

Clean Trade

Trustees Report and Financial Statements

Financial period: 1st September 2019 – 31st August 2020

**Charitable Incorporated Organisation
Registration number 1177571**

Reference & Administrative Details:

Board of Trustees:

Prof. Leif Wenar (Chairperson) (indefinite appointment)
Mr. Paul Jourdan (appointed on 14th March 2018 for a five-year term)
Mr. Richard Meeran (appointed on 14th March 2018 for a four-year term)
(Dr. Octavio Ferraz was appointed on 14th March 2018 for a three-year term; proposed for re-election in June 2021)

Chief Executive:

Mr. Andrew Togher

Registered Office:

78 Offord Road
London
N1 1EB

Principal Bankers:

Virgin Money
154 – 158 Kensington High Street
London
W8 7RL

Type of Governing Document: Constitution of a Charitable Incorporated Organisation whose only voting members are its charity trustees

INTRODUCTION

The Trustees of Clean Trade present their report and accounts for the financial period 1st September 2019 - 31st August 2020.

Clean Trade was incorporated as a Charitable Incorporated Organisation on the 14th March 2018. The trustees would like to offer sincere thanks to all those involved in supporting Clean Trade for their dedication since then to establishing the right of people to benefit from their countries' natural wealth and resources.

Objectives for the financial period ending 31st August 2020 were to continue research and outreach to put into action the three-year strategy delivered in September 2019. Funding had been received to allow operations to continue in the financial year 2020-21.

Strong progress was made on engaging core stakeholders within the extractives, legal, academic, charitable and investment sectors. This stakeholder engagement, in addition to analysis of advocacy with international organisations and governments, has resulted in the development of a focused strategy and the relationships required to pursue it.

A core team is in place to build on the momentum of Clean Trade's first 18 months, operating in the United Kingdom.

Governance

Clean Trade was formed using the standard Foundation constitution for Charitable Incorporated Organisations provided by the Charity Commission of England & Wales. The charity was formed with four trustees who will each serve terms as listed above, as founding trustees. Thereafter, trustees will serve three-year terms before being eligible for re-election. The charity has been formed as a CIO whose only voting membership is its charity trustees. The founding trustees were selected by the Chair based on their respective sets of expertise; future trustees will be selected based on their relevant expertise and will be appointed by the existing Board of Trustees.

Policies & Procedures

Clean Trade has put in place policies and procedures on the following subjects, which are available upon request:

- General Data Protection Regulations
- Fundraising
- Health & Safety
- Whistleblowing, Complaints & Safeguarding
- Risk Management
- Anti-Money Laundering
- Conflicts of Interests

As the charity currently has no direct employees, with current staff working on a consultancy and/ or voluntary basis, human resources policies are being developed but are not yet required.

Objectives

The trustees confirm that they have complied with the duty in Section 17(5) of the Charities Act 2011 and the Charities (Accounts and Reports) Regulations 2008 to have due regard to the Charity Commission's general guidance on public benefit.

The charitable objects set out in Clean Trade's incorporation documents are:

To promote human rights (as set out in the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights and subsequent United Nations conventions and declarations), and in particular the right of all peoples to enjoy and utilize fully and freely their natural wealth and resources, so that they may for their own ends freely dispose of their natural wealth and resources.

Background and mission

The world's leading resource-rich states outside the West are on average no richer, no freer and no more peaceful than they were even in 1980. What drives these failures is who controls resource revenues in these states. In most major resource-exporting states, the revenues are controlled by authoritarian regimes and armed groups that are entirely unaccountable to the people of the country; this empowers them to be more oppressive or violent or corrupt. Authoritarians and armed groups in countries that export high-value extractives - oil, metals and gems - can ignore their citizen's rights while seeding wars and terrorism that impact the security and prosperity of people around the world. To take one figure that suggests the scale of the problem, in 2018 a full two-thirds of global crude oil exports—worth over \$1.1 *trillion* in revenues—originated in authoritarian or failed states.

Most civil wars, most authoritarian regimes, most hunger crises, and most highly corrupt governments are in countries rich with oil, metals or gems. These countries are also the source of most of the world's refugees and will soon be home to most of the world's extreme poverty.

Western consumers sponsor misrule when they buy products - from oil to mobile phones - without knowing where their raw materials come from, or that they are sending trillions of dollars a year through supply chains to fund authoritarian regimes. Stolen resources make their way into every facet of daily lives across the world.

Since the 17th century, national trade laws made it legal to buy natural resources from anyone who has control over them, even if the control is by force. This rule of 'might makes right' is what gives legitimacy to the purchase of resources from oppressive regimes and armed groups. Other forms of 'might makes right,' such as the slave trade and colonial rule, have long been abolished in international law—yet coercion-based trade in resources remains the international norm today.

Fortunately, the language of international Human Rights law is clear: it insists that it is the people, and not the powerful, who have the ultimate right to control the resources of their country. ***Clean Trade works to bring resource trade into the modern era by increasing recognition of the human right of all peoples to the natural resources of their country.*** Countries where the people can hold their government accountable for resource exports are much less likely to suffer authoritarian rule, grand corruption, civil war, and their resulting tragedies.

Clean Trade's vision is for a world in which all peoples can hold accountable those who sell off their natural resources. Our mission is to see citizens' right to their natural resources respected worldwide, as a matter of national and international law.

Activities and outcomes

The activities Clean Trade has pursued for the public benefit during the financial period of 1st September 2019 – 31st August 2020, were in pursuance of the charitable objects, namely to promote human rights and in particular the right of all peoples to enjoy and utilize fully and freely their natural wealth and resources.

Strategy

Having brought together a small core team, Clean Trade built contacts in the areas that have a bearing on international trade in natural resources. Funding from the Joffe Foundation allowed the team to develop a 60 page, three-year strategy during 2019. This involved global stakeholder outreach and analysis, and a legal and economic analysis of Clean Trade's evidence base. This work was completed in September 2019, and forms the core of Clean Trade's strategic plan for 2019 – 2022.

Clean Trade's strategy seeks to promote peoples' rights to their natural resource wealth. These rights in international law are based on the human rights treaties that form the International Bill of Human Rights: the International Convention on Civil & Political Rights (ICCPR) and the International Convention on Economic, Social and Cultural Rights (ICESCR).

The strategic priority for Clean Trade was therefore to seek legal clarification of the natural resource rights aspects of these major Human Rights treaties. We therefore focused our limited resources on seeking the legal clarification of Articles 1.2 common to both of the treaties. Article 1.2 states:

All peoples may, for their own ends, freely dispose of their natural wealth and resources without prejudice to any obligations arising out of international economic co-operation, based upon the principle of mutual benefit, and international law. In no case may a people be deprived of its own means of subsistence.

Such clarification would underpin and bring credibility to our quest for legal remedies, for government legislation, and help bring about the adoption of natural resource rights in business and investor standards. The route to achieve this was to prepare to present the case for a General Comment on the interpretation of the articles, to be made by one or both of the two relevant UN Treaty Body Committees (ICCPR & ICESCR). We were fortunate to be joined by Prof. Jeremie Gilbert who is based at Roehampton University London, and has extensive experience in this area.

In addition, Clean Trade conducted an analysis of UK government stakeholders to identify likely avenues to promote legislation regarding trade with natural resource exporting countries.

A plan to promote Clean Trade principles in the shipping industry was developed, and a sector expert was brought in as a Special Adviser.

Collateral was developed to promote understanding of Clean Trade's mission; this included updates to the Clean Trade Governance Index, which ranks states by their respect for their citizens' natural resource rights, and the development of a law review article by Professors Wenar and Gilbert.

Prof. Leif Wenar, Chair of the Board of Trustees took up a post at Stanford University in the United States. This opened up research opportunities and an expanded network of contacts; he continues to participate in the full range of Clean Trade's activities.

To allow organisations to measure their exposure to states that do not respect their citizens' natural resource rights, Clean Trade has developed a Governance Index. This is an amalgamation of external indices which measure how each country respects its peoples' rights to have a voice in and benefit from their natural resource wealth. The Index is a ranking of countries based on these rights, specifically assessing the level of Free Prior and Informed Consent, which underpins Clean Trade's strategy. Through 2019-2020, the underlying indices of the Index were reviewed for accuracy and suitability, and checked for institutional bias. The methodology was improved and the ranking updated. The Clean Trade Governance Index is updated annually and forms the core evidence base for the legal, investment and government workstreams.

Legal

Legal research initially focused on non-judicial legal avenues, examining the suitability of challenging companies through the OECD's National Contact Point (NCP) complaints mechanism, and complaints to the African Commission on Human and Peoples' Rights. Legal opinion on natural resource rights was also explored, focusing on two broad potential avenues: Investment Arbitration and Transnational Tort Law. While developing the three-year strategy, it became clear that the team's priority should be to pursue a General Comment with the Human Rights treaty bodies of the United Nations. The alternative avenues were put on hold for future re-evaluation.

Aided by our Trustees, and our team's professional networks, extensive contacts were made with both the Committee on Cultural Economic and Social Rights (CESCR) and the Human Rights Committee (HRC) which monitor the ICESCR and ICCPR treaties respectively. Responses were very encouraging, and General Comments with both treaty bodies were discussed.

Preparation for a General Comment was a priority and given limited resources this became the focus of work from September 2019. Extensive research into historical documentation of both treaty bodies was undertaken to prepare the case for a clarification of the relevant articles of the treaties.

Clean Trade's ambition was to have gained support for a General Comment from both committees by the end of 2019, particularly to prepare for the 67th session of CESCR in February 2020. Team members travelled to Geneva to attend conferences and meet stakeholders.

To serve as a calling card for Clean Trade, Professors Wenar and Gilbert authored an article setting out arguments for a revised interpretation of Articles 1.2, and anticipated acceptance of the paper by a major US law journal in 2020. A two-page overview of our mission was developed for use with UN stakeholders, to supplement the law journal article. A UN Call for input on the Just Transition saw Prof Wenar respond by setting out principles for a Clean Trade Transition.

The global pandemic meant that meetings with stakeholders were impossible after March 2020, and in the UN, projects, meetings and committee elections were delayed, with impacts upon Clean Trade's plans. In particular, elections to CESCR were postponed from March 2020 to September of that year, leaving the status of our supporters in doubt.

Government

An early success for Clean Trade was Senator Randolfe Rodrigues's sponsorship of a Clean Trade Act in the Brazilian Senate, a result of the advocacy of Trustee Octavio Ferraz and Chair Leif Wenar. Participation in the *Publish What You Pay* alliance continued to see representations made to governments, promoting transparency in the extractives sector.

Achievements

Clean Trade has ended its second financial period with settled relationships with key stakeholder groups across the legal profession, academics involved in legal and human rights issues, major NGOs, political consultants, policymakers and investment professionals. The three-year strategy funded by the Joffe Foundation began to be implemented, seeing strong relationships with key members of the UN human rights committees, and the prospect of success in developing a General Comment with UN treaty bodies. This would allow the team to recruit stakeholders to participate in a project that promised to create legal avenues to defend citizens' natural resource rights, and open the door to developing common standards for businesses and investors .

Projects in partnership with King's College London and Yale University were planned, though ultimately disrupted by the global pandemic.

Fighting the Resource Curse: The Rights of Citizens over Natural Resources, the law review article authored by Professors Wenar and Gilbert, was accepted for publication by the *Northwestern Journal of International Human Rights*.

Analysis of the Clean Trade website showed the number and geographical locations of viewers who had searched for information on Clean Trade, and linked that to blogs and articles written by the team. This enabled the team to tailor communications to relate to subjects of interest to supporters.

Amati Global Investors, the first donor to Clean Trade, made another unrestricted donation in November 2019. In August 2020 the Polden Puckham Foundation notified us that they would start the process for a grant application. The possibility of funding from other grant-making organisations including universities was explored, though it was noted that many funders had postponed activities or were pivoting to health issues during the pandemic.

Risk

Risks are monitored closely by both trustees and colleagues. The following risks have been identified as requiring monitoring and mitigation strategies:

Risk:	Mitigation Strategy:
COVID-19 related disruption to strategic implementation, key relationships and funding opportunities	Beyond our ability to influence; while respecting the priority for individuals and organisations to respond to urgent issues in a time of extreme uncertainty, Clean Trade will conserve budget, stay in contact with stakeholders where possible and conduct background research to enable post-pandemic strategic delivery.
Insufficient funds to continue at current level with paid contractors and to pursue planned workstreams.	The team dedicates significant resource to fundraising outreach and regularly reviews the fundraising pipeline.
Failure to demonstrate impact.	Maintain a log of progress against KPIs.
Loss of core team member	Other members have agreed to take on increased responsibility if necessary, and

	arrangements would be made to shift the colleague into a trustee or advisory role to retain knowledge, skills and relationships.
Operational failure, including IT failure and errors as a result of members of the team being located internationally.	A process has been put in place to review and confirm key decisions.
Negative press coverage and/ or erroneous/ potentially libellous information given out by Clean Trade via the research, analysis or communications.	The team will ensure that communications and, where necessary, legal advice is sought as part of the internal review process for communications.

Financial review

Clean Trade ended its second financial year with cash available at £9462, having received £10,000 from Amati Global Investors, an investment house based in Edinburgh, which advocates a Clean Trade approach to responsible investment.

It continues to be our policy to maintain funds in reserve equivalent to three months operating expenditure. Given that COVID-19 has stopped travel, meetings and events there was little financial outflow in the second half of the financial period. There are few fixed costs such as the rent of an office or permanently employed staff, so there is little risk of using reserves. No funds are materially in deficit.



Recoverable Signature

X

Leif Wenar

Chair of Trustees

Signed by: 2dc5e9d3-991d-4cae-8cda-e1a064838827



CHARITY COMMISSION
FOR ENGLAND AND WALES

Clean Trade

No (if any)

Receipts and payments accounts

CC16a

For the period
from

Period start date
01-Sep-19

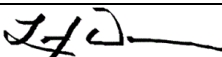
To

31-Aug-20

Section A Receipts and payments

	Unrestricted funds to the nearest £	Restricted funds to the nearest £	Endowment funds to the nearest £	Total funds to the nearest £	Last year to the nearest £
A1 Receipts					
Amati Global Investors (Donation)	10,000	-	-	10,000	10,000
		-	-	-	10,000
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
Sub total (Gross income for AR)	10,000	-	-	10,000	20,000
A2 Asset and investment sales, (see table).					
n/a	-	-	-	-	-
	-	-	-	-	-
Sub total	-	-	-	-	-
Total receipts	10,000	-	-	10,000	20,000
A3 Payments					
Nicola Cullen (Consultancy)	5,200	-	-	5,200	10,400
Andy Togher (Consultancy)	3,000	-	-	3,000	-
Travel (to conference)	1,239	-	-	1,239	424
Accommodation (Conference)	207	-	-	207	-
Stationery	-	-	-	-	68
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
Sub total	9,646	-	-	9,646	10,892
A4 Asset and investment purchases, (see table)					
n/a	-	-	-	-	-
	-	-	-	-	-
Sub total	-	-	-	-	-
Total payments	9,646	-	-	9,646	10,892
Net of receipts/(payments)	354		-	354	9,108
A5 Transfers between funds	-	-	-	-	-
A6 Cash funds last year end	9,108	-	-	9,108	-
Cash funds this year end	9,462	-	-	9,462	9,108

Section B Statement of assets and liabilities at the end of the period

Categories	Details	Unrestricted funds to nearest £	Restricted funds to nearest £	Endowment funds to nearest £
B1 Cash funds	Cash in bank (at 31 Aug 2020)	9,462	-	-
		-	-	-
		-	-	-
	Total cash funds	9,462	-	-
	(agree balances with receipts and payments account(s))	ok	OK	OK
		Unrestricted funds to nearest £	Restricted funds to nearest £	Endowment funds to nearest £
B2 Other monetary assets	Details			
	No other monetary assets	-	-	-
		-	-	-
		-	-	-
		-	-	-
		-	-	-
		-	-	-
B3 Investment assets	Details	Fund to which asset belongs	Cost (optional)	Current value (optional)
	No investment assets		-	-
			-	-
			-	-
			-	-
			-	-
B4 Assets retained for the charity's own use	Details	Fund to which asset belongs	Cost (optional)	Current value (optional)
	No retained assets		-	-
			-	-
			-	-
			-	-
			-	-
			-	-
			-	-
			-	-
			-	-
B5 Liabilities	Details	Fund to which liability relates	Amount due (optional)	When due (optional)
	No liabilities		-	
			-	
			-	
			-	
			-	
Signed by one or two trustees on behalf of all the trustees	Signature	Print Name	Date of approval	
		Leif Wenar	27-Jun-21	