



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 E Boyd Howard G Stratenwerth F Beinecke H Bruhn S Butler-Sloss B Eno G Gürkaynak P Joubert J Kaufelt W McIntosh S Medina Gomez D Mokhtarzadeh A Razzouk A Reid M Smith H Wild C Patel K Ramakrishna T Rivett-Carnac	(Chair, resigned 18 April 2024) (Chair, effective 18 April 2024) (Treasurer) (Resigned 18 April 2024) (Resigned 28 November 2023) (Resigned 18 April 2024) (Appointed effective 28 November 2023) (Appointed effective 11 July 2024) (Appointed effective 11 July 2024) (Appointed effective 11 July 2024) (Appointed effective 11 July 2024)
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Company number	2863827	
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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.](#)
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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/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, 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

	Notes	Unrestricted funds General 2023 £	Unrestricted funds Designated 2023 £	Restricted funds 2023 £	Endowment funds 2023 £	Total 2023 £	Total 2022 £
<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	
Net current assets			<u>13,558,577</u>		<u>22,653,112</u>
Total assets less current liabilities			<u>30,195,532</u>		<u>37,486,725</u>
Provisions for liabilities	20		<u>(160,919)</u>		<u>(1,443,000)</u>
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	<u>(4,327,830)</u>		<u>(2,228,775)</u>	
Net current assets			11,945,710		21,056,104
Total assets less current liabilities			28,175,361		35,816,298
Provisions for liabilities	20		<u>(160,919)</u>		<u>(1,443,000)</u>
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.

CLIENTEARTH

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.

CLIENTEARTH

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
	<u>3,171</u>	<u>20,977,655</u>	<u>20,980,826</u>

	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
	<u>-</u>	<u>-</u>	<u>-</u>
	<u>9,345</u>	<u>20,480,907</u>	<u>20,490,252</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 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
	<u> </u>	<u> </u>
Other trading activities	-	1,036,500
	<u> </u>	<u> </u>

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
	<u> </u>	<u> </u>
	501,041	233,817
	<u> </u>	<u> </u>

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
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	55,497	22,370	77,867	28,273	86,151	114,424
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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	2022
	Number	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 Protection</i>	-	18
<i>Support</i>	43	37
<i>Governance</i>	1	1
	<u>290</u>	<u>260</u>

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
	<u>19,460,750</u>	<u>15,970,218</u>

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
	<u>869,180</u>	<u>698,991</u>

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)
	<hr/>
At 31 December 2023	15,689,825
	<hr/> <hr/>
At 31 December 2022	14,017,332
	<hr/> <hr/>

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
	<hr/>	<hr/>
	1,569,932	2,916,194
	<hr/> <hr/>	<hr/> <hr/>
PARENT CHARITY		
Other debtors	174,810	253,744
Prepayments and accrued income	1,166,565	2,365,643
	<hr/>	<hr/>
	1,341,375	2,619,387
	<hr/> <hr/>	<hr/> <hr/>

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	<u>13,275,497</u>	<u>23,862,315</u>	<u>(25,286,821)</u>	<u>11,850,991</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

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
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