CLIENTEARTH

COMPANY LIMITED BY GUARANTEE

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015
CLIENTEARTH
COMPANY LIMITED BY GUARANTEE
LEGAL AND ADMINISTRATIVE INFORMATION

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The trustees (who are also the directors of ClientEarth for the purposes of company law) present their report and accounts for the period ended 31 December 2015. The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard for Smaller Entities (the FRSSE) (effective 1 January 2015) and the Companies Act 2006.

Objectives and activities

The charity’s objects are:

- To promote and encourage the enhancement, restoration, conservation and protection of the environment, including the protection of human health, for the public benefit;

- 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 relieve poverty through the provision of legal services to those who cannot otherwise afford them; and

- To promote, undertake and commission research into the law, practice and administration of justice in connection with the environment and matters relating thereto, including the impact, direct or indirect, of any human activity on the environment and to disseminate the useful results of such research.

We aim to achieve these goals through advocacy, mobilising support and litigation consistent with our charitable objects through work divided into five programmatic areas:

Biodiversity
Forests
Energy
Justice
Health

We are a group of lawyers and experts freed from the traditional client relationship by our charitable setting. We work in the public interest so that nature is protected. We defend the interests of nature and the right of all people to a healthy environment.

To achieve ClientEarth’s charitable objects, we use science, law, politics and economics to identify the most urgent problems and find ways we can contribute to solving them. We work at all stages in the lifecycle of the law. We help craft good laws and policies. We work with companies, governments, civil society and stakeholders to implement the law. We ensure the law is upheld and go to court when it needs to be enforced. We educate and help others to understand and use the law to protect the environment.

Our comprehensive approach, working at every stage in the lifecycle of the law, sets us apart in Europe. It allows us to facilitate profound systemic change.
Our objectives for 2015 were:

- Biodiversity: To ensure the strongest possible interpretation and implementation of EU conservation and fisheries legislation, such as the Habitats Directive and the reformed Common Fisheries Policy across the EU; to carry out a scoping exercise to help us develop further EU conservation law advisory services; to start working for an improved regulatory framework on aquaculture; and to monitor and build awareness of the Sustainable Seafood Coalition’s voluntary codes and extend the Coalition’s membership.

- Forests: To ensure effective use of legal frameworks to protect the planet’s forests by working to improve systems of forest governance and to engage with ongoing efforts in the EU and internationally to regulate the trade of commodities whose production negatively impacts forests.

- Energy: To use the rule of law to facilitate Europe’s transition from fossil fuels and to enable efficient and sustainable energy systems by ensuring effective implementation and enforcement of existing EU climate and energy laws and supporting the EU’s efforts to work towards a cleaner energy future.

- Justice: To scrutinise the actions of the EU institutions to ensure the full realisation of rights to access information, public participation and access to the courts in environmental matters; to ensure that EU trade policy does not adversely affect environmental protection; and to ensure existing company and financial laws and regulation are applied in practice to improve the assessment, management and disclosure of climate change risks by companies and investors, and drive corporate and investment behaviour that will accelerate the transition to a low carbon world.

- Health: To work towards improving European air quality to a level that will not significantly harm the environment, climate or human health; and to ensure that EU rules on chemicals are implemented and enforced in a way that reduces human and environmental exposure and fills current knowledge gaps.

Each of our programme areas made important contributions to their objectives during 2015. Our strategies for achieving our objectives and our achievements during 2015 are detailed in the Achievements and Performance section of this report.

In 2015, we initiated a scoping project in China to assess the feasibility of establishing a programme to strengthen environmental rule of law. This project will report in 2016.

Public benefit

The charity has had regard to the Charity Commission’s guidance on public benefit; the report focuses on the main activities undertaken by the charity to further its charitable purposes for the public benefit. We believe that the main aim of the charity, to promote the protection of the environment, is by its very nature of benefit to all sections of the public. We also believe that the public benefit is further illustrated in this report through the Objectives and Activities, Achievements and Performance sections of this report.
Achievements and performance

Biodiversity

The biodiversity programme's overarching objective is to defend the interests of nature and the right of all people to a healthy natural environment through:

- Working towards sustainable fisheries management
- Defending species and habitats and ensuring sustainable land use
- Responsible seafood sourcing in the UK
- An improved regulatory framework on aquaculture.

Wildlife conservation

The EU's Birds and Habitats Directives are vital laws for the protection of wildlife in Europe, and are tools we rely on and use in our own work. These directives have been undergoing a review by the European Commission, which will assess whether they are fit for purpose. We are partners in the Nature Alert campaign, which is seeking to ensure that these laws are not weakened in the drive for better regulation. Over half a million people answered the public consultation telling the Commission to protect the laws. Following this there have been statements from the majority of Member states, including the UK and Poland, pushing for better implementation of the existing laws.

Extending the footprint of the programme with new capacity in ClientEarth's Warsaw office has allowed us to secure an important role among environmental organisations active on the issues relating to conservation legislation in Poland.

In addition, we continue to develop our work on potentially damaging fishing in protected areas. In England we have seen tangible results from our years of work with the Marine Conservation Society to secure better compliance with the Habitats Directive in relation to the management of damaging fishing activities — byelaws have closed approximately 3000 km² to bottom towed gears. We have responded to a public consultation regarding scallop dredging in Cardigan Bay, and reminded the Welsh Government of their obligations under the Habitats Directive.

Following our work on harbour porpoise protection, five new protected areas have been proposed in England and Wales. We will continue our dialogue with the Scottish Government to encourage them to follow suit.

Further funding has allowed us to begin work on natural capital, an economic approach to wildlife protection, which is increasingly forming the basis of policy in the UK. How this concept is developed into policy will be key to biodiversity protection in the UK, and throughout the EU, over the next few years. We will be able to engage in these conversations and ensure that natural capital is used to enhance rather than weaken environmental protection.

A key focus of our natural capital work will be the UK Government's 25 year Plan for Nature, and increasingly our work on agriculture, which we have identified as having major implications for biodiversity protection.
Sustainable Fisheries Management

The success of the Common Fisheries Policy overfishing relies on the law being properly implemented. Our work over the last year has contributed to the environment having a stronger voice in the implementation of fisheries legislation and EU fish stocks are continuing to move towards sustainability.

To ensure this we have continued working in the Advisory Councils for the North Sea and North West Waters, ensuring joint recommendations produced are in line with the law and scientific advice.

We have challenged the European Commission when they have granted unlawful exemptions to the landing obligation. We produced a report to ensure a coherent understanding of when exemptions to the landing obligation can be given under the Common Fisheries Policy.

The setting of fishing quotas is not a transparent process. We have highlighted the discrepancies that exist between the scientific advice that is provided for sustainable fishing levels and the quotas that are set. We have asked the European Commission for clarification as to how they have decided on quotas when the evidence is unavailable or unclear in an effort to push them towards transparency.

We secured funding and begun work on illegal, unreported and unregulated fishing. We are working towards a strong legal framework to ensure that gaps in the regulations to prevent illegal fishing are closed, and enforcement failures are being dealt with.

Sustainable Seafood

This year, members of the Sustainable Seafood Coalition (SSC) have aligned their business policies with the commitments agreed in the voluntary codes of conduct for responsible sourcing and clear labelling, launched in 2014. Members agreed to the introduction of membership fees, a step that will contribute to the SSC’s financial sustainability.

We secured funding to expand membership of the SSC to other businesses, and explore opportunities for replicating the SSC model outside the UK. We started building a network of contacts amongst NGOs, government and private sector in Spain and the US, as first steps in this process.

Although it has been difficult to find funding for a project on aquaculture, we recently secured a small amount of funding to enable us to start engaging on this important issue. Aquaculture is a fast-growing sector with potentially positive, but also negative implications for the marine environment if done unsustainably. We have now started to analyse the policy and legal frameworks driving aquaculture growth in the EU with a view to advocating for a greater focus on sustainability.

Forests

ClientEarth’s Forests programme aims to reduce deforestation and forest degradation, in order to secure the rights of local communities, conserve biodiversity and address its negative impacts on the climate. In 2015, we secured funding for the next 2.5 years from the UK Department for International Development (DfID). This funding enables us to continue and expand our work in Central and West Africa, the EU and internationally.
EU Timber Regulation

In 2015, we continued to work to encourage the proper implementation of the EU Timber Regulation (EUTR) by member states. We followed up on letters of complaint that we submitted to the European Commission. The Commission started the initial, informal stage of infringement procedures involving eight Member states that had not yet fully implemented the EUTR. The Commission subsequently followed up with three Member states that continued to fail to implement national laws. All but one of the Member states introduced penalty regimes, meaning that at the end of 2015, 27 of the EU’s 28 Member states had the requisite national laws in place to implement the EUTR.

Following our sustained focus on weak enforcement of the EUTR, in 2015 the standard of Member State enforcement increased considerably. We conducted and shared research to identify the various legal and administrative options available to civil society in seven Member states if it appears that competent national authorities are failing to enforce the law. We also supported the submission of substantiated concerns about possible illegal timber to Member states.

Recognising that awareness and accurate understanding of the EUTR by key stakeholders in the EU and internationally is crucial to its proper functioning, we worked to build both. We wrote and distributed several briefings on key elements of the EUTR that were poorly understood, in order to correct this. We also developed a new publication, EUTR News which is disseminated internationally on a quarterly basis and is becoming a respected source of objective information on the EUTR for civil society, private sector and institutional audiences.

Finally, we supported stronger coherence between the EU, US and Australia in relation to their laws on illegal timber, recognising that this is crucial for the laws to work better independently and collectively. We developed legal analysis and outreach materials to highlight the similarities in the Australian, EU and US illegal logging legislation. We also developed legal research and analysis to support increasingly coordinated approaches to enforcement by these regulatory authorities.

Forest Governance

In 2015, we continued to contribute to the empowerment of civil society and communities in our focus countries, Republic of Congo, Ghana and Gabon. Following a successful funding bid, in 2015 we started to expand our work in West & Central Africa to two more countries, Côte d’Ivoire and Liberia. We focused on increasing the availability of, and access to, legal information, as well as legal capacity building of key stakeholders, in particular civil society representatives, in our focus countries. Stakeholder involvement is vital for stronger national deliberative processes and legal frameworks that are better able to govern the equitable use and management of forests.

In the Republic of Congo (RoC), working with national partners, we have focused our legal analysis and capacity building support on the development of three new implementing decrees to the Forest Code. In 2015, we visited several forested areas in RoC to draft the three decrees in consultation with local communities and indigenous groups, and to ensure that their contributions and concerns were heard and taken into consideration. With our support, civil society then sent these draft decrees to the government. Our activities in RoC also focused on the legal framework governing the emergent issue of forest conversion, which now represents more than half of worldwide deforestation. At the request of civil society, we built a collection of resources and information on forest conversion for national and EU audiences and used these to advocate in the EU and RoC for the reform of this framework. As a result, the Minister publically recognised forest conversion as an important issue to be considered within the review of the Forest Code.
As Ghana continues to make real progress towards establishing a national certification standard for legal timber, which is recognised by the EU, the focus has shifted to addressing the final barriers to issuing these licences. As a result, our work has primarily centred on supporting civil society to articulate and advocate for a legal framework that will ensure high quality, credible licences. Our activities have also focused on building capacity and understanding around social responsibility agreements for logging companies, and supporting the process for existing, incorrectly issued leases, to be converted into legal, modern logging contracts.

Our work in Gabon has been impacted by a difficult political environment, with the political momentum for the future of a bi-lateral Voluntary Partnership Agreement (VPA) with the EU in question. Despite this, working with national partners we contributed to important progress in a number of areas including the development and field testing of a new legal approach to Benefit Sharing Agreements, an initiative to ensure that local communities receive an equitable share from companies’ activities in forested areas. In addition to this, we worked to support civil society to input into the reform of the draft national Forest Code. The government's invitation to civil society to participate in the law reform represents a step towards strengthening the national deliberative processes and creates the potential for legal frameworks to better reflect the interests of all relevant stakeholders.

Energy

The strategic goal of ClientEarth’s Climate & Energy program is to facilitate the transition from a fossil fuel based energy system to a sustainable energy system through:

- Supporting the development and implementation of the EU’s climate and energy legislation and an effective governance model for the EU's energy union
- Ensuring the integration of energy efficiency across EU policy and legislation
- Aligning the EU’s energy markets, competition and State aid laws with sustainable energy goals
- Promoting positive social campaigns for energy modernisation in Poland and the EU more widely
- Defending the UK’s Climate Change Act and working to uphold the integrity and ambition of its climate targets.

EU Climate and Energy Governance

In 2015, we worked with policy makers and partner organisations to better understand the benefits of good governance and the risks and options for revising the EU’s climate and energy legislation. We developed options to streamline planning and reporting for the 2030 climate and energy targets under the Energy Union Governance System. We also presented proposals for future reform of the EU’s internal energy market through the European Commission’s market design initiative and the EU’s effort sharing decision, which allocates responsibility for achieving the EU’s climate targets between member states. Our work highlighted the potential of consumers, known as prosumers, to participate in energy markets and promote increased renewable energy.
Energy Efficiency

In 2015, ClientEarth engaged in work on the integration of the efficiency first principle into EU legislation and helped stakeholders understand practical ways to make it a reality. Efficiency first means finding ways to reduce demand for energy especially electricity before building new infrastructure and using new energy sources. EU climate policy, in particular the effort sharing decision and the EU’s internal energy market, are key entry points to put this principle into practice.

In parallel we worked on the implementation of the main piece of EU energy efficiency law, the Energy Efficiency Directive, in three EU member states: France, Germany and Poland. In Poland, we worked to ensure that EU Structural Funds included energy efficiency issues, for example by giving a priority to deep (complex) retrofit of buildings instead of a standard retrofit. Additionally, our key recommendations on how to amend the Polish White Certificates Scheme to improve energy efficiency were taken on board in the current draft of the new act on energy efficiency.

Markets and State Aid in the Energy Sector

2015 saw important developments in relation to capacity mechanisms, one of our areas of strategic focus. Capacity mechanisms are measures designed to ensure electricity security of supply, typically involving payments to electricity capacity providers, and a number of EU countries are looking at introducing mechanisms, which will require State aid clearance from the European Commission.

In 2015, the European Commission opened a State aid sector inquiry, known as the Vestager inquiry, into national capacity mechanisms. The European Commission also decided to instigate an in-depth investigation into the French capacity mechanism.

In response, we shared our findings with both the Commission and partner organisations and submitted comments on the measures which – unless properly targeted – may be a source of distortion of competition and trade and may result in a fragmentation of energy markets. This work will continue in 2016.

If not properly designed, capacity mechanisms could favour old, highly polluting coal power and miss the opportunity to find innovative ways to reduce our demand for electricity. Our in-depth legal analyses of capacity mechanisms across Europe identified schemes that may not comply with the State aid guidelines and may be incompatible with EU law.

Throughout 2015 we built relationships with network partners, provided guidance and legal advice, and worked to increase our partners’ understanding of State aid and how it can be used for environmental purposes. We worked with partners in several countries in the EU to assess and take action on possible unlawful State aid in the energy sector. We also chaired several State aid training seminars to an audience consisting of European Commission and national officials working on State aid and energy related issues.

Community Power

In 2015, ClientEarth continued its participation in an EU-funded Community Power Project, which aims to create a more favourable legislative environment for citizen participation and ownership of renewable energy technologies. We produced recommendations for reforming legislation in Spain and in Denmark. We also produced recommendations for creating a supportive legal framework at EU level for community energy. This analysis and set of recommendations has contributed to the
ongoing debate around a new Renewable Energy Directive and a new Market Design that places citizens at the centre of the energy system.

**Poland**

Together with three other eNGOs we set up the “More than Energy” campaign. The campaign aims to engage active citizens in advocacy on the energy market. The campaign was discussed in the mainstream Polish media and gathered over 130 external partners, including municipalities, as well as nearly 40,000 individuals. We published and promoted the Polish version of our “Community Power” report. We also successfully advocated for the so-called prosumer amendment, which was finally adopted by the Polish Parliament, creating a feed-in tariff support scheme for micro-installations. We also successfully intervened to stop the passing of a law that would have introduced unfavourable provisions on localising renewable energy installations in Poland.

Our report on the integration of the EU emissions trading scheme (ETS) Directive and Article 10c into the Polish legal system will be presented among key stakeholders. ClientEarth has also started an open dialogue with the Ministry of Environment based on our legal opinion regarding Poland’s proposed departure from the EU ETS.

We continued to participate in the environmental impact assessment (EIA)/building permit process for the Polnoc power plant and at Leczna. The Leczna investor decided to withdraw from further coal power plant development in Poland and proceedings were suspended.

**UK**

In the UK, we focused on defending the Climate Change Act to make sure the UK adopts and meets ambitious emissions reductions targets. In 2015, we examined the government’s progress towards meeting carbon budgets and found that adequate policies are lacking to meet future carbon budgets, meaning the government may breach the Act unless they remedy the gap. We continue to monitor developments in this area. We urged the Committee on Climate Change to recommend a strong and clear 2030 target. We engaged with lawmakers to make sure the Infrastructure Act does not impact on carbon targets by promoting oil and gas extraction. We also looked at how the Act can be improved so no sectors of the economy are exempt from our emissions targets.

2015 also saw a breakthrough commitment from the UK to phase out coal but this commitment will need to be implemented. We are tracking developments in the UK capacity market, and challenged the UK’s transitional national plan, an optional derogation under the Industrial Emissions Directive which could enable continued pollution from some of the UK’s oldest and dirtiest coal plants.

**Justice**

**Company and Financial**

Our goal is to drive corporate and investment behaviour that will accelerate the transition to a low carbon world through the application of existing company and financial laws and regulation to improve the assessment, management and disclosure of climate change risks by companies and investors.

One of the most significant barriers to the integration of climate change risk management into the investment process is a continued confusion around the scope of fiduciary duties. We are providing
legal support to pension fund members who wish to understand more about what their funds are
doing to manage the financial risks of climate change. We are taking a constructive approach and
using our legal expertise to clarify the law with investment professionals on a case-by-case basis
through pension member engagement.

In 2015 we issued a letter of complaint to the company reporting regulator, the Financial Reporting
Council seeking greater disclosure and transparency on fossil fuel companies’ reporting of climate
information. We also submitted a public letter to the European regulator (ESMA), asking them to
align with the UK Financial Stability Board’s Task Force on Climate-related Financial Disclosures
and promote a consistent approach to climate risk disclosures by the EU regulator.

The Aiming for A shareholder resolutions at BP and Shell were passed with nearly 100% of the vote
in 2015. We are working again with the ‘Aiming for A’ coalition in 2015/2016: this time filing three
further resolutions at diversified mining companies listed on the UK stock exchange. The resolutions
are designed to test these companies’ resilience to a low carbon energy transition (particularly the
phase out of coal and petroleum holdings), to enable investors to make better-informed investment
decisions.

In 2015 we participated in a high level symposium, “Adjudicating the Future: Climate Change and the
Rule of Law” in London. The symposium brought together Supreme Court Judges, legal practitioners
and academics from around the world. This was a seminal workshop devised to share ideas and
experiences of leading legal actors in the field of climate change. This workshop was instrumental in
developing our understanding of the merits of various private law challenges that can be brought in
other jurisdictions and establishing ClientEarth as a leader in this space.

EU Aarhus Centre

The vision of our environmental justice work is a society in which all environmental decisions are
made and implemented in a manner that is open and allows for the participation of all interested
parties.

Through ClientEarth’s EU Aarhus Centre in Brussels, the justice programme seeks to enforce and
expand accountability and transparency in the EU and, when the opportunity arises, in other
jurisdictions to:

- Increase transparency around environmental legislation, policy and politics in the EU
  institutions, which is a necessary condition for public participation in decision-making on
  environmental issues. We monitor developments in legislation and decisions at EU level,
  and identify potential threats to the full realisation of Aarhus rights
- Strengthen the implementation and enforcement of the EU Aarhus Convention by EU
  institutions and bodies
- Increase civil society awareness of the rights and obligations provided by the Aarhus
  Convention to ensure that the NGO Community legal capacity is developed and
  strengthened.

In 2015, ClientEarth made significant progress in supporting openness, participation and
accountability across its three main work areas.

ClientEarth had two significant victories before the courts. On the 16th of July, ClientEarth and
Pesticide Action Network Europe won a landmark case against the European Food Safety Authority
(EFSA) in front of the European Court of Justice. The Court established that when external experts are involved in a decision-making process, disclosing their contribution increases the transparency of the decision-making process. Any restriction based on the protection of personal data must be based on a specific and actual adverse effect on the privacy of the concerned experts. This is a great victory for civil society groups because too often, for reasons of protection of personal data or protection of the internal decision-making process, information about internal scientific advice is withheld from the public and undue pressure from external economic interests can make its way into decisions that can impact human health and the environment. This judgment will impact all future scientific decisions taken in the EU and will further safeguard the openness of the EU decision-making process.

Also on the 16th of July, ClientEarth won a case against the European Commission in the Court of Justice. The Court ruled that studies made for the Commission on the way member states apply EU environmental law had to be made publicly accessible as long as no infringement proceedings had been initiated. This is a very notable decision as it means that the Commission must provide access to all studies carried out for it, and ideally publish them as soon as they are received. This information will therefore be at the disposal of NGOs and broader civil society to hold their governments to account and enable them to further scrutinise the implementation of environmental law and ensure its enforcement. The ruling, however, is disappointing in that information on breaches of environmental law that did result in infringement proceedings is still being withheld.

We also worked to ensure stronger protection of rights of access to information in the EU’s proposed Trade Secrets Directive. The Directive aims to harmonise the protection of trade secrets across the EU in order to provide a more effective shield against industrial espionage, but it puts public authorities, investigative journalists and whistleblowers at risk of being sued for substantial damages if they disclose information on industry malpractice that affects the environment and public health. ClientEarth was successful in having a number of amendments or references incorporated into the draft Directive to increase access to justice rights and to strengthen protection for persons revealing business information with the aim of protecting public health and the environment.

We have continued to support and assist civil society groups and organisations on specific issues regarding access to environmental information. We maintain strong relationships notably with the EEB, Friends of the Earth Europe, Bankwatch CEE Network and the Counterbalance Coalition, who call on the Aarhus Centre services on a regular basis. We drafted two complaints against the European Investment Bank challenging its transparency policy and problems with accessibility of information relating to a gas pipeline in Tunisia.

The Aarhus Centre continued to raise awareness of environmental justice issues via the EU Aarhus Centre newsletter in five issues of the European Environmental Law Observatory. The newsletter is disseminated to staff of EU institutions, NGOs, lawyers and academics. It not only provides updates on important judgments and legal doctrine in the environmental field but also provides our interpretation and critiques of these decisions, making it a unique and important publication for civil society and the public sector.

Trade & Environment

Our aim is to ensure that EU trade policy does not adversely affect environmental protection by using our legal expertise to create awareness among the public and policy makers of the environmental pitfalls of EU trade policy, in particular through:
Removing investor-state dispute settlement (ISDS) from the EU trade agreements. ISDS enables foreign investors to challenge environmental legislation

Removing other threats to environmental protection in trade agreements. These agreements may contain a number of chapters and provisions, in particular those on regulatory cooperation, which enable each Party to the agreement to challenge, influence or sideline environmental legislation

Improving and reinforcing environmental obligations in EU trade agreements with strong environmental obligations and meaningful enforcement mechanisms

Providing legal advice and support to NGOs and decision makers in the various trade campaigns.

In 2015, we investigated the legality of investor-state dispute settlement (ISDS) mechanisms in EU trade agreements and published a major legal study setting out why such mechanisms are not compatible with EU law. We called on European institutions, especially the European Commission and European Parliament, and member states to ask the Court of Justice of the EU to look at the issue before going further in EU trade negotiations.

Our joint report with Transport & Environment identified nine areas for improvement on sustainable development in the Transatlantic Trade and Investment Partnership (TTIP).

ClientEarth also lodged a complaint with the European Ombudsman on access to documents relating to the TTIP negotiations together with a number of NGOs. ClientEarth advised on such issues as regulatory cooperation, the process of negotiation and conclusion of trade agreements, and ISDS.

Health

Clean Air

Our objective is to improve European air quality to a level that will not significantly harm the environment or human health by:

- Improving the formulation of environmental policy and legislation to ensure a positive impact on air quality
- Improving the enforcement and implementation of EU air quality legislation to ensure that member states take their commitments to tackle air quality seriously
- Making air pollution a mainstream environmental, public health and political issue in the EU and beyond
- Embedding air quality as a central consideration in public policy
- Reducing air pollution coming from major sources, in particular diesel engines and energy
- Increasing the effectiveness of citizens and NGOs' participation in the formulation of air quality plans and other plans, programmes, permits and projects which are likely to adversely affect air quality.
Clean air in Poland

2015 saw a major success with Polish Parliament passing the Anti-smog Act. This is the first Polish law dedicated to clean air and gives regional governments the tools to combat emissions from individual coal heating systems, even providing a legal basis to completely ban the use of fossil fuels. This victory followed a long campaign led by ClientEarth and civil society to enable local solutions to air pollution. Two months after the Act came into force, the first ban on the use of fossil fuels was adopted in Krakow, where we have worked with provincial and municipal officials since 2011.

ClientEarth also assisted two individuals to bring air quality cases against Zakopane and Wisla City Councils in relation to a tourism tax. As air quality standards had not been met, they argued that such taxes could not be collected. The Wisla case was successful before the Giwice Regional Administrative Court, and the court invalidated the local law from 2008 enabling Wisla to collect the local tax on tourists. The Zakopane case is still pending.

EU legislation

At EU level, Client Earth followed the proposed revision of the EU’s National Emission Ceilings Directive. We engaged with members of the European Parliament on the Environment, Public Health and Food Safety (ENVI) Committee, as well as with other stakeholders. The published position of the rapporteur of the ENVI Committee incorporated a number of our recommendations, including those on access to justice and binding emissions targets for 2025.

We briefed journalists on the amendments, and the links with tackling climate change, successfully gaining coverage in national newspapers. In its plenary vote, the European Parliament adopted many of our key amendments but this stage saw some negative outcomes, including a vote against increasing the ambition level of the targets and against introducing new targets for mercury.

In December 2015, the European Council voted on the proposal and significantly weakened it. Now that the Council has adopted a common position, a series of three way negotiations between the Commission, Council and Parliament, known as “trilogues”, will begin in early 2016.

Clean air in the UK

Following the European Court ruling in November 2014, which upheld the claims of ClientEarth and ruled that the UK must act to clean up illegal levels of air pollution “as soon as possible”, our case returned to the UK Supreme Court in April 2015.

On 29 April, the UK Supreme Court made a mandatory order against the UK government, Defra to produce air quality plans by the end of 2015, and achieve limit values for NO2 in as short a time as possible. The Court also accepted a groundbreaking request for “liberty to apply”, giving us the right to seek an immediate remedy from the High Court for any future non-compliance by Defra. In order to maximise the impact of the case on the policy debate around UK clean air, ClientEarth has briefed key stakeholders about the judgment and its implications and provided articles and briefings to the legal press.

Following the mandatory order from the UK Supreme Court, Defra published for consultation new draft air quality plans on 12 September 2015. The Supreme Court ruling and the political and media pressure we have built around it has led to significantly better air quality plans, in particular the
introduction of Clean Air Zones in six major UK cities. In November 2015, we provided a detailed consultation response to the draft UK air quality plans, outlining the ways in which we consider the plans are inadequate and fail to meet the requirements of either the Supreme Court judgment or the Ambient Air Quality Directive. While the final plans are a significant improvement on previous efforts, they still will not achieve compliance until after 2025.

Elsewhere in Europe, we issued warning letters to the authorities in ten German cities where there are ongoing breaches of air quality limits and inadequate plans.

ClientEarth convenes the Healthy Air Campaign, a national coalition of health, transport and environmental NGOs seeking to improve air quality in the UK. 2015 saw the campaign take a major shift forward as our partners began to carry out their own campaigning on air pollution. We presented at community events to raise awareness about the health impacts of air pollution and supported individuals and groups campaigning on air quality issues through our website and social media networks.

In London, we sought an ambitious approach to the proposed Ultra Low Emission Zone (ULEZ). Our consultation response argued for a phase out of the use of diesel and moving London towards zero emission transport as soon as possible.

In the run up to the UK general election, we worked to ensure manifesto commitments to clean air, in particular a national network of low emission zones. After the General Election we hosted an air quality reception for MPs, and engaged with members of the House of Lords, to raise the issue with ministers and fellow peers.

With the launch of the revised UK Air Quality Plans in December 2015, came a formal commitment to implement Europe’s first network of NOx focused clean air zones covering six major cities in the UK. Securing clean air zones is a key goal of the Healthy Air Campaign.

By making air pollution a health issue, we have broadened its appeal with the public, the media and politicians. Our communications work included reacting swiftly to a pro-diesel campaign launched by the UK motoring industry, to smog incidences occurring in early 2015, to the VW emissions test rigging scandal in September 2015, and to news that an EU technical committee voted to delay and weaken new rules that would ensure that diesel vehicles complied with emission limits under realistic driving conditions.

Toxic chemicals

Our health and our environment are in danger from the widespread use of toxic chemicals. Some, such as endocrine disruptors, are causing irreversible damage. To stop this, we are working to ensure robust interpretation, implementation and enforcement of EU chemicals legislation, including on pesticides and cosmetics.

In court this year, we won a landmark case against the European Food Safety Agency (EFSA). The Court agreed that the Identity of those giving independent scientific advice as part of the decision making process on pesticides, food additives and genetically modified organisms should be public (see also Justice above).
This victory has very significant implications as the Court confirmed the need for transparency in the authorisation process. We will continue to work with the EFSA to develop policies to ensure this is put into practice.

We now have a stronger focus on the sustainable use of pesticides. Pesticides are a cause of loss of biodiversity and of many diseases. We are working to ensure that there is a strong legal framework for the authorisation of pesticide use, with a transparent decision making process.

**Plans for future periods**

During 2016, we intend to continue our work within our focus areas of biodiversity, energy, climate, health, forests and justice based on the key objectives of ClientEarth.

In the coming year, we intend to focus on the following:

**Biodiversity**

We will continue to work to improve the implementation and enforcement of EU conservation legislation and start to develop plans for providing legal advice on EU conservation matters. We will also ensure further progress towards a sustainable fisheries management framework in the EU, including work on fisheries control and stopping illegal fishing, and we will advocate for an improved EU regulatory framework for aquaculture. We will promote responsible seafood sourcing in the UK and beyond. We also intend to:

- address the impact of subsidies on wildlife conservation and sustainable exploitation of natural resources, particularly with regard to agriculture and fisheries subsidies
- work on other laws that affect the quality of the marine environment including the Marine Strategy Framework Directive, the EU Data Collection Framework and the frameworks for governing marine protected areas and fisheries in third country waters and on the high seas are important aspects of marine governance
- develop a whale and dolphin project to build on past work with the Whale and Dolphin Conservation
- provide consumers with knowledge on toxic chemicals in products to put pressure on retailers to phase out and substitute them with safer alternatives.

**Forests**

We will continue work to strengthen forest governance systems in our five focus countries and beyond. We will use legal expertise to support key stakeholders, and in particular civil society, to influence the design, operation and functioning of legal frameworks governing the use, management and ownership of forests and related lands.

Forest conversion is increasingly recognised as being a key driver of deforestation and forest degradation. An understanding of the legal frameworks that govern (or fail to govern) conversion is a key element to addressing this reality, yet this information is relatively scarce. Recognising this, we will also develop a body of research and expertise on the legal frameworks governing the conversion of forests.
CLIENTEARTH
COMPANY LIMITED BY GUARANTEE
TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

In the EU, we will continue work to strengthen the design and enforcement of EU regulations (including the EUTR) to control the trade of forest risk commodities and associated corporate financial and non-financial reporting. This will involve using legal analysis and expertise to support political work to establish effective regulation of forest risk commodities (other than timber), and to support the use of corporate financial and non-financial disclosure requirements to influence the impact of company supply chains on forests.

Energy

Our priority will be to work on developing a credible Energy Union governance system that will achieve the 2030 greenhouse gas emission reduction targets, and provide a focus on 2050 objectives. This work will aim to embed the 2030 targets into the Internal Energy Market (IEM). We will also continue working on integrating the efficiency first principle into EU law. Additionally, we will make interventions to drive the EU's energy transition out of dirty ( unabated) coal, to uphold the polluter pays principle and to create the market conditions for clean energy investment. We will support national actors to exercise their public participatory rights in administrative consenting processes. In Poland we plan advocacy action for our citizen's power proposal, regarding both renewable energy and energy efficiency. In the UK, we will work to uphold the integrity and ambition of the UK’s Climate Change Act.

Justice

In 2016 in our company and financial project, we will seek to consolidate and build on the successes of the last year. We will be reviewing the annual reports of around 30 UK listed carbon intensive companies to see how they are reporting climate risk. We will be seeking a target of 98% shareholder support for the Aiming for A resolutions at the upcoming AGMs of Rio Tinto, Anglo American, and Glencore, and we will continue to support pension fund members throughout 2016, to ensure the financial implications of climate change are adequately considered in the investment decision-making process. We are also looking to expand our work to a number of other financial players who are also key to a sustainable transformation of capital markets, such as actuaries, auditors and investment consultants.

We will continue to contribute to researching and drafting the International Bar Association’s (IBA) “Model Statute on Legal Remedies for Climate Change” in readiness for launch at the IBA conference in October 2016. We will also work with leading climate change scientists, and sponsor a doctoral studentship to assess climate attribution science in the context of potential legal claims related to climate damage.

The EU Aarhus Centre will continue to advance transparency, public participation and access to justice rights with our NGO partners. With an expanded scope, we will reach beyond the environmental field to include the fields of trade, the protection of whistleblowers and issues related to the Better Regulation Agenda of the European Commission. Moving forward we will reflect on how to best continue this vital work that underpins and supports environmental action across Europe.

We will continue with our legal advocacy and expertise to seek the removal of ISDS/ICS from EU trade agreements, reinforce NGO trade campaigns in the EU, remove threats to environmental protection in EU trade agreements, and improve and reinforce environmental obligations in EU trade agreements.
Health

As more municipalities and regional authorities are interested in adapting legal tools for improving air quality, we will work with these institutions as well as continue our advocacy and media campaign on clean air. We will also continue litigation regarding air pollution in Poland.

The UK Government has announced that they will be consulting on proposals for a national framework for clean air zones in early 2016. We will work with our Healthy Air Campaign partners and key stakeholders to advocate for the most ambitious proposals.

We also intend to continue to press for more ambitious air quality plans in the UK and look to launch further cases in other European cities. We intend to bring both cases based on breaches of PM10 limits in Central and Eastern Europe, caused mainly by coal combustion, and cases based on breaches of NO2 limits, caused primarily by diesel transport in Western Europe. We will also be defending recent rulings in our favour in Germany, which are currently under appeal.

China

In 2016 we will complete our assessment of the potential to strengthen environmental rule of law in China in such areas as supporting the drafting of better environmental laws and regulations, building the capacity of the judiciary and prosecutors, enhancing the capacity of China-based environmental NGOs to actively participate in environmental rule of law.

Structure, governance and management

The charity is a company limited by guarantee and is governed by its memorandum and articles of association.

The trustees, who are also the directors for the purpose of company law, who served during the period, were:

- Winsome McIntosh (Chair)
- Martin Stanley (Treasurer) (resigned 10 August 2015)
- Howard Covington (Vice-chair)
- Frances Beinecke (appointed 25 September 2015)
- Sarah Butler-Sloss (appointed 24 February 2015)
- Brian Eno
- Phil Harvey (resigned 18 August 2015)
- Stephen Hockman QC
- Philippe Joubert
- Michael McIntosh (deceased 7 May 2015)
- Mary Robert
- Fabienne Serfaty
- The Honourable Emily Young

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.
The trustees wish to record their great sadness at the loss of Michael McIntosh, a founding trustee, who sadly passed away on 7th May 2015. Michael had been a leading light in the modern environmental movement since its inception in the early 1970s. He was instrumental in establishing ClientEarth and provided the financial backing necessary to see it through its early development. Without Michael’s tireless support and wise counsel, stewarding the nascent charity through early challenges in his role as Treasurer, ClientEarth would not be what it is today. His wit, his passion for the cause and his work ethic will be sorely missed by all who knew him at ClientEarth.

New trustees are identified and invited to join the board of trustees by the nominating committee. They are selected on the basis of their sympathy with ClientEarth’s charitable objects and their ability to further them as a trustee. The nominating committee actively considers skills gaps in the Board of Trustees and seeks to fill these with new appointments. New trustees are elected by resolution and approved by a majority of trustees where a quorum is present.

New trustees are provided with an induction pack containing relevant information regarding the charity, including the governing document, latest management reports and financials, together with relevant guidance on the role and responsibilities of trustees.

Trustees are eligible to remain on the board of trustees until the second annual retirement meeting following their appointment, after which time they become eligible to be reappointed by election.

The organisation is governed by the trustees who meet twice a year during the spring and autumn (moving to three times a year in 2016). A finance committee is established which meets on a quarterly basis, including prior to each board of trustees meeting. Executive and nominating committees are also established and meet regularly at least twice per year. Communications, development and remuneration committees meet on an ad hoc basis.

The trustees are responsible for setting the overall programmatic and financial strategy of the charity and for approving the annual budget, but delegate the day-to-day management to the chief executive officer (CEO), James Thornton, who is supported by a senior management team (SMT).

ClientEarth has three operational offices in London, Brussels and Warsaw. The London headquarters accommodates the majority of the core functions of the charity such as the CEO’s office, finance, development, communications, human resources and administration teams. The charitable work of the organisation is structured by programme, which are led by programme heads where funding allows, with larger programmes also incorporating project leads. This programme-centric structure is distributed across the three offices without reference to geographical location, so that teams may be dispersed in more than one office.

The charity has a registered branch in Belgium.

ClientEarth has a subsidiary undertaking, Fundacja ClientEarth Poland, which is entirely controlled and funded by the UK charity; the board of trustees comprise founders Winsome and Michael McIntosh (Deceased 7 May 2015), James Thornton and Cornelia Edelman (Appointed 29 June 2015), while the management board includes members of ClientEarth UK’s management team. Fundacja ClientEarth Poland is established as the Polish equivalent of a charity, and its income is derived from donations and grants made by ClientEarth UK to carry out its charitable activities.
The charity has another subsidiary undertaking – a French foundation called ClientEarth France – which is also wholly controlled by ClientEarth UK. It remained dormant during 2015, undertaking no activity during the year and making no financial transactions.

In late 2015 a related charity was established in the USA, which will be fully functional in 2016.

Risk management

The trustees are responsible for the oversight of the risks faced by the organisation. Significant improvements were made in the charity's approach to risk management during 2015. A formal risk register was developed which identifies the major strategic, business and operational risks to which the charity is exposed, assesses their likelihood and potential impact, and details the mitigation measures that are a) already in place and b) necessary to implement. The trustees review this risk register at each board meeting and consider any further steps which may be necessary to manage new as well as previously identified risks.

The trustees consider the level of the charity's reserves, which still lie well below the target level set by the reserves policy, to be the most serious risk to which the charity is exposed at present.

Financial review

During the year ended 31 December 2015 the charity received total income of £6,653,500, a 40% increase on 2014 (£4,745,573). Total expenditure increased by 36% to £5,196,742 (2014: 3,812,460).

At the balance sheet date, the total funds held by the charity were £3,105,814, an 88% increase on the previous year (2014: £1,649,056). The restricted funds held at 31 December 2015 were £2,538,312, a significant increase on 2014 (£1,377,504). The unrestricted funds held at the year end increased by 109% to £567,502 (2014: £271,552).

By far the most significant source of income continues to be grants to fund our 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, the details of which may be found in note 13 to the accounts.

With so much restricted income, covering the core costs of the organisation continued to be a high priority in 2015. Ongoing improvement in the average level of cost recovery on restricted grants is starting to relieve the pressure on the charity's unrestricted funds. During 2015, this allowed a substantial contribution to the reserve fund for the second year running.

Income diversification continues to be a high priority for ClientEarth, with a particular focus on developing sources of unrestricted income. During 2015 the charity began to develop its major donor fundraising programme in earnest, recruiting a second staff member to that team late in the year.
CLIENTEARTH
COMPANY LIMITED BY GUARANTEE
TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

Reserves policy

In November 2015 the trustees adopted an updated reserves policy for ClientEarth. The revised policy considers the financial risks to which the charity is exposed and sets a new target level of free reserves at 25% of total annual expenditure (£1,299,185 in 2015).

2015 saw considerable ongoing progress towards growing the charity's reserves towards this target level. The free reserves held at 31 December 2015 totalled £567,502, a 109% increase on the prior year (2014: £271,552). This doubling in reserves for the second year running is a very encouraging trend, suggesting the charity is beginning to get to grips with the challenge of building its reserve fund. However, the total reserve is still only 11% of total annual expenditure, and so still falls well short of the target level. The gains that can be made from improving core cost recovery on restricted programme grants and maintaining lean core operations are beginning to show diminishing returns following considerable progress in these areas. The main focus in the future will continue to be on increasing unrestricted income. It is thought that the charity's recently established major donor programme will begin to show significant results in 2016, and that this will be reflected in a strengthening reserves position.

Auditors

Arram Berlyn Gardner LLP is deemed to be appointed as auditors and will be proposed for reappointment at the forthcoming Annual General Meeting.

On behalf of the board of trustees

[Signature]
W McIntosh
Trustee

Dated 19/05/2016
The trustees (who are also directors of ClientEarth for the purposes of company law) are responsible for preparing the Trustees' 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 the year. 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 2015 (FRSSE);
- 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.
CLIENTEARTH
COMPANY LIMITED BY GUARANTEE
INDEPENDENT AUDITORS’ REPORT
TO THE MEMBERS OF CLIENTEARTH

We have audited the accounts of ClientEarth for the year ended 31 December 2015 which comprise the consolidated Statement of Financial Activities, the Group Summary Income and Expenditure Account, the Group and Parent Charitable Company Balance Sheets. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective January 2015) (United Kingdom General Accepted Accounting Practices applicable to Smaller Entities).

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 auditors' 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.

Respective responsibilities of trustees and auditors
As explained more fully in the statement of trustees' responsibilities set out on page 20, the trustees (who are also the directors of ClientEarth for the purposes of company law) are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view.

We have been appointed auditor under the Companies Act 2006 and report in accordance with this Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the accounts
An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the accounts. In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited accounts and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on accounts
In our opinion the accounts:
- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 December 2015 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (applicable to smaller entities); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:
- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

Julie Piper (Senior Statutory Auditor)
for and on behalf of Arram Berlyn Gardner LLP

Chartered Accountants
Statutory Auditor
30 City Road
London
EC1Y 2AB

Dated: 3 June 2016
# CONSOLIDATED SOFA

<table>
<thead>
<tr>
<th>Notes</th>
<th>Unrestricted funds</th>
<th>Restricted funds</th>
<th>Total 2015</th>
<th>Total 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>£</td>
<td>£</td>
<td>£</td>
</tr>
</tbody>
</table>

**Income**

- **Donations and Legacies**
  - Notes: 2
  - £504,807
  - £625,930
  - £1,130,737
  - £877,737

- **Income from Investments**
  - Notes: 3
  - £32
  - £32
  - £32
  - £25

**Income from Charitable activities**

- **Biodiversity Programme**
  - £1,000
  - £1,070,408
  - £1,071,408
  - £730,986

- **Climate & Energy Programme**
  - £2,156
  - £1,040,083
  - £1,042,239
  - £891,781

- **Climate & Forests Programme**
  - £ -
  - £1,429,325
  - £1,429,325
  - £1,063,665

- **Health & Environment Programme**
  - £74,980
  - £627,887
  - £702,867
  - £622,861

- **Environmental Law & Justice Programme**
  - £ -
  - £836,524
  - £836,524
  - £548,071

- **China Programme**
  - £ -
  - £432,000
  - £432,000
  - £ -

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<th>Total Charitable activities</th>
<th>4</th>
<th>£78,136</th>
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<th>£3,857,364</th>
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<tr>
<td>Other Income</td>
<td>5</td>
<td>£8,368</td>
<td>-</td>
<td>-</td>
<td>£10,447</td>
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| Total income                  |   | £591,343 | £6,062,157 | £6,653,500 | £4,745,573 |

**Expenditure**

- **Costs of raising funds**
  - Costs of Charitable Activities
    - £185,387
    - £79,755
    - £265,142
    - £162,989

**Expenditure on Charitable activities**

- **Biodiversity Programme**
  - £24,196
  - £849,553
  - £873,749
  - £686,756

- **Climate & Energy Programme**
  - £30,367
  - £1,206,150
  - £1,236,517
  - £1,025,741

- **Climate & Forests Programme**
  - £22,453
  - £1,138,684
  - £1,161,137
  - £1,258,479

- **Health & Environment Programme**
  - £15,547
  - £724,258
  - £739,805
  - £466,547

- **Environmental Law & Justice Programme**
  - £17,443
  - £845,854
  - £863,297
  - £211,948

- **China Programme**
  - £ -
  - £57,095
  - £57,095
  - £ -

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<th>Total charitable expenditure</th>
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<th>£295,393</th>
<th>£4,901,349</th>
<th>£5,196,742</th>
<th>£3,812,460</th>
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<tr>
<td>Total resources expended</td>
<td></td>
<td>£295,393</td>
<td>£4,901,349</td>
<td>£5,196,742</td>
<td>£3,812,460</td>
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</table>

**Net Income for the year/ Net movement in funds**

- £295,950
- £1,160,808
- £1,456,758
- £933,113

**Fund balances at 1 January 2015**

- £271,552
- £1,377,504
- £1,649,056
- £715,943

**Fund balances at 31 December 2015**

- £567,502
- £2,538,312
- £3,105,814
- £1,649,056

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.
CLIENTEARTH
COMPANY LIMITED BY GUARANTEE
BALANCE SHEET
AS AT 31 DECEMBER 2015

<table>
<thead>
<tr>
<th>CONSOLIDATED BALANCE SHEET</th>
</tr>
</thead>
<tbody>
<tr>
<td>Notes</td>
</tr>
<tr>
<td>-------</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
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<tr>
<td>Debtors</td>
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<tr>
<td>Cash at bank and in hand</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td><strong>Creditors: amounts falling due within one year</strong></td>
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<tr>
<td>Total assets less current liabilities</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Income funds</strong></th>
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</thead>
<tbody>
<tr>
<td>Restricted funds</td>
</tr>
<tr>
<td>Unrestricted funds</td>
</tr>
<tr>
<td></td>
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</tbody>
</table>

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act relating to small companies and constitute the annual accounts required by the Companies Act 2006 and are for circulation to members of the company.

The accounts were approved by the Board on **17/05/2016**

W McIntosh
Trustee

Company Registration No. 2863827
CLIENTEARTH
COMPANY LIMITED BY GUARANTEE
BALANCE SHEET

AS AT 31 DECEMBER 2015

COMPANY ONLY BALANCE SHEET

<table>
<thead>
<tr>
<th>Notes</th>
<th>2015</th>
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<tbody>
<tr>
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<td>£</td>
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<tr>
<td>Current assets</td>
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<td>Debtors</td>
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<td>Cash at bank and in hand</td>
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<td>3,498,483</td>
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<td>Creditors: amounts falling due within one year</td>
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<tr>
<td>Total assets less current liabilities</td>
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<td>3,089,629</td>
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<tr>
<td>Income funds</td>
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<td>Restricted funds</td>
<td>13</td>
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<td>551,317</td>
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<td></td>
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<td>3,089,629</td>
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These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act relating to small companies and constitute the annual accounts required by the Companies Act 2006 and are for circulation to members of the company.

The accounts were approved by the Board on 19/05/2016

[Signature]
W McIntosh
Trustee

Company Registration No. 2863827
1 Accounting policies

1.1 Basis of preparation
The accounts have been prepared under the historical cost convention.

The charity has taken advantage of the exemption in Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard for Smaller Entities (the FRSSE) (effective 1 January 2015), from the requirement to produce a cash flow statement.

These financial statements 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 for Smaller Entities (the FRSSE) (effective 1 January 2015) and with the requirements of the Companies Act 2006.

1.2 Changes in accounting policies
The significant accounting policies applied in the preparation of these financial statements are set out below.

Income recognition policy as stated in note 1.4 based on entitlement remains unchanged, however under the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard for Smaller Entities (the FRSSE) (effective 1 January 2015), income is recognised on a probable basis, previously virtually certain basis.

1.3 Basis in consolidation
The financial statements consolidate the results of ClientEarth and its wholly-owned subsidiary ClientEarth Poland on a line by line basis. The Charity's wholly-owned subsidiary ClientEarth France has remained dormant since incorporation.

The results of subsidiaries sold or acquired are included in the Income & Expenditure account up to, or from the date control passes. Intergroup transactions are eliminated fully on consolidation.

A separate statement of the financial activities and Income & Expenditure account are not presented for the charity itself following the exemptions permitted by section 408 of the Companies Act 2006. The total incoming resources for the charity for the year ended 31 December 2015 were £6,643,549 (2014: £4,743,280) with the positive movements in funds being £1,459,854 (2014: £914,956).

1.4 Income
All incoming resources are included in the Statement of Financial Activities (SoFA) when the charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

For donations to be recognised the charity will have been notified of the amounts and the settlement date in writing. If there are conditions attached to the donation and this requires a level of performance before entitlement can be obtained then income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the charity and it is probable that they will be fulfilled.

Gifts in kind are recognised in the accounts as a donation received and expenditure incurred. These gifts are recorded at their market value of the service or goods provided.

Value added tax is not recoverable by the charity, and as such is included in the relevant costs in the Statement of Financial Activities.
1 Accounting policies (Continued)

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

Grants received with both a restricted and unrestricted purpose are allocated on receipt directly into the correct fund and are not transferred between restricted and unrestricted funds.

1.5 Expenditure
Resources expended are recognised in the period in which they are incurred.

Resources expended are allocated to the particular activity where the cost relates directly to that activity.

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

<table>
<thead>
<tr>
<th>Activity</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Costs of generating funds</td>
<td>6%</td>
</tr>
<tr>
<td>Biodiversity</td>
<td>20%</td>
</tr>
<tr>
<td>Climate and energy</td>
<td>27%</td>
</tr>
<tr>
<td>Climate and forests</td>
<td>20%</td>
</tr>
<tr>
<td>Health and environment</td>
<td>14%</td>
</tr>
<tr>
<td>Environmental law and justice</td>
<td>13%</td>
</tr>
</tbody>
</table>

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

1.6 Tangible fixed assets and depreciation
Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

- Fixtures, fittings & equipment: over 3 years on a straight line basis

Items of equipment are capitalised where the purchase price exceeds £1,000. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities.

1.7 Leasing and hire purchase commitments
Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

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

1.9 Foreign currency translation
Transactions denominated in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. All differences are included in net outgoing resources.
1.10 Accumulated funds
Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the accounts.

2 Donations and Legacies

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted funds</th>
<th>Restricted funds</th>
<th>Total 2015</th>
<th>Total 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donations and gifts</td>
<td>76,619</td>
<td>-</td>
<td>76,619</td>
<td>61,886</td>
</tr>
<tr>
<td>Grants receivable for core activities</td>
<td>428,188</td>
<td>625,930</td>
<td>1,054,118</td>
<td>815,851</td>
</tr>
<tr>
<td></td>
<td>504,807</td>
<td>625,930</td>
<td>1,130,737</td>
<td>877,737</td>
</tr>
</tbody>
</table>

3 Investment income

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest receivable</td>
<td>32</td>
<td>25</td>
</tr>
</tbody>
</table>

4 Incoming resources from charitable activities

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted funds</th>
<th>Restricted funds</th>
<th>Total 2015</th>
<th>Total 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants and project work</td>
<td>78,136</td>
<td>5,436,227</td>
<td>5,514,363</td>
<td>3,857,364</td>
</tr>
</tbody>
</table>

5 Other incoming resources

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other income</td>
<td>8,368</td>
<td>10,447</td>
</tr>
</tbody>
</table>
### Expenditure

<table>
<thead>
<tr>
<th>Coasts of Biodiversity, Climate &amp; Environment Programmes</th>
<th>Climate &amp; Environment Programmes</th>
<th>Climate &amp; Environment Programmes</th>
<th>Climate &amp; Environment Programmes</th>
<th>Climate &amp; Environment Programmes</th>
<th>Support Costs</th>
<th>Support Costs</th>
<th>Support Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel and related expenses</td>
<td>24,703</td>
<td>559,886</td>
<td>628,585</td>
<td>652,851</td>
<td>8,093</td>
<td>30,774</td>
<td>933,074</td>
</tr>
<tr>
<td>Consultants and advisors</td>
<td>211,380</td>
<td>120,599</td>
<td>117,243</td>
<td>114,372</td>
<td>14,490</td>
<td>4,460</td>
<td>100,850</td>
</tr>
<tr>
<td>Publications, training and meetings</td>
<td>10,000</td>
<td>9,500</td>
<td>9,500</td>
<td>9,500</td>
<td>9,500</td>
<td>9,500</td>
<td>9,500</td>
</tr>
<tr>
<td>Translation, translation, libraries, and training</td>
<td>3,502</td>
<td>12,176</td>
<td>27,987</td>
<td>27,987</td>
<td>27,987</td>
<td>27,987</td>
<td>27,987</td>
</tr>
<tr>
<td>Premises and office renting costs</td>
<td>26,543</td>
<td>124,853</td>
<td>223,244</td>
<td>223,244</td>
<td>703,099</td>
<td>7,099</td>
<td>21,153</td>
</tr>
<tr>
<td>Accounting and finance</td>
<td>62</td>
<td>6,861</td>
<td>85,224</td>
<td>85,224</td>
<td>6,236</td>
<td>6,236</td>
<td>6,236</td>
</tr>
<tr>
<td>Bank charges</td>
<td>116</td>
<td>51</td>
<td>129</td>
<td>129</td>
<td>82</td>
<td>82</td>
<td>82</td>
</tr>
<tr>
<td>Exchange rate gains/losses</td>
<td>(66)</td>
<td>(125)</td>
<td>(124)</td>
<td>(124)</td>
<td>(77)</td>
<td>(77)</td>
<td>(77)</td>
</tr>
<tr>
<td>Depreciation</td>
<td>4</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Overhead recharge</td>
<td>1</td>
<td>51</td>
<td>70</td>
<td>70</td>
<td>27,987</td>
<td>27,987</td>
<td>27,987</td>
</tr>
<tr>
<td>Total</td>
<td>3,410,022</td>
<td>774,900</td>
<td>1,034,869</td>
<td>1,094,459</td>
<td>270,054</td>
<td>60,914</td>
<td>331,895</td>
</tr>
</tbody>
</table>

Support Costs allocated to activities:
- Total: 285,922
- 7,872,059
- 1,236,157
- 239,805
- 369,231
- 37,085

Support Costs allocated to activities:
- Total: 3,422,800
- 556,228
- 755,754
- 130,238
- 160,238
- 150,238

Support Costs allocated to activities:
- Total: 738,362
- 99,999
- 111,111
- 22,222
- 33,333
- 44,444

Support Costs allocated to activities:
- Total: 1,432
- 23,234
- 45,456
- 99,998
- 111,111
- 166,667

Support Costs allocated to activities:
- Total: 3,422,800
- 556,228
- 755,754
- 130,238
- 160,238
- 150,238

Support Costs allocated to activities:
- Total: 285,922
- 7,872,059
- 1,236,157
- 239,805
- 369,231
- 37,085
6 Expenditure

<table>
<thead>
<tr>
<th>Costs of raising funds</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Costs of generating grants</td>
<td>214,763</td>
<td>24,329</td>
</tr>
<tr>
<td>Support costs</td>
<td>21,827</td>
<td>4,223</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>236,590</td>
<td>28,552</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Charitable activities</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Activities undertaken directly</td>
<td>2,740,265</td>
<td>1,730,340</td>
</tr>
<tr>
<td>Support costs</td>
<td>354,321</td>
<td>106,674</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3,094,586</td>
<td>1,837,014</td>
</tr>
</tbody>
</table>

| Audit fees (including VAT) charged to the Income and Expenditure account amounted to £13,950 (2014: £13,500) and fees paid/accrued to the auditors for non-audit services amounted to £15,089 (2014: £13,200). |

7 Governance costs

<table>
<thead>
<tr>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Staff Costs</td>
<td>12,370</td>
</tr>
<tr>
<td>Statutory accounts and audit</td>
<td>21,123</td>
</tr>
<tr>
<td>Trustees’ travel costs</td>
<td>8,727</td>
</tr>
<tr>
<td>Board meetings costs</td>
<td>7,999</td>
</tr>
<tr>
<td>Trustees’ liability insurance</td>
<td>-</td>
</tr>
<tr>
<td>Other costs</td>
<td>2,660</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>52,879</td>
</tr>
</tbody>
</table>

8 Trustees

None of the trustees (or any persons connected with them) received any remuneration during the year. During the year £8,726 (2014: £9,323) of expenses were reimbursed to W McIntosh relating to travel and accommodation costs for attending trustees meetings. These costs were covered by an unrestricted grant to the charity from the McIntosh Foundation.
9 Employees

Number of employees
The average monthly number of employees during the year was:

<table>
<thead>
<tr>
<th></th>
<th>2015 Number</th>
<th>2014 Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restricted funds projects</td>
<td>59</td>
<td>45</td>
</tr>
<tr>
<td>Unrestricted funds projects</td>
<td>13</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>72</td>
<td>54</td>
</tr>
</tbody>
</table>

Employment costs

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages and salaries</td>
<td>£3,331,176</td>
<td>£2,538,717</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>2015 Number</th>
<th>2014 Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>£60,000 - £70,000</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>£70,000 - £80,000</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>£90,000 - £100,000</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>£100,000 - £110,000</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>£140,000- £150,000</td>
<td>1</td>
<td>-</td>
</tr>
</tbody>
</table>

Pension contributions for employees whose annual remuneration was £60,000 or more amounted to £24,210 (2014: £56,269).

10 Tangible fixed assets

Group and Parent

<table>
<thead>
<tr>
<th></th>
<th>Fixtures, fittings &amp; equipment £</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost</td>
<td></td>
</tr>
<tr>
<td>At 1 January 2015 and at 31 December 2015</td>
<td>120,570</td>
</tr>
<tr>
<td>Depreciation</td>
<td></td>
</tr>
<tr>
<td>At 1 January 2015 and at 31 December 2015</td>
<td>120,570</td>
</tr>
<tr>
<td>Net book value</td>
<td></td>
</tr>
<tr>
<td>At 31 December 2015</td>
<td></td>
</tr>
</tbody>
</table>
### Debtors

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Group</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accrued income</td>
<td>722,987</td>
<td>337,546</td>
</tr>
<tr>
<td>Prepayments and other debtors</td>
<td>221,654</td>
<td>134,349</td>
</tr>
<tr>
<td></td>
<td>944,641</td>
<td>471,895</td>
</tr>
<tr>
<td><strong>Parent</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accrued income</td>
<td>722,987</td>
<td>337,546</td>
</tr>
<tr>
<td>Prepayments and other debtors</td>
<td>214,111</td>
<td>130,479</td>
</tr>
<tr>
<td></td>
<td>937,098</td>
<td>468,025</td>
</tr>
</tbody>
</table>

### Creditors: amounts falling due within one year

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Group</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other creditors</td>
<td>136,688</td>
<td>13,221</td>
</tr>
<tr>
<td>Accruals</td>
<td>288,782</td>
<td>120,970</td>
</tr>
<tr>
<td></td>
<td>425,470</td>
<td>134,191</td>
</tr>
<tr>
<td><strong>Parent</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Creditors</td>
<td>134,127</td>
<td>3,019</td>
</tr>
<tr>
<td>Accruals</td>
<td>274,727</td>
<td>120,966</td>
</tr>
<tr>
<td></td>
<td>408,854</td>
<td>123,985</td>
</tr>
</tbody>
</table>
### 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:

<table>
<thead>
<tr>
<th>Fund/Trust/Program</th>
<th>Balance at 1/1/2015</th>
<th>Incoming resources</th>
<th>Resources expended</th>
<th>Balance at 31/12/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adessium Foundation - Fisheries</td>
<td>-</td>
<td>63,261</td>
<td>(8,607)</td>
<td>54,654</td>
</tr>
<tr>
<td>Arcadia Fund</td>
<td>136,019</td>
<td>300,000</td>
<td>(260,174)</td>
<td>175,845</td>
</tr>
<tr>
<td>Calouste Gulbenkian Foundation</td>
<td>8,000</td>
<td>9,100</td>
<td>(11,964)</td>
<td>5,136</td>
</tr>
<tr>
<td>Calouste Gulbenkian Foundation - AQUA</td>
<td>-</td>
<td>20,000</td>
<td>(582)</td>
<td>19,418</td>
</tr>
<tr>
<td>Global Greengrants Fund</td>
<td>78,204</td>
<td>148,427</td>
<td>(137,737)</td>
<td>88,894</td>
</tr>
<tr>
<td>Holly Hill Trust – Bats</td>
<td>455</td>
<td>-</td>
<td>(455)</td>
<td>-</td>
</tr>
<tr>
<td>Oak Foundation</td>
<td>-</td>
<td>15,706</td>
<td>(8,630)</td>
<td>7,076</td>
</tr>
<tr>
<td>Pig Shed Trust</td>
<td>83,564</td>
<td>324,905</td>
<td>(320,197)</td>
<td>88,272</td>
</tr>
<tr>
<td>Sir John Fisher Foundation</td>
<td>6,000</td>
<td>10,000</td>
<td>(5,884)</td>
<td>10,316</td>
</tr>
<tr>
<td>UK Infrastructure Bill</td>
<td>6,000</td>
<td>-</td>
<td>(5,763)</td>
<td>237</td>
</tr>
<tr>
<td>Walton Family Foundation – Sustainable Seafood Coalition</td>
<td>8,355</td>
<td>179,009</td>
<td>(106,157)</td>
<td>81,207</td>
</tr>
<tr>
<td>Ashden Trust</td>
<td>43,434</td>
<td>75,000</td>
<td>(64,890)</td>
<td>53,544</td>
</tr>
<tr>
<td>European Climate Foundation - EU Climate Policies</td>
<td>-</td>
<td>179,921</td>
<td>(179,921)</td>
<td>-</td>
</tr>
<tr>
<td>European Climate Foundation - EU Energy Efficiency</td>
<td>-</td>
<td>36,045</td>
<td>(36,045)</td>
<td>-</td>
</tr>
<tr>
<td>European Climate Foundation - EU Power</td>
<td>-</td>
<td>126,350</td>
<td>(123,137)</td>
<td>3,213</td>
</tr>
<tr>
<td>European Climate Foundation - Poland Power</td>
<td>-</td>
<td>210,652</td>
<td>(210,652)</td>
<td>-</td>
</tr>
<tr>
<td>European Climate Foundation - Poland Energy Efficiency</td>
<td>-</td>
<td>60,655</td>
<td>(60,655)</td>
<td>-</td>
</tr>
<tr>
<td>European Climate Foundation- DSM</td>
<td>-</td>
<td>36,000</td>
<td>(31,180)</td>
<td>4,820</td>
</tr>
<tr>
<td>Intelligent Energy Europe - Community Power Project</td>
<td>(57,623)</td>
<td>26,350</td>
<td>(12,014)</td>
<td>(43,287)</td>
</tr>
<tr>
<td>Kelstrelman Trust</td>
<td>-</td>
<td>12,460</td>
<td>(12,460)</td>
<td>-</td>
</tr>
<tr>
<td>JMG Foundation</td>
<td>40,000</td>
<td>-</td>
<td>(40,000)</td>
<td>-</td>
</tr>
<tr>
<td>DFID – EU Timber Regulation</td>
<td>15,100</td>
<td>312,007</td>
<td>(327,107)</td>
<td>-</td>
</tr>
<tr>
<td>DFID – FLEGT Africa</td>
<td>839</td>
<td>513,304</td>
<td>(514,143)</td>
<td>-</td>
</tr>
<tr>
<td>DFID - FGMC</td>
<td>-</td>
<td>604,014</td>
<td>(209,063)</td>
<td>394,951</td>
</tr>
<tr>
<td>City Bridge Trust</td>
<td>12,416</td>
<td>13,500</td>
<td>(25,916)</td>
<td>-</td>
</tr>
<tr>
<td>ClimateWorks Foundation – via Deutsche Umwelthilfe e.V. (DUH) - Black Carbon</td>
<td>3,046</td>
<td>17,615</td>
<td>(20,679)</td>
<td>(18)</td>
</tr>
<tr>
<td>ClimateWorks Foundation – via Deutsche Umwelthilfe e.V. (DUH) - National Emissions Ceiling (NEC) Directive</td>
<td>10,465</td>
<td>-</td>
<td>(10,465)</td>
<td>-</td>
</tr>
<tr>
<td>Funders for Fair Trade</td>
<td>134,372</td>
<td>-</td>
<td>(110,332)</td>
<td>24,040</td>
</tr>
<tr>
<td>Kenneth Miller Trust</td>
<td>-</td>
<td>25,000</td>
<td>(21,583)</td>
<td>3,417</td>
</tr>
<tr>
<td>SumOfUs</td>
<td>17,032</td>
<td>-</td>
<td>(1,945)</td>
<td>15,087</td>
</tr>
<tr>
<td>Trust for London</td>
<td>-</td>
<td>-</td>
<td>(8,103)</td>
<td>(8,103)</td>
</tr>
</tbody>
</table>

| Sub total | 545,678 | 3,319,281 | (2,886,240) | 978,719 |
13 Restricted funds

<table>
<thead>
<tr>
<th>Description</th>
<th>Balance at 1/1/2015</th>
<th>Incoming resources</th>
<th>Resources expended</th>
<th>Balance at 31/12/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brought forward from previous page</td>
<td>545,678</td>
<td>3,319,281</td>
<td>(2,886,240)</td>
<td>978,719</td>
</tr>
<tr>
<td>Adessium Foundation – Aarhus Centre</td>
<td>33,941</td>
<td>97,020</td>
<td>(121,325)</td>
<td>9,636</td>
</tr>
<tr>
<td>The Sainsbury Family Charitable Trusts (Mark Leonard Trust/ Ashden Trust/ JJ Charitable)</td>
<td>-</td>
<td>50,000</td>
<td>(9,170)</td>
<td>40,830</td>
</tr>
<tr>
<td>Frederick Mulder Foundation</td>
<td>3,486</td>
<td>75,000</td>
<td>(27,262)</td>
<td>51,224</td>
</tr>
<tr>
<td>KR Foundation</td>
<td>-</td>
<td>79,173</td>
<td>(61,387)</td>
<td>17,786</td>
</tr>
<tr>
<td>Wallace Global Fund</td>
<td>-</td>
<td>48,250</td>
<td>(48,250)</td>
<td>-</td>
</tr>
<tr>
<td>Children's Investment Fund Foundation - China Rule of Law</td>
<td>-</td>
<td>432,000</td>
<td>(57,095)</td>
<td>374,905</td>
</tr>
<tr>
<td>Children's Investment Fund Foundation- Climate Litigation</td>
<td>403,941</td>
<td>1,069,503</td>
<td>(1,159,211)</td>
<td>314,233</td>
</tr>
<tr>
<td>Children's Investment Fund Foundation- Climate Litigation drawdown facility</td>
<td>100,929</td>
<td>266,000</td>
<td>(145,215)</td>
<td>221,714</td>
</tr>
<tr>
<td>Blue Haven Initiative- COO</td>
<td>88,902</td>
<td>159,099</td>
<td>(146,663)</td>
<td>101,338</td>
</tr>
<tr>
<td>Blue Haven Initiative- US Fundraising</td>
<td>-</td>
<td>241,831</td>
<td>(22,583)</td>
<td>219,248</td>
</tr>
<tr>
<td>Esmée Fairbairn Foundation</td>
<td>193,127</td>
<td>225,000</td>
<td>(209,448)</td>
<td>208,679</td>
</tr>
<tr>
<td>John Ellerman Foundation</td>
<td>7,500</td>
<td>-</td>
<td>(7,500)</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>1,377,504</td>
<td>6,062,157</td>
<td>(4,901,349)</td>
<td>2,538,312</td>
</tr>
</tbody>
</table>

Incoming resources from generated funds

Biodiversity programme

Adessium Foundation – Fisheries Control
Support for the charity’s project on the EU legal framework for fisheries control and illegal, unreported and unregulated (IUU) fishing.

Arcadia Fund
Support to develop and build the charity’s Wildlife Defence Programme.

Calouste Gulbenkian Foundation – Marine CoLABoration
To fund participation in the Foundation’s Marine CoLABoration initiative.

Calouste Gulbenkian Foundation - Aquaculture
Support for the development of aquaculture standards across the EU.

Global Greengrants Fund
Support for work on the enforcement and implementation of the EU Regulation on the Registration, Evaluation, Authorisation and restriction of Chemicals (REACH), with the ultimate aim of reducing the quantity of toxic chemicals on the market.

Holly Hill Trust – Bats
Support for initial legal analysis on the issue of wind turbines’ effect on bats.
Restricted funds (Continued)

Oak Foundation
Support for a pilot project addressing IUU fishing.

Pig Shed Trust
Support the charity’s advocacy work to secure strong implementation of the EU’s reformed Common Fisheries Policy (CFP).

UK Infrastructure Bill
Support from the Arcadia Fund, the JMG Foundation and the Aspinall Foundation to work on the impact of the UK Infrastructure Bill on species no longer normally present in Britain.

Walton Family Foundation – Sustainable Seafood Coalition
Support for the Sustainable Seafood Coalition, a partnership with major seafood buyers to advance seafood sustainability in the United Kingdom.

Climate and energy programme

Ashden Trust
Support for the charity’s work defending the UK Climate Change Act.

European Climate Foundation – EU Climate Policies
To support the charity’s legal strategy on Europe’s 2030 Climate and Energy Package.

European Climate Foundation – EU Energy Efficiency
To support the charity’s work on the legal framework governing energy efficiency at EU level.

European Climate Foundation – EU Power
To support the charity’s legal and policy strategy contributing to Europe’s decarbonisation of the power sector.

European Climate Foundation – Poland Power
To support the charity’s legal strategy against unabated coal in Poland.

European Climate Foundation – Poland Energy Efficiency
To support the charity’s work on the legal framework governing energy efficiency in Poland.

European Climate Foundation – Demand Side Management
To support the charity’s work on demand side management/response in the power sector.

Intelligent Energy Europe - Community Power Project
Support for work to enable legislation to increase community ownership of renewable energy sources (RES) projects across Europe. The current negative fund balance is due to the payment schedule of the grant.

Kestrelman Trust
Support for the charity’s campaign to tackle air pollution in Poland, with a special emphasis on tourist municipalities in the south of the country.
13 Restricted funds

**Climate and forests programme**

**JMG Foundation**
General support for the climate and forests programme.

**UK Department for International Development (DFID)**
Support for the climate and forests programme through DFID's Forest Governance Markets and Climate (FGMC) Programme, comprising two strands:

- **DFID - EU Timber Regulation**
  Ensuring the effective implementation and enforcement of the EU Timber Regulation.
- **DFID – FLEGT Africa**
  Supporting civil society and forest community organisations in Ghana, Republic of Congo and Gabon engaged in processes related to FLEGT and REDD+.
- **DFID – FMGC**
  Renewal of the above two grants, with FLEGT Africa and EU Timber Regulation work rolled into a single grant.

**Health and environment programme**

**City Bridge Trust**
Support for an educational programme to promote the improvement of air quality in London.

**ClimateWorks Foundation – via Deutsche Umwelthilfe e.V. (DUH) – Black Carbon**
Support for the charity’s ‘Black Carbon Campaign’, setting up a strategy for national campaigning on black carbon, part of a wider ‘Soot free’ campaign.

**ClimateWorks Foundation – via Deutsche Umwelthilfe e.V. (DUH) – Year of Air**
Support for advocacy work aimed at the adoption of a new NEC Directive to reduce air pollution and its impacts on people’s health and the environment.

**Funders for Fair Trade**
Support from a coalition of funders to develop strategic legal interventions to ameliorate the environmental impacts of the Transatlantic Trade and Investment Partnership (TTIP).

**Kenneth Miller Trust**
Support for the healthy air programme, in particular the ‘UK Healthy Air Campaign’.

**SumOfUs**
Support to intervene in a case before the European Court of Justice in support of European Commission measures that ban the use of certain neonicotinoid pesticides.

**Trust for London**
Support for a campaign for the adoption and implementation of a Clean Air Zone for London.
Restricted funds

Environmental law and justice programme

Adessium Foundation – Aarhus Centre
Support for the 'Aarhus Centre' project to further develop the Brussels-based EU Aarhus Centre, which aims to promote the accountability, transparency and good governance of EU institutions to ensure that citizens are able to exercise their rights as granted by the Aarhus Convention.

The Sainsbury Family Charitable Trusts (Mark Leonard Trust/Ashden Trust/JJ Charitable Trust)
Support for a lawyer post in the Climate Litigation programme.

Frederick Mulder Foundation
Support for climate damages work.

KR Foundation (via the Center for International Environmental Law - CIEL)
Support for the charity's work to promote the rapid expansion and strategic development of climate law, liability and litigation, with a focus on holding corporations accountable for climate damages.

Wallace Global Fund
Support to develop legal strategies to promote action on climate change.

China programme

Children’s Investment Fund Foundation – China Rule of Law
Support for a scoping study to improve the charity’s understanding of the opportunities presented by working on rule of law in China.

Cross-programmatic grants

Children’s Investment Fund Foundation – Climate Litigation
Support for legal actions aimed at accelerating the transition to low carbon living in Europe, through reducing emissions from existing coal plants, improving air quality and reducing emissions from the corporate sector.

Children’s Investment Fund Foundation – Climate Litigation Drawdown Facility
Support for legal actions aimed at accelerating the transition to low carbon living in Europe, through reducing emissions from existing coal plants, improving air quality and reducing emissions from the corporate sector.

Restricted core grants

Blue Haven Initiative – COO
To support the charity's core costs, including inter alia the creation of a Chief Operating Officer post.

Blue Haven Initiative – US Fundraising
To support the launch of a US fundraising effort by the charity.

Esmée Fairbairn Foundation
To support the charity's core costs, including inter alia senior posts in finance and development.

John Ellerman Foundation
To support a Development Officer post.
14 Analysis of net assets between funds

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted funds £</th>
<th>Restricted funds £</th>
<th>Total £</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Group</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fund balances at 31 December 2015 are represented by:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets</td>
<td>992,972</td>
<td>2,538,312</td>
<td>3,531,284</td>
</tr>
<tr>
<td>Creditors: amounts falling due within one year</td>
<td>(425,470)</td>
<td>-</td>
<td>(425,470)</td>
</tr>
<tr>
<td></td>
<td>567,502</td>
<td>2,538,312</td>
<td>3,105,814</td>
</tr>
</tbody>
</table>

**Parent**

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted funds £</th>
<th>Restricted funds £</th>
<th>Total £</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund balances at 31 December 2015 are represented by:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets</td>
<td>960,171</td>
<td>2,538,312</td>
<td>3,498,483</td>
</tr>
<tr>
<td>Creditors: amounts falling due within one year</td>
<td>(408,854)</td>
<td>-</td>
<td>408,854</td>
</tr>
<tr>
<td></td>
<td>551,317</td>
<td>2,538,312</td>
<td>3,089,629</td>
</tr>
</tbody>
</table>

15 Subsidiary undertakings

Foundation ClientEarth Poland, a foundation incorporated in Poland is a 100% subsidiary of ClientEarth. The foundation does not have any share capital and therefore no investment is shown in the parent only balance sheet.

ClientEarth France, a foundation incorporated in France is a 100% subsidiary of ClientEarth. The foundation does not have any share capital and therefore no investment is shown in the parent only balance sheet.

All funding given by ClientEarth is shown as grants received in ClientEarth Poland. ClientEarth Poland has net assets of £16,184 (2014 £19,282), which are included in the consolidated accounts.
16 Commitments under operating leases

At 31 December 2015 the company had annual commitments under non-cancellable operating leases as follows:

<table>
<thead>
<tr>
<th></th>
<th>Land and buildings</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2015 (£)</td>
<td>2014 (£)</td>
</tr>
<tr>
<td>Expiry date:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Within one year</td>
<td>47,059</td>
<td>17,479</td>
</tr>
<tr>
<td>Between two and five years</td>
<td>202,189</td>
<td>172,666</td>
</tr>
<tr>
<td></td>
<td>249,248</td>
<td>190,145</td>
</tr>
</tbody>
</table>

17 Related parties

During the year the charity received an unrestricted grant of £110,129 from The McIntosh Foundation (2014: £111,965), a foundation of which Winsome McIntosh and during the year her late husband Michael McIntosh are also trustees.

During the year the charity received an unrestricted grant of £150,000 from The J. Van Mars Foundation (2014: £150,000), a foundation of which the members of the band Coldplay (patrons) are trustees. Phil Harvey (a former trustee) is the band’s creative director.

During the year, the charity received a restricted grant of £125,000 from Ashden Trust (2014: £75,000), a trust of which Susan Butler-Sloss (a trustee) is also a trustee.

Client Earth France, a French foundation was formed during 2011. The foundation is 100% controlled by ClientEarth and the foundation had no transactions during the year.

ClientEarth Poland, a Polish Foundation is 100% controlled by ClientEarth. A grant of £297,178 (2014 £269,789) was made to the Polish Foundation in the year.