue our efforts to grow our fundraising network reflective of ClientEarth's programmatic footprint.

At the end of 2021, the ClientEarth Board signed off a one-off investment into fundraising, to ensure we can continue our growth in income and solidify our financial sustainability. This investment came as a result of the finalisation of a new fundraising strategy of ClientEarth, which charts out how we plan to continuously diversify our funder base, grow strategically and ensure a more international footprint. Ensuring a healthy unrestricted/restricted income mix and recognising the increased need for risk management underpins the strategy, which links closely to the new organisational strategy.

Fundraising statement

ClientEarth employs an in-house development team, which specialises in philanthropy and grants fundraising. ClientEarth does not employ any third-party professional fundraisers (either individuals or organisations) and has no commercial partners contributing to fundraising efforts.

ClientEarth is registered with the Fundraising Regulator. The charity has not received any complaints about fundraising activities (2020: nil). In addition to philanthropy and grants fundraising, ClientEarth offers members of the public the opportunity to donate through its website, and is committed to fundraising in a way that meets the expectations of the public and respects the rights of all individuals.

ClientEarth has a statement of Donor Care in place that reiterates principles of donor care, accountability, transparency on use of funds and data use. ClientEarth also has a clear policy of complaint to ensure concerns or breaches are tackled efficiently and quickly.

People

During 2021, we continued to place great emphasis on the wellbeing of our people across all our offices, as we have done since the onset of the global COVID pandemic in March 2020. Not only has it been a physical health crisis but increasingly it impacted on mental and financial health and wellbeing as a result of social constraints, challenging work-life pressures, general uncertainty and insecurity,

Throughout the year, we continued to carry out regular 'staff pulse surveys' to gauge wellbeing levels and to provide the senior leadership team with reliable and timely feedback upon which to base decisions on how best to support our people during these unprecedented times. We received consistently good feedback from our people who felt they were being kept informed and supported overall.

During the year, we started developing a new health and wellbeing strategy to build on the positive feedback we have received during the pandemic. Our people's health and wellbeing – physical, mental and financial – will be at the heart of all we do, as we hopefully move on from the pandemic into more normal circumstances.

As our organisation continued to grow, during the year we advertised 117 jobs, received 5270 applications, carried out 440 interviews and made 107 job offers with 93 acceptances.

Equality, diversity and inclusion (EDI)

ClientEarth is committed to promoting equality, good diversity management and providing an inclusive working environment for all our people, including staff, volunteers and interns.

Underpinned by leadership from our trustees and our senior leadership team (SLT), we have embarked on a journey to realise our commitment through the establishment of a Global staff EDI Committee, an SLT EDI sub group and a Board EDI Committee. This gives us a strong infrastructure to support our commitment to anti-racism, equality, diversity and inclusion across all the countries in which we work.

To promote and raise awareness of EDI matters among our people, we delivered EDI and unconscious bias sessions to all new staff and will be rolling out a global unconscious bias training programme in 2022. We have incorporated EDI thinking into our HR activities across recruitment and selection practices, wellbeing initiatives based on an analysis of reliable data and created an extensive EDI resource centre for our people.

We are shortly bringing on board individuals for paid work placements from diverse backgrounds as part of the UK government's Kickstart scheme.

ClientEarth has representation on an external EDI Group with a number of other environmental charities working on a project to develop a route map to support diversify within the sector, with a focus on ethnic diversity.

We have recently undertaken an EDI audit across all our offices and in 2022 we will be developing and rolling out our first 5-year Global Equality, Diversity and Inclusion Strategy.

Financial review

In 2021 we secured income of £28,320k (2020 £20,791k), a growth of 36%. As in previous years, most of our income is in the form of restricted grants funding our charitable activities. These grants come from private foundations and governmental agencies, predominantly based in the UK, Europe and the USA, and are restricted to specific projects. In 2021 we successfully increased funding for the following charitable activities: Rule of Law, Climate and Forests, and received £3m of unrestricted income from a series of auctions of donated art work through Artists for ClientEarth, which the Board has voluntarily designated for charitable activities to fight climate change.

Total expenditure increased by 28% to £21,636k (2020: £16,850k) with increased charitable activities expenditure across key programmes including Energy Transition, Forests and Wildlife protection; plus investment in organisation infrastructure including IT to support agile working, and new office space in London and China. Given the nature of our work, staff costs represent 59%, and consultancy services, sub-grants and litigation costs 22% of our annual expenditure.

A strong fundraising performance exceeded target unrestricted income, which, together with good returns on investments and close cost control means that we end the year with a higher than forecast unrestricted surplus of £2,960k, which is added to Unrestricted Reserves.

Managing key financial risks

Financial resilience: over recent years, we have focused on diversifying income streams to reduce our reliance on key donors, with our largest donor reducing to 16% of total income (2020 25%). In 2021 we

continued to increase our profile and digital fundraising, and secured funding from new philanthropy and foundation donors. We continue to monitor our income mix as one of our key indicators. In December 2021, the Board approved a new 3 year fundraising strategy that focuses on growing unrestricted income faster than restricted, to further strengthen financial resilience and support organisational growth.

Financial regulatory compliance: as ClientEarth increases its global presence, expert advice is taken on specific governance and local regulatory compliance relevant to the jurisdictions in which we operate. In addition, accountants are appointed in these jurisdictions to file financial returns and provide advice. During the year ClientEarth registered for VAT in the UK, prompted by the auction of donated artworks (a zero-rated supply) that took income over the UK VAT threshold; in addition, a provision has been made in the 2021 accounts for a potential prior year VAT liability that we are finalising with HMRC.

Donor financial compliance and working with partners: we recognise the importance of compliance with donor financial reporting requirements and specific financial regulations. Our dedicated programme finance business partner team work closely with the grants management team to ensure compliance. We recognise that working third parties can increase this risk, and we manage this risk through our due diligence process, use of standard contract templates with the inclusion of donor-specific requirements, and on-going monitoring of partner activity and financial reports.

Investment policy

The primary investment objective is to maintain, and if possible enhance, the value of the invested funds so as to allow ClientEarth to effectively carry out its purposes in the future. A secondary objective is to provide ClientEarth with supplementary income to carry out its purposes effectively in the short term. As such, ClientEarth seeks the best financial return within an agreed level of risk and consistent with its charitable objects, values and programmatic objectives. Both capital and income may be used at any time for the furtherance of the charity's aims and therefore the portfolio is managed on a total return basis.

As a charity with broad environmental objects ClientEarth we ensure that we act within the guidance of the Charity Commission on investment of charitable funds and in line with the High Court's decision in *Harries* - that trustees should not invest in companies engaged in a type of business that the trustees were satisfied would "conflict with the very objects their charity is seeking to achieve" even if it would be likely to result in significant financial detriment to the charity. ClientEarth therefore excludes from its investment portfolio businesses that cause significant harm to the environment or are detrimental to public health, as this would be in conflict with its charitable objects.

ClientEarth's core expertise is not in investments, so in March 2020 appointed external investment managers Sarasin & Partners LLP (an authorised person within the meaning of the Financial Services and Markets Act 2000) who are delegated a discretionary mandate, in accordance with the charity's Articles of Association and the Trustee Act 2000. The investment manager is contractually bound to follow the instructions in the policy statement set out in our Investment Policy.

Trustees and key staff receive monthly reports on the performance of the investment portfolio, which are summarised in our Management Accounts. The Finance, Investment and Audit Committee carry out an annual review of performance against market benchmarks with Sarasin & Partners LLP, with interim reports to the Committee throughout the year. The original investment of \$16m in March 2020 had grown to just under \$19m by the end of December 2021, despite a volatile period in the second half of 2021. This is carried at a fair value of £12.8m in the Balance Sheet, of which £657k is held in liquid assets.

Reserves policy

The charity's reserve policy considers the financial risks that the charity is exposed to, and sets the target level of free reserves accordingly at 25% of annual internal expenditure (defined as total annual expenditure, less sub-grant and litigation costs and one-off provisions). The target level of free reserves at the end of 2021 increases to £4,199k (2020: £3,629k) due to planned increases in internal expenditure during the year

Reserves are held to cover unexpected falls in income, to provide bridging funding between grants, to provide rapidly deployable seed funding for new initiatives, and to cover cash flow needs, especially where grants are paid in arrears. As the organisation grows, we closely monitor our projected future target free reserves as well current requirements, to ensure financial stability over the medium term.

Overall Reserves at the end of 2021 were £33,370k (2020: £26,045k), made up of:

- Unrestricted Reserves
 - General Funds of £7,333k (2020: £4,372), which after deducting £962k (2020: £326k) funds tied up in Fixed Assets leaves free reserves of £6,371k (2020: £4,046k)
 - Voluntarily Designated Reserves of £12,827k (2020: £13,528k)
- Restricted Reserves of £13,210k (2020: £8,144k)

Reserves review

Unrestricted reserves

At the end of 2021 a net unrestricted surplus of £2,960k boosted unrestricted Reserves to £7,333k (2020: £4,372), which after deducting £962k (2020: £326k) funds tied up in Fixed Assets leaves free reserves of £6,371k (2020: £4,046k). The increase in Fixed Assets is exceptional and is due to office relocation and fit-out in London and Beijing. This strong performance enabled the charity to continue to meet its minimum free reserves target and budget for further growth in costs in 2022 as we expand our global presence and increase impact through our programmes.

Designated reserves

At the end of 2019 the trustees resolved to designate £12,171k of the generous unrestricted Gilmour-Samson gift, to be used over the following five years to fight climate change and build the capacity of the organisation. During the year £1,034k (2020 £1,096k) was spent on initiatives including expanding decarbonisation work in Asia, using international human rights law to defend East African communities, working with NGOs, universities and public bodies in Europe to clamp down on greenwashing and misinformation; and organisational strengthening building.

In 2020 lottery operations generated a net unrestricted income of £2,024k in the final quarter of the year, to fund activities during 2021. Trustees resolved to carry this over as designated funds for specific charitable purposes. Of this £1,524k was spent in 2021 on supporting ClientEarth to drive organisational development and support work tackling the most pressing environmental challenges including supporting the transition to clean and sustainable energy systems in Europe and Asia, securing an exemplary framework for UK environmental law and governance and strengthening laws which protect marine ecosystems and wildlife, with £500k being set aside for a high profile case launched in March 2022.

At the end of 2021, trustees voluntarily designated £3,066k of unrestricted income raised from a series of auctions held by Artists for ClientEarth to be spent in the next five years. These funds will support strengthening of public awareness of ClientEarth's work, income generation, delivery of a new strategy including changes to structure and programmes, and in programmes overall. Over the period of our next five year financial plan that accompanies our new strategic framework, total expenditure exceeds total income, as we spend down these funds according to the agreed designation.

Restricted reserves

We spent down restricted funds received in prior years, and secured new funding, finishing 2021 with a higher total balance of restricted funds: £13,210k (2020: £8,144k). Due to donor giving cycles, this includes grant funding received at the end of the financial year for charitable activities in 2022.

Based on the healthy reserves position and fundraising pipeline, the Trustees are satisfied that there are no material uncertainties in relation to going concern.

Trustees' responsibilities statement

The trustees (who are also directors of ClientEarth for the purposes of company law) are responsible for preparing the Trustees' Annual Report (including the Strategic Report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

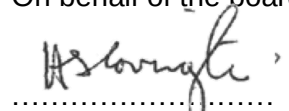
The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to the auditors

Insofar as each of the trustees of the charity at the date of approval of this report is aware, there is no relevant audit information (information needed by the charity's auditor in connection with preparing the audit report) of which the charity's auditor is unaware. Each trustee has taken all of the steps that they should have taken as a trustee in order to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

In approving the Trustees' Annual Report, we also approve the Strategic Report included therein, in our capacity as company directors.

On behalf of the board



H Covington, Trustee

01/09/2022

Date

Brussels

Beijing

Berlin

London

Warsaw

Madrid

Los Angeles

Luxembourg

ClientEarth is an environmental law charity, a company limited by guarantee, registered in England and Wales, company number 02863827, registered charity number 1053988, registered office 10 Queen Street Place, London EC4R 1BE, a registered international non-profit organisation in Belgium, ClientEarth AISBL, enterprise number 0714.925.038, a registered company in Germany, ClientEarth gGmbH, HRB 202487 B, a registered non-profit organisation in Luxembourg, ClientEarth ASBL, registered number F11366, a registered foundation in Poland, Fundacja ClientEarth Poland, KRS 0000364218, NIP 701025 4208, a registered 501(c)(3) organisation in the US, ClientEarth US, EIN 81-0722756, a registered subsidiary in China, ClientEarth Beijing Representative Office, Registration No. G1110000MA0095H836. ClientEarth is registered on the EU Transparency register number: 96645517357-19. Our goal is to use the power of the law to develop legal strategies and tools to address environmental issues.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CLIENTEARTH

Opinion

We have audited the financial statements of ClientEarth ('the charitable company') and its subsidiaries ('the group') for the year ended 31 December 2021 which comprise the Consolidated statement of financial activities, the Consolidated statement of financial position, Company statement of financial position, Consolidated statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 December 2021 and of the group's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's or the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CLIENTEARTH

prepared is consistent with the financial statements; and

- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CLIENTEARTH

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context for the UK operations were employment legislation, taxation legislation and anti-fraud, bribery and corruption legislation. We also considered compliance with local legislation for the group's overseas operating segments.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of grant income, contract income and significant, one-off donation income, the completeness and valuation of provisions and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management and the Finance, Risk and Audit Committee about their own identification and assessment of the risks of irregularities, sample testing of funding received in the year and post year end to underlying documents, sample testing of year end balances for accrued and deferred income, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission, and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Tim Redwood
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor

London

Date: 26th September 2022

CLIENTEARTH

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2021

		Unrestricted funds	Designated funds	Restricted funds	Total	Total
	Notes	2021 £	2021 £	2021 £	2021 £	2020 £
<u>Income and endowments from:</u>						
Donations and legacies	3	4,417,024	-	1,624,660	6,041,684	4,583,332
Charitable activities:	4	24,416	-	18,894,052	18,918,468	13,860,930
Other trading activities	5	3,065,981	-	-	3,065,981	-
Investments	6	191,209	-	-	191,209	155,106
Other income	7	13,545	-	89,681	103,226	2,191,339
Total income		7,712,175	-	20,608,393	28,320,568	20,790,707
<u>Expenditure on:</u>						
Raising funds		1,496,054	88,395	397,942	1,982,391	1,169,189
Charitable activities:	9	2,150,203	2,358,696	15,144,219	19,653,118	15,681,046
Expenditure		3,646,257	2,447,091	15,542,161	21,635,509	16,850,235
Net gains on investments		640,405	-	-	640,405	1,221,976
Net income before transfers		4,706,323	(2,447,091)	5,066,232	7,325,464	5,162,448
Gross transfers between funds		(1,745,897)	1,745,897	-	-	-
Net movement in funds		2,960,426	(701,194)	5,066,232	7,325,464	5,162,448
Fund balances at 1 January 2021		4,372,466	13,528,483	8,143,776	26,044,725	20,882,277
Fund balances at 31 December 2021		7,332,892	12,827,289	13,210,008	33,370,189	26,044,725

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

CLIENTEARTH

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Intangible assets	13		48,385		72,131
Tangible assets	14		913,508		253,797
Investments	15		13,538,543		12,756,349
			<u>14,500,436</u>		<u>13,082,277</u>
Current assets					
Debtors	16	7,329,033		3,868,189	
Investment cash		657,031		524,278	
Cash at bank and in hand		14,529,399		9,732,905	
		<u>22,515,463</u>		<u>14,125,372</u>	
Creditors: amounts falling due within one year	17	(2,202,710)		(1,162,924)	
Net current assets			20,312,753		12,962,448
Total assets less current liabilities			34,813,189		26,044,725
Provisions for liabilities	18		(1,443,000)		-
Net assets			<u>33,370,189</u>		<u>26,044,725</u>
Income funds					
Restricted funds	20		13,210,008		8,143,776
Unrestricted funds - Designated	21		12,827,289		13,528,483
Unrestricted funds - General			7,332,892		4,372,466
			<u>33,370,189</u>		<u>26,044,725</u>

The financial statements were approved and authorised for issue by the Board on 1 September 2022



H Covington (Chair)
Trustee

01/09/2022

Date.....

Company Registration No. 2863827

CLIENTEARTH

COMPANY STATEMENT OF FINANCIAL POSITION

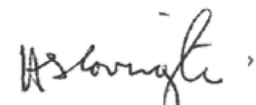
AS AT 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Intangible assets	13		48,385		72,131
Tangible assets	14		842,276		230,208
Investments	15		13,538,543		12,756,349
			<u>14,429,204</u>		<u>13,058,688</u>
Current assets					
Debtors	16	7,007,211		3,740,607	
Investment cash		657,031		524,278	
Cash at bank and in hand		13,626,828		8,990,292	
		<u>21,291,070</u>		<u>13,255,177</u>	
Creditors: amounts falling due within one year	17	(1,818,515)		(1,220,070)	
Net current assets			<u>19,472,555</u>		<u>12,035,107</u>
Total assets less current liabilities			<u>33,901,759</u>		<u>25,093,795</u>
Provisions for liabilities	18		(1,443,000)		-
Net assets			<u><u>32,458,759</u></u>		<u><u>25,093,795</u></u>
Income funds					
Restricted funds	20		12,640,257		7,634,048
Unrestricted funds - Designated	21		12,827,289		13,528,483
Unrestricted funds - General			6,991,213		3,931,264
			<u><u>32,458,759</u></u>		<u><u>25,093,795</u></u>

A separate statement of the financial activities and income & expenditure accounts are not presented for the charity itself following the exemptions permitted by section 408 of the Companies Act 2006.

The total income for the charity for the period ended 31 December 2021 were £27,730,382 (2020: £20,286,414) with the positive movements in funds being £7,364,964 (2020: £5,483,735).

The financial statements were approved and authorised for issue by the Board on 1 September 2022



H Covington (Chair)
Trustee

01/09/2022
Date.....

Company Registration No. 2863827

CLIENTEARTH

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash generated from operations	22	5,703,362		2,995,207	
Investing activities					
Purchase of intangible assets		-	(65,988)		
Purchase of tangible fixed assets		(825,475)	(186,954)		
Proceeds on disposal of tangible fixed assets		1,941	-		
Purchase of investments		(3,192,753)	(20,640,959)		
Proceeds on disposal of investments		3,050,963	8,596,270		
Interest received		191,209	155,106		
Net cash used in investing activities		(774,115)		(12,142,525)	
Net cash used in financing activities		-		-	
Net increase/(decrease) in cash and cash equivalents		4,929,247		(9,147,318)	
Cash and cash equivalents at beginning of year		10,257,183		19,404,501	
Cash and cash equivalents at end of year		15,186,430		10,257,183	

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Charity information

ClientEarth is a private company limited by guarantee incorporated in England and Wales. The registered office is 10 Queen Street Place, London, EC4R 1BE. The principal place of business is The Joinery, 34 Drayton Park, London, N5 1PB.

1.1 Accounting convention

The accounts have been prepared in accordance with "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (published October 2019). The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The accounts have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

The trustees have reviewed the following to assess the going concern position of the charity:

- Comparison of free reserves (unrestricted funds) against the charity's reserves policy
- Restricted and Designated fund balances against budgeted future programme activities
- Information from budgets and forecasts for income, expenditure and cash flows
- In December 2021, the Board approved a 5 year financial plan to accompany the new Strategic Framework. This focuses on continued financial resilience through investing to grow unrestricted income further, to improve the future funding mix; targeting growth in programme costs towards strategic priorities; and seeking efficiencies across key processes.

Based on this review, the trustees have reasonable expectation that the charity has adequate resources to continue in operation for the foreseeable future. The charity therefore continues to adopt the going concern basis in preparing its financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives unless the funds have been designated for other purposes.

Designated funds comprise unrestricted funds which have been voluntarily set aside at the discretion of the trustees for specific purposes. The purposes and uses of the designated funds are set out in the notes to the financial statements.

Restricted funds are subject to specific conditions by donors as to how they may be used. Restricted funds are classified in the notes to the accounts under the purpose for which they will be used.

1.4 Income

Income from grants and contracts are recognised at fair value when the charity has entitlement after any performance conditions have been met, it is probable that the income will be received and the amount can be measured reliably. If entitlement is not met then these amounts are deferred.

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

The charity is partially exempt for Value Added Tax and only charges VAT on income deemed business activities.

Grants received with both a restricted and unrestricted purpose are allocated on receipt directly into the correct fund and are not transferred between restricted and unrestricted funds.

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Expenditure is recognised in the period in which they are incurred.

Expenditure is allocated to the particular activity where the cost relates directly to that activity.

Support costs comprising the salary and overheads costs of the central function are apportioned to each activity on the following per capita basis:

Raising funds	12%
Rule of Law	10%
Climate	16%
Energy Transition	21%
Pollution & health	12%
Forests	12%
Oceans	8%
Wildlife	9%

2020 Comparatives

Raising funds	10%
Rule of Law	13%
Climate	10%
Energy Transition	22%
Pollution & health	14%
Forests	10%
Oceans	10%
Wildlife	11%

The charity is partially exempt for Value added tax and only claims VAT on expenditure relating to business activities.

Governance costs include all costs of compliance with constitutional and statutory requirements, including legal, audit fees and the costs of board meetings.

1.6 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Software	20% straight line

1.7 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Fixtures, fittings & equipment	20% straight line
Computers	20% straight line

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits with banks, other investments with original maturities of three months or less, and bank overdrafts.

1.9 Financial instruments

The charity has applied the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

1.10 Provisions

Provisions are recognised when the charity has a legal or constructive present obligation as a result of a past event, it is probable that the charity will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

1.11 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which that entitlement is earned.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

The charity operates a defined contributions pension scheme. Contributions are charged in the accounts as they become payable in accordance with the rules of the scheme.

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.12 Foreign exchange

Transactions denominated in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. All gains / losses are recorded in income or expenditure as appropriate.

1.13 Basis of Consolidation

The consolidated financial statements incorporate those of ClientEarth and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Their results are consolidated on a line by line basis from the date that control passes.

All financial statements are made up to 31 December 2021. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation.

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

Judgment is required in applying the charity's policy on income recognition below:

Income recognition

Income from grants are recognised at fair value when the charity has entitlement after any performance conditions have been met, it is probable that the income will be received and the amount can be measured reliably. If entitlement is not met then these amounts are deferred. Income from contracts are recognised in line with the expenditure against that contract as this is deemed the most accurate proxy for the performance conditions being met. Where such income is received in advance of delivering the goods or services required, the income is not recognised. Instead it is recognised as a liability (deferred income) until performance can be measured (based on spend).

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

3 Donations and legacies

	Unrestricted funds	Restricted funds	Total	Unrestricted funds	Restricted funds	Total
	2021 £	2021 £	2021 £	2020 £	2020 £	2020 £
Donations and gifts	4,417,024	1,624,660	6,041,684	3,287,840	1,295,492	4,583,332

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

4 Income from Charitable Activities

	Rule of law	Climate and the Paris agreement	Energy transition	Pollution & health	Forests	Oceans protection	Wildlife protection	Total 2021
	£	£	£	£	£	£	£	£
Analysis by fund								
Unrestricted funds	-	23,041	-	1,375	-	-	-	24,416
Restricted funds	3,832,489	4,838,159	4,315,471	1,655,352	2,599,058	936,052	717,471	18,894,052
	3,832,489	4,861,200	4,315,471	1,656,727	2,599,058	936,052	717,471	18,918,468

For the year ended 31 December 2020

	Rule of law	Climate and the Paris agreement	Energy transition	Pollution & health	Forests	Oceans protection	Wildlife protection	Total 2020
	£	£	£	£	£	£	£	£
Analysis by fund								
Unrestricted funds	175	17,037	-	1,090	-	-	-	18,302
Restricted funds	2,789,498	2,306,326	4,235,175	1,676,355	1,595,366	626,016	613,892	13,842,628
	2,789,673	2,323,363	4,235,175	1,677,445	1,595,366	626,016	613,892	13,860,930

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

5 Other trading activities

	Unrestricted funds	Total
	2021 £	2020 £
Trading activity income: Sale of donated goods	3,065,981	-

During the reporting period ClientEarth raised unrestricted income from a series of auctions held by Artists for ClientEarth.

6 Investments

	Unrestricted funds	Unrestricted funds	Endowment funds designated	Total
	2021 £	2020 £	2020 £	2020 £
Income from unlisted investments	182,069	-	98,108	98,108
Interest receivable	9,140	56,998	-	56,998
	191,209	56,998	98,108	155,106

7 Other income

	Unrestricted funds	Restricted funds	Total	Unrestricted funds	Restricted funds	Total
	2021 £	2021 £	2021 £	2020 £	2020 £	2020 £
Rental income	5,746	-	5,746	30,339	-	30,339
Litigation awards	152	31,206	31,358	31,366	-	31,366
Memberships	-	58,475	58,475	-	75,908	75,908
Income from absorption of new entities	-	-	-	28,090	-	28,090
Lottery income	-	-	-	2,023,742	-	2,023,742
Other income	7,647	-	7,647	1,894	-	1,894
	13,545	89,681	103,226	2,115,431	75,908	2,191,339

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

8 Top Donors

Included within income are the following top ten donors:

	2021
	£
Children's Investment Fund Foundation (CIFF)	4,310,072
Grantham Foundation for the Protection of the Environment	3,092,740
Bloomberg Philanthropies	1,424,427
Sequoia Climate Foundation	1,227,750
Postcode Earth Trust	1,000,000
NORAD - Norway's International Climate and Forest Initiative (NICFI)	997,323
European Climate Foundation (ECF)	896,825
FCDO FGMC via Pegasys Ltd	804,872
Rockefeller Brothers Fund	570,320
MacArthur Foundation	539,596
Other donors	10,096,227
	24,960,152

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

9 Charitable activities:

	Charitable activities without support and governance costs	Allocation of support costs	Allocation of governance costs	Total charitable activities
	2021 £	2021 £	2021 £	2021 £
Raising Funds	1,766,057	216,334	-	1,982,391
Rule of Law	2,487,942	180,278	7,621	2,675,841
Climate	3,618,110	288,445	13,164	3,919,719
Energy Transition	4,611,462	378,584	16,628	5,006,674
Pollution & Health	2,215,735	216,334	9,700	2,441,769
Forests	2,275,922	216,334	9,007	2,501,263
Oceans	1,458,395	144,223	6,235	1,608,853
Wildlife	1,329,823	162,250	6,926	1,498,999
	19,763,446	1,802,782	69,281	21,635,509
	2020 £	2020 £	2020 £	2020 £
Raising Funds	1,029,924	139,264	-	1,169,188
Rule of Law	1,840,193	181,043	11,084	2,032,320
Climate	1,881,144	139,264	9,501	2,029,909
Energy Transition	3,896,647	306,382	20,584	4,223,613
Pollution & Health	2,298,898	194,970	12,667	2,506,535
Forests	1,966,758	139,264	8,709	2,114,731
Oceans	1,220,192	139,264	7,917	1,367,373
Wildlife	1,244,666	153,191	8,709	1,406,566
	15,378,422	1,392,642	79,171	16,850,235

10 Auditor's remuneration

Fees payable to the charity's auditor and associates:	2021 £	2020 £
Audit of the charity's annual accounts	33,600	21,240
Non-audit services		
Audit-related assurance services	-	7,920
Other assurance services	-	6,375
Total non-audit fees	-	14,295

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

11 Trustees

None of the trustees (or any persons connected with them) received any remuneration during the year. During the year £nil (2020: £174) of expenses were reimbursed to trustees.

12 Employees

Number of employees

The average monthly number of employees during the year was:

	2021 Number	2020 Number
Raising Funds	28	19
Charitable Activities		
Rule of Law	18	22
Climate	31	18
Energy	40	41
Health	24	25
Forests	22	16
Oceans	15	16
Wildlife	17	17
Support	28	25
Governance	-	1
	223	200

Employment costs

	2021 £	2020 £
Wages and salaries	10,748,767	9,044,080
Social security costs	650,853	614,117
Other pension costs	318,738	292,744
Other employment related costs and temps	461,107	572,812
Holiday pay accrual	281,461	325,651
	12,460,926	10,849,404

During the year no termination or redundancy payments in accordance with the charity's accounting policy were made (2020: £211,277 to 4 employees).

Due to the global pandemic the charity changed its policy on the number of holiday days that employees could carry forward to the next year. This increased the holiday pay accrual to a material amount in 2020 and therefore the cumulative position was accrued and has continued to be provided for in 2021.

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

12 Employees

(Continued)

The number of employees whose annual remuneration was £60,000 or more were:

	2021 Number	2020 Number
£60,000 - £70,000	10	11
£70,001 - £80,000	5	2
£80,001 - £90,000	7	2
£90,001 - £100,000	1	2
£100,001 - £110,000	-	1
£110,001 - £120,000	1	-
£120,001 - £130,001	2	3
£140,001 - £150,000	-	1
£210,001 - £220,000	-	1
£240,001 - £250,000	1	-

Pension contributions for employees whose annual remuneration was £60,000 or more amounted to £79,218 (2020: £69,496)

Remuneration of key management personnel

The key management personnel of ClientEarth is comprised of the Executive Team: CEO, Deputy CEO and CFO. The remuneration of key management personnel is as follows:

	2021 £	2020 £
Salary	455,608	394,748
Employers national insurance	59,320	21,758
Pension contributions	16,792	9,655
	<u>531,720</u>	<u>426,161</u>

13 Intangible fixed assets

	Software £
Cost	
At 1 January 2021 and 31 December 2021	<u>118,738</u>
Amortisation and impairment	
At 1 January 2021	46,607
Amortisation charged for the year	<u>23,746</u>
At 31 December 2021	<u>70,353</u>
Carrying amount	
At 31 December 2021	<u>48,385</u>
At 31 December 2020	<u>72,131</u>

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

14 Tangible fixed assets

	Leasehold improvements	Fixtures, fittings & equipment	Computers	Total
	£	£	£	£
Cost				
At 1 January 2021	-	65,405	384,045	449,450
Additions	764,679	35,879	24,917	825,475
Disposals	-	-	(2,080)	(2,080)
At 31 December 2021	764,679	101,284	406,882	1,272,845
Depreciation and impairment				
At 1 January 2021	-	32,646	163,007	195,653
Depreciation charged in the year	68,100	17,118	78,605	163,823
Eliminated in respect of disposals	-	-	(139)	(139)
At 31 December 2021	68,100	49,764	241,473	359,337
Carrying amount				
At 31 December 2021	696,579	51,520	165,409	913,508
At 31 December 2020	-	32,759	221,038	253,797

15 Fixed asset investments

	Investments £
Cost or valuation	
At 1 January 2021	12,756,349
Additions	3,192,753
Net gains/losses	603,214
Disposals	(3,013,773)
At 31 December 2021	13,538,543
Carrying amount	
At 31 December 2021	13,538,543
At 31 December 2020	12,756,349

The investment portfolio is managed by Sarasin & Partners LLP. The investments are stated at market value as at the year end.

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

16 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
GROUP		
Other debtors	341,262	418,241
Prepayments and accrued income	6,987,771	3,449,948
	<u>7,329,033</u>	<u>3,868,189</u>
 PARENT CHARITY		
Other debtors	245,012	214,476
Prepayments and accrued income	6,762,199	3,526,131
	<u>7,007,211</u>	<u>3,740,607</u>

17 Other creditors falling due within one year

	2021 £	2020 £
GROUP		
Other creditors	884,612	453,393
Accruals and deferred income	764,205	502,765
Other taxation and social security	553,893	206,766
	<u>2,202,710</u>	<u>1,162,924</u>
 PARENT CHARITY		
Other creditors	1,147,519	809,774
Accruals and deferred income	365,196	363,526
Other taxation & social security	305,800	46,770
	<u>1,818,515</u>	<u>1,220,070</u>

18 Provisions

	2021 £	2020 £
VAT provisions	<u>1,443,000</u>	<u>-</u>

ClientEarth registered for UK VAT on 16 September 2021. It has since transpired that the charity should have been registered sooner due to the impact of reverse charges. Work is ongoing to investigate the full liability and a provision has been recognised in these financial statements based on our initial calculations.

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) *FOR THE YEAR ENDED 31 DECEMBER 2021*

19 Retirement benefit schemes

ClientEarth operates defined contribution pension schemes for staff in the UK and Belgium. These schemes match employee contributions up to a maximum of 5% of pensionable salary and staff are automatically enrolled into the relevant scheme in line with government legislation. No employees receive benefits under a defined benefit pension scheme. The assets of the schemes are held separately from those of the charity in independently administered funds.

The charge to profit or loss in respect of defined contribution schemes was £318,738 (2020: £292,744).

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

20 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

Group and Parent

	Movement in funds				
	Balance at 1/1/2021	Income	Expenditure	Reclassification	Balance at 31/12/21
	£	£	£	£	£
Rule of Law					
Children's Investment Fund Foundation	270,249	(75,182)	(195,067)		-
Grantham Foundation	750,227	1,456,815	(587,582)		1,619,460
Bloomberg Philanthropies	-	151,863	(67,495)		84,368
Rockefeller Fund	-	145,436	(145,436)		-
MacArthur Foundation	14,681	539,596	(190,382)		363,895
European Union via GOPA	2,038	128,211	(130,249)		-
UK Partnering for Accelerated Climate Transitions	-	121,803	(286,070)		(164,267)
UN Sustainable Development Solutions Network Association	(8,982)	24,595	(15,613)		-
Sequoia Climate Foundation		665,164			665,164
Other restricted funds	691,564	635,021	(810,386)	(34,831)	481,368
Climate and the Paris agreement					
Children's Investment Fund Foundation	203,649	2,183,974	(1,497,461)	402,177	1,292,339
Grantham Foundation	750,227	1,456,815	(429,007)		1,778,035
Other restricted funds	63,952	453,768	(245,396)		272,324
Energy Transition					
Children's Investment Fund Foundation	216,365	409,425	(625,756)		34
Bloomberg Philanthropies	(21,935)	1,066,131	(57,492)		986,704
European Climate Foundation	73,022	505,258	(555,210)		23,070
Sequoia Climate Foundation	579,482	562,586	(532,424)		609,644
Horizon	(8,307)	24,609	(16,302)		-
Other restricted funds	243,999	391,492	(446,834)		188,657
Pollution and Health					
Children's Investment Fund Foundation	103,066	56,423	(156,032)		3,457
Bloomberg Philanthropies	-	78,869	-		78,869
European Climate Foundation	-	391,567	(198,541)		193,026
Other restricted funds	142,570	487,503	(466,085)		163,988
Sub total	4,065,867	11,861,742	(7,654,820)	367,346	8,640,135

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

20 Restricted funds

(Continued)

	Balance at 1/1/2021	Income	Expenditure	Reclassification	Balance at 31/12/2021
	£	£	£	£	£
Brought forward from previous page	4,065,867	11,861,742	(7,654,820)	367,346	8,640,135
Forests					
Norwegian Agency for Development Cooperation	-	997,323	(370,288)		627,035
FCDO – FGMG via Pegasys Ltd	-	804,872	(573,599)		231,273
UK Department for International Development	235,460	70,190	(305,793)		(143)
EU Directorate-General for Migration and Home Affairs	6,460	4,980	(11,440)		-
European Forest Institute	-	28,043	(28,043)		-
Food and Agriculture Organization	-	50,000	(50,000)		-
European Forest Institute	2,449	6,463	(8,912)		-
Other restricted funds	203,902	908,391	(638,841)		473,452
Oceans					
Children's Investment Fund Foundation	-	-	(7,969)		(7,969)
Rockefeller Fund	-	424,885	(335,561)		89,324
Other restricted funds	250,842	831,046	(868,280)		213,608
Wildlife					
Grantham Foundation	63,753	179,109	(179,601)		63,261
Other restricted funds	558,358	1,050,783	(980,012)		629,129
Strategic Climate Litigation (redistributed across Climate, Energy and Pollution and Health)					
Children's Investment Fund Foundation	2,076,307	1,567,029	(2,940,450)	(402,177)	300,709
Bloomberg Philanthropies	14,235	127,564	(141,799)		-
PPL Earth Trust	-	1,000,000	-		1,000,000
Other restricted funds	227,375	81,206	(16,429)	34,831	326,983
Restricted core grants (redistributed across all charitable activities above)					
Children's Investment Fund Foundation	-	168,403	(85,039)		83,364
EU Life+	5,127	187,677	(192,804)		-
Other restricted funds	433,641	258,687	(152,481)		539,847
Total	8,143,776	20,608,393	(15,542,161)	-	13,210,008

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

20 Restricted funds comparative figures

Group and Parent

	Balance at 1/1/2020	Movement in funds		Balance at 31/12/20
	£	Income	Expenditure	£
Rule of Law		£	£	
Children's Investment Fund Foundation	136,718	624,162	(490,631)	270,249
Grantham Foundation	-	750,227	-	750,227
European Commission DG Environment (LIFE programme)	(176,802)	175,760	1,042	-
European Union via GOPA	11,185	111,620	(120,767)	2,038
UN Sustainable Development Solutions Network Association	-	19,147	(28,129)	(8,982)
Other restricted funds	334,972	1,178,281	(807,008)	706,245
Climate and the Paris agreement				
Children's Investment Fund Foundation	205,404	551,917	(553,672)	203,649
Grantham Foundation	-	750,227	-	750,227
Other restricted funds	78,858	248,480	(263,386)	63,952
Energy Transition				
Children's Investment Fund Foundation	238,843	457,822	(480,300)	216,365
Bloomberg Philanthropies	(11,208)	320,981	(331,708)	(21,935)
Sequoia Climate Fund	-	579,482	-	579,482
European Commission	60,693	25,893	(94,893)	(8,307)
Tilia Foundation	-	139,665	(139,665)	-
European Climate Foundation	(35,867)	487,784	(378,895)	73,022
German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety	(22)	1,815	(1,793)	-
Other restricted funds	15,000	471,670	(242,671)	243,999
Sub total	857,774	6,894,933	(3,932,476)	3,820,231

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

20 Restricted funds comparative figures

(Continued)

	Balance at 1/1/2020	Income	Expenditure	Balance at 31/12/20
	£	£	£	£
Brought forward from previous page	857,774	6,894,933	(3,932,476)	3,820,231
Pollution and Heath				
Children's Investment Fund Foundation	114,578	294,383	(305,895)	103,066
Other restricted funds	385,942	409,129	(652,501)	142,570
Forests				
UK Department for International Development	372,812	1,078,401	(1,215,753)	235,460
EU Directorate-General for Migration and Home Affairs	(1,332)	20,843	(13,051)	6,460
Tilia Foundation	139,702	365,361	(301,161)	203,902
European Forest Institute	(6,627)	63,746	(54,670)	2,449
Other restricted funds	18,320	70,708	(89,028)	-
				-
Oceans				
Other restricted funds	277,863	958,390	(985,411)	250,842
				-
Wildlife				
Grantham Foundation	125,067	187,557	(248,871)	63,753
Other restricted funds	504,516	859,705	(805,863)	558,358
Strategic Climate Litigation (redistributed across Climate, Energy and Pollution and Health)				
Children's Investment Fund Foundation	1,935,347	3,155,937	(3,014,977)	2,076,307
Bloomberg Philanthropies	40,853	394,655	(421,273)	14,235
Other restricted funds	209,474	-	17,901	227,375
Restricted core grants (redistributed across all charitable activities above)				
EU Life+	-	216,438	(211,311)	5,127
Other restricted funds	189,248	243,842	551	433,641
Total	5,163,537	15,214,028	(12,233,789)	8,143,776

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

21 Designated funds

Gilmour-Samson gift

During the year part of the previously designated Gilmour-Samson gift has been spent on initiatives including expanding decarbonisation work in Asia, using international human rights law to defend East African communities, working with NGOs, universities and public bodies in Europe to clamp down on greenwashing and misinformation; and to support organisational strengthening. The intention is to use the remaining funds over the period to December 2026 for similar purposes.

Lottery income

During the year part of the previously designated lottery income funds have been spent on supporting ClientEarth to drive organisational development and support work tackling the most pressing environmental challenges including supporting the transition to clean and sustainable energy systems in Europe and Asia, securing an exemplary framework for UK environmental law and governance and strengthening laws which protect marine ecosystems and wildlife. The final balance on this fund has been set aside for an iconic case launched in March 2022.

Artists for ClientEarth

At the end of the 2021 reporting period, trustees voluntarily designated unrestricted income raised from a series of auctions held by Artists for ClientEarth to be spent in the next five years. These funds will support strengthening of public awareness of ClientEarth's work, income generation, delivery of a new strategy including changes to structure and programmes, and in programmes overall.

The remaining transfers in the year relate to the reclassification of investment income and gains in 2020 from designated to unrestricted funds.

	Balance at 1 January 2020	Movement in funds						Balance at 31 December 2021
		Income	Expenditure	Transfers	Investments gains/losses	Balance at 31 December 2020	Expenditure	Transfers
	£	£	£	£	£	£	£	£
Gilmour-Samson gift - targeted projects	12,171,179	98,108	(1,986,522)	-	1,221,976	11,504,741	(923,349)	(1,320,084)
Lottery income - targeted projects	-	-	-	2,023,742	-	2,023,742	(1,523,742)	-
Artists for ClientEarth - targeted projects	-	-	-	-	-	-	-	3,065,981
	12,171,179	98,108	(1,986,522)	2,023,742	1,221,976	13,528,483	(2,447,091)	1,745,897
								12,827,289

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

22 Analysis of net assets between funds

Fund balances at 31 December 2021 are represented by:

	Unrestricted funds 2021 £	Designated funds 2021 £	Restricted funds 2021 £	Total 2021 £	Unrestricted funds 2020 £	Designated funds 2020 £	Restricted funds 2020 £	Total 2020 £
Intangible fixed assets	48,385	-	-	48,385	72,131	-	-	72,131
Tangible assets	913,508	-	-	913,508	253,797	-	-	253,797
Investments	2,142,559	11,395,984	-	13,538,543	-	12,756,349	-	12,756,349
Current assets/(liabilities)	5,671,440	1,431,305	13,210,008	20,312,753	4,046,538	772,134	8,143,776	12,962,448
Provisions	(1,443,000)	-	-	(1,443,000)	-	-	-	-
	7,332,892	12,827,289	13,210,008	33,370,189	4,372,466	13,528,483	8,143,776	26,044,725

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

23 Operating lease commitments

At the reporting end date the charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021 £	2020 £
Within one year	438,819	353,237
Between two and five years	2,101,083	460,602
In over five years	-	31,609
	<u>2,539,902</u>	<u>845,448</u>

24 Related party transactions

During the year the charity received the following grants from organisations connected to trustees:

Organisation	Related Trustee	2021 £	2020 £
Children's Investment Fund Foundation (CIFF)	Sonia Medina	4,310,072	5,084,221
The Ashden Trust	Sarah Butler-Sloss	120,834	75,000
The J. Van Mars Foundation	Brian Eno	250,000	250,000
The McIntosh Foundation	Winsome Dunn McIntosh	7,165	-
The Martin Smith Foundation	Sir Martin Smith	-	15,000
The Prospect Hill Foundation	Frances Beinecke	-	7,633
		<u>4,688,071</u>	<u>5,431,854</u>

During the year the charity received donations totalling £184,246 (2020 - £303,708) from trustees. There were no conditions attached to these which would, or might, require the charity to alter significantly the nature of its existing activities

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

24 Related party transactions

(Continued)

During the year the charity made a donation of €20,000 (2020: €nil) to ClientEarth – ANWÄLTE DER ERDE.

During the year a sub-grant of \$125,000 (2020: \$nil) was given to ClientEarth USA Inc.

During the year an amount of \$10,000 (2020: \$nil) was paid to Martin Goodman (husband of the CEO) for translation services.

25 Associates

Details of the charity's associates at 31 December 2021 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held
Climate Transition Expert Group Limited	England & Wales	Dormant	Ordinary	33

26 Subsidiaries

The following subsidiaries are all charitable entities with no share capital, and are all consolidated in these accounts.

Details of the charity's subsidiaries at 31 December 2021 are as follows:

Name of undertaking	Registered office	Nature of business	% Held
Client Earth France	86, boulevard Raspail, 75006 Paris, France	Dormant	100.00
ClientEarth AISBL	1050 Bruxelles, Rue du Trone 60, Belgium	Charity	100.00
ClientEarth gGmbH	Objekt Albrechtstrasse 22, 10117 Berlin, Germany	Charity	100.00
Fundacja ClientEarth Prawnicy dla Ziemi (ClientEarth Poland)	Zurawia 45 (staircase B, 2nd floor), 00-680 Warsaw, Poland	Charity	100.00
ClientEarth ASBL	17 Route d'Arlon, L-8009 Strassen, Luxembourg	Charity	100.00
ClientEarth Trading Ltd	The Joinery, 34 Drayton Park, London, N5 1PB	Dormant	100.00

The results of the non dormant subsidiaries are as follows:

Name of undertaking	External income	Funding from head office	Expenditure	Surplus/Deficit	Reserves
ClientEarth AISBL	117,112	3,425,779	(3,870,504)	(327,613)	39,100
ClientEarth GmbH	472,382	451,435	(732,277)	191,540	732,192
ClientEarth Poland	692	1,190,575	(1,140,115)	51,152	109,794
ClientEarth ASBL	-	166,025	(120,606)	45,419	30,343

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

26 Subsidiaries

(Continued)

Comparatives for 2020

Name of undertaking	External income	Funding from head office	Expenditure	Surplus/Deficit	Reserves
ClientEarth AISBL	48,457	2,342,952	(2,801,318)	(409,909)	366,713
ClientEarth GmbH	707,042	10,992	(469,534)	248,500	540,652
ClientEarth Poland	1,890	634,210	(780,902)	(144,802)	58,641
ClientEarth ASBL	28,090	86,836	(130,003)	(15,077)	(15,077)

27 Cash generated from operations

2021
£

2020
£

Surplus for the year	7,325,464	5,162,448
Adjustments for:		
Investment income recognised in statement of financial activities	(191,209)	(155,106)
Fair value gains and losses on investments	(640,405)	(1,221,976)
Foreign exchange gains and losses on investments	-	510,316
Depreciation and impairment of tangible fixed assets	187,570	93,782
Movements in working capital:		
(Increase) in debtors	(3,460,844)	(2,134,877)
Increase in creditors	1,039,786	740,620
Increase in provisions	1,443,000	-
Cash generated from operations	5,703,362	2,995,207

Accounts



ClientEarth[®]

Annual Report and Financial Statements

For the year ended 31 December 2020

Charity Registration no. 1053988

Company Registration no. 2863827 (England and Wales)

CLIENTEARTH

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	H Covington (Chair) G Stratenwerth (Treasurer) F Beinecke H Bruhn S Butler-Sloss B Eno S Hockman P Joubert W McIntosh S Medina Gomez D Mokhtarzadeh (Appointed 19 November 2020) A Razzouk (Appointed 19 November 2020) Sir Martin Smith Dr E Ugirashebuja (Appointed 19 November 2020)
Charity number	1053988
Company number	2863827
Principal address	The Joinery 34 Drayton Park London N5 1PB
Registered office	10 Queen Street Place London EC4R 1BE
Auditor	Arram Berlyn Gardner LLP 30 City Road London EC1Y 2AB

CLIENTEARTH

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ClientEarth is an environmental charity with a unique approach - we use the law to create powerful change and a future where people and planet thrive together.

“Once something becomes law, it becomes actionable and enforceable. Shortly afterwards, it becomes ‘common sense’. It becomes possible for a small group of people to use the law to trigger big changes. The task is pretty daunting but the rewards are huge.”

— Brian Eno, musician, artist and ClientEarth trustee

ClientEarth Trustees' Report (including Directors' and Strategic Report)

For the year ended 31 December 2020

The trustees (who are also the directors of ClientEarth for the purposes of company law) present their report and accounts for the period ended 31 December 2020. The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the Companies Act 2006 and the Statement of Recommended Practice, 'Accounting and Reporting by Charities', FRS102 (effective 1 January 2015).

The charity is a company limited by guarantee and is governed by its memorandum and articles of association. The trustees, who are also the directors for the purpose of company law, who served during the period, were:

- Howard Covington (Chair)
- Georg Stratenwerth (Treasurer)
- Frances Beinecke
- Hermann Friedrich Bruhn
- Sarah Butler- Sloss
- Brian Eno
- Daniel Greenberg (deceased 23 February 2021)
- Stephen Hockman QC
- Philippe Joubert
- Winsome Dunn McIntosh
- Sonia Medina
- Devika Waney Mokhtarzadeh (appointed 19 November 2020)
- Assaad Razzouk (appointed 19 November 2020)
- Christina Robert (retired 17 September 2020)
- Sir Martin Smith
- Emmanuel Ugirashebuja (appointed 19 November 2020)

Charity Registration No. 1053988

Company Registration No. 2863827 (England and Wales)

Company Secretary / Legal Advisors: Bates Wells, 10 Queen Street Place, London, EC4R 1BE

ClientEarth principal address: The Joinery, 34 Drayton Park, London, N5 1PB

ClientEarth registered address: 10 Queen Street Place, London, EC4R 1BE

Auditors: Arram Berlyn Gardner LLP, 30 City Road, London EC1Y 2AB

Bankers: HSBC, 16 King Street, London WC2E 8JF / Barclays, 1 Churchill Place, London, E14 5HP

Tax advisors: BDO, 2 City Place, Beehive Ring Road, Gatwick, West Sussex, RH6 0PA

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About us

At ClientEarth, we're focused on creating seismic change. We can take on governments, hold businesses to account, change financial markets. One well-placed, hard-won legal victory can change the system. Enough of them can change the future. That future can be one in which people and planet thrive together. It's not only possible, it's essential. It's this vision that we fight for every single day, using the most powerful tool citizens have: the law.

We work on behalf of citizens. We fight to strengthen citizen's laws and work to ensure that all citizens can usefully access them.

We work in partnership. We work in coalition with local individuals, communities, NGOs and other organisations, merging our experience with their on-the ground expertise.

We build better foundations. We work with businesses to create robust legal frameworks, and train experts to uphold them.

We secure stronger laws. We work with legislators to strengthen planned laws and improve existing ones.

We hold power to account. We monitor how laws are implemented and upheld, and force corporations and governments to be wholly accountable for their actions.

We change the game. We mount high-profile campaigns that change the conversation and force action.

We get results. We aim to achieve the greatest possible impact and create precedents that can be taken up worldwide.

We go after the worst-offending institutions and industries where we can have the greatest impact: coal, plastics, finance, forests, chemicals and much more. We choose strategic targets and actions that set powerful precedents, creating opportunities for others to follow suit. Wherever we work, and whatever we're tackling, our approach is the same: establish citizens' access to the law, work in local partnership, and use our expertise to strengthen and defend the laws that protect people and planet.

Introduction from Howard Covington, Chair of ClientEarth's Board of Trustees

Like all people and organisations across the world, ClientEarth felt the impact of the pandemic during 2020. As the world went into lockdown we were forced to move swiftly into a remote model of working. Our people have responded magnificently under very difficult circumstances and I would like sincerely to thank them for coping so well. I'm deeply proud of the way that ClientEarth has supported our team so that they could continue to work at the highest standard and we will continue to prioritise their wellbeing well into the future.

The year was also one of global reflection on the issue of racism. At ClientEarth we have redoubled our own focus on equality, diversity and inclusion (EDI). We established an EDI committee of the Board to ensure that this subject is on the agenda at every Board meeting and are undertaking development of an EDI and long-term strategy. I look forward to reporting in detail on progress in future years.

It is to the credit of the staff, leadership, donors and supporters of ClientEarth that in spite of the pandemic we were able to keep operating effectively, increase our impact and position ourselves for future success. The environmental clock is ticking and if we want to deliver on our vision of a future in which people and nature thrive together, the coming years are critical. We are therefore working hard to scale up our efforts.

We were fortunate that while many charitable organisations were forced to scale back their operations in 2020, we were able to grow significantly, with our spend on operations increasing by 15%. We started scoping work in the Americas and set ourselves for the launch of our office in Singapore, one year ahead of schedule. We will continue to look for opportunities for our impact.

Thanks to the skill and dedication of its people and the generosity of its supporters, ClientEarth is in the strongest position it has ever been to make the systemic change that we so need to see in the world.

Howard Covington, Chair

Our strategic approach – a note from CEO and Founder, James Thornton

While the global COVID pandemic affected us all in 2020, it was with great pride that I watched the ClientEarth staff manage to stay focused on delivering work that will make the world a better, healthier place to live for all of us.

We now have a team of more than 220 people at ClientEarth, working in our eight offices and bringing together a range of professional and life experiences. Naturally, we have a wealth of legal expertise but that expertise in itself is wide-ranging, covering environmental law, human rights, company and financial law and much more. Our lawyers come from 26 jurisdictions.

The experience of our people covers international development, large law practice, academia, government, campaigning, diplomacy, science, the cultural sectors and many other areas. This is by design: I have always believed that one of the keys to innovation is bringing together people with different viewpoints and perspectives to find new ways of addressing big problems. We encourage collaboration, critical thinking and an entrepreneurial approach to developing and delivering strategies.

This approach is delivering results. We have, for instance, pioneered the application of company law in the fight against climate change. And by encouraging people to share across teams and practice areas, these approaches are now being applied to tackle issues related to human health, biodiversity and marine protection. The pioneering work that our people are doing builds tools for the environment sector as a whole.

As they innovate, though, it's important that our people do so within a framework. We use the same framework now that I have applied at ClientEarth from day one, always keeping a number of key factors in mind in order to ensure that we provide the highest possible impact and make the best use of the funding that we have available:

Importance: Our actions must focus on the most serious environmental threats.

Impact: Our actions must have fair prospects of success and any action must contribute to systemic change in tangible ways.

Leverage: We must focus on interventions where ClientEarth can directly target the problem, advance solutions, or create systemic change.

Venue: We must find the right venues in which to act, assessing a range of factors from political situation to rule of law. New venues may at times need to be created.

Space: ClientEarth can bring a distinctive and non-duplicative approach, perspective and expertise to the field. The positive work of other actors can be supported and amplified.

By setting this clearly defined framework we create the space and opportunity for our people to develop new approaches and ways of thinking that allow for creative application of that most powerful of tools: the law. We also ensure that our work delivers impact and contributes to the collective efforts of the environmental movement as whole.

An overview of ClientEarth's work

Ending coal power

There's no doubt: coal power is the biggest contributor to the climate crisis. We intend to end coal – globally. We block coal-fired plants and mines, both planned and existing. We defend communities' rights to protect their homes and ecosystems. We win ground-breaking legal victories that cut coal off from the finance it needs to continue business as usual. We work to open the space and create the right market conditions so that renewable energy can thrive.

Since ClientEarth started its work, we have:

- Launched 72 legal actions against coal
- Forced 15 national governments to move beyond coal
- Prevented the construction of a huge new coal plant in Poland
- Forced the owners of the worst carbon emitter in Europe, Belchatow coal plant, to plan its shutdown
- Challenged the legality of government subsidies to dirty coal companies



Plastics: preventing oil's 'plan B'

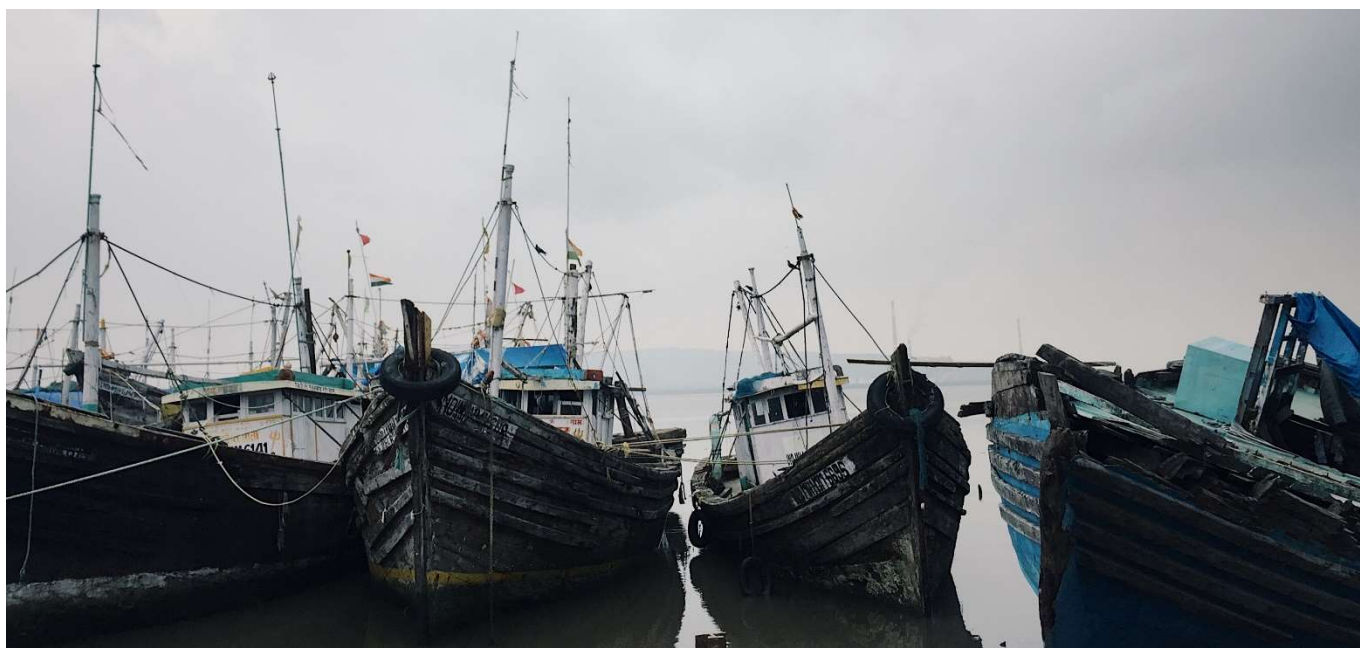
Each year, about 335 million tonnes of plastic is produced – equivalent to the combined weight of every human on the planet. Making a single plastic bottle uses the energy equivalent to filling it a quarter-full of oil. As energy generation moves away from fossil fuels, plastics are fast becoming the biggest driver of oil demand – but we're fighting it. In Belgium, Europe's largest petrochemical company plans to build a €3billion plant. We're using the power of the law to shut down construction before it can begin.

The future of the world's forests

Since 1990, the world has lost areas of forest equivalent to the size of South Africa. Forests are a critical piece of the battle against climate change, home to some of the world's most diverse ecosystems. We're working to protect our forests for the communities that rely on them and for generations to come. We're focused on reducing demand and supply. Less demand means less deforestation: we secure tougher laws and enforcement in countries where illegal timber (and other forest products) end up. We also prevent illegal logging at source, collaborating with local communities, legal experts and NGOs.

Saving our seas

About 820 million people worldwide depend on fishing for their livelihoods. Oceans are essential to life on earth. But the threats they face are many: chemical and plastic pollution, overfishing, loss of biodiversity, global heating and acidification. We work across 12 different legal frameworks to achieve our aims: making sure marine laws are robust, and enforced. We push for better fisheries management and responsible fishing practices. We tightened EU-wide plastics legislation to reduce devastating marine pollution. We also established the powerful Sustainable Seafood Coalition – now a beacon of best practice for the industry worldwide.



Coming clean about chemicals

60% of all chemicals in production are hazardous to the environment, and 40% to human health. Behind the scenes, powerful corporations are lobbying hard to block or delay regulation that would prevent contamination of our water, soil and air. We're taking them on. With other NGOs, we secured a radical change: under new law, EU institutions must publish their studies on the safety of chemicals that end up in our food, including pesticides – telling the public the truth about their harmful effects.

Cleaner air, liveable cities

Breathing polluted air causes around 400,000 early deaths across the EU each year. We're working with citizens and organisations to slash illegal air pollution and realise a new vision of cities with people at their heart. In the UK, ClientEarth has won three major court cases against the government, forcing action to drastically improve air quality. A ban on the sale of petrol and diesel cars from 2030 has been announced in the UK. In Germany, we brought more than 40 cases, forcing a radical shift towards electric. We're helping clean up Krakow's air with wins that have banned domestic burning of wood. Now we're working in Belgium, Hungary, Bulgaria and Poland to ensure they follow suit.



Changing the terms of business

Scientists warn that we have just 10 years to stop global warming going above 1.5 degrees, beyond which drought, floods and extreme heat will affect hundreds of millions of people worldwide. Meeting the goals of the Paris Agreement – the first universal, legally binding agreement to keep global warming to well below 2°C – will require radical change in our laws, economies, policies and businesses. But political and corporate will is often too weak or too slow for the task.

We're working to ensure governments establish climate laws, plans, policies and targets to meet their commitment to the Agreement, monitoring, and challenging the worst-performing countries to slash their emissions.

We're focusing on corporations too, ensuring companies are responsible under law for the emissions and climate change they create. We've thwarted plans to build Europe's largest gas plant and forced BP to pull its multimillion pound greenwashing campaign.

Next, we're focusing on sources of finance for climate-destroying industries. Our influence persuaded the European Investment Bank to end all lending to fossil fuels in 2021. We're pressuring the pension sector to come clean to investors about the extent of their investment in projects that are fuelling climate change.

Public benefit

The charity has had regard to the Charity Commission's guidance on public benefit. The main aim of the charity is to promote the protection of the environment to the benefit of broad sections of the public where the charity operates, and on a global basis, for current and future generations. The public benefit of the charity includes:

- The protection of wild places, wildlife and forests in the EU and internationally with a particular focus on the UK, Poland and Central and West Africa.
- The protection of public health and the environment from unhealthy levels of air pollution and exposure to toxic chemicals in the EU.
- The reduction of greenhouse gas emissions contributing to dangerous global climate change through the transformation of energy markets and financial systems.
- Gains in access to information, public participation and access to justice in environmental matters benefit wide sections of the public concerned about the environment and civil society, in particular environmental non-governmental organisations (NGOs).
- The research, analysis and legal advice distributed widely and free of charge by the charity benefits concerned citizens, civil society and other actors.

Our public benefit is further illustrated in this report through the Achievements and Performance section of this report.

Achievements and performance in 2020

Highlights from 2020

1. **BP's advertising pulled:** Two months after our complaint about its 'Possibilities Everywhere' advertising campaign, BP cancelled the campaign, and agreed to end all "corporate reputation advertising". This was an important win against one of the world's biggest carbon emitters. The OECD's opinion in our case recognised our legitimate interest in the matter and that the issues raised were material and substantiated. This win opens the door to further use of the OECD Guidelines to tackle corporate greenwashing.
2. **Protecting the Kresna Gorge:** Following our action, the Bulgarian Government withdrew its request for EU funding for the Struma motorway through the Kresna Gorge. If this had gone ahead, it would have decimated an area of outstanding natural beauty, and key habitat. The move followed pressure from on the European Commission to push the Bulgarian authorities to answer tough questions about their compliance with the Habitats Directive.
3. **Challenging Europe's biggest emitter:** We made progress in our action against the Bełchatów coal plant, the largest greenhouse gas emitter in Europe, which puts out more greenhouse gases each year than New Zealand. The judge ordered the company to sit down with us, giving them 90 days to reach an agreement on how and when to close the plant.
4. **Leading the way on State Aid:** Our work on State Aid brought many victories that will pave the way for the energy transition in Europe. We continued to use State Aid complaints to the Commission as a powerful lever against fossil fuel subsidies. Our intervention stopped Bulgaria from adopting subsidies that would have propped up coal plants. Due to our efforts, Greece

abandoned a capacity mechanism proposal that would favour lignite and fossil gas generation and financially unviable plants.

5. **Overfishing cases:** We wrote sustainability into the Common Fisheries Policy when it was revised in 2013. In 2020 our Fisheries Team initiated ground-breaking cases to enforce this fundamental obligation under the Common Fisheries Policy, after years of EU-level advocacy toward sustainable fishing, the arrival of the 2020 deadline, and the EU's failure to achieve that requirement.
6. **Tackling the fossil fuel industry's plan B:** The fossil fuel industry has a Plan B: as oil and gas are moved out of the market due to climate change, they plan to shift them over to plastics manufacture, greatly increasing plastics while continuing their greenhouse emissions. As part of our strategy to challenge fossil fuel infrastructure, including against plastics, we launched legal proceedings against the new EUR 3bn petrochemicals facility that INEOS intends to build in the port of Antwerp, Belgium. This is a vital piece of work that will carry into 2021 and tackle climate change, plastic pollution and the destruction of nature.
7. **Legal protection for African forests:** After more than eight years of work by ClientEarth's legal experts and our local partners, the Republic of Congo has passed a new law to help ensure more sustainable management of the country's vast forests. Forests in the central African nation form part of the Congo Basin – the largest tropical rainforest in the world after the Amazon. This law has the potential to preserve forests and combat forest exploitation and illegal logging.
8. **Fighting for EU citizens' environmental rights:** We have been fighting to get citizens allowed into EU courts for 12 years. We will soon succeed in getting part of what we want. The European Commission has published a proposal to amend the regulation that governs citizen access to the EU courts (the Aarhus Regulation). Once adopted, it will allow NGOs to challenge non-legislative acts in the EU courts. This is a direct result of our complaint to the UN Aarhus Convention Compliance Committee in 2008, which found against the EU in 2017, and of our maintaining constant pressure on the EU institutions and Member States since then.
9. **Supporting China-EU biodiversity ambitions and alignment:** The work of the teams in supporting China and the EU toward a meaningful biodiversity COP continued this year. We are proving to be a vital link between these powers. Just one example is our role co-hosting a series of virtual workshops with the Office of the Executive Committee for CBD COP15 on biodiversity on behalf of the EU – China Environment Project. The workshops focused on dialogue towards the post-2020 Global Biodiversity Framework to be agreed upon at COP15 in Kunming next year, which is a key element of the EU-China cooperation that is vital if COP15 is to be a success.

Detailed performance review

Rule of Law

We work to ensure that the legal system enables public and environmental interests to be duly considered in decision making at local, national and international levels. We believe this will result in environmental justice placed in the heart of international trade agreements, post-Brexit UK's environmental governance, China's law and policy, as well as at EU level and across the EU's Member States.

Environmental democracy in the EU

Our legal interventions proved effective at enforcing the Aarhus Convention rights to access environmental information, public participate in decision-making and access to courts. Following our complaints:

- The European Ombudsman began three inquiries on the systemic lack of transparency in the decision-making procedures of the European Investment Bank (EIB), which is designated as the EU's new "Climate Bank". In January 2021 we also won - the first case brought before the General Court by an NGO against the EIB. A precedent has been set for NGOs to challenge the EIB's financing decisions for their environmental impacts.
- The Aarhus Convention Compliance Committee (ACCC) advised the European Union (EU) to urgently remedy the widespread lack of public participation in formulating National Energy and Climate Plans (NECPs) across the Member States.
- The EC opened infringement proceedings against Bulgaria and Poland for failing to ensure citizens can go to court to challenge inadequate air quality plans.
- The EC published its proposal to amend the Aarhus Regulation in response to our complaint to the ACCC regarding the inability of citizens and NGOs to directly access the EU courts.

We also began advocacy on the EU Climate Law for ClientEarth at the organisational level. The European Parliament has already adopted a position that reflects most of our asks, including exact text on transparency and access to justice.

Environmental rule of law in China

We continued to support the Chinese Government and Judiciary to put in place a robust environmental law system and to strengthen China's accountability and leadership in global environmental governance:

- Early in the Coronavirus pandemic we emphasised the need for a green economic recovery, holding workshops and writing media articles on EU-China environmental cooperation and green recovery. Soon after the establishment of the EU-China High Level Dialogue on Environment and Climate, China announced its pledge to achieve carbon neutrality by 2060.
- We have long advocated for preventive remedies in environmental public interest litigation, which means judicial orders can stop harm to the environment before it takes place. Thousands of increasingly ambitious cases are now being brought by prosecutors and in November 2020, President Xi Jinping emphasised the need to strengthen the preventive legal system.
- In 2020 the Chinese Government published its first official document spelling out the need for financial institutions to mitigate climate risks. This is a clear reference to our study on green development for China's global Belt and Road Initiative spanning over a 100 countries. The Bank

of China subsequently pulled out of the Tapanuli hydropower dam in Indonesia, following our efforts to highlight the environmental impacts of the project.

International trade and UK environment

International trade agreements

Our calls are ongoing for modernisation of the EU's standard set of sustainable development provisions for trade agreements, and for environmental issues to sit at the top of the EU's trade agenda:

- We highlighted the EU's failure to fully consider the potential social, economic, and environmental impacts in trade negotiations with the Mercosur group of South American countries, resulting in the European Ombudsman opening an inquiry.
- We exposed a clash between EU climate and energy policies and the Energy Charter Treaty (ECT) - a multilateral investment treaty specific to the energy sector between the EU, its Member States and third countries. As a result, national Governments and the European Parliament began questioning the costs and benefits of the ECT and potential alternatives, including withdrawal from the Treaty.
- We engaged in the EU Sustainable Corporate Governance Initiative, alongside NGOs from the human rights and development fields. A strong civil society voice in developing this new legal framework will be crucial to ensure that business activities prevent any human rights violations and adverse environmental impacts.

UK Environment

We maintained our position as experts on the post-Brexit framework for environmental governance:

- We were integral to the analysis on and drafting amendments to legal proposals for the UK Government's proposals for the Office of Environmental Protection - the watchdog which will be responsible for holding Government and other public authorities to account on their compliance with environmental law.
- The Fisheries Bill was amended in the House of Lords in line with our priorities on sustainability and remote electronic monitoring, and we drove NGO engagement on fisheries aspects of the EU-UK Agreement. The majority of our recommendations were incorporated, including a commitment to fish at sustainable levels, and the use of the best available scientific advice when setting fishing limits. We also led the drafting of the dispute settlement mechanisms, to ensure robust enforcement of the Agreement.

Climate and the Paris Agreement

Mitigating greenhouse gas emissions, in line with the Paris Agreement goals, is one of the major challenges facing society today. States and companies are failing to rise to the challenge and time is running out. We work to establish the duties of States and companies to reduce their emissions and to ensure financial flows are consistent with the Paris Agreement.

Climate Accountability

As part of our corporate accountability work we successfully defended an appeal affirming that the planned Ostrołęka C coal power plant in Poland poses major financial risks to shareholders due to climate change. The plant operator companies wrote down a PLN 2 billion loss related to the project, the

stock price went up indicating that the market agrees with our position. An estimated 160 million tonnes of CO₂ emissions have been avoided and an international precedent on the legal risks of stranded assets was established.

We also opened the door to the use of the OECD's Guidelines on Multinational Enterprises to tackle corporate greenwashing, making a complaint about BP's 'Possibilities Everywhere' advertising campaign. Two months later BP announced cancellation of the campaign and agreed to end all 'corporate reputation advertising'.

In our State accountability work we made great strides in integrating climate transition considerations into planning policy in the UK: We obtained an appeal judgment in our case regarding the Government's decision to approve construction of Europe's largest gas plant. This sets an important legal precedent confirming climate policy must be taken into account in assessing major energy projects. At the local level, we saw several local authorities commission comprehensive assessments of potential emissions reduction policies. This follows our letters to 100 local authorities highlighting their legal obligation to support delivery of the net zero target through local planning policy.

Climate finance

We maintained our work with financial institutions, encouraging them to recognise climate risk in their portfolios:

- We drafted a legal letter to the EIB, following which the bank announced an end to fossil fuels support in its new lending policy by 2021.
- In the UK, following our sustained advocacy, a climate change provision was included in the Pension Schemes Bill to require action on governance and disclosure related to transitioning to a low carbon economy. The Department for Work and Pensions is now consulting on a world-first alignment of pension funds reporting with Taskforce on Climate-related Financial Disclosures recommendations.
- Building on our regulatory complaints, the Financial Conduct Authority (FCA) issued a consultation on proposals to enhance climate-related disclosures by listed companies. We published a widely distributed briefing setting out our key recommendations and we were invited to discuss our briefing with the FCA.
- We also advocated for climate-related conditions to be applied to the UK Government's COVID-19 recovery package. This prompted a high-level political discussion about climate conditions and we were asked to give evidence on these conditions before the Environmental Audit Committee.

Energy transition

The EU's energy system contributes the vast majority of the bloc's climate-harming emissions. We are accelerating the closure of coal plants across Europe, improving legal, policy and regulatory frameworks to remove the market barriers for a greener, fairer and de-centralised energy market, and to ensure public spending supports a just transition.

Fossil Fuel Infrastructure

We continued our legal strategy to eliminate coal in Europe and played a central role in the Europe Beyond Coal campaign:

- In Poland we secured a momentous legal win against the Bełchatów coal plant, the largest greenhouse gas emitter in Europe. The judge gave them 90 days to reach an agreement with us on when to close the plant. This legal case was conducted alongside an extensive campaign in collaboration with a local NGO partner to build public support for a clean and fair energy transition.
- Meanwhile in Germany, we established our reputation as legal experts on coal phase-out. Our persistent legal advocacy helped shift the debate from accepting a 2038 phase-out with large compensations for operators, to widespread public awareness of the flaws in delayed closures and substantial compensation.
- In Bulgaria, we blocked a highly-polluting practice of co-incinerating waste in coal plants.
- Our successful challenges against the Megalopoli A and B coal units in Greece proved to be the last nail in the coffin of the lignite industry; Greece announced a 2028 coal phase-out, with most plants to close by 2023.

In 2020 we expanded our work. Firstly we built legal capacity in Serbia through the establishment of a first-of-its-kind environmental law clinic, with the country's leading environmental lawyer training the next generation. Secondly, we began work on other industrial activities beyond coal, for example targeting the fossil fuel industry's Plan B - a large-scale shift to plastics manufacture – which would entail greenhouse gas emissions equivalent to coal.

EU Energy Systems and State Aid

As legal experts we made a significant contribution to the civil society voice at EU level for a just and fair energy transition. Many of our proposals were integrated in the updated texts of the EU Clean Energy for all Europeans Package (CEP), and we successfully argued for inclusion of the 'energy efficiency first' principle in the EU's methodology for assessing the adequacy of its energy system. We also contributed to the implementation of CEP provisions on prosumers and energy communities - for many countries the participation of citizens in the energy system is a novelty, yet it is critical to an expedient transition.

Despite the EU's 2020 State of the Energy Union report confirming that subsidies to fossil fuels should end, a number of Member States continue to pay out huge sums of State aid to coal and gas energy producers across Europe without adequate scrutiny. We have had a number of successes in this area:

- As a direct result of our advocacy, the Polish Government announced it will stop granting free emissions allowances to domestic coal plants.
- Likewise, the EC opened investigations into Belgium's proposed capacity mechanism - financial incentives for energy producers to guarantee continued security of supply - which we alleged creates unnecessary risk of carbon lock-in.
- We helped pressure the Greek Government to abandon a capacity mechanism proposal that would have favoured lignite and fossil gas generation. Moreover, the Greek Climate Committee fully adopted our recommendations on the country's proposed climate law, including the setting of an emission reductions target higher than the EU.
- In France we brought a legal challenge against the monopoly of the French state-owned generator EDF, setting an important precedent on legal standing that allows us and others to bring such challenges in the future.

Human health

The air we breathe, the food we eat, and the water we drink are all polluted. The WHO estimates that almost a quarter of all deaths globally are linked to environmental factors. We work to

minimise the use of harmful chemicals and plastics to safeguard everyone's right to breathe clean air; and to ensure a healthier, sustainable agriculture model in the EU.

Clean Air, Transport, and Cities

Our legal advocacy and litigation work kept air quality a top issue in our target jurisdictions, despite temporary drops in pollution levels caused by COVID-19 lockdowns:

- In Poland, a letter from us and 20 other NGOs, led to the Warsaw Mayor committing to a coal ban from 2023.
- In Romania, we secured a court victory ordering a better air quality plan for Bucharest, with air pollution a major theme during the local mayoral elections.
- In the UK, air pollution was one of the most discussed issues in the Environment Bill debate, opening the door for stricter particulate matter limits to be legislated. The UK Government is now considering bringing forward the phase-out of new petrol and diesel vehicles to 2030. We advocated for this in various consultation responses and advocacy activities through the Clean Air Business Forum.
- In Germany, a growing number of cities are implementing ambitious air quality plans due to our litigation, achieving NO₂ reductions double than in cities not targeted. In 2020 we blocked an attempt by the federal Government to weaken air quality standards and prevent diesel bans.

The EC concluded a major review of EU air quality laws, taking on board our recommendations and acknowledging the key role of ClientEarth's work in ensuring the reduction of air pollution in Europe. The EU Green Deal included a commitment to align EU air quality limit values more closely with WHO guidelines. We are ideally placed to influence the content of the revised laws.

Harmful Chemicals

We achieved a landmark success this year when the European Parliament vetoed the illegal authorisation of lead in PVC, using this power for the first time in history. We also built support in the Parliament to pursue a challenge to the exceptions to the ban on chromium trioxide, a chemical that causes cancer and gene mutation.

In October, the EC published its Chemicals Strategy for Sustainability containing everything that we had asked for in our studies and recommendations on closing the gaps in EU chemical regulation that threaten people and the environment. The EC workplan shows they relied heavily on our documents. Subsequent legal analysis we produced has set the stage for us and our allies to push for changes in the upcoming review of the EU's regulation of endocrine disrupting chemicals.

This year we defended the European Chemicals Agency (ECHA) against abusive industry litigation, intervening in two cases to support ECHA's regulation of toxic chemicals. The first case was the third attempt by a plastics association to reverse the classification of BPA as a substance of very high concern. The EU General Court found in ECHA's favour, relying explicitly on our arguments. The second ongoing case concerns GenX chemicals - the replacement for Teflon - known as "forever chemicals" because they cannot fully degrade.

We also contributed to an ambitious EU restriction on the intentional use of microplastics, securing a recommendation from an ECHA body for more stringent testing before a material can be considered "biodegradable".

Forests land conversion and trade

Globally, forests have decreased by 129 million hectares in 25 years. We build the legal capacity of civil society to influence forest law reform to ensure more sustainable and equitable forest governance. We work on the implementation and enforcement of legislation on illegal logging and advocating for the development of new requirements for companies placing commodities associated with deforestation on the EU and UK market.

After more than eight years of advocacy by ClientEarth and partners, the Republic of Congo passed a new law to ensure the sustainable management of the country's vast forests. This law contains new provisions to preserve forests and combat forest exploitation and illegal logging, we well as provisions about community forestry. This marks a big step forward in regulating and protecting climate-critical forests.

We continued to empower local communities to steward forest management - our community guides for Congo and Liberia are assisting local populations to negotiate fair agreements with companies logging in the forests they depend on for their livelihoods. We supported a legal challenge by local partners to oppose a proposed bauxite mine in Ghana's Atewa forest that would destroy much of the forest. We hope this case will send a strong message to investors and companies, as well as develop our partners' capacity to undertake litigation.

We maintained our reputation as a leading NGO on forestry issues with EU officials inviting us to discuss our comments on the EU's review of its timber import regulations. We also worked with our partner Climate Advisors, to lay the foundations for innovative use of non-environmental laws within the EU (tax, customs, consumer protection) to crack down on illegal trade in timber and other forest products. Similarly, our calls for the UK Government to adopt a "due diligence" standard to address its environmental footprint overseas have become a core element of ongoing advocacy efforts with NGO partners.

Oceans

One of the biggest impacts humans have on the ocean is through fishing, and unsustainable fishing continues to be the most immediate and significant threat in European waters. Marine ecosystems face the additional pressure of plastics pollution, which is a growing threat. We work to ensure sustainable fishing and promote stronger laws to reduce plastic supply and make producers bear the real cost of plastic on the environment.

Fisheries and seafood

The EU failed to meet its binding 2020 deadline to end overfishing, as agreed in the 2013 Common Fisheries Policy. Since citizens cannot yet bring cases against the EU in EU courts we launched two national court cases in France and Ireland requesting a preliminary reference to the EU Court of Justice. The aim is to set ground-breaking precedent on enforcing legislative deadlines for action on nature and climate.

We also secured greater transparency in EU fisheries as a key step in ensuring the EU and Member States follow the law. Following our successful complaint to the European Ombudsman on the lack of transparency around the setting of catch limits, the EC is now making all of its proposals, and the

underlying justifications, public. The European Ombudsman also found in our favour on transparency around EU fisheries control – the enforcement of EU rules to stop illegal fishing and overfishing. Another important win came at the end of the year when the European Parliament’s Environment Committee accepted our suggested amendments to the revised Fisheries Control Regulation.

In our seafood work, the UK Sustainable Seafood Coalition (SSC) members collectively advocated for the inclusion of sustainability as an objective of UK post-Brexit fisheries legislation. Although the amendment failed, this first exercise in political advocacy has built the capacity of the SSC to more in the future. In Spain we established ourselves with NGOs and national authorities as the key experts on matters related to EU fisheries law, using this position to support the Fisheries Team’s work on the Control Regulation. Our work with Spanish retailers in the *Plataforma por la Sostenibilidad Pesquera* led to improvement in supermarkets’ compliance with EU labelling rules.

Marine habitats and plastics

We successfully delayed the new EUR 3bn petrochemicals facility that INEOS plans to build in the port of Antwerp, Belgium by at least 12 months by challenging the environmental impact assessments. In January 2021, INEOS indefinitely suspended one of the two planned installations. We aim towards full cancellation and will use this as an iconic exemplar for other companies creating excess supply of plastic products.

We continued to work with the Rethink Plastic Alliance to ensure that the new package of EU plastics legislation is transposed and that the EC rejected a definition of ‘plastics’ in the Directive that would have rendered the Directive useless. EC Vice-President Timmermans publicly announced at the height of the COVID crisis that there would be no watering-down of the Single-Use Plastics Directive (due to be transposed by 2021). As a result of work done by the Link Coalition, of which we are a key member, bans on certain single-use plastic items (stirrers, straws, and cotton buds) came into force in the UK on 1 October 2020.

Wildlife

Biodiversity is under increasing threat; 1 million species of plants and animals face extinction, many within decades. We enforce EU biodiversity laws and hold Member States to account. Agricultural spending amounts to almost 40% of the whole EU budget, yet the sector does not really engage in mitigating climate change nor biodiversity decline. We use advocacy and litigation to align the Common Agriculture Policy (CAP) with EU environment legislation.

Wildlife and habitat loss

We focused attention on preparing for the CBD COP15 and the delivery of a legal strategy to protect precious habitats and wildlife across Europe. Together with other NGOs, we successfully advocated for a pledge by the EU to protect 30% of its land and seas by 2030, which will form part of their negotiating position for the COP.

Our legal action has resulted in successes in our target countries:

- The EC opened two infringement proceedings against Romania following complaints we made. The first, regarding logging in protected forests without proper assessments, progressed to a reasoned opinion - a formal request to comply with EU law - in under a year. The second

concerned improper adoption of the Habitats Directive in national law. Romania has been given two months to remedy the situation before they face another reasoned opinion.

- We advocated for the EC to demand answers from the Bulgarian authorities regarding their plans to build a motorway through the Kresna Gorge and to explain how this was in compliance with the Habitats Directive. The Bulgarian Government subsequently withdrew its request for EU funding for the motorway.
- We launched our first infrastructure case in Portugal, challenging construction of the Montijo airport together with eight Portuguese NGOs.
- The Energy Community Secretariat launched the first formal procedure against a dam development on the Vjosa River in Albania, following our work to provide strategic arguments re-enforcing a complaint by local partners. A week later the Albanian Government announced that a second dam had been refused and pledged to declare the entire area a national park.
- Our strategic legal complaint on bycatch of dolphins and porpoise, resulted in infringement proceedings being launched against three countries.

Agriculture

Since beginning to work on agriculture in 2019, we swiftly established our position as legal experts in relevant Brussels networks and are now a member of the civil society group working on the Common Agricultural Policy (CAP) Reform, as well as the EU Food Policy Coalition. This legitimacy has enabled us to engage in legal advocacy at EU-level calling for the alignment of the CAP and the European Green Deal.

We shared a set of amendments to the CAP with Members of the European Parliament (MEPs). Although a number of these did not pass, the engagement was very fruitful; we persuaded entire delegations to vote in line with our positions. This is a clear signal that MEPs can be positively influenced and that working with the Parliament is an effective way of bringing about change.

We exposed concerns about the Special Committee on Agriculture (SCA) - an administrative body. The CAP's legislative work goes straight from the SCA to the council of ministers, circumnavigating other bodies, potentially undermining the integration of the CAP with EU climate, biodiversity and environmental policies. Our briefings shed light on the peculiar status of the SCA, which was highlighted by the Vice President of the EC in reaction to our briefing.

Challenges in 2020

Covid-19

During 2020 the impacts of the Covid-19 pandemic were faced across the organisation. Programme delivery was of course disrupted, especially advocacy where face-to-face contact is most impactful. We overcame some obstacles with the creative use of online tools to keep stakeholders engaged, such as webinars and our ClientEarth summit, which gave us the opportunity to bring together over 100 partners, donors and others from across the environmental world. When it came to decision-making processes, however, we were unable to physically attend meetings at the EU or national level, which impacted the effectiveness of our engagement with a number of institutions.

Of further concern was the distraction from the climate and biodiversity emergencies that resulted from the pandemic, making it difficult to maintain momentum with some stakeholders. Nature conservation legislation in Hungary, Romania and Slovenia was rolled back during the pandemic; short-term reductions in pollution levels triggered authorities to attempt to water down clean air targets; and COVID

has created an impression that plastic packaging is safer, with public funding allocated to plastic producers.

In response, we are strongly advocating the need for a green recovery, countering the industry position of a no-strings-attached bail-out, and we are communicating climate and biodiversity as twin crises to reunite engagement and action. We have also adjusted our climate finance strategy to focus on shifting the behaviour - rather than mindset - of financial institutions.

Erosion of the Rule of Law

A rapidly declining respect for the rule of law has also been a challenge faced by many of our programmes. During 2020 our concerns about the independence of the judiciary and shrinking the space in which civil society can operate increased considerably in Poland, Hungary, Bulgaria, Romania, Slovenia, Serbia, Ireland, and the UK

We will be dedicating greater capacity to rule of law actions in countries where the space for civil society to operate is shrinking, and we will use our presence in Brussels to use EU law mechanisms. For example, there is currently a debate on the EU recovery budget being made conditional upon Member States meeting rule of law criteria. We will engage in legal advocacy to ensure that any future conditionality mechanism is as strong as possible to prevent further contraventions of Aarhus rights in the EU.

At the EU level, a lack of access to justice before EU courts has remained a major obstacle to our work, particularly in relation to EU decisions, which cannot be challenged in national courts. Similarly, there is little transparency in relation to energy markets, where information can be denied for alleged confidentiality reasons, or and State aid, where the European Commission is secretive and public consultations are rare. Opening the door for civil society access to the EU Courts will be crucial for us.

Getting the timing of legal interventions right is of critical importance and we were sometimes hampered by not being able to gather causal evidence (evidence that documents a relationship between an activity and its outcomes) to support innovative litigation, or difficulties in finding experts who are not representing industry interests. For example, it became impossible to scope climate accountability cases in Greece as we were unable to gather evidence establishing the link between pollution and individual health outcomes. We are now fostering relationships with experts who can help to generate causal evidence that stands up in court, and who will collaborate with NGOs rather than big industry, so we are ready to rapidly respond to opportunities.

The general approach of the current UK government to some environmental issues has made our work in the UK harder. The lack of progress on fisheries prevented us from making advocacy plans; there was push-back on a legally binding commitment to WHO guideline levels of air pollution; and it was unclear whether/how the UK would reproduce the EU's complex chemical-regulation system. We are being responsive, assessing urgency on a case-by-case basis, however, since the UK has lost its strategic importance as a global player following Brexit, we are/will shift some of our attention and resources to Europe.

Managing growth

We know that we are in one of the most important decades in human history and that unless there is concerted, systemic action on climate change, a future in which people and nature thrive together is

unlikely. We have proved that our unique approach has a key role to play in delivering just the kind of systemic change that we need to see.

The organisation has grown consistently since its inception 14 years ago and in the last five years our income roughly doubled. This growth has allowed us to scale our impact significantly and has been supported by our donors, who recognise the efficacy of our work. This support from donors continues and we will continue to explore opportunities for growth that will deliver greater impact. However, consistent and rapid growth presents organisational challenges, from time spent on recruitment through to implementing the new systems and processes required for us to operate at greater scale.

We have set ourselves limits on our growth, particularly in terms of restricted income and staff numbers, which will ensure that our focus remains on delivering impact. Any growth of the own organisation will be guided by strategic imperative and high leverage opportunities. We will continue to prioritise scaling impact through our partners, using their existing infrastructure and ensuring that we are scaling-up the whole environmental movement not just our own organisation.

Future plans

At an organisational level we will undertake a significant piece of work on an updated long-term vision and five year strategy, while also spending time to reassert our values, ensuring that they are well embedded across the whole organisation and that they continue to orient the way that we approach our work.

We will place major emphasis on managing the short and long-term effects of the COVID pandemic. While we have so far seen little effect on our income as a result the impact on the wider economy, we are mindful of the potential for significant economic downturn and recession in some of our main fundraising markets. Significant support will be given to our Development team as they develop new income streams in order to mitigate the risk and impact of any major economic downturn. In addition to managing any financial challenges related to the pandemic, we will also continue to focus heavily on ensuring the wellbeing of our staff. We will continue to provide high-levels of support, open up learning and development opportunities and implement a more systematic approach to working from home.

Developing a longer-term approach to equality, diversity and inclusion (EDI) will be a key theme and we will undertake a full EDI audit so that have a measurable baseline from which to improve and we have data to inform the development of a long-term EDI strategy. The Board, the senior leadership team and staff are all committed to delivering long-term, meaningful change and we expect to make significant progress towards that goal in 2021.

Programmatically we will continue to build our work in Asia, with a particular focus on challenging existing and new fossil fuel infrastructure, while also doubling down on our efforts in Europe. In addition to challenging the use of coal for generating power, we will also challenge the use of gas and petrochemicals in both geographies, taking on what has been described as ‘the fossil fuel industry’s Plan B’.

We will build the use and application of our corporate and finance tools, such as our pioneering work on the materiality of environmental risks in corporate reporting and management, and on greenwashing, among multiple teams, including plastics, seafood, and fisheries. We have also prioritised the development of further corporate-focused regulations and tools at the EU-level.

We will work on a number of cross-cutting themes and issues, such as the green recovery generally from the COVID pandemic, governance and the rule of law issues in a number of key jurisdictions and the connection between our work and environmental justice.

Monitoring, evaluation and learning

From late 2019, ClientEarth embarked on an organisation-wide project to align monitoring, evaluation and learning (MEL) processes toward overarching organisational goals. The existing MEL processes were specific to each programme area and aligned primarily to the programmatic objectives or goals set in the five-year strategy. Moreover, the majority of monitoring focused heavily on the activities and output of the programmes with only limited ability to evidence the longer-term impact of the work. While this decentralised approach evolved organically in response to the growth of our programmatic work, it has been recognised that a new process is needed to ensure maximum cohesion between the different areas of work.

We are now developing four measurement frameworks to correspond to the four areas of impact of ClientEarth's programmes - climate, nature, human health and rule of law. Each team can have impact in any of the four areas, allowing us to better capture, analyse and understand the connections among different programmes and geographies and to more holistically communicate on the impact of the organisation, ensuring high levels of accountability internally and externally. The new measurement frameworks will be finalise and rolled out in early 2021.

Structure, governance and management

The charity is a company limited by guarantee and is governed by its memorandum and articles of association.

The trustees, who are also the directors for the purpose of company law, who served during the period are listed on page 2.

None of the trustees has any beneficial interest in the company. All of the trustees are members of the company and guarantee to contribute £10 in the event of a winding up.

ClientEarth's governance is undertaken by the trustees, who meet four times a year. There are four board committees, covering finance and investment, governance, CEO performance and remuneration, and equality, diversity and inclusion. The Finance and Investment Committee meets four times a year ahead of board meetings, the Governance Committee and Equality, Diversity and Inclusion Committee also meet four times a year. The Remuneration Committee meets on an ad hoc basis.

New trustees are appointed by the Board through the Governance Committee. They are selected on the basis of their sympathy with ClientEarth's charitable objects and their ability to further them as a trustee. The Governance Committee actively considers skills gaps in the Board of Trustees and seeks to fill these with any new appointments. New trustees are elected by resolution and approved by a majority of trustees where a Board quorum is present.

New trustees are provided with an induction material containing relevant information regarding the charity, including the governing document, latest management reports and financials, together with relevant guidance on the role and responsibilities of trustees.

In 2021, Trustees will implement their plans to gradually move to new term limits. The intention is that trustees will serve three-year terms. Trustees are eligible to remain on the Board for up to two terms. A final term can be extended by the Board in special circumstances in order to meet a skill or experience gap.

The trustees are responsible for setting the overall programmatic and financial strategy of the charity and for approving the annual budget, but delegate the day-to-day management to the chief executive officer (CEO), James Thornton, who is supported by a senior leadership team (SLT).

ClientEarth Offices

ClientEarth has its headquarters in the UK, and a number of offices throughout the world: Belgium, Germany, Luxembourg, Poland, Spain, the USA and China. In addition, it operates in many countries throughout Europe, Central and Eastern Europe, Central and Western Africa, and Asia Pacific through partners and sub-grantees.

The charitable work of the organisation is structured by programme, which are led by programme heads or programme leads. This programme-centric structure is distributed across the offices without reference to geographical location, so that teams may be dispersed in more than one office. This structure is complemented by staff in geographic locations that can bring local expertise and a strategic perspective on the strategic issues in the region. The London headquarters accommodates the majority of the core functions of the charity such as the CEO's office, finance, development, communications, human resources and administration teams.

In December 2020 ClientEarth established a trading subsidiary ClientEarth Trading Ltd in the UK with a registered number 13095280. ClientEarth is the sole member of the company. It is intended that the subsidiary will be carrying out small-scale primary purpose trading activities which directly further the charity's charitable objects.

ClientEarth in Europe

Country		Legal Form	Year of Formation
Belgium	ClientEarth AISBL	International non-profit association (AISBL)	2018
Belgium	ClientEarth ASBL	Branch of ClientEarth Limited	2008 (currently inactive)
France	ClientEarth France	French Foundation	2011 (currently inactive)
Germany	ClientEarth gGmbH	Limited Liability Company	2018
Luxembourg	ClientEarth ASBL (previously EarthRights Luxembourg ASBL)	Non-profit association	2017
Poland	Fundacja ClientEarth Prawnicy dla Ziemi	Polish Foundation	2016
Spain		Branch of ClientEarth Limited	

UK	ClientEarth Trading Limited	Trading subsidiary of ClientEarth Limited	2020

ClientEarth in China

Country	Legal Form		Year of Formation
China	ClientEarth (UK) Beijing Representative Office	Representative Office of ClientEarth Limited	2017

There is a related, independent ClientEarth entity in the US, ClientEarth USA Inc., which operated as a 501(c)(3). There is also a related independent entity in Germany, ClientEarth – ANWÄLTE DER ERDE, which operates as a Registered Association

Climate Change and Environmental Policy

ClientEarth is committed to reducing energy consumption and waste by encouraging staff to adopt sustainable practices and behaviours in the office. As such the overarching principle guiding our Environmental Policy is that our own actions will be aligned to our programmatic aims. The policy includes guidance in facilities management, recycling waste management, procurement and travel.

In 2020 the carbon emissions from all business related travel were measured and then offset with a Gold Standard-certified environmental project¹ selected by staff.

ClientEarth's Environmental Policy and the principles are endorsed by the Senior Leadership Team and can be found on the ClientEarth website. The Deputy Chief Executive is accountable for the policy and it is subject to periodic review.

Remuneration

Attracting, retaining and motivating employees is critical to delivering on ClientEarth's mission. This is supported by a process which benchmarks our salary scales against similar roles generally within the charitable sector in the countries in which we work.

The organisation has an annual review process where performance against objectives is evaluated and staff may be awarded an increase in pay if appropriate. The reviews and any pay awards are conducted in accordance with the policy framework agreed by the Remuneration Committee and within the salary budget agreed annually by the Board.

¹ Gold Standard was established in 2003 by WWF and other international NGOs to ensure projects that reduced carbon emissions featured the highest levels of environmental integrity and also contributed to sustainable development.

The CEO's salary is set by the Remuneration Committee, a sub-committee of our Board of Trustees, and is approved by the whole Board. The Committee includes specialists with significant organisational management expertise and knowledge, including in the charity sector.

Risk management

The trustees are responsible for the oversight of the risks faced by the organisation. A risk register identifies the major financial, regulatory, governance, external, operational and reputational risks to which the charity is exposed, assesses their likelihood and potential impact, and details the mitigation measures that are a) already in place and b) necessary to implement. The trustees of the Governance Committee review this risk register on behalf of the Board at each Board meeting and consider any further steps which may be necessary to manage the risks, highlighting key issues to the full Board as relevant. Then once a year, the full Board will examine the register in detail.

The trustees consider the most serious risks to which the charity is exposed at present to be:

- the potential impact of Covid 19 on our funding streams and our operations; and
- the risk of lawsuits or defamation cases targeting our work which might damage reputation. In recognition of this risk, ClientEarth has established a Risk & Compliance Committee to oversee compliance and risk, reporting to the Senior Leadership Team.

Fundraising

The Covid 19 pandemic had a dramatic impact on ClientEarth's fundraising activity but despite this, we have seen a strong performance of all our existing income channels. Our biggest challenge continues the balance of restricted and unrestricted funds, we continue to diversify our funder base and we have made progress in strengthening our capacity to ensure that unrestricted income continues to grow whilst monitoring the speed of growth in our restricted income. Despite the good results, 2020 of course posed many challenges in terms of fundraising.

With the constraints around in-person meetings and events of all kinds, the Development team redesigned its programmes of regular events and pivoted to online cultivation via a series of webinars in early March. This events programme has grown ever since and enabled us to stay in touch with our donors and ensure that despite the circumstances, we were able to communicate about our work.

Over the months we have seen rising attendance numbers and our events programme culminated in a public, three-day online summit that saw over 800 people sign up and listen in. As a result, we have seen strong loyalty and support especially from existing major donors who generously renewed their gifts. Whilst our ability to meet and build relationship with new donors was inhibited, we were encouraged by the fact that in 2020 our major donor income exceeded our target.

In order to strengthen our financial sustainability and widen our sources of unrestricted income, we have also continued to build our digital fundraising capacity throughout the year. In 2020, we employed our first dedicated digital fundraiser and have grown our base of regular supporters that give via Direct Debit to now over 1,300, almost a doubling in numbers. We also saw the highest numbers of cash gifts online we have ever received. This was in direct response to our first coordinated online appeal in the run up to Christmas, and exceeded our target for online income. We have more than doubled our total income

online compared to last year and exceeded target, and as a result have ambitious targets to grow digital income further in the year come.

Our fundraising from foundations and trusts has also stayed on course and we were able to solidify the funding of major programmes through the generous support of grant making institutions. Our restricted fundraising was therefore on target and we continue to widen our network globally and seek to reflect ClientEarth's global footprint not just in our work but also in our fundraising.

During the year, ClientEarth also benefited from a deeper relationship with the People's Postcode Lottery, a long term funder of our work. We were invited to become a Promoting Society and as a result benefited from three lottery draws that raised over £2m for our work. This was a one off opportunity that has had tremendous impact on our programmes and also enabled us to invest in strengthening our fundraising capacity and brand awareness.

2020 was also the year where we embarked on our first major, specific fundraising campaign for our ambitions to halt coal and enable the clean energy transition in Asia. This appeal has the long term aim to raise \$100m over ten years, and the first major contribution of \$2m building on the foundation gift by the Children's Investment Fund Foundation was made by the Grantham Foundation.

To ensure ClientEarth can continue on its growth trajectory, we will continue to strengthen our unrestricted fundraising, and aim to grow our network of trusts and foundations internationally. As a result, we continue to build the capacity of our team: both our digital fundraising team and our business development is growing and we also are investing in our capacity to manage our funds well and to highest standard. Whilst 2020 posed many challenges in terms of building new relationships, with our focus on online events and online fundraising, we were able to make headway and build a strong foundation for the future. We have used the time to improve our processes and infrastructure, to ensure our technology and way of working reflects the growing target and budget needs. The key challenge for 2021 is to keep momentum and ensure we find ways to grow our networks in creative ways given the ongoing uncertainty of Covid 19 and its impact.

Fundraising statement:

ClientEarth employs an in-house development team who specialise in philanthropy and grants fundraising. ClientEarth does not employ any third-party professional fundraisers (either individuals or organisations) and has no commercial partners contributing to fundraising efforts.

ClientEarth is registered with the Fundraising Regulator. The charity has not received any complaints about fundraising activities. In addition to philanthropy and grants fundraising, ClientEarth offers members of the public the opportunity to donate through its website, and is committed to fundraising in a way that meets the expectations of the public and respects the rights of all individuals.

People

Since the onset of the pandemic in March 2020, one of our key areas of focus was on the wellbeing of our people in all our offices. The global COVID pandemic was a physical health crisis but increasingly it impacted on mental health and wellbeing as an outcome of social constraints, different and often challenging work-life pressures and general uncertainty and insecurity.

During the year, we carried out regular 'staff pulse surveys' to gauge wellbeing levels and to provide the senior leadership team with reliable and timely feedback upon which to base decisions on how to best support our people during these unprecedented times. Average of 93% of our people felt they were being kept informed and an average of 95% of our people felt supported overall. These figures were consistent and very encouraging.

We focused our efforts on providing the IT infrastructure to quickly enable people to work from home, along with an extensive range of on-line training activities to support these new ways of working, to promote the health and wellbeing of our people and to combat social isolation.

We launched our new learning and development framework during the year and this aimed to provide a more holistic and joined-up approach to learning, development and career progression. This new learning and development framework covered all aspects of learning from global induction and standard setting, to learning new skills and acquiring new knowledge in order to progress through the organisation, share knowledge and learning, and meet our ambitious aims and objectives.

As our organisation continued to grow, during the year we advertised 97 jobs, received 5283 applications, carried out 430 interviews and made 83 job offers.

Equality, diversity and inclusion (EDI)

ClientEarth is committed to promoting equality, good diversity management and providing an inclusive working environment for all our staff, volunteers and interns.

Underpinned by leadership from our trustees, our senior leadership team (SLT) and an EDI plan, we have embarked on a journey to realise our commitment through the establishment of a Global EDI Committee, an SLT EDI sub group and a Board EDI Committee. This gives us a strong infrastructure to support our commitment to anti-racism, equality, diversity and inclusion across all the countries in which we work.

To promote and raise awareness of EDI matters among our people, we have delivered 16 EDI and unconscious bias sessions to staff and have facilitated 20 anti-racism and anti-discrimination training sessions over the last year. We have incorporated EDI thinking into our HR activities across recruitment and selection practices and wellbeing initiatives based on an analysis of reliable data.

Have also created an extensive EDI resource centre for our staff and will be offering paid work placements aimed at people of colour this year. ClientEarth has representation on an external EDI Group with a number of other environmental charities and is part of the Steering Group for a State of Diversity in the Environment Sector project.

Looking forward into 2021, we intend to engage a consultant to undertake an EDI audit early in the year and the findings of this audit, supported by diversity data for trustees, staff and extensive recruitment metrics will inform our planned 3-5 year Global Equality, Diversity and Inclusion Strategy that will be launched later in 2021.

Financial review

In 2020 we secured income of £20,791k, a growth of 30% in underlying income. Total income is lower than total income in 2019 of £29,489k, due to the significant one-off gift in 2019 (underlying income was £15,890k). As in previous years, most of our income is in the form of restricted grants funding our

charitable activities. These grants come from private foundations and governmental agencies, predominantly based in the UK, Europe and the USA and are restricted to specific projects. In addition, 10% of income came from lottery operations in the last quarter of 2020 to support key programmes in 2021.

Total expenditure increased by 19% to £16,850k (2019: £14,198k), with increased charitable activities expenditure across key programmes including Energy Transition, Forests and Wildlife protection.

Managing key financial risks

Financial resilience: over recent years, we have focused on diversifying income streams to reduce our reliance on key donors. In 2020 we continued to invest in increasing our profile and digital fundraising, secured funding from new philanthropy and foundation donors, and became a registered agent for the People's Postcode Lottery. We continue to monitor our income mix, in particular to manage the risk of growing restricted income faster than unrestricted impacting our ability to cover core costs.

Impact of the Covid-19 pandemic: in March, we modelled the potential impact on fundraising, and on our ability to implement our charitable activities. In response to this risk we took steps to reduce unrestricted costs and ensured we could allocate funds to support staff well-being and remote working.

Reserves policy

The charity's reserve policy considers the financial risks that the charity is exposed to, and sets the target level of free reserves accordingly at 25% of annual internal expenditure (defined as total annual expenditure, less sub-grant and litigation costs). The target level of free reserves at the end of 2020 is £3,629k.

Reserves are held to cover unexpected falls in income, to provide bridging funding between grants, to provide rapidly deployable seed funding for new initiatives, and to cover cash flow needs, especially where grants are paid in arrears.

Overall Reserves at the end of 2020 were £26,045k (2019: £20,882k), made up of:

Unrestricted Reserves

- General Funds of £4,372 (2019: £3,548k), which after deducting £326k (2019: £167k) funds tied up in Fixed Assets leaves free reserves of £4,046k (2019: £3,381k)
- Voluntarily Designated Reserves of £13,528k (2019: £12,171k)

Restricted Reserves of £8,144k (2019: £5,164k)

Reserves review:

Unrestricted reserves:

At the end of 2020 a net unrestricted surplus of £825k boosted unrestricted Reserves to £4,372k which, after £326k tied up in Fixed Assets leaves £4,046k of Free Reserves. This strong performance enabled the charity to exceed its free reserves target of £3,629k, and plan for Fixed Asset spend in 2021.

Designated reserves:

At the end of 2019 the trustees resolved to designate £12,171k of the generous unrestricted Gilmour-Samson gift, to be used over the medium term to fight climate change and build the capacity of the organisation. During 2020 £1,096k. was spent on programme initiatives and capacity building. In 2020 lottery operations generated a net unrestricted income of £2,024k due to be spent during 2021, which the trustees resolved to carry over as designated funds for specific charitable purposes.

Restricted reserves:

We spent down restricted funds received in prior years, and secured new funding, finishing 2020 with a higher total balance of restricted funds (£8,144k; 2019: £5,164k). This includes grant funding received at the end of the financial year for charitable activities in 2021.

Trustees' responsibilities statement

The trustees (who are also directors of ClientEarth for the purposes of company law) are responsible for preparing the Trustees' Annual Report (including the Strategic Report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and

- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to the auditors

We, the directors of the company who held office at the date of approval of these Financial Statements as set out above each confirm, so far as we are aware, that:

- there is no relevant audit information of which the company's auditors are unaware; and
- we have taken all the steps that we ought to have taken as directors in order to make ourselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

In approving the Trustees' Annual Report, we also approve the Strategic Report included therein, in our capacity as company directors.

On behalf of the board



.....

H Covington, Trustee

Date..... 21 June 2021

CLIENTEARTH

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF CLIENTEARTH

Opinion

We have audited the financial statements of ClientEarth (the 'parent charitable company and subsidiaries') for the year ended 31 December 2020 which comprise of the consolidated statement of financial activities, consolidated and charitable company statement of financial activities, consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 December 2020 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the accounts in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

CLIENTEARTH

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF CLIENTEARTH

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Act 2011 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees' (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group and parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the charitable company through discussions with trustees and other management, and from our commercial knowledge and experience of the Charity sector

CLIENTEARTH

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF CLIENTEARTH

- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including, but not limited to, the Companies Act 2006, Charities Act 2011 and taxation legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting relevant correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the charitable company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- understanding the charitable objectives as part of the control and operating environment;
- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- investigated the rationale behind significant or unusual transactions.

Through these procedures, we did not identify any material actual or suspected incidents of fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence and enquiring with the company of actual and potential non-compliance with laws and regulations.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

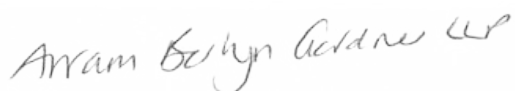
A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

CLIENTEARTH

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF CLIENTEARTH

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charitable company's trustees, as a body, in accordance with regulations made under section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charitable company's members and its trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Sarah Wilson FCA (Senior Statutory Auditor)
for and on behalf of Arram Berlyn Gardner LLP

24/6/2021

.....

Chartered Accountants
Statutory Auditor

30 City Road
London
EC1Y 2AB

CLIENTEARTH

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2020

		Unrestricted funds	Designated funds	Restricted funds	Total	Total
		2020	2020	2020	2020	2019
	Notes	£	£	£	£	£
<u>Income and endowments from:</u>						
Donations and legacies	3	3,287,840	-	1,295,492	4,583,332	17,893,574
Charitable activities:	4	18,302	-	13,842,628	13,860,930	11,413,578
Investments	5	56,998	98,108	-	155,106	30,985
Other income	6	2,115,431	-	75,908	2,191,339	150,827
Total income		5,478,571	98,108	15,214,028	20,790,707	29,488,964
<u>Expenditure on:</u>						
Raising funds		813,215	243,255	112,719	1,169,189	814,430
Charitable activities:	8	1,816,709	1,743,267	12,121,070	15,681,046	13,384,050
Total resources expended		2,629,924	1,986,522	12,233,789	16,850,235	14,198,480
Net gains/(losses) on investments	12	-	1,221,976	-	1,221,976	-
Net incoming resources before transfers		2,848,647	(666,438)	2,980,239	5,162,448	15,290,484
Gross transfers between funds		(2,023,742)	2,023,742	-	-	-
Net movement in funds		824,905	1,357,304	2,980,239	5,162,448	15,290,484
Fund balances at 1 January 2020		3,547,561	12,171,179	5,163,537	20,882,277	5,591,793
Fund balances at 31 December 2020		4,372,466	13,528,483	8,143,776	26,044,725	20,882,277

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

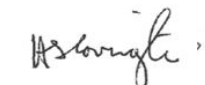
The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

CLIENTEARTH

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Intangible assets	13		72,131		29,892
Tangible assets	14		253,797		136,876
Investments	15		12,756,349		-
			<u>13,082,277</u>		<u>166,768</u>
Current assets					
Debtors	16	3,868,189		1,733,312	
Cash at bank and in hand		10,257,183		19,404,501	
		<u>14,125,372</u>		<u>21,137,813</u>	
Creditors: amounts falling due within one year	17	(1,162,924)		(422,304)	
Net current assets			<u>12,962,448</u>		<u>20,715,509</u>
Total assets less current liabilities			<u>26,044,725</u>		<u>20,882,277</u>
Income funds					
Restricted funds	19	8,143,776		5,163,537	
Designated funds	20	13,528,483		12,171,179	
Unrestricted funds		4,372,466		3,547,561	
			<u>26,044,725</u>		<u>20,882,277</u>

The financial statements were approved and authorised for issue by the Board on 21 June 2021



.....
H Covington (Chair)
Trustee

Company Registration No. 2863827

CLIENTEARTH

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Intangible assets	13		72,131		29,892
Tangible assets	14		230,208		136,876
Investments	15		12,756,349		-
			<u>13,058,688</u>		<u>166,768</u>
Current assets					
Debtors	16	3,740,607		1,697,950	
Cash at bank and in hand		9,514,570		18,002,675	
		<u>13,255,177</u>		<u>19,700,625</u>	
Creditors: amounts falling due within one year	17	(1,220,070)		(257,333)	
Net current assets			<u>12,035,107</u>		<u>19,443,292</u>
Total assets less current liabilities			<u>25,093,795</u>		<u>19,610,060</u>
Income funds					restated
Restricted funds	19	7,634,048		4,974,289	
Designated funds	20	13,528,483		12,171,179	
Unrestricted funds		3,931,264		2,464,592	
			<u>25,093,795</u>		<u>19,610,060</u>

A separate statement of the financial activities and Income & Expenditure accounts are not presented for the charity itself following the exemptions permitted by section 408 of the Companies Act 2006 and paragraph 397 of the SORP. The total incoming resources for the charity for the period ended 31 December 2020 were £20,286,414 (2019: £27,925,106) with the positive movements in funds being £5,483,735 (2019 £14,122,113).

The financial statements were approved and authorised for issue by the Board on 21 June 2021



H Covington (Chair)
Trustee

Company Registration No. 2863827

CLIENTEARTH

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Cash generated from operations	27	2,995,207		15,049,181	
Investing activities					
Purchase of intangible assets		(65,988)		-	
Purchase of tangible fixed assets		(186,954)		(13,426)	
Purchase of investments		(20,640,959)		-	
Proceeds on disposal of investments		8,596,270		-	
Interest received		155,106		30,985	
Net cash (used in)/generated from investing activities		(12,142,525)		17,559	
Net cash used in financing activities		-		-	
Net (decrease)/increase in cash and cash equivalents		(9,147,318)		15,066,740	
Cash and cash equivalents at beginning of year		19,404,501		4,337,761	
Cash and cash equivalents at end of year		10,257,183		19,404,501	

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

Charity information

ClientEarth is a private company limited by guarantee incorporated in England and Wales. The registered office is 10 Queen Street Place, London, EC4R 1BE. The principal place of business is The Hothouse, 274 Richmond Road, London, E8 3QW.

1.1 Accounting convention

The accounts have been prepared in accordance with "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (published October 2019). The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The accounts have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives unless the funds have been designated for other purposes.

Designated funds comprise unrestricted funds which have been voluntarily set aside at the discretion of the trustees for specific purposes. The purposes and uses of the designated funds are set out in the notes to the financial statements.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

1.4 Incoming resources

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

Value added tax is not recoverable by the charity, and as such is included in the relevant costs in the Statement of Financial Activities.

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

Income from grants are recognised at fair value when the charity has entitlement after any performance conditions have been met, it is probable that the income will be received and the amount can be measured reliably. If entitlement is not met then these amounts are deferred.

Grants received with both a restricted and unrestricted purpose are allocated on receipt directly into the correct fund and are not transferred between restricted and unrestricted funds.

1.5 Resources expended

Resources expended are recognised in the period in which they are incurred.

Resources expended are allocated to the particular activity where the cost relates directly to that activity.

Support costs comprising the salary and overheads costs of the central function are apportioned to each activity on the following per capita basis:

Costs of generating funds	10%
Rule of Law	13%
Climate	10%
Energy Transition	22%
Pollution & health	14%
Forests	10%
Oceans	10%
Wildlife	11%

2019 comparatives

Costs of generating funds	7%
Rule of Law	18%
Climate	11%
Energy Transition	20%
Pollution & health	15%
Forests	10%
Oceans	11%
Wildlife	8%

Value added tax is not recoverable by the charity and as such is included in the relevant costs in the Statement of financial activities.

Governance costs include all costs of compliance with constitutional and statutory requirements, including legal, audit fees and the costs of board meetings.

1.6 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Software	20% straight line

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.7 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Fixtures, fittings & equipment	20% straight line
Computers	20% straight line

1.8 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in income/ (expenditure for the year, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits with banks, other investments with original maturities of three months or less, and bank overdrafts.

1.10 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

1.11 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

The charity operates a defined contributions pension scheme. Contributions are charged in the accounts as they become payable in accordance with the rules of the scheme.

1.12 Foreign exchange

Transactions denominated in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. All differences are included in net outgoing resources.

1.13 Accumulated funds

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the accounts.

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.14 Basis of Consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

The consolidated financial statements incorporate those of ClientEarth and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 December 2019. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

Income recognition

Income from grants are recognised at fair value when the charity has entitlement after any performance conditions have been met, it is probable that the income will be received and the amount can be measured reliably. If entitlement is not met then these amounts are deferred. The key area of judgement relates to entitlement of grants that have funding tranches, other conditions may need to be met before the charity is entitled to future tranches.

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

3 Donations and legacies

	Unrestricted funds	Restricted funds	Total	Unrestricted funds	Restricted funds	Total
	2020 £	2020 £	2020 £	2019 £	2019 £	2019 £
Donations and gifts	3,287,840	1,295,492	4,583,332	17,298,621	594,953	17,893,574

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

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CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

5 Investments

	Unrestricted funds	Endowment funds designated	Total	Unrestricted funds
	2020	2020	2020	2019
	£	£	£	£
Income from investments	-	98,108	98,108	-
Interest receivable	56,998	-	56,998	30,985
	<u>56,998</u>	<u>98,108</u>	<u>155,106</u>	<u>30,985</u>

6 Other income

	Unrestricted funds	Restricted funds	Total	Unrestricted funds	Restricted funds	Total
	2020	2020	2020	2019	2019	2019
	£	£	£	£	£	£
Rental income	30,339	-	30,339	40,620	-	40,620
Litigation awards	31,366	-	31,366	64,028	-	64,028
Memberships	-	75,908	75,908	-	45,304	45,304
Income from absorption of new entities	28,090	-	28,090	-	-	-
Insurance claims	-	-	-	443	(207)	236
Lottery income (a)	2,023,742	-	2,023,742	-	-	-
Other income	1,895	-	1,895	641	-	641
	<u>2,115,431</u>	<u>75,908</u>	<u>2,191,339</u>	<u>105,731</u>	<u>45,096</u>	<u>150,827</u>
For the year ended 31 December 2019	<u>105,731</u>	<u>45,096</u>				<u>150,827</u>

(a) Lottery income

Lottery Ticket Sales	6,344,423
Lottery Prizes	(2,537,769)
Lottery Operation Costs	(1,782,912)
	<u>2,023,742</u>

Lottery income is the proceeds of lotteries held by the external lottery manager for the People's postcode lottery. ClientEarth has no ability to alter the ticket price, prizes or management charge and therefore, does not act as principal for these draws. Proceeds have therefore been recognised as net of prizes and other expenditure.

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

7 Top Five Donors

Included within income are the following top 10 donors:

	£
Children's Investment Fund Foundation	5,084,221
People's Postcode Lottery (PPL)	2,023,742
Grantham Foundation	1,688,011
Department for International Development (DFID)	1,078,401
Bloomberg via European Climate Foundation (ECF)	715,635
The Wellspring Philanthropic Fund	579,482
EU funding (EU Life; EU Life+; GOPA; Horizon 2020)	529,711
The Tilia Fund	505,025
The AKO Foundation	500,000
European Climate Foundation (ECF)	487,785
Other donors	7,275,991
	20,468,004

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

8 Charitable activities:

	Cost of Rule of Law generating funds		Climate		Energy Transition		Pollution & health		Forests		Oceans		Wildlife		Govern - ance costs		Support Costs		Total	
	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Personnel & recruitment	735,273	1,240,146	1,082,957	2,173,541	1,386,746	1,037,284	902,559	934,649	36,071	994,527	10,523,753									
Holiday pay	27,710	42,619	42,172	54,984	37,125	29,634	20,431	22,283	2,010	46,683	325,651									
Consultants/ external assistance	137,473	178,737	43,525	99,650	70,368	401,209	78,808	51,914	954	77,465	1,140,103									
Sub-grants	6,728	64,634	147,758	205,828	95,041	5,383	5,383	6,055	-	8,747	545,557									
Litigation costs	5	27,108	277,477	732,437	381,346	4	30,532	12,307	-	6	1,461,222									
Travel, events and meetings	11,602	56,233	8,004	24,780	17,315	213,676	3,230	7,109	13	21,212	363,174									
Publications, subscriptions & memberships and trainings	17,458	10,321	8,968	28,181	12,805	42,703	9,546	7,635	-	27,253	164,870									
Training & research	13,095	17,025	20,622	45,043	25,209	10,251	8,827	14,079	450	17,175	171,776									
Premises and Office running costs	157,233	129,745	146,819	319,804	179,493	85,321	75,322	108,828	4,253	199,234	1,406,052									
Accounting and professional fees	17,483	9,803	8,156	18,103	10,820	7,097	7,067	8,030	35,420	110,096	232,075									
Bank charges & interests	10	11	9	20	12	8	8	9	-	12,633	12,720									
Exchange rate variance	40,950	45,045	36,855	81,900	49,140	32,760	32,760	36,855	-	53,235	409,500									
Depreciation	9,378	10,316	8,440	18,756	11,254	7,503	7,503	8,440	-	12,192	93,782									

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

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CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

9 Auditor's remuneration

The analysis of auditor's remuneration is as follows:

Fees payable to the charity's auditor and associates:	2020	2019
	£	£
Audit of the charity's annual accounts	21,240	19,200
Non-audit services		
Audit-related assurance services	7,920	-
Other assurance services	6,375	4,965
Total non-audit fees	14,295	4,965

10 Trustees

None of the trustees (or any persons connected with them) received any remuneration during the year. During the year £174 (2019: £13,064) of expenses were reimbursed to a trustee.

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

11 Employees

Number of employees

The average monthly number of employees during the year was:

	2020 Number	2019 Number
Restricted funds projects	118	90
Unrestricted funds projects	69	56
Designated funds projects	13	-
	<u>200</u>	<u>146</u>

Employment costs

	2020 £	2019 £
Wages and salaries	9,044,080	6,973,836
Social security costs	614,117	461,987
Other pension costs	292,744	238,950
Other employment related costs and temps	572,812	391,284
Holiday pay accrual	325,651	-
	<u>10,849,404</u>	<u>8,066,057</u>

During the period a total amount of £211,277 (2019: £nil) of termination and redundancy was paid to 4 employees according to the charity's accounting policy. The full amounts due to employees were made in full in the year ended 31 December 2020 and have been included in other employment related costs. This was primarily related to re-structuring within the organisation.

Due to the global pandemic the charity changed its policy on the number of holiday days that employees could carry forward to the next year. This increased the holiday pay accrual to a material amount and therefore the accumulative position has been provided for in the current year. If the accrual had been provided in previous years the accrued position at 31 December 2019 would have been £181,047.

The number of employees whose annual remuneration was £60,000 or more were:

	2020 Number	2019 Number
£60,000 - £70,000	11	10
£70,001 - £80,000	2	1
£80,001 - £90,000	2	4
£90,001 - £100,000	2	-
£100,001 - £110,000	1	-
£120,001 - £130,001	3	2
£130,001 - £140,000	-	1
£140,001 - £150,000	1	-
£200,000 - £210,000	-	1
£210,001 - £220,000	1	-
	<u>1</u>	<u>-</u>

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

11 Employees

(Continued)

Pension contributions for employees whose annual remuneration was £60,000 or more amounted to £69,496 (2019: £63,012).

Remuneration of key management personnel

The Key management personnel of ClientEarth comprises of the CEO. The remuneration of key management personnel, is as follows.

	2020 £	2019 £
Salary	214,200	210,000
Employers national insurance	29,753	27,730
Pension contributions	8,400	17,900
	<u>252,353</u>	<u>255,630</u>

12 Net gains/(losses) on investments

	Endowment funds designated 2020 £	Total 2019 £
Revaluation of investments	<u>1,221,976</u>	<u>-</u>

13 Intangible fixed assets

	Software £
Cost	
At 1 January 2020	52,750
Additions - internally developed	65,988
At 31 December 2020	<u>118,738</u>
Amortisation and impairment	
At 1 January 2020	22,858
Amortisation charged for the year	23,749
At 31 December 2020	<u>46,607</u>
Carrying amount	
At 31 December 2020	<u>72,131</u>
At 31 December 2019	<u>29,892</u>

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

14 Tangible fixed assets

	Fixtures, fittings & equipment £	Computers £	Total £
Cost			
At 1 January 2020	46,630	215,866	262,496
Additions	18,775	168,179	186,954
At 31 December 2020	65,405	384,045	449,450
Depreciation and impairment			
At 1 January 2020	19,686	105,934	125,620
Depreciation charged in the year	12,960	57,073	70,033
At 31 December 2020	32,646	163,007	195,653
Carrying amount			
At 31 December 2020	32,759	221,038	253,797
At 31 December 2019	26,944	109,932	136,876

15 Fixed asset investments

	Investments £
Cost or valuation	
At 1 January 2020	-
Additions	20,640,959
Valuation changes	1,207,833
Exchange movement	(510,316)
Disposals	(8,582,127)
At 31 December 2020	12,756,349
Carrying amount	
At 31 December 2020	12,756,349
At 31 December 2019	-

The investment portfolio is managed by Sarasin & Partners LLP. The investments are stated at market value as at the year end.

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

16 Debtors

	2020 £	2019 £
Amounts falling due within one year:		
GROUP		
Other debtors	418,241	95,209
Prepayments and accrued income	3,449,948	1,638,103
	<u>3,868,189</u>	<u>1,733,312</u>
PARENT CHARITY		
Other debtors	214,476	101,696
Prepayments and accrued income	3,526,131	1,596,254
	<u>3,740,607</u>	<u>1,697,950</u>

17 Other creditors falling due within one year

	2020 £	2019 £
GROUP		
Other creditors	660,159	335,325
Accruals and deferred income	502,765	86,979
	<u>1,162,924</u>	<u>422,304</u>
PARENT CHARITY		
Other creditors	860,810	195,687
Accruals and deferred income	359,260	61,646
	<u>1,220,070</u>	<u>257,333</u>

18 Retirement benefit schemes

ClientEarth operates defined contribution pension schemes for staff in the UK and Belgium. These schemes match employee contributions up to a maximum of 5% of pensionable salary and staff are automatically enrolled into the relevant scheme in line with government legislation. No employees receive benefits under a defined benefit pension scheme. The assets of the schemes are held separately from those of the charity in independently administered funds

The charge to profit or loss in respect of defined contribution schemes was £292,744 (2019: £238,950).

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

19 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

Group and Parent

	Balance at 1/1/2020 £	Movement in funds		Balance at 31/12/20 £
		Incoming resources £	Resources expended £	
Rule of Law				
European Commission DG Environment (LIFE programme)	(176,802)	175,760	1,042	-
Children's Investment Fund Foundation - China 2018-21	136,718	624,162	(490,631)	270,249
European Union via GOPA	11,185	111,620	(120,767)	2,038
MacArthur Foundation 2018-21	(27,479)	228,987	(201,508)	-
MacArthur NGO Fund 2019-21	14,682	-	-	14,682
Esmée Fairbairn Foundation - Brexit	254,184	42,688	(296,872)	-
World Wildlife Fund 2019	671	-	(671)	-
Waterloo Foundation 2019-20	15,428	-	(15,428)	-
Funders for Fair Trade 2019-20	77,486	(1,296)	(76,190)	-
Norwegian Embassy Biodiversity seminars	-	7,837	(7,837)	-
Green Alliance 2020	-	50,000	(50,000)	-
Asia Development Bank 2020	-	25,136	(25,136)	-
SDSNA - UN China 2020	-	19,147	(19,147)	-
Henocq Law Trust 2020	-	100,000	(28,752)	71,248
Therium Access 2020-21	-	50,000	(15,169)	34,831
World Resources Institute - WRI 2020	-	59,770	(63,459)	(3,689)
Waterloo Foundation 2020-21	-	40,000	(14,745)	25,255
Hewlett Foundation 2020 -21	-	194,332	-	194,332
Funders for Fair Trade 2020-21	-	93,271	11,242	82,029
Samworth Foundation 2020-2023	-	100,000	-	100,000
Climate Imperative Foundation 2021	-	187,557	-	187,557
Grantham China 2020/21	-	750,227	-	750,227
SDSNA - 2020 -21	-	-	8,982	(8,982)
				-
Climate and the Paris agreement				
Children's Investment Fund Foundation - Climate Accountability 2018-21	94,277	396,259	(364,064)	126,472
Children's Investment Fund Foundation - Company Financial 2018-21	111,129	155,658	(189,608)	77,179
The Sunrise Project 2019-20	16,232	-	(16,232)	-
Friends Provident Foundation 2019-20	-	94,428	(94,428)	-
Wallace Global Fund 2019-20	7,639	-	(7,639)	-
Sainsbury Family Charitable Trusts (Mark Leonard Trust/ Ashden Trust/JJ Charitable Trust - Finance 2019-21	40,961	75,000	(78,274)	37,687
Pickwell Foundation 2019-22	14,025	30,000	(27,454)	16,571
The Sunrise Project 2021	-	-	(725)	(725)
* Jane Thompson	-	13,459	(5,477)	7,982
Quadrature Climate Foundation 2020	-	33,157	(33,157)	-
Climate Crisis Foundation 2020-21	-	2,437	-	2,437
Grantham SEES Asia 2020-21	-	750,227	-	750,227
Sub total	590,336	4,409,823	(2,262,552)	2,737,607

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

19 Restricted funds

(Continued)

	Balance at 1/1/2020	Incoming resources	Resources expended	Balance at 31/12/20
	£	£	£	£
Brought forward from previous page	590,336	4,409,823	(2,262,552)	2,737,607
Energy Transition				
German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (EUKI)	(22)	1,815	(1,793)	-
European Commission - Horizon 2020	60,694	25,893	(94,893)	(8,306)
Children's Investment Fund Foundation - Energy Markets 2018-21	57,121	137,753	(146,650)	48,224
Children's Investment Fund Foundation - Coal 2018-21	181,722	320,069	(333,650)	168,141
European Climate Foundation (ECF) - EU State Aid 2019	(5,061)	4,845	216	-
ECF - EU Internal Energy Markets 2019	(6,627)	6,346	281	-
Bloomberg Energy Markets via ECF 2019-20	(13,043)	101,444	(88,401)	-
ECF - Poland Coal & Clean Air 2019	(6,213)	6,281	(68)	-
ECF - Poland Energy Market Transition 2019	(17,968)	18,193	(225)	-
Bloomberg Energy Poland via ECF 2019-20	1,836	20,670	(22,506)	-
Kestrelman Trust - Energy Poland 2019-20	15,000	-	(15,000)	-
ECF Poland 2020 - Coal	-	78,593	(78,593)	-
ECF Poland 2020 Energy Sector	-	30,564	(30,564)	-
ECF Poland 2020 Climate Youth Movement	-	39,190	(35,670)	3,520
Bloomberg 2020 - 21 Poland	-	61,084	(63,533)	(2,449)
Kestrelman Trust 2020 - 21	-	46,000	(14,976)	31,024
ECF State Aid 2020 Bridge funding	-	19,119	(19,119)	-
Tilia Foundation 2020	-	139,665	(139,665)	-
Green Alliance 2020	-	100,000	(100,000)	-
ECF State Aid 2020-21	-	82,781	(71,910)	10,871
ECF IEM 2020-21	-	201,873	(143,242)	58,631
Bloomberg 2020 - 21 Energy	-	137,783	(157,269)	(19,486)
* German Postcode Lottery 2020-21	-	225,670	(112,694)	112,976
Wellspring Fund 2020 -22	-	579,482	-	579,482
Tolkien Trust 2021	-	100,000	-	100,000
				-
Pollution and Health				
Trust for London 2018-21	9,390	85,000	(86,154)	8,236
Children's Investment Fund Foundation - Clean Air 2018-21	114,579	294,383	(305,895)	103,067
John Ellerman Foundation	24,794	-	(24,794)	-
Postcode Green Trust - Air Quality 2020	250,000	-	(250,000)	-
Global Greengrants Fund 2018-20	93,282	16	(93,298)	-
Plastics Solutions Fund (Zero Waste Europe) 2019-20	(4,253)	10,318	(6,065)	-
European Environmental Health Initiative 2019-20 - through Oak Foundation	2,371	-	(2,371)	-
Savitri Waney Charitable Trust 2019-20	10,358	30,000	(4,290)	36,068
Becht Harmful Chemicals 2020-22	-	96,967	(55,254)	41,713
EEHI 2020-21	-	26,213	(23,268)	2,945
Rethink Plastic Alliance 2020-21	-	10,440	(15,531)	(5,091)
Global Greengrants Fund (Marisla) 2020-2	-	150,177	(91,480)	58,697
Sub total	1,358,296	7,598,450	(4,890,876)	4,065,870

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

19 Restricted funds

(Continued)

	Balance at 1/1/2020	Incoming resources	Resources expended	Balance at 31/12/20
	£	£	£	£
Brought forward from previous page	1,358,296	7,598,450	(4,890,876)	4,065,870
Forests				
UK Department for International Development (DFID) - FGMC 2018-21	369,921	1,036,126	(1,166,522)	239,525
Waterloo Foundation - UK NGO Coalition on forests 2018-19	9,152	24,798	(33,950)	-
The Tilia Fund 2019-22 via CE US	139,702	365,361	(301,161)	203,902
SEM Trust - Community Forestry 2019-20	9,167	-	(9,167)	-
European Forest Institute 2019-21	(6,627)	39,256	(30,180)	2,449
DFID-MFGAP 2019-22	2,890	42,275	(49,231)	(4,066)
EU DG Home WWF 2019-21	(1,332)	20,843	(13,051)	6,460
EFI Cote d'Ivoire	-	15,196	(15,196)	-
EFI Congo 2020	-	9,294	(9,294)	-
Climate Advisors 2020	-	45,910	(45,910)	-
			-	-
Oceans				
Membership contributions to the UK Sustainable Seafood Coalition	13,732	49,233	(53,163)	9,802
Funding Fish 2019-20	86,052	-	(86,052)	-
Levine Family Foundation 2019-20	23,949	7,000	(30,949)	-
Adessium Foundation - Fisheries 2019-21	57,340	118,171	(133,491)	42,020
Savitri Waney Charitable Trust - Oceans 2019	4,105	50,000	(12,646)	41,459
Walton Family Foundation 2019-20	92,685	241,775	(268,769)	65,691
Becht Fisheries 2020-23	-	177,538	(153,302)	24,236
WAITT Institute 2020	-	7,668	(7,668)	-
Rethink Plastics Alliance - Plastics	-	13,933	(24,496)	(10,563)
Ocean5 2020-23	-	215,000	(136,803)	78,197
Minderoo 2020	-	78,072	(78,072)	-
			-	-
Wildlife				
Arcadia Fund 2018-23	383,405	385,811	(410,880)	358,336
European Nature Heritage Fund 2019-21	8,173	101,796	(95,746)	14,223
Kestrelman Trust - Wildlife 2019-20	29,213	-	(29,213)	-
The Tides Foundation - Patagonia 2019-20	26,661	-	(26,661)	-
Grantham Foundation for the Protection of the Environment 2019-23 - via CE US	125,066	187,557	(248,871)	63,752
Evans Family Foundation 2019-20 - via CE US	57,066	-	(57,066)	-
Evans Family 2020-21	-	187,722	(86,286)	101,436
Becht Wildlife 2020-21	-	41,899	(42,480)	(581)
Seas at Risk 2020	-	17,837	(17,837)	-
Kestrelman Trusts - Wildlife 2020-21	-	40,000	-	40,000
Levine Family Foundation 2020-21	-	27,000	(12,855)	14,145
Wildlife & Habitats Oak Foundation 2020	-	30,800	-	30,800
FOEN - Swiss Confederation 2020	-	26,840	(26,840)	-
Sub total	2,788,616	11,203,161	(8,604,684)	5,387,093

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

19 Restricted funds

(Continued)

	Balance at 1/1/2020 £	Incoming resources £	Resources expended £	Balance at 31/12/20 £
Brought forward from previous page	2,788,616	11,203,161	(8,604,684)	5,387,093
Strategic Climate Litigation (redistributed across Climate, Energy and Pollution and Health)				-
Children's Investment Fund Foundation - Strategic Climate Litigation 2018-21	1,935,347	2,210,993	(2,472,210)	1,674,130
Bloomberg - Strategic Climate Litigation via European Climate Foundation 2019-20	40,853	96,295	(137,148)	-
Adverse Costs Fund	209,473	-	17,901	227,374
Litigation Support Fund	-	-	-	-
CIFF Asia 2020-22	-	944,944	(542,767)	402,177
Bloomberg Strategic Litigation 2020-21	-	298,360	(284,125)	14,235
				-
Restricted core grants (supporting all charitable activities above)				-
Esmee Fairbairn Foundation - core	-	(42,692)	42,692	-
Thomas and Julie Hoegh 2020-24	-	50,000	-	50,000
* German Office (Hermann Bruhn)	6,110	-	(608)	5,502
* German Office 2019-23 (Hermann Bruhn)	170,361	178,884	(7,495)	341,750
* Germany Office Forestry	12,777	12,781	(20,882)	4,676
* Forum for Active Philanthropy 2020		44,864	(13,152)	31,712
* EU Life+ Germany 2020	-	216,438	(211,311)	5,127
Total	5,163,537	15,214,028	(12,233,789)	8,143,776

Funds marked * relate to subsidiaries

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

19 Restricted funds comparative figures

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

Group and Parent

	Movement in funds			
	Balance at 1/1/2019	Incoming resources	Resources expended	Balance at 31/12/19
	£	£	£	£
Rule of Law				
European Commission DG Environment (LIFE programme)	(113,199)	141,268	(204,871)	(176,802)
Children's Investment Fund Foundation - China 2018-21	276,943	386,573	(526,798)	136,718
European Union via GOPA	(155)	214,599	(203,259)	11,185
Chris Hohn Foundation - China, external costs	857	(61)	(796)	-
MacArthur Foundation 2018-21	128,824	246,512	(402,815)	(27,479)
Thirty Percy Foundation 2018-19	50,000	50,000	(100,000)	-
MacArthur NGO Fund 2019-21	-	204,414	(189,732)	14,682
Esmée Fairbairn Foundation - Brexit	332,099	228,656	(306,571)	254,184
Waterloo Foundation 2018-19	16,429	-	(16,429)	-
European Climate Foundation via Green Alliance 2018-19	40,036	49,290	(89,326)	-
Calouste Gulbenkian Foundation - Brexit	37,170	-	(37,170)	-
Funders for Fair Trade 2018-19	80,350	-	(80,350)	-
World Wildlife Fund 2019	-	671	-	671
Harbour Seal 2019-20	-	14,000	(14,000)	-
Waterloo Foundation 2019-20	-	25,000	(9,572)	15,428
Funders for Fair Trade 2019-20	-	85,180	(7,694)	77,486
Climate and the Paris agreement				
Pickwell Foundation 2017-19	4,553	-	(4,553)	-
The Sunrise Project 2018-19	17,353	(247)	(17,106)	-
Sainsbury Family Charitable Trusts (Mark Leonard Trust/ Ashden Trust/JJ Charitable Trust - Finance 2017-19)	29,256	-	(29,256)	-
Children's Investment Fund Foundation - Climate Accountability 2018-21	67,939	314,601	(288,263)	94,277
Children's Investment Fund Foundation - Company Financial 2018-21	92,401	256,151	(237,423)	111,129
The Sunrise Project 2019-20	85,000	247	(69,015)	16,232
Friends Provident Foundation 2019-20	-	94,950	(94,950)	-
Wallace Global Fund 2019-20	-	37,547	(29,908)	7,639
Sainsbury Family Charitable Trusts (Mark Leonard Trust/ Ashden Trust/JJ Charitable Trust - Finance 2019-21)	-	75,000	(34,039)	40,961
Pickwell Foundation 2019-22	-	25,000	(10,975)	14,025
Energy Transition				
German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety - European Climate Initiative (EUKI)	(2,952)	65,612	(62,682)	(22)
European Climate Foundation - EU Internal Energy Markets 2018	(5,749)	5,749	-	-
European Climate Foundation - EU State Aid 2018	(3,393)	3,432	(39)	-
European Commission - Horizon 2020	139,646	-	(78,952)	60,694
Children's Investment Fund Foundation - Energy Markets 2018-21	92,502	225,099	(260,480)	57,121
Sub total	1,365,910	2,749,243	(3,407,024)	708,129

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

19 Restricted funds comparative figures

(Continued)

	Balance at 1/1/2019	Incoming resources	Resources expended	Balance at 31/12/19
	£	£	£	£
Brought forward from previous page	1,365,910	2,749,243	(3,407,024)	708,129
Children's Investment Fund Foundation - Coal 2018-21	93,686	415,786	(327,750)	181,722
Bloomberg Energy Markets via European Climate Foundation 2018-19	14,110	31,102	(45,212)	-
European Climate Foundation - Poland Coal and Clean Air 2018	(4,715)	4,715		-
European Climate Foundation - Poland Energy Market Transition 2018	(2,075)	2,075		-
Kestrelman Trust - Energy Poland 2018-19	15,810	-	(15,810)	-
Bloomberg Energy Poland via European Climate Foundation 2018-19	23,116	16,167	(39,283)	-
European Climate Foundation - EU State Aid 2019	-	45,532	(50,593)	(5,061)
European Climate Foundation - EU Internal Energy Markets 2019	-	66,299	(72,926)	(6,627)
Bloomberg Energy Markets via European Climate Foundation 2019-20	-	112,540	(125,583)	(13,043)
* German Postcode Lottery - Germany Coal	-	51,333	(51,333)	-
European Climate Foundation - Poland Coal and Clean Air 2019	-	55,918	(62,131)	(6,213)
European Climate Foundation - Poland Energy Market Transition 2019	-	17,468	(35,436)	(17,968)
Bloomberg Energy Poland via European Climate Foundation 2019-20	-	49,372	(47,536)	1,836
Kestrelman Trust - Energy Poland 2019-20	-	30,000	(15,000)	15,000
Pollution and Health				
Clean Air campaign donations	3,306	-	(3,306)	-
City Bridge Trust	10,934	12,500	(23,434)	-
Clean Air legal strategies donation 2018	30,811	-	(30,811)	-
Children's Investment Fund Foundation - Air Quality Campaign	6,123	-	(6,123)	-
Trust for London 2018-21	5,018	85,000	(80,628)	9,390
Children's Investment Fund Foundation - Clean Air 2018-21	88,013	241,821	(215,255)	114,579
Green Budget Europe	2,690	(2,690)		-
John Ellerman Foundation	27,376	50,000	(52,582)	24,794
Deutsche Gesellschaft Fur Internationale Zusammenarbeit (GIZ) - European Climate Initiative (EUKI)	41,437	(4,592)	(36,845)	-
Postcode Green Trust - Air Quality 2019	250,000	-	(250,000)	-
Postcode Green Trust - Air Quality 2020	-	250,000	-	250,000
European Environmental Health Initiative 2018-19 - through Oak Foundation	2,327	-	(2,327)	-
Plastics Solutions Fund (Zero Waste Europe) 2018-19	(4,600)	9,053	(4,453)	-
Global Greengrants Fund 2018-20	75,743	164,341	(146,802)	93,282
Clean Air legal strategies donation 2019	-	75,000	(75,000)	-
Plastics Solutions Fund (Zero Waste Europe) 2019-20	-	9,839	(14,092)	(4,253)
European Environmental Health Initiative 2019-20 - through Oak Foundation	-	25,902	(23,531)	2,371
Sub total	2,045,020	4,563,724	(5,260,806)	1,347,938

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

19 Restricted funds comparative figures

(Continued)

	Balance at 1/1/2019	Incoming resources	Resources expended	Balance at 31/12/19
	£	£	£	£
Brought forward from previous page	2,045,020	4,563,724	(5,260,806)	1,347,938
Savitri Waney Charitable Trust 2019-20	-	30,000	(19,642)	10,358
Forests				
UK Department for International Development (DFID) via the International Institute for Environment and Development (IIED)	23,023	9,402	(32,425)	-
UK Department for International Development (DFID) - FGMC 2018-21	262,662	1,035,351	(928,092)	369,921
SEM Trust 2018-19	15,489		(15,489)	-
Waterloo Foundation - UK NGO Coalition on forests 2018-19	8,058	58,904	(57,810)	9,152
The Tilia Fund 2019-22 via CE US	-	291,015	(151,313)	139,702
SEM Trust - Community Forestry 2019-20	-	45,000	(35,833)	9,167
European Forest Institute 2019-21	-	20,356	(26,983)	(6,627)
DFID-MFGAP 2019-22	-	16,095	(13,205)	2,890
EU DG Home WWF 2019-21	-		(1,332)	(1,332)
Oceans				
Membership contributions to the UK Sustainable Seafood Coalition	20,898	45,854	(53,020)	13,732
Walton Family Foundation 2017-19	25,024	121,608	(146,632)	-
Pig Shed Trust 2018-19	61,784		(61,784)	-
Funding Fish 2018-19	61,456		(61,456)	-
Marine protection and plastics donation 2018-19	14,610	37,500	(52,110)	-
Seas At Risk CFP Project 2019-20	-	92,929	(92,929)	-
Funding Fish 2019-20	-	209,999	(123,947)	86,052
Levine Family Foundation 2019-20	-	63,000	(39,051)	23,949
Adessium Foundation - Fisheries 2019-21	-	140,324	(82,984)	57,340
Savitri Waney Charitable Trust - Oceans 2019	-	50,000	(45,895)	4,105
Walton Family Foundation 2019-20	-	186,119	(93,434)	92,685
Seas at Risk, consultancy 2019	-	8,620	(8,620)	-
Wildlife				
Kestrelman Trust – Wildlife 2018-19	19,773		(19,773)	-
Arcadia Fund 2018-23	259,334	485,504	(361,433)	383,405
European Nature Heritage Fund 2019-21	-	60,438	(52,265)	8,173
Kestrelman Trust - Wildlife 2019-20	-	40,000	(10,787)	29,213
The Tides Foundation - Patagonia 2019-20	-	26,739	(78)	26,661
Grantham Foundation for the Protection of the Environment 2019-23 - via CE US	-	190,383	(65,317)	125,066
Evans Family Foundation 2019-20 - via CE US	-	196,632	(139,566)	57,066
Sub total	2,817,131	8,025,496	(8,054,011)	2,788,616

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

19 Restricted funds comparative figures

(Continued)

	Balance at 1/1/2019	Incoming resources	Resources expended	Balance at 31/12/19
	£	£	£	£
Brought forward from previous page	2,817,131	8,025,496	(8,054,011)	2,788,616
Strategic Climate Litigation (redistributed across Climate, Energy and Pollution and Health)				
Chris Hohn Foundation - Strategic Climate Litigation, external costs	687,397	61	687,458	-
Wallace Global Fund - Strategic Climate Litigation 2018-19	8,384		(8,384)	-
Children's Investment Fund Foundation - Strategic Climate Litigation 2018-21	855,769	3,068,050	(1,988,472)	1,935,347
Bloomberg - Strategic Climate Litigation via European Climate Foundation 2018-19	249293	115733	365026	0
Bloomberg - Strategic Climate Litigation via European Climate Foundation 2019-20	-	333,907	(293,054)	40,853
Adverse Costs Fund	-		209,473	209,473
Restricted core grants (supporting all charitable activities above)				
Esmee Fairbairn Foundation - core	-	271,344	(271,344)	-
* German Office (Hermann Bruhn)	-	13,971	(7,861)	6,110
* German Office 2019-23 (Hermann Bruhn)	-	170,361		170,361
* Germany Office Forestry	-	12,777		12,777
Total	4,617,974	12,011,700	(11,466,137)	5,163,537
Funds marked * relate to subsidiaries				

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

20 Designated funds

The trustees resolved to voluntarily designate the unrestricted lottery income received in 2020 to targeted projects across coal, energy systems, climate finance, climate accountability and clean air programmes, engagement activities for COP26, fundraising, and to organisation effectiveness projects.

Also during the year part of the previously designated Gilmour-Samson gift funds have been spend on particular pieces of work to help ClientEarth better meet its charitable objectives.

	Balance at 1 January 2019	Transfers	Balance at 1 January 2020	Incoming resources	Movement in funds			Investments gains/losses	Balance at 31 December 2020
	£	£	£	£	Resources expended	Transfers	£	£	£
Gilmour-Samson gift	-	12,171,179	12,171,179	98,108	(1,986,522)	-	-	1,221,976	11,504,741
People's Postcode Lottery income	-	-	-	-	-	2,023,742	-	-	2,023,742
	-	12,171,179	12,171,179	98,108	(1,986,522)	2,023,742	1,221,976	13,528,483	

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

21 Analysis of net assets between funds

Fund balances at 31 December 2020 are represented by:

	Unrestricted funds 2020 £	Designated funds 2020 £	Restricted funds 2020 £	Total 2020 £	Unrestricted funds 2019 £	Designated funds 2019 £	Restricted funds 2019 £	Total 2019 £
Intangible fixed assets	72,131	-	-	72,131	29,892	-	-	29,892
Tangible assets	253,797	-	-	253,797	136,876	-	-	136,876
Investments	-	12,756,349	-	12,756,349	-	-	-	-
Current assets/(liabilities)	4,046,538	772,134	8,143,776	12,962,448	3,380,793	12,171,179	5,163,537	20,715,509
	4,372,466	13,528,483	8,143,776	26,044,725	3,547,561	12,171,179	5,163,537	20,882,277

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

22 Operating lease commitments

At the reporting end date the charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2020 £	2019 £
Within one year	353,237	706,323
Between two and five years	460,602	536,806
In over five years	31,609	35,488
	<u>845,448</u>	<u>1,278,617</u>

23 Related party transactions

During the year the charity received restricted grants totalling £5,084,221 from the Children's Investment Fund Foundation (CIFF) (2019: £4,908,081), a foundation of which Sonia Medina (a trustee) is an employee. Sonia Medina sits on ClientEarth's board of trustees as the representative of CIFF.

During the year the charity received a restricted grant of £75,000 from The Ashden Trust (2019: £75,000) a trust of which Sarah Butler-Sloss (a trustee) is also a trustee.

During the year the charity received an unrestricted grant of £250,000 from The J. Van Mars Foundation (2019: £187,375), a foundation of which the members of the band Coldplay (patrons) are trustees.

During the year the charity received an unrestricted grant of £15,000 from The Martin Smith Foundation (2019: £15,000), a foundation of which Sir Martin Smith (a trustee) is also a trustee.

During the year the charity received an unrestricted grant of £7,633 from The Prospect Hill Foundation (2019: £nil), a foundation of which Frances Beinecke (a trustee) is also a trustee.

During the year the charity received a total of £124,824 in unrestricted donations (2019: £74,523) and £178,884 in restricted to core donations from trustees (2019: £178,916).

24 Associates

Details of the charity's associates at 31 December 2020 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held
Climate Transition Expert Group Limited	England & Wales	Dormant	Ordinary	33

CLIENTEARTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

25 Subsidiaries

The following subsidiaries are all charitable entities with no share capital, and are all consolidated in these accounts

Details of the charity's subsidiaries at 31 December 2020 are as follows:

Name of undertaking	Registered office	Nature of business	% Held
Client Earth France	86, boulevard Raspail, 75006 Paris, France	Dormant	100.00
ClientEarth AISBL	1050 Bruxelles, Rue du Trone 60, Belguim	Charity	100.00
ClientEarth gGmbH	Objekt Albrechtstrasse 22, 10117 Berlin, Germany	Charity	100.00
Fundacja ClientEarth Prawnicy dla Ziemi (ClientEarth Poland)	Zurawia 45 (staircase B, 2nd floor), 00-680 Warsaw, Poland	Charity	100.00
ClientEarth ASBL	17 Route d'Arlon, L-8009 Strassen, Luxembourg	Charity	100.00

26 Analysis of changes in net funds

The charity had no debt during the year.

27 Cash generated from operations

	2020 £	2019 £
Surplus for the year	5,162,448	15,290,484
Adjustments for:		
Investment income recognised in statement of financial activities	(155,106)	(30,985)
Fair value gains and losses on investments	(1,221,976)	-
Foreign exchange gains and losses on investments	510,316	-
Depreciation and impairment of tangible fixed assets	93,782	61,807
Movements in working capital:		
(Increase) in debtors	(2,134,877)	(161,962)
Increase/(decrease) in creditors	740,620	(110,163)
Cash generated from operations	2,995,207	15,049,181