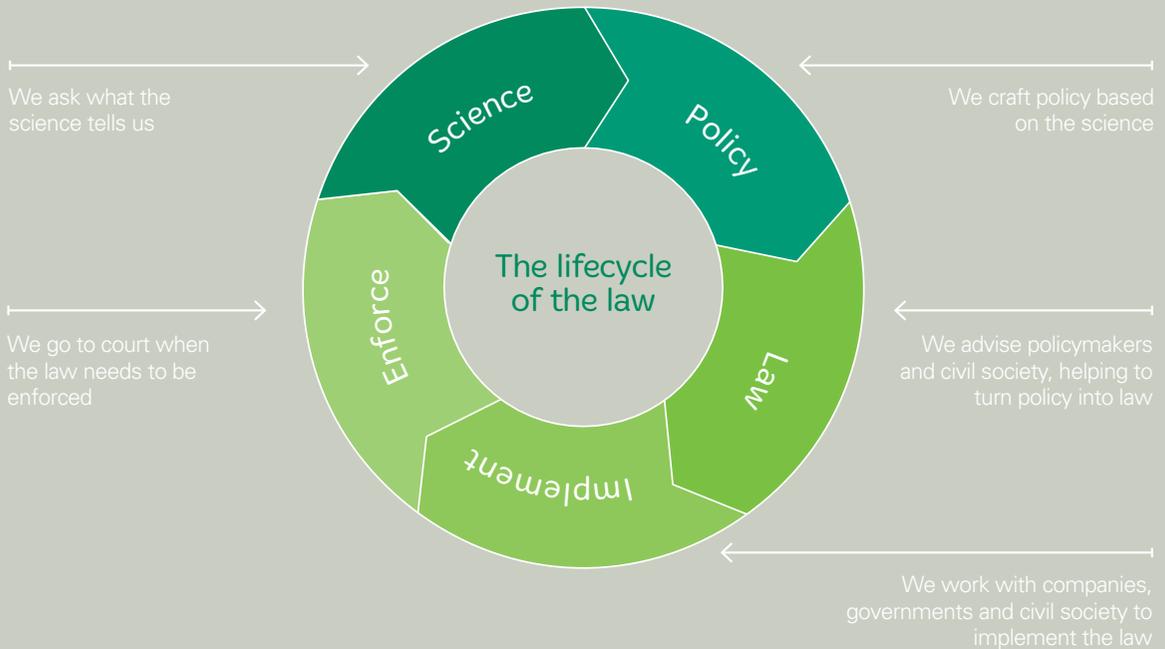


Annual Review 2012

Where law meets the planet's needs



The lifecycle of the law: ClientEarth environment. We work at all stages



2008



ClientEarth opens its doors in London and Brussels. Our earliest work on access to the courts in environmental matters successfully challenges numerous systemic breaches of international access to justice rules in the UK and the EU. Legal campaigning by our new Climate and Energy team, concerning Kingsnorth coal power station, is instrumental in quashing plans for a new generation of coal plants in the UK.

2009



Our early successes prompt the *New Statesman* to nominate CEO James Thornton "one of ten people who could change the world". We begin work on helping lawmakers – notably in Ireland and Australia – to draft landmark climate legislation. In the UK we initiate work to make the Government protect Londoners' lungs from air pollution, a major and unacknowledged health scandal causing thousands of premature deaths every year. Our Forests team develops a root-and-branch review of forest governance, working with international partners to establish the key interventions necessary to protect the planet's trees.

2010



We open our Warsaw office. Our Polish legal team works to ensure their country forges a resilient, clean and modern energy infrastructure while protecting people's health and the country's unique biodiversity. In the EU we begin work on toxic chemicals, enforcing citizens' right to know what is in the products they use every day. We welcome Professor Ludwig Kramer, former head of the Commission's Environmental Legal Service, as Senior Counsel.

n uses law to protect the s in the lifecycle of law.

We begin by asking what the science tells us. We then craft policy based on the science and our deep understanding of legal systems, creating pragmatic solutions. We next advise law- and policy-makers and civil society, helping to turn policy into law. We then work with companies, governments and all relevant stakeholders to implement the law. And finally we go to court when the law needs to be enforced. This comprehensive approach, working at every stage in the lifecycle of the law, is unique among European organisations. It allows us to facilitate profound systemic change. It is why more and more donors are seeing ClientEarth as a highly effective investment.

2011



We act as the voice of Europe in a critical US climate case, which successfully defended the authority of the Environmental Protection Agency to regulate carbon pollution. Our advocacy and litigation strategy forces EU chemical and food safety regulators to be more transparent about how toxic substances are being used in Europe. Our Biodiversity team launches the Sustainable Seafood Coalition, uniting nearly all the major UK supermarkets and seafood suppliers in a unique industry-led initiative for sustainable seas.

2012



We are named NGO of the Year by BusinessGreen in recognition of our groundbreaking work - in particular on the Sustainable Seafood Coalition. In the courts we force the UK Government to admit it is breaching air pollution limits. We launch the EU Aarhus Centre to help protect citizens' rights to information and access to the courts. Our Forests programme significantly expands its work in Africa and Latin America, building legal capacity to complement our advocacy within the EU. In Poland we take successful action against a number of planned coal power investments which breach national and EU law.

2013 so far...

Our CEO, James Thornton, is named in the Lawyer's Hot 100 Awards. The EU fisheries reform reflects all our major demands, a crucial first step to tackle one of the world's worst environmental laws. The Supreme Court hears our air pollution case and declares the UK in breach for failing to protect its citizens. The European Court will now hear the case, potentially setting a powerful precedent in the fight for clean air across the EU. Our Polish work results in a win against the development of a major power plant, while our case against Opole, one of Europe's largest new coal plants, continues.

A message from our Chair and CEO
At ClientEarth, 2012 was a year of growth, success in programmes and also challenges.



At ClientEarth, 2012 was a year of growth, success in programmes and also challenges. Overall, the year continues to demonstrate the value of investing in law to deliver environmental benefits. We remain a unique actor in the European arena, and we now have substantial work under way in the developing world. Below is just a sampling of our work for the last year.

Markets and governments have not regulated carbon in any meaningful way. So we are pursuing a strategy of increasing the business risk for high carbon energy investments. This strategy has played out decisively over the last year in Poland, which aims to build many of the new coal-fired power plants in Europe. We have not only stopped a series of plants and ensured they won't get public subsidies to pollute. Perhaps even more promising was the public announcement of the major energy company Energa to move towards lower carbon energy, through investment in renewables and grid efficiency.

We have achieved major gains for European fisheries. The Common Fisheries Policy is being revised. The old law is broken, and fisheries in the EU are among the worst managed in the world. While our ambition for a new law was high, everyone knew how hard it would be to deliver. Yet we and other groups working together did deliver change. Many key provisions of the current bill bear our stamp, and if they survive the last round of legislative review in Brussels, it will mean that fish quotas can be based on science not politics. Sustainability for fish and fishers is our goal.

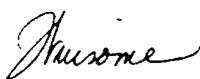
Our work on improving the governance of forests in Africa has put down roots; we are actively working with civil society in Ghana, Gabon and the Republic of Congo. In Europe, our environmental justice efforts see us training civil society in how to gain access to information, and defending the right to information in EU courts. Our Toxics programme produced a major review of the European Chemicals Agency, pointing out how it needed to change. We are working to green public procurement across the EU, improve the laws driving energy efficiency, make sure that biofuels and other bioenergy help rather than hinder efforts to decarbonise, and much else.

We have worked on our internal governance, to support our growth, and strengthened our financial systems. Our income increased by 25%, allowing us to continue to build the depth of our work and add to our staff. For 2013 we are looking to consolidate our programmes and further increase the sophistication of our management structures.

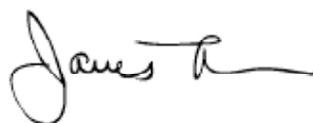
We have also faced challenges. The political environment in Poland has been challenging at times. But our team remains committed to being a positive civil society voice for a sustainable future. We are grateful for the public support from Polish and European NGOs, and prominent Polish lawyers and intellectuals are joining to form a supporting council, to add cultural gravitas to our legal muscle.

In 2012, we managed the challenges of organisational growth and change especially in our Forests programme, now our largest programme. We begin 2013 with a strong team of international forests advocates, and a commitment to continuing to work with our partners in Europe, Africa and globally to promote rights and governance.

As we enter 2013, our work has been ripening in a number of areas, and we expect it to bear fruit. In other areas we are in the cultivation stage. In all of them we expect for this year continued successes and continued challenges.



Winsome McIntosh
Chair of the Board of Trustees



James Thornton
CEO

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To our supporters and team 30

Financial highlights

Increase in income

+24.8%

The charity received total income of £3,276,402 (2011: £2,624,442).

Total net assets at year end

£480,517

This represents a 28% increase on 31 December 2011 (£376,157).

Total incoming resources

£3,276,402

The charity's main source of income continues to be grants to fund our primary charitable activities.



Five years of ClientEarth

ClientEarth has been a growing and increasingly recognised voice in the environmental movement for five years.

Our approach, unique in Europe, has gained the attention and admiration of politicians, campaigners and the media alike. Our expertise is increasingly being sought by representatives of all these sectors, as our successes make increasingly apparent the power of the law to achieve systemic change. Here we highlight just a few of those victories to illustrate our development so far.



A summary of our activities

2012 has been a productive year for ClientEarth. We continued to develop and diversify our legal and educational approaches to key environmental challenges affecting our planet.



Biodiversity

Our Biodiversity team worked closely on reform of the EU's Common Fisheries Policy, briefing members of the European Parliament (MEPs) and EU Member States to ensure amendments improved the effectiveness of European fisheries legislation. They worked in Poland, France, Spain and the UK with the Fish Fight campaign, to increase public awareness of the shortcomings of the current policy and to place pressure on fisheries ministers to vote for effective protection of our oceans.

The team further developed the Sustainable Seafood Coalition (SSC) – a unique UK partnership of seafood businesses and other relevant organisations tackling sustainability by using the influence of the seafood industry. The SSC began to draft a code which will harmonise seafood labelling, providing consumers with accurate information on the provenance and sustainability of the fish or seafood they eat.



Climate and Energy

Our Climate and Energy team brought a series of cases challenging the construction or expansion of coal-fired power plants in Poland, as part of efforts to steer the Member State towards a cleaner energy mix. We also opposed Poland's attempts to gain free carbon emissions allowances for ineligible power plants, preventing the Government from artificially supporting its unabated coal power.

In the UK we worked with Transform UK to advocate for a strong Green Investment Bank – in particular demonstrating why it was important that the bank be afforded borrowing powers.

In Brussels, our Climate and Energy team focused on ensuring effective implementation of the Energy Efficiency Directive, including through engagement with the Coalition for Energy Savings. Meanwhile, the European Climate Foundation invited us to be lead authors on the 'From Roadmaps to Reality' project, exploring ways to decarbonise the European power sector.



Climate and Forests

The Climate and Forests programme continued to expand its work not only in Europe but also in Africa and Latin America. The team developed briefings advocating for effective implementation of the new EU Timber Regulation.

We disseminated legal briefings explaining how public procurement can help to advance sustainable development objectives. We responded to the European Parliament's request for our amendments to the Commission's proposed Procurement Directive revisions.

The Climate and Forests team also developed our work on bioenergy – specifically the implementation and enforcement of existing sustainability standards by the EU and Member States. Through our biofuels work we called for EU policy to account for the indirect land-use change effects of biofuels. Our biomass work focused on skewed accounting for emissions under the Emissions Trading System, which encourages biomass burning in coal plants under the erroneous assumption that the net effect is emission free.

In Africa and Latin America we helped communities reliant on the sustainable management of forests to secure their rights, by building their legal capacity. Our Africa work focussed on Voluntary Partnership Agreements (VPAs) negotiated by the EU with Ghana, the Republic of Congo and Gabon, ensuring their effective use as part of the Forest Law, Governance and Trade Action Plan. Our Latin America work was framed around ensuring the effective implementation of safeguards under the Reducing Emissions from Deforestation and forest Degradation (REDD+) initiative.



Environmental Law and Justice

ClientEarth's Environmental Law and Justice programme continued to support environmental NGOs and citizens through its EU Aarhus Centre. This provides legal advice and challenges the decisions of EU institutions before the EU courts to ensure effective implementation and enforcement of the Aarhus Convention, an international convention on access to information, public participation in decision making and access to justice.

The team's cross-cutting transparency work focused on a review of regulations on access to documents held by EU institutions. We worked with other NGOs to prevent the negotiations being used as an opportunity to undermine EU citizens' right of access to information.

We also continued to put pressure on the European Investment Bank to disclose more environmental information on the projects it funds and to set up a public register of documents as required by access to information laws.

“ClientEarth gives me the freedom to delve deeply into a problem, craft solutions that are both innovative and pragmatic, and challenge law and policymakers backed by sound reasoning.”



Health and Environment

Finally, our Health and Environment team continued to make legal interventions in the arenas of toxic chemicals and air pollution. The Toxics team worked on improving the transparency and accountability of the two primary EU chemicals regulatory bodies – the European Chemicals Agency (ECHA) and the European Food Safety Authority (EFSA). We published a major report reviewing the first five years of ECHA which identified a number of failures and made concrete recommendations for improvement. We conducted research on the shortcomings of regulatory approaches to endocrine disrupting chemicals, nanomaterials and pesticides and worked with a number of UK NGOs to respond to the lacklustre 'business-as-usual' position on pesticides control promulgated by the UK Government.

We continued to pursue our judicial review claim against the UK Government for its failure to comply with the Ambient Air Quality Directive, with our case ultimately granted a hearing by the UK Supreme Court. In a major victory in May 2013,

the Supreme Court declared the UK in breach for failing to protect its citizens and the case will be referred to the European courts for determination of important questions of law.

In parallel with our UK air pollution work we began advising other European NGOs on how they can enforce the right to clean air. 2013 has been designated the EU's 'Year of Air', with all current air pollution legislation scheduled for review. ClientEarth secured one of only five NGO seats on the expert stakeholder group which is being consulted on the Year of Air revision.

Alongside our legal approaches, in early 2012 ClientEarth took over coordination of the Healthy Air Campaign. This unique coalition of health, education and transport groups shares the common aim of raising awareness of Britain's air quality crisis and demanding action from the Government. We also began work on raising awareness of the particularly acute health impacts of air pollution in London, as a local component of the national campaign.

Biodiversity



The European Union's Common Fisheries Policy has been disastrous, serving the needs of neither the oceans nor their fishermen.



Fisheries reform

The European Union's Common Fisheries Policy (CFP) is currently being reformed. The importance of this piece of legislation to the management of Europe's seas cannot be overstated – but in its current form it has been disastrous, serving the needs of neither the oceans nor their fishermen. Our Biodiversity team recognised the policy's review both as an opportunity to help create truly effective protection for marine life, and as a potential disaster for ocean sustainability should the reforms be ineffective. We have worked with European Parliamentarians (MEPs) and others to achieve amendments on the reform proposal. Our work has been widely embraced in particular by MEPs keen to prioritise the need to sustain both fisheries and other marine life. Our key demands were largely accepted by the European Parliament – no mean feat in a process that saw 2,500 amendments tabled.

We also directed our advocacy on fisheries reform to the EU Ministers and helped influence the Council Presidency to develop a more ambitious common position. In the build-up to a crucial vote on the reforms we worked with the Fish Fight campaign to publish full-page newspaper adverts in four countries, publicly reminding ministers that they were under scrutiny by more than 800,000 campaigners. This significant public support was instrumental in our efforts to ensure the politicians voted with sustainability as their top priority. We replicated our UK and European success in Poland, using contacts with key policymakers and NGOs to table improvements to the proposed European Maritime and Fisheries Fund. We also collaborated with Fish Fight in Poland, explaining the issues at stake in their documentary and helping them tailor sustainability messages to their Polish audience.

Sustainable Seafood Coalition

In a revolutionary bid to save our seas, we have united the majority (67%) of UK food retailers since establishing the Sustainable Seafood Coalition (SSC) in 2011. We have continued to increase membership of the coalition to 27 members, including retailers, suppliers and restaurants. The SSC is the first ever cross-industry group in the UK to tackle seafood sustainability using their influence as seafood businesses. The SSC's vision is for all seafood sold in the UK to be from sustainable sources. To achieve this, the Coalition has been developing voluntary codes of conduct on sourcing and environmental labelling of fish and seafood. The draft labelling code is complete and public feedback is being sought before the finalisation and launch of the code in 2013. At the same time, work on a fish sourcing code is progressing fast, while a code on encouraging consumers to diversify their purchasing choices is planned for 2014.



“A healthy ocean is essential for a flourishing planet. It provides food and oxygen while absorbing much of the CO₂ and heat that our burning of fossil fuel has generated. As the sea is downhill from everywhere, chemical and plastic pollution accumulates in the ocean and is now threatening all the creatures that live there. ClientEarth plays a vital role in protecting the ocean and ensuring that we inhabit a healthy planet in the future.”
Harvey Jones - Trustee, founder of Wiggle and former commercial fisherman

Marine Protected Areas

The Biodiversity programme has continued its partnership with the Marine Conservation Society to change English law so that damaging fishing methods in EU protected marine sites are banned. In July, the Government told us that they recognised the UK had not been fully complying with EU wildlife laws. In consequence, it brought together an implementation group consisting of government and statutory agencies, fisheries regulators, industry representatives, ClientEarth and the Marine Conservation Society. So far, the process is working well, and we expect particularly damaging fishing activities (such as bottom-trawling and scallop dredging) to be prohibited in the most vulnerable protected sites by the end of 2013. This will be a major change in marine protection in England.

Whaling

In summer 2012, Greenland (an overseas territory of Denmark) requested an increased whaling quota for humpback whales under the International Whaling Convention. Building on our previous cooperation with Whale and Dolphin Conservation, we advised EU Member States on the EU rules on voting in international conventions. On the fourth day of the international meeting in Panama in July 2012, Greenland's request for an increased whaling quota was rejected, leaving Greenland with no humpback quota at all.

Climate and Energy

If we are to create a sustainable relationship between people and the planet it is fundamental that we develop a clean and resilient energy system.



If we are to create a sustainable relationship between people and the planet it is fundamental that we develop a clean and resilient energy system. ClientEarth's Climate and Energy team is making strategic interventions at EU and national levels, establishing the legal mechanisms and precedents necessary to make this objective a reality.

Polish energy programme

Our work to decarbonise the European energy system saw real progress this year, starting in Poland where we progressed a series of cases against coal-fired power plants. As a result we have swiftly gained a reputation as a "powerful environmental organisation", according to a leading Polish newspaper. Our work significantly increases the business risk of investing in new coal and makes better, cleaner energy a more attractive choice for investors. One energy company in Poland, Energa, has already announced that it is dropping new coal projects, shifting instead to cleaner investments in renewable energy and improved grid infrastructure.

Our Polish operations have developed at pace through 2012 and our series of successes inside and outside the courts prompted public criticism from Polish Minister of State Mikołaj Budzanowski. However, the high value of our contribution was made evident in the robust defence offered by our colleagues in Poland's NGO and farming communities.

Our work on Polish energy operates at both national and EU level. ClientEarth initiated a strategy against Poland's plans to use billions of Euros in free carbon allowances to build a new generation of polluting power stations in 2010. Following our legal action and advocacy, in July 2012 the European Commission decided to reject parts of Poland's plan, meaning that €7billion will not be supporting massive new coal power investment in Poland.

Working with local farmers, we used the courts to stop construction of the biggest planned coal-fired power station in Europe, the 2000 MW Póinoc plant. Soon after this victory the local authority responsible for another coal-fired plant, Łęczna, demanded investors conduct a more thorough Environmental Impact Assessment. The investors failed to do this so the project was halted. We have delayed environmentally unsound development for at least two and a half years in both cases and have reason to believe the Łęczna project will not be reanimated.

In October, we won our case against the expansion of the Opole power plant. Unfortunately, at appeal the Supreme Administrative Court annulled the judgment and the dispute was returned to the Administrative Court in Warsaw. This case significantly delayed the Polish Energy Group's plans to expand the plant, attracting substantial attention to ClientEarth in Poland. In early 2013 the investor announced its intention to cancel the project, stating that it was no longer economically viable. This confirms our conviction that Poland must promote investment in cleaner energy and greater energy efficiency rather than bolstering its environmentally damaging coal power infrastructure.

“ClientEarth is the only legal organisation operating in Poland, known to us, which in such a comprehensive way deals with issues of climate change.”

**Ilona Jedrasik, Policy officer,
Polish Climate Coalition**



Energy efficiency

Efficiency must be the cornerstone of Europe's energy future. With greater energy efficiency we can all be warmer and wealthier. ClientEarth is working to ensure this principle is enshrined in strong, effective legislation. We are a key member of the Coalition for Energy Savings, a unique grouping that brings together businesses, local authorities and civil society organisations. It advocates a European energy policy that places a much greater, more meaningful emphasis on energy efficiency. In late 2012 our work focused on resolving key legal questions in the implementation of the new Energy Efficiency Directive. We aim to ensure the directive achieves real energy savings, reducing the burden on the planet's finite resources. Our analysis has been used to counter attempts to weaken this important law. In 2013 we are expanding our work into Poland with the hire of a new energy efficiency lawyer, who will work on national level implementation of energy efficiency rules.

Green Investment Bank

We were a key partner in the UK Green Investment Bank (GIB) campaign. After two years of work the world's first dedicated green bank is up and running. We played a key role in convincing the Government to establish the GIB in law, ensuring it had permanent status and improving its governance. We then worked closely with the Government and Transform UK to strengthen the law, securing a number of important developments. These include provision for the GIB to receive financial backing, ensuring



“I joined ClientEarth because I wanted to make a real difference, using effective tools to tackle some of the toughest environmental challenges we face. The work we do is unlike any other environmental charity. We don't bemoan problems, we present solutions, giving policymakers, business and citizens alike the knowledge and tools to play an active role in protecting our planet.”
Robert, Polish Lawyer

the GIB's investments reduce greenhouse gas emissions and a step forward on granting it borrowing capabilities. The establishment of the Green Investment Bank realises a groundbreaking idea. The changes we pushed for were crucial to ensure it really drives the green economy while tackling climate change.

Decarbonisation of the EU power sector

We defended the Commission's reform of the Emissions Trading System, an essential effort to boost the price of carbon and take Europe one step closer to a healthy and sustainable energy mix. In an important contribution to solving the challenge of decarbonising EU energy, we are part of the authors' group on the European Climate Foundation's 'From Roadmaps to Reality' project. This pragmatic project identifies obstacles and solutions in the path to more sustainable power, and fits with our vision of a prosperous, low-carbon Europe.





Climate and Forests



Our forests are being decimated at an unprecedented rate. It is the strong desire of many to reverse this trend.



Climate and Forests

Our forests are being decimated at an unprecedented rate. It is the strong desire of many to reverse this trend. Deforestation is a multifaceted global challenge, but strong laws enforced both where trees are felled and where timber is sold can effectively manage and reduce the problem. We are working in Europe to support responsible sourcing of timber products. In Africa and Latin America we are helping forest-dependent communities maintain a strong seat at the negotiating table so they are involved in decisions that affect their forests.

EU Timber Regulation

Until now, those selling timber in Europe were not accountable for the legality of the wood they sold. Estimates suggest up to one-third of timber is illegally logged, with devastating economic, social and environmental consequences. The EU Timber Regulation (EUTR) could address this, as traders first placing timber on the EU market now bear the burden of ensuring it has been legally harvested. This novel approach works in combination with other EU laws and, if well implemented, could make timber trade fairer and more sustainable. In the long run it could also be adapted to other natural resources. ClientEarth is working to give it the best possible chance of success.

We have supported the EUTR at every stage with analyses and advocacy to governments, civil society and traders in the EU and timber-producing countries. Our work in 2013, including workshops in West and Central Africa and supporting proper implementation in the EU, will be instrumental in protecting forests and human rights while giving consumers confidence that the wood they buy protects people and the planet.

Sustainable public procurement

Government buying accounts for 19% of the EU's annual GDP, amounting to trillions of Euros every year. Making the environment a priority for those holding the purse strings has extraordinary possibilities for the fight to protect the planet. Policymakers and civil society are beginning to realise this potential and our work will ensure the revised Public Procurement Directive enshrines it. Our expertise was requested by the European Parliament's Rapporteur on the revision and much of it is reflected in his most recent report to fellow MEPs.

It is not only the European Parliament that acts on our recommendations. The influence of our legal briefings is seen across the EU political spectrum, with many of our recommendations adopted by MEPs from diverse parties.

“Forests in Africa and Latin America account for almost one-third of the world’s tree cover.”





“Our planet needs its forests to breathe. Illegal logging is a direct threat not only to the people and wildlife that inhabit these forests, but to the world at large. ClientEarth’s legal work embeds, at society’s foundational level, the principles that will protect them for future generations.”

Phil Harvey, Trustee and creative director of Coldplay

Bioenergy

Biofuels and biomass are often billed as integral the EU’s low-emission energy future. ClientEarth is working to ensure they really do achieve their intended outcomes. In reality, current policy risks substantially raising CO2 emissions compared to traditional fossil fuels. Our advocacy was instrumental in getting the Commission to recognise this and propose a fix for the damaging side effects of biomass production, a major driver of CO2 emissions.

We also highlighted faulty assumptions about the ‘carbon neutrality’ of biomass, the wrongheaded driving force behind mass switching to biomass use in coal power stations. In fact, making this move under current policies would again raise CO2 emissions. We highlighted this critical risk and policymakers and NGOs have listened. Biofuels have the potential to green Europe’s energy mix, but sustainability standards are essential. In 2013 we will ensure these are developed and implemented correctly while using our legal and scientific expertise to improve current policies and inform new ones.

Forest rights and governance

Forests in Africa and Latin America account for almost one-third of the world’s tree cover. The people living in and near these forests have a critical role to play in protecting them and cutting the huge carbon emissions caused by deforestation. At 20% of global carbon emissions, deforestation accounts for more CO2 release than the whole transport sector. We are helping forest-dependent communities strengthen their negotiating position in law and policy, supporting forest rights and governance with a mixture of advice, advocacy and mediation. From indigenous groups to international policymakers, we work with stakeholders at every level to ensure the sustainable management of forests and natural resources.

In West Africa we have analysed weaknesses in the laws protecting forests and forest communities. Our local partners are using this data to establish networks of lawyers, academics and civil society activists, all of whom are working to influence law and policy reform. We also work on trade deals which will ensure only legally logged timber is sold in the EU, ending the flood of money in lost taxes which flows away from developing countries every year.

In Latin America, the aim of our work was to improve forest governance by making sure safeguards are in place for carbon emissions reduction scheme REDD+. Such safeguards need committed buy-in from local stakeholders if they are to work in harmony with existing forest protection plans. Our advocacy takes forest protection one step closer to success and we are collaborating with governments, indigenous people and civil society, as well as speaking on behalf of other NGOs at the international climate negotiations in Doha.





“European laws incentivise the burning of wood and food crops to generate ‘green’ energy. This is bad for the environment, society and the economy. However, if correctly regulated, biomass can provide food for the world’s population, a sustainable material for products and, eventually, clean energy.”

Giuseppe, Legal Advisor



Environmental Law and Justice



Without access to information, civil society is powerless. We have been working to preserve the access we have and increase it.



Without access to information, civil society is powerless. We have been working to preserve the access we have and increase it, giving citizens the tools they need to uphold environmental law. In 2012, we protected access to information by standing shoulder to shoulder with policymakers and civil society, working with the Danish Presidency of the EU Council, the European Parliament's Rapporteur and Member States to ensure a major review of the EU's access to documents regulation did not erase earlier gains.

Collaborating with civil society, we took a leading role on the regulation's review, brokering negotiations between NGOs and policymakers. We worked with international financial watchdog Bankwatch to improve access to information at the European Investment Bank (EIB). We challenged attempts by the EIB, the European Central Bank and the EU Court of Justice to be excluded from the regulation on access to information; their request was subsequently quashed by the EU Presidency.

The EU consistently fails to provide access to justice for NGOs and citizens, as legal evaluation by our Environmental Justice team has shown. In June, our campaigning was vindicated when the EU General Court agreed and ordered the Commission to improve access. Rather than accepting this ruling the Commission has appealed. We continue to push the Commission to comply, arguing that its appeal at best delays citizens' right of access to justice and, at worst, denies it all together.



“ClientEarth is the only place where it is possible to put my legal expertise solely at the service of the protection of the environment. My work enables me to pursue my ideals while influencing a great diversity of stakeholders who are at the centre of the decision making processes that impact our everyday lives.”

Anais, Senior Lawyer

“ClientEarth’s analysis of the European Investment Bank’s obligation under the Aarhus Convention enriched the substance of our campaign and a dialogue with the EIB itself. Bankwatch and ClientEarth submissions to the EIB energy policy revision are further examples of a fruitful cooperation.”

Anna Roggenbuck, EIB Campaign Coordinator, Bankwatch

Health and Environment



In London, we are raising air pollution awareness by working directly with those groups most in danger, helping them demand stronger protection from the Government.



Toxics

Daily exposure to industrial chemicals is inevitable, from the food we eat, to the clothes we wear and the pillows we sleep on. ClientEarth is working to ensure citizens are afforded their rightful access to information about the uses and hazards of chemicals in products. This right enables them to make informed buying choices and to require decision makers to limit exposure to harmful chemicals. Our successful litigation and advocacy has forced the European Commission, chemicals regulator ECHA and food safety regulator EFSA to become more transparent and accountable. Following our report detailing ECHA's shortcomings, we are now working directly with senior staff at the agency to improve certain procedures and to address the perceived bias of ECHA in favour of the chemicals industry.

We work with NGOs and scientists to investigate the underpinnings of chemicals legislation and push for solutions which are in the public interest. We have provided a possible solution for the regulation of substances of new concern such as nanomaterials. We identified problems in the way regulators were treating five endocrine-disrupting chemicals used in everyday products and are calling for tighter regulation.

In addition, we have provided legal support for campaigners who are seeking a ban on the use of neonicotinoids, a type of pesticide which has been found to have significant adverse effects on bees. In collaboration with Pesticides Action Network Europe, we have started legal proceedings relating to a particularly noxious pesticide known as bifenthrin, by challenging the Commission to reconsider authorising its use. This case intersects with our wider environmental justice work, demanding that the Commission observes access to justice laws put in place to protect people and the planet.



“ClientEarth gives me the opportunity to work with environmental law as no other organisation would. I have the freedom to delve deeply into a problem, craft solutions that are both innovative and pragmatic, and challenge law and policymakers backed by sound reasoning. I find this unique and enormously empowering.”

Vito, Lawyer



Clean air litigation

In late 2011, our case against the UK Government forced it to admit it was breaking air quality laws. However, the court did not order the Government to take action. In a fundamental misunderstanding of the law, the court ruled that it was for the European Commission to enforce EU environmental legislation. After a similar result in the Court of Appeal, the case was eventually referred to the Supreme Court – the highest court in the UK, which hears only cases of the greatest public or constitutional importance. The Supreme Court hearing took place in spring 2013. In May 2013, the Supreme Court declared that the Government is failing in its legal duty to protect people from the harmful effects of air pollution. This landmark decision in ClientEarth's case is a departure from the judgments of the lower courts and paves the way for the European Commission to take legal action against the UK. The Supreme Court confirmed that because the Government is in breach of the EU Air Quality Directive, "the way is open to immediate enforcement action at national or European level". However, before deciding whether to take further action to enforce the law, it has referred a number of legal questions to the Court of Justice of the European Union.

We are now working to cut air pollution in EU cities in partnership with NGOs, empowering them to bring cases before their national courts.

2013: the 'Year of Air'

2013 has been designated the 'Year of Air', with all EU air quality laws planned for review. We are concerned that the UK will use this window to push for weaker air pollution controls. We are one of just five European NGOs being consulted by the European Commission on this crucial review. This puts us in a prime position to put forward proposals for stronger air quality laws and challenge any efforts to weaken them.



Awareness raising and campaigning

In early 2012 we took over coordination of the Healthy Air Campaign, a coalition of health, education and transport groups focused on cleaning up our air. The coalition pushes for greater awareness of Britain's air quality crisis and for strong government action to tackle the problem. Under our guidance the coalition has expanded and we are now looking to develop a national campaign to back our advocacy efforts in 2013.

In London, we are raising air pollution awareness by working directly with those groups most in danger, helping them demand stronger protection from the Government. We have mobilised older people, cyclists and families with young children, directing their outrage at policymakers and health authorities to demand action against this silent menace which prematurely kills 29,000 people every year in the UK.



“ClientEarth’s approach to environmental problems unites science and law in a unique and highly effective way. It allows me to approach community groups and government ministers alike in a convincing, pragmatic manner that really achieves results.”

Maria, Advisor



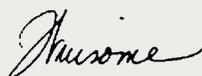
Trustees' statement

This summary financial information is intended to give an overview of the charity's financial performance during 2012. It contains selected information from the full annual accounts, including the Statement of Financial Activities and the Consolidated Balance Sheet.

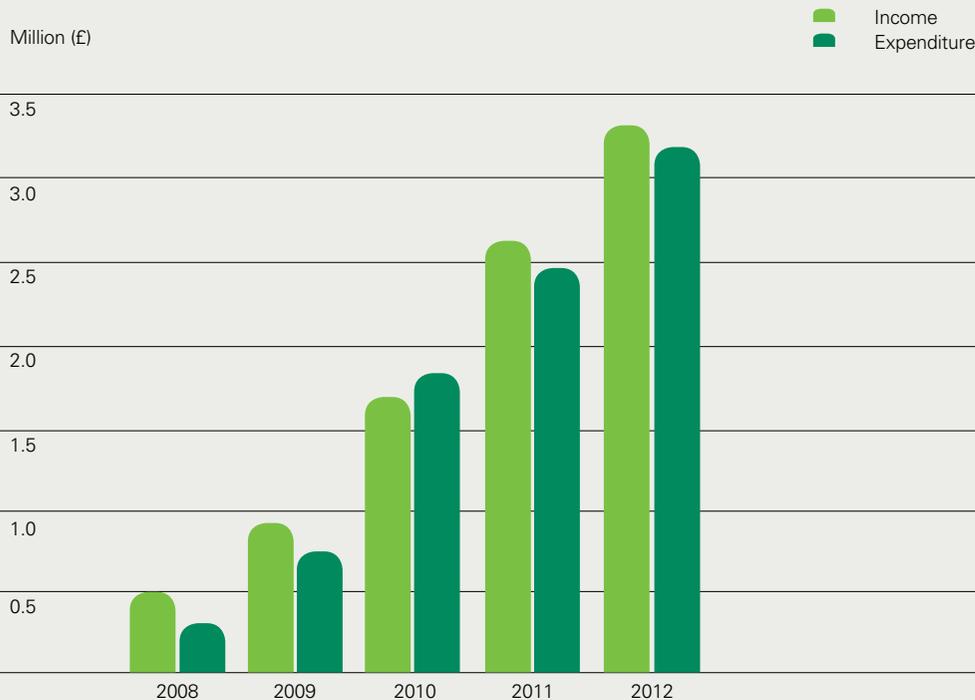
This summary financial information may not contain sufficient information to allow for a full understanding of the financial affairs of the charity. For further information, the full accounts, which received an unqualified audit opinion, should be consulted. Copies of these can be obtained from our website (www.clientearth.org) or from the Charity Commission website (www.charity-commission.gov.uk).

The annual accounts were approved by the trustees on 15 May 2013, and have been submitted to the Charity Commission and Companies House.

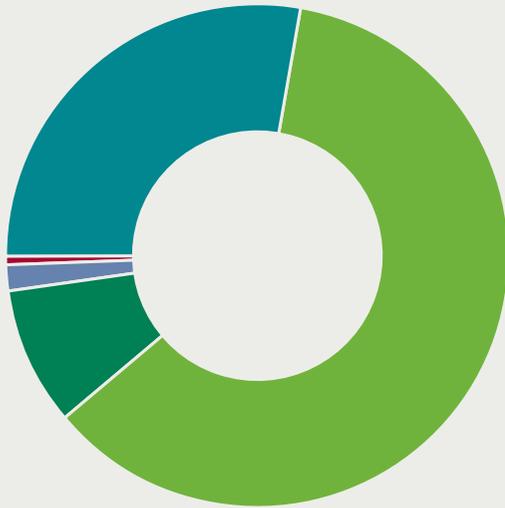
On behalf of the directors/trustees of ClientEarth 15 May 2013:



Winsome McIntosh, Chair

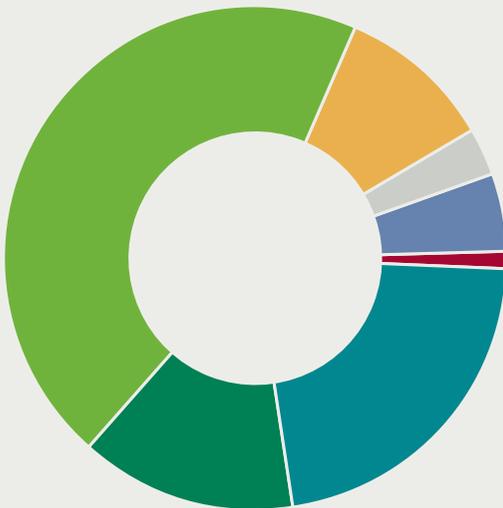


Financial overview



Income

Government grants	£913,188
Foundation and trust grants	£2,010,578
Donations	£296,220
Consultancy	£44,376
Other (investment and rental)	£12,041
TOTAL	£3,276,402



Expenditure

Biodiversity	£672,582
Climate and Energy	£463,242
Climate and Forests	£1,435,655
Health and Environment	£308,807
Environmental Law and Justice	£101,869
Fundraising	£146,308
Governance	£43,579
TOTAL	£3,172,042

Financial overview

Consolidated statement of financial activities including income and expenditure account

	Unrestricted funds £	Restricted funds £	Total 2012 £	Total 2011 £
Incoming resources from generated funds				
Voluntary income	408,740	489,452	898,192	347,246
Investment income	27	-	27	15
Charitable activities				
Biodiversity programme	-	360,311	360,311	-
Climate and Energy programme	28,989	349,610	378,599	-
Climate and Forest programme	-	1,272,973	1,272,973	-
Health and Environment programme	15,387	263,899	279,286	-
Environmental Law and Justice programme	-	75,000	75,000	-
Charitable activities	-	-	-	2,271,185
Charitable activities	44,376	2,321,793	2,366,170	2,271,185
Other incoming resources	12,014	-	12,014	5,996
Total incoming resources	465,157	2,811,245	3,276,402	2,624,442
Resources expended				
Costs of generating funds	80,886	65,422	146,308	224,592
Charitable activities				
Biodiversity programme	78,645	593,937	672,582	-
Climate and Energy programme	66,598	396,644	463,242	-
Climate and Forest programme	181,429	1,254,226	1,435,655	-
Health and Environment programme	47,498	261,309	308,807	-
Environmental Law and Justice programme	19,101	82,768	101,869	-
Charitable activities	-	-	-	2,252,043
Total charitable expenditure	393,271	2,588,884	2,982,155	2,252,043
Governance costs	37,579	6,000	43,579	6,002
Total resources expended	511,736	2,660,306	3,172,042	2,482,637
Net income/(expenditure) for the year				
Net movement in funds	(46,579)	150,939	104,360	141,805
Fund Balance at 1 January 2012	148,668	227,489	376,157	234,352
Fund Balance at 31 December 2012	102,089	378,428	480,517	376,157

Consolidated Balance Sheet as at 31 December 2012

	2012		2011
	£	£	£
Fixed assets			
Tangible assets		-	35,816
Current assets			
Debtors	730,672		486,471
Cash at bank and in hand	194,141		270,812
	924,813		757,283
Creditors: amounts falling due within one year	(444,296)		(416,942)
Net current assets		480,517	340,341
Total assets less current liabilities		480,517	376,157
Income funds			
Restricted funds		378,428	227,489
Unrestricted funds		102,089	148,668
		480,517	376,157

Financial review

During the year ended 31 December 2012 the charity received total income of £3,276,402, which represents a 25% increase on 2011 (£2,624,442). Total expenditure also increased accordingly during the year to £3,172,042.

At the balance sheet date, the total funds held by the charity were £480,517, which represents a 28% increase on 31 December 2011 (£376,157). Restricted funds held at the year end grew by 66% to £378,428 (2011: £227,489). The unrestricted funds fell by 31% to £102,089 (2011: £148,668).

The charity's main source of income continues to be grants to fund our primary charitable activities. The grants are from charitable foundations and trusts in the UK, Europe and the USA, and from the UK and EU governments. The bulk of these grants are restricted to specific programmes of work.

During the year, a major overhaul of the charity's internal financial systems was conducted, leading to significant improvements. The accuracy of organisational budgeting, the precision and timeliness of management accounts and the ease of producing financial reports for grantors have all improved immensely. In the early autumn, the Trustees carried out a mid-term systems review, conducted by our Auditors, to ensure that the new systems were effective and running smoothly.

Thank you to our supporters and team...

It is impossible to list all the people who give their time and money to ClientEarth so generously, but there are a few individuals and organisations to whom we would like to say a special thank you for all their support over the last year.

Funders in 2012

Adessium Foundation
Arcadia Fund
Bromley Trust
City Bridge Trust
Climate and Land Use Alliance
Climateworks Foundation via Deutsche Umwelthilfe e.V (DUH)
Directorate General for Development and Cooperation (EuropeAid)
Esmée Fairbairn Foundation
European Climate Foundation
European Commission (Life +) via Deutsche Umwelthilfe e.V (DUH)
European Environment and Health Initiative (EEHI)
Global Greengrants Fund
Holly Hill Trust
International Tropical Timber Organization (ITTO)
J Van Mars Foundation
John Ellerman Trust
JMG Foundation
Kenneth Miller Trust
Loke Wan Tho Foundation
McIntosh Foundation
Oak Foundation
Roddick Foundation
Sigrid Rausing Trust
Tinsley Foundation
UK Department for International Development (DFID)
Walton Family Foundation

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