

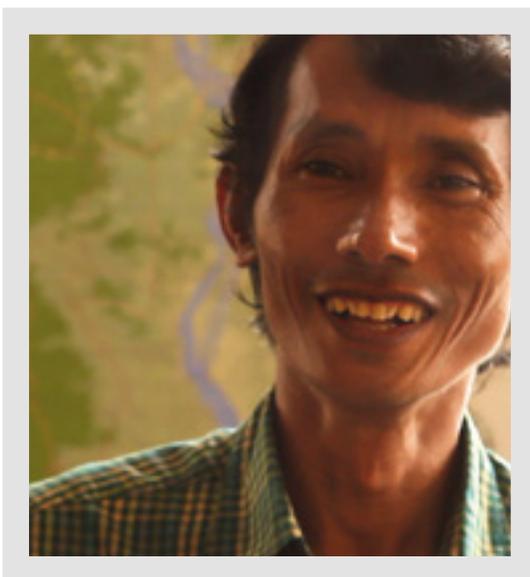


global witness

# ANNUAL REVIEW 2012

EXPOSING  
HIDDEN  
INTERESTS





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Chut Wutty was a long-standing friend and former employee of Global Witness. On 26 of April 2012, he was murdered by members of Cambodia's military police whilst tracking illegal logging.

This report is dedicated to his memory.

Global Witness will never forget Wutty's contribution and we're committed to continuing his work.

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Throughout 2012, Global Witness has continued to challenge and disrupt the vested interests, powerful elites and the corrupt who are engaged in a predatory and corrupt scramble for the world's natural resources. This scramble is destroying the planet, robbing some of the world's poorest people of what's rightfully theirs and continues to fuel instability and war.

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# FOUNDING DIRECTORS' MESSAGE

Global Witness lost a dear friend and former colleague in 2012. Chut Wutty was a dedicated and courageous husband, father and environmental activist. He'd dedicated his life to helping people in Cambodia defend their rights to the land and forests they call home, and upon which they depend. On 26 April 2012, Wutty was murdered at the hands of Cambodia's military police while investigating illegal logging and land seizures in Cambodia.

Wutty's death is a tragedy. But alarmingly, it is not a shock. As competition for land and natural resources intensifies, individuals and communities are increasingly on the front line, forced to take desperate measures to defend their homes and livelihoods against vested interests eyeing them up for profit. This report is dedicated to Wutty and to the courageous individuals across the globe who are taking huge personal risks to protect their communities' way of life.

As well as being a year of reflection, 2012 has also been a crucial year for one of our longest running campaigns. Since 1999, Global Witness has been campaigning for strong laws to provide millions of citizens with information about where the money from their natural resource sectors is going. In 2012, we succeeded; Section 1504 of the U.S. Dodd Frank Act is now governed by strong rules that force extractive companies to open up their books to scrutiny and publish payments they make to governments on a project-by-project basis. In 2013, the EU has also agreed similar ground-breaking rules. Taken together, these new mandatory requirements form the basis of a truly global standard. Throughout 2013 and beyond we'll be campaigning to make sure other key markets follow suit.

Throughout 2012, Global Witness has continued to hold some of the world's largest corporations to account for their role in scandalous deals which rob people of their nation's natural resource wealth and devastate precious environments. In November, we exposed how HSBC has violated its sustainability policies and made around US\$130 million in interest and fees by bankrolling logging companies causing widespread environmental destruction and human rights abuses in Sarawak, Malaysia. Throughout the year, we've also been exposing how the Democratic Republic of Congo is losing out on billions of dollars because its most lucrative mining assets are being sold off in secretive deals involving two of the world's largest mining companies – Glencore and ENRC. For Global Witness, these two examples highlight how current international norms are promoting the interests of the powerful over the needs of the poor. Using these in-depth investigations, we're continuing to identify key pressure points to change these norms for good.

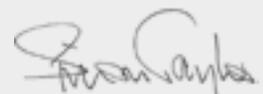
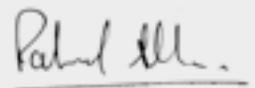
Global Witness will celebrate its 20th anniversary in 2013. While we've come a long way since operating out of one of our front rooms, our mission and drive hasn't changed. With our growing and dedicated team, we have ambitious plans to step up our campaigns to change the international political and financial systems which are destroying the environment enabling massive corruption, robbing some of the world's poorest people of what's rightfully theirs, and fuelling instability and war. Key to our vision will be tackling the service economy of corruption: the hordes of expensive lawyers, fixers, brokers, and middlemen that make all this

possible. We are also stepping up our work with emerging powers like China and India whose approach to transparency and accountability will be crucial to global efforts to challenge vested interests and translate natural resource wealth into development.

We are delighted to announce that, in 2012, the Open Society Foundations, long-time supporters of Global Witness, generously pledged a commitment to our future plans by providing a leading Challenge Fund Grant of £4.5 million. This will mean that, over the next four years, every new gift to Global Witness will be matched at a ratio of £10,000 for every £20,000 received, ensuring that each gift will go even further.

With this support, and by working with partners both new and old, Global Witness is working hard to build on the fantastic gains from the past 20 years. We won't stop until the vested interests and powerful elites, who are thriving at the expense of ordinary citizens and poor countries, have nowhere to hide.

Patrick Alley,  
Charmian Gooch,  
Simon Taylor





Global Witness's detailed investigative work, high level advocacy and strategic leadership helped secure effective new U.S. rules in the extractives sector.

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Campaigning for total

# TRANSPARENCY IN THE RESOURCE BUSINESS

Oil, gas and mining companies must  
not be allowed to operate in secret



Global Witness has published numerous reports relating to the impact of Chinese companies across the world. In 2012, we expanded our engagement with government officials, company representatives, researchers and journalists in Beijing and Hong Kong.

Global Witness exposed questionable payments made by subsidiaries of Shell & Eni in Nigeria. Our information has been used as a key case study by policy-makers within the European Parliament pushing for tough new transparency laws.

Global Witness has exposed the secret sale of the Democratic Republic of Congo's valuable mining assets to shadowy offshore companies for a fraction of their estimated commercial value, depriving DRC's citizens of much-needed revenues.

8.  
U.S.

9.  
NIGERIA

10.  
DRC

11.  
CHINA

Questionable and badly-negotiated oil and mining deals, secret payments done behind closed doors and 'front' companies used to siphon off public funds all prop up dishonest and brutal regimes by allowing them to rob citizens of billions of dollars.

Where companies and governments act dishonestly, Global Witness exposes and shames them. We gather concrete evidence of corporate and official corruption and use this to expose how deals are done, where the money is going and who is benefitting – shedding light on every stage of the natural resource deal chain, from the oil well to the bank. We then campaign to change the system.

After over a decade of campaigning, momentum to force extractive companies to open up their books to scrutiny is building on a global scale. The U.S. government has passed a strong law which forces over 1,000 extractive companies including some of the world's biggest oil and mining firms to be more transparent. Similar moves are needed in the EU and in key emerging economies like China, both of which Global Witness is actively campaigning for. We also need to keep up the fight to stop the powerful industry lobby from gutting new laws or halting this progress.

**Below** The American Petroleum Institute (API), which includes companies like Shell, ExxonMobil and BP, has filed a lawsuit which attempts to strike out a ground-breaking U.S. transparency law. If successful, it would contribute to keeping citizens in the dark about where money from natural resource deals is going.

2012: a victorious year in the

# FIGHT FOR TRANSPARENCY

in the oil, gas and mining sectors



In 2012, Global Witness played a crucial role as part of the Publish What You Pay Coalition (PWYP) in securing a historic victory for transparency and accountability in the oil, gas and mining sector.

For over a decade, and in the face of a virulent lobby campaign by big industry players like Shell, Chevron, ExxonMobil and BP, Global Witness and PWYP have campaigned for strong rules in the extractives sector to force companies to open up their books to scrutiny. The case could not be simpler: civil society and citizens in resource-rich countries must know where billions of dollars tied up in natural resource deals are going. Uniquely, Global Witness documents high profile cases of obscure payments made by global extractive companies that illustrate exactly why such rules are necessary.

After a long and hard-fought campaign to secure legislative change, the 2010 U.S. Dodd Frank Act included a provision (Section 1504) requiring extractive companies registered with the U.S. Regulator – the Securities and Exchange Commission (SEC) – to publish the payments they make to governments around the world. Since this Act was signed into law, industry has embarked on an aggressive lobby campaign to subvert the intent of Congress by watering down the rules.

In September 2012, the SEC published their detailed ruling on how Section 1504 should be implemented in practice. The ruling was a major success for Global Witness and the PWYP coalition: extractive companies who want to list with U.S. stock exchanges are now, without exemption, required to publish the payments they make to



*'Global Witness has provided the key cases that have helped cut-through opposition to transparency legislation and have been relentless in their campaigning for a global standard.'* – As Rapporteur on Transparency for the European Parliament Legal Affairs Committee, Arlene McCarthy MEP is championing the push for strong transparency measures in the EU

governments on a project-by-project basis. As a result, citizens around the world can finally begin to follow-the-money from their natural resources.

**But the battle is not yet over.** Despite being deliberated over by Congress for more than six years, having the support of President Obama and being supported by investors representing over US\$1 trillion of funds, the American Petroleum Institute (API), which includes companies such as Shell, Chevron, ExxonMobil and BP, has filed a lawsuit against the SEC ruling which attempts to completely strike out the law. It seems big oil and gas companies still want to operate with impunity and keep their business secret. Global Witness will continue campaigning to make sure they don't succeed.

At the time of going to print, the EU has just agreed ground-breaking transparency rules that bring it into line with those in the U.S. Taken together, these new mandatory requirements cover approximately two thirds of the value of the global extractive industries, forming the basis of a truly globalised standard. Throughout 2013, Global Witness will be looking at how other key markets can implement similar rules.

Citizens around the world have a right to know how their country's natural resource wealth is being spent. Recognising the need for far greater transparency in the extractives sector to make this a reality, Global Witness conceived of the idea of regulation to force big oil, gas and mining companies to publish far more information as a condition of their listing on stock exchanges around the world.

As a result, we co-launched the PWYP campaign with George Soros in June 2002. In the intervening decade, PWYP has become a movement of more than 650 organisations from more than 60 countries around the globe, all in support of mandatory laws forcing extractive industry companies to become more transparent and open up their books to scrutiny.

Exposing Shell's

# OBSCURE PAYMENTS

in Nigeria



**Right** Dan Etete, convicted money launderer & former oil minister of Nigeria, spared no expense to sell off Nigerian oil block OPL-245, staying at this hotel in Paris. The block was eventually bought by Shell & Eni for US\$1.092 billion.  
*Photo: Global Witness*

*'Despite insisting that they had no previous knowledge that a huge chunk of the \$1.1 billion (N155 billion) they paid to the Nigerian government for oil block OPL-245 will be transferred to Malabu Oil, owned by convicted felon Dan Etete, proceedings from a recent U.K. High Court case shows that Shell, and Italian energy giant, ENI, were aware of the final destination of the money.'* – Nicholas Ibekwe writing in the Nigerian paper *the Premium Times\**, 11 March 2013



*Throughout 2012, Global Witness has published revelations about deals done by Shell in Nigeria, one of the world's most impoverished countries. These obscure payments by one of the world's largest oil giants expose the urgent need for the very transparency measures the company is opposing.*

In May 2012, Global Witness pieced together detailed court documents and other evidence that exposed how Nigerian subsidiaries of Shell and Italian oil giant Eni agreed to pay US\$1.092 billion to the Nigerian government for oil block OPL-245 – estimated to be one of West Africa's most potentially lucrative offshore oil blocks. At the same time this payment was made, precisely the same amount was agreed to be paid by the Nigerian government to Malabu Oil and Gas, a company widely reported as controlled by the convicted money-launderer and ex-oil minister from the corrupt Abacha-era regime – Mr Dan Etete.

Extensive coverage of Shell's activities in the Financial Times sparked a firestorm of coverage in Nigeria. Every major paper in-country covered the story, reigniting debate on the issue. This prompted the Nigerian Attorney General to make a statement that further implicated Shell.

Our information has been used as a key tool by policy-makers within the European Parliament to successfully secure consensus that the upcoming European law on extractive industry transparency must require companies to report in enough detail to capture payments of the kind this case exposed.

\*<http://premiumtimesng.com/author/nicholas-ibekwe>

**Right** A mining truck digs for copper at the Frontier mine near Sakania, south of the Katanga province in DRC. Shadowy deals and a veil of secrecy over offshore companies has allowed the DRC's rich mineral wealth to be siphoned out of the country, diverting billions away from Congolese citizens. *Photo: Gwenn Dubourthoumie*



Investigating corruption in the Democratic Republic of Congo's

# MINING SECTOR:

our campaigning resulted in the International Monetary Fund shifting its approach in the country



*The Democratic Republic of Congo (DRC) – a desperately poor, war-ravaged country – is losing out on billions of dollars of revenues because its most lucrative mining assets are being sold off in secretive deals involving two of the world's largest mining companies, offshore companies with links to a friend of the President, and the Congolese state.*

Since January 2010, a raft of prize Congolese mining assets have been acquired in secret by offshore companies. The sales prices were extremely low, in some cases only at around five per cent of commercial valuations. The offshore companies went on to make vast profits by partnering up with, or selling these assets on to, two of the world's largest mining companies: Glencore and Eurasia Natural Resources Corporation (ENRC).

As a result, the bulk of the profits from many of Congo's biggest and most promising mining sites went to offshore companies with undeclared beneficiaries, rather than to the state. Global Witness has analysed many of the deals, publishing its core findings in memos to the shareholders of Glencore and ENRC, timed to coincide with the companies' AGMs of 9 May and 12 June 2012. The memos described the deals as "potentially corrupt" and

*'I think you are laying yourself open to the gravest of corruption risks with this... And whatever the legalities of it, it is completely morally wrong to rip off one of the poorest countries in the world in such a blatant fashion.'* – Daniel Balint-Kurti, Global Witness Campaign Leader for the DRC, quoted in the Guardian on 28 December 2012. Balint-Kurti was speaking at an ENRC general meeting where a US\$550 million Congo deal was voted on.

called for both companies to fully investigate them and make the findings of these investigations public.

In the wake of our investigative work, which has received extensive international media coverage, the International Monetary Fund (IMF) ended its major loan agreement with the DRC, citing transparency concerns over one of the secret sales.

In 2013, Global Witness will continue to investigate these deals. With such huge sums of money at stake, with more minerals to exploit in Congo, and with the Congolese people still in the dark about where their money has gone, this is too important a matter to let rest. Glencore and ENRC must explain the role they have played in these secretive and questionable deals and the beneficiaries of the offshore companies and their transactions must be made public.

*Whether we're researching copper mines in Afghanistan, artisanal logging in the DRC or working with others to develop a global framework for extractive industry transparency, the activities and policies of Chinese companies and the government have become central to Global Witness's work. 2012 was a critical year in the development of Global Witness's approach to China. In 2013 our engagement will expand and our focus will include other BRIC countries.*

# ENGAGEMENT WITH CHINA

→ As the second largest economy in the world, China's approach to transparency and accountability in the extractives sector is crucial. Oil and mining companies are at the forefront of China's global business expansion, often investing in countries with poor governance at risk of conflict.

**Right** Global Witness and SynTao hosted a joint press conference in Beijing for the launch of *Transparency Matters*. The report looks at the potential for the Shanghai Stock Exchange to play a greater role in improving extractive industry transparency. Photo: Global Witness / SynTao

Ensuring good resource management and preventing corruption is critical for Chinese companies in running respected, responsible and sustainable operations overseas. Mr Xi Jinping, the newly-appointed Chairman of the Chinese Communist Party, has spoken strongly about the risk that corruption plays to China's national wellbeing and security. Similarly, extending transparency in the extractive industries is an important first step towards tackling the corruption which blights the lives of billions of people in resource-rich countries in the developing world.

Throughout 2012, Global Witness has expanded our ties and outreach to key Chinese stakeholders. We have been developing a network of contacts in Hong Kong and mainland China: in thinktanks, the corporate sector, not-for-profit organisations, the media and the government. We have also significantly enhanced our China-facing communications through an improved Chinese-language website and we now translate all relevant materials into Chinese.

Early in 2013, Global Witness launched a new report exploring the

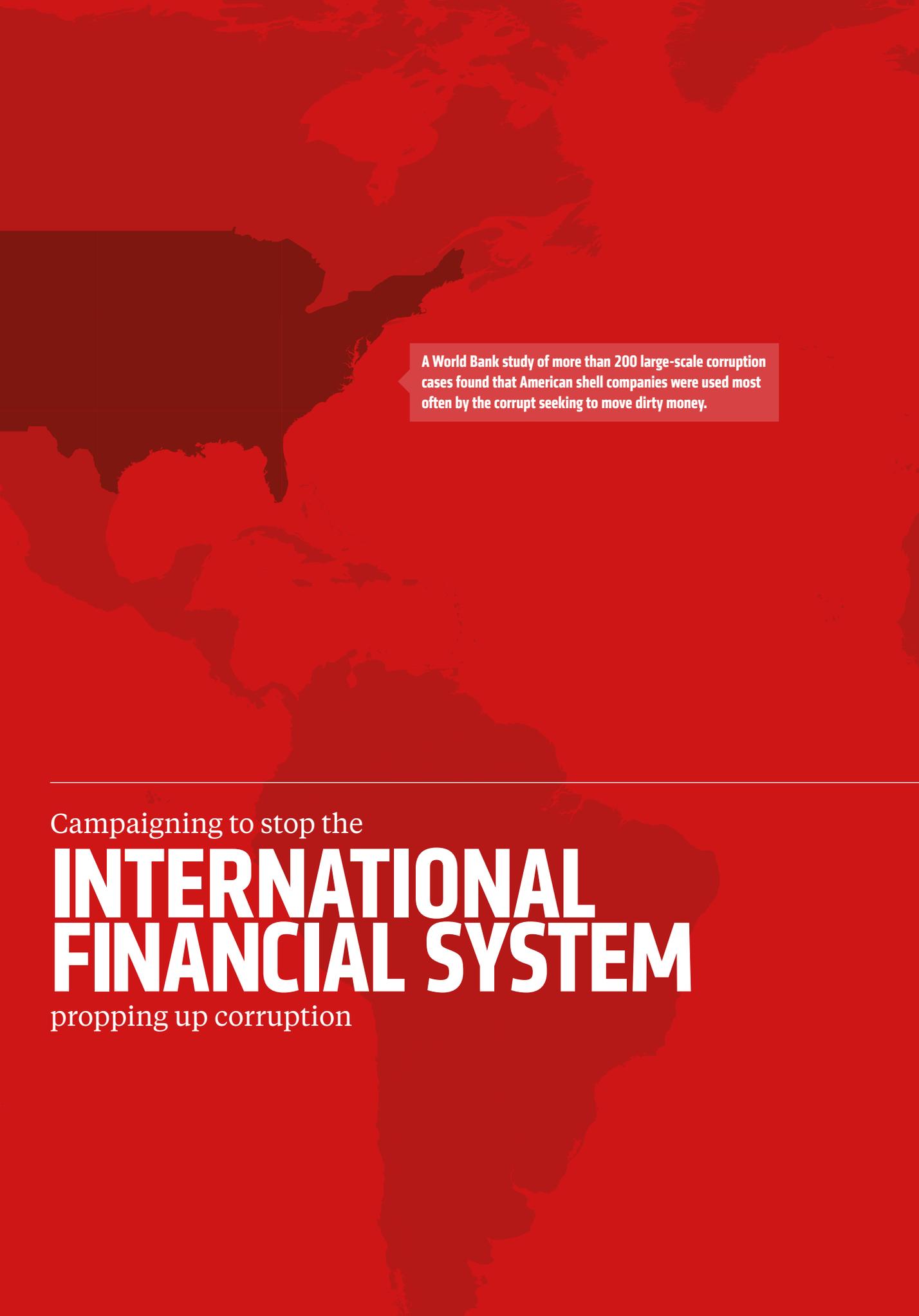


potential role of the Shanghai Stock Exchange (SSE) in improving extractive company disclosure and transparency measures. *Transparency Matters: Disclosure of payments to governments by Chinese extractive companies* was launched in Beijing to a packed press conference. The report, the result of a collaboration with the Beijing-based corporate social responsibility consultancy, SynTao, detailed how the SSE has the potential to play a greater role in improving extractive industry transparency and disclosure and build on its existing social responsibility and corporate governance measures.

In 2013, Global Witness plans to establish a representative in Beijing to closely participate in evolving discussions around overseas extractive

activity with the corporate, research and policy-making communities, as well as deepen our interaction with social and more traditional media.

A further priority area for Global Witness in the coming year will be working to shape Chinese investments in high-risk environments, to mitigate against corruption and conflict risks. Global Witness plans to publish the results of field research and highlight measures which can be taken by the government and the companies themselves. Where feasible, we will seek to work in tandem with Chinese partners in this work.



A World Bank study of more than 200 large-scale corruption cases found that American shell companies were used most often by the corrupt seeking to move dirty money.

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Campaigning to stop the

# INTERNATIONAL FINANCIAL SYSTEM

propping up corruption



After the U.S., Britain and its overseas territories are the second most popular choice for corrupt politicians to harbour their ill-gotten gains behind anonymous shell companies.

Global Witness's report *Grave Secrecy* exposed how UK shell companies were a key part of a major money laundering scandal involving Kyrgyzstan's largest bank, AsiaUniversalBank.

#### 14-15. U.S., UK, EU & KYRGYZSTAN

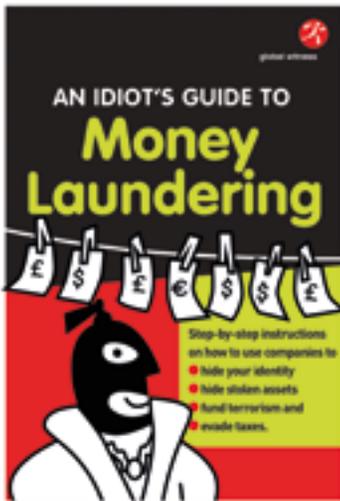
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Global Witness's investigations follow the money. Whether it's timber, diamonds, oil or other minerals, we find case after case of billions of dollars being stolen, diverted away from people in countries often mired in poverty, conflict and environmental destruction.

These crimes would not be possible without the help of banks who take billions in dirty money every year. And they would not be possible without an international financial system that makes it easy for the corrupt to steal money in the first place by hiding their identities.

Global Witness is leading the way in exposing the banks that are doing business with corrupt companies and governments. We're campaigning to close loopholes in global anti-money-laundering rules that allow banks to get away with taking dirty money. And we want to stop the ludicrous ease with which shell companies are used by the corrupt as fronts to hide behind.

Throughout 2012, Global Witness significantly raised the profile of this issue in the U.S., UK and EU – crucial hubs in the fight to alter global rules on international finance. We were one of the first NGOs to campaign for an end to hidden company ownership, and during the course of 2012 we have changed this topic from one which is pretty much unknown to something that is commonly acknowledged as a major problem in the fight against dirty money.



**Above** With this guide and lax laws, even an idiot can hide their identity and steal billions.



*It's easy to launder money these days. All you need do is disguise your identity behind a company, then open a bank account in the company's name rather than your own. Here's how to do it:*

**Step 1. Register your company in a place that keeps the names of the people who own it and run it secret.**

There are lots of countries to choose from, ranging from places known for their secrecy like Switzerland and tropical islands like the British Virgin Islands and the Maldives, to places you'd be less likely to think of, such as the Netherlands or the U.S. state of Delaware. To be extra safe, start a handful of companies with each one owning the previous one, and with the companies being based in as many different countries as possible.

**Step 2. Make sure you look legit by having some of your companies in above-board-sounding places.**

For example, front your criminal corporate network with a British company. You can easily get round the fact that the UK has a public shareholder registry, by having your UK company be owned by another company in a secrecy jurisdiction.

**Step 3. Give yourself some extra protection by finding some other people to be the owners and directors of your company.** It'll still be you who actually owns and runs the company; these 'nominees', who are entirely legal, will only appear to be in charge.

# The problem of HIDDEN COMPANY OWNERSHIP

How ludicrously easy it is for the corrupt to hide their identity and how this helps them loot billions, keeping poor people poor

*Step-by-step instructions on how to steal billions from your country, fund terrorism and evade taxes: use companies to hide your identity*

**Step 4. Avoid having any of that pesky anti-money-laundering due diligence done on you by opening your company yourself, rather than having a company service provider do it for you.** Opening a company yourself is dead easy via the national corporate registry. They just take it on trust that whatever information you tell them about the owners and directors of your company is true!

**Step 5. Finally, open a bank account in the name of your new company and get spending!** Banks in places such as Latvia and Cyprus are said to ask very few questions. And once you've got your money into a Latvian or Cypriot bank, you can move it anywhere you like within the EU without any checks being carried out at all. Now you can get that mansion, private jet or diamond jewellery that you've been hankering after.

**Hey presto!** By following these simple steps you can hide your identity behind an anonymous company and no-one need know what you're doing with 'your' money – you can send money to those who need it for terrorist activities, you can earn millions yet pay next-to-zero tax, you can hide the money you've made from selling drugs

and running protection rackets, and if you're a dictator of a poor country, you can steal so much money that the country will be kept poor for generations!

*It shouldn't be like this. The world's corrupt politicians, mobsters, tax evaders and other criminals shouldn't be able to use companies to hide their identity and move their money around the world.*

*What's needed is for beneficial ownership information of companies (and the equivalent for trusts and foundations) to be put in the public domain so that it is a matter of public record who owns and controls them. Throughout 2013, Global Witness will be campaigning for strong laws to make this a reality in the U.S., UK and EU.*

Exposing how hidden company ownership plays out in practice. What links a dead man, dozens of UK companies,

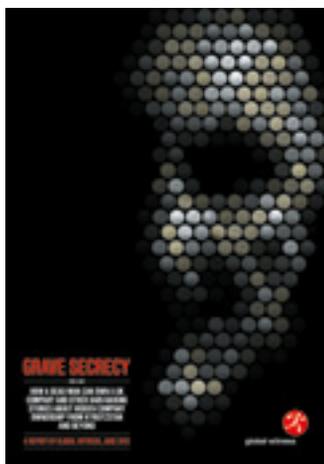
# BILLIONS OF DOLLARS

an ex-U.S. Senator, Kyrgyzstan and some of the world's largest banks?

*'Anyone registering a limited company should have to declare the names of the real people who ultimately own it, wherever they are, and report any changes. Lying about this should be a crime.'*

– *The Economist*, 21 Jan 2012

**Right** *Grave Secrecy* revealed the shocking details of how major economies like the UK are being used to launder money on a massive scale.



→ In 2012, *Global Witness* published the results of a groundbreaking two-year investigation into the problem of hidden company ownership. We exposed how this problem can facilitate money-laundering on a massive scale through major financial jurisdictions like the UK and the world's largest banks, keeping millions in poverty and reliant on aid.

Our June report, *Grave Secrecy*, exposed how UK shell companies were a key part of a major money laundering scandal involving Kyrgyzstan's largest bank, AsiaUniversalBank. Our investigations highlighted how billions of dollars of suspicious money passed through companies with hidden company ownership, and in particular how:

#### **Major economies like the UK are being used to launder money on a massive scale:**

- Three UK companies had US\$1.2 billion running through their accounts despite not being involved in any real business that *Global Witness* could ascertain.

- In one case, the identity of a dead man from Russia was used as the front for a UK company. Although this person had died three years before the

company was set up, he was listed as the company's owner and he even 'attended' a company meeting in London.

#### **Banks, including the world's largest, are failing to identify corrupt money:**

- Some of the largest transactions involved in the scandal passed through Citibank in New York, the UK's Standard Chartered and Austria's Raiffeisen Zentralbank. These banks continued their relationship with AUB, despite the fact that another prominent bank, UBS, was sufficiently concerned about the Kyrgyz bank that it broke off relations.

#### **The presence of powerful individuals can help "launder" a business' reputation**

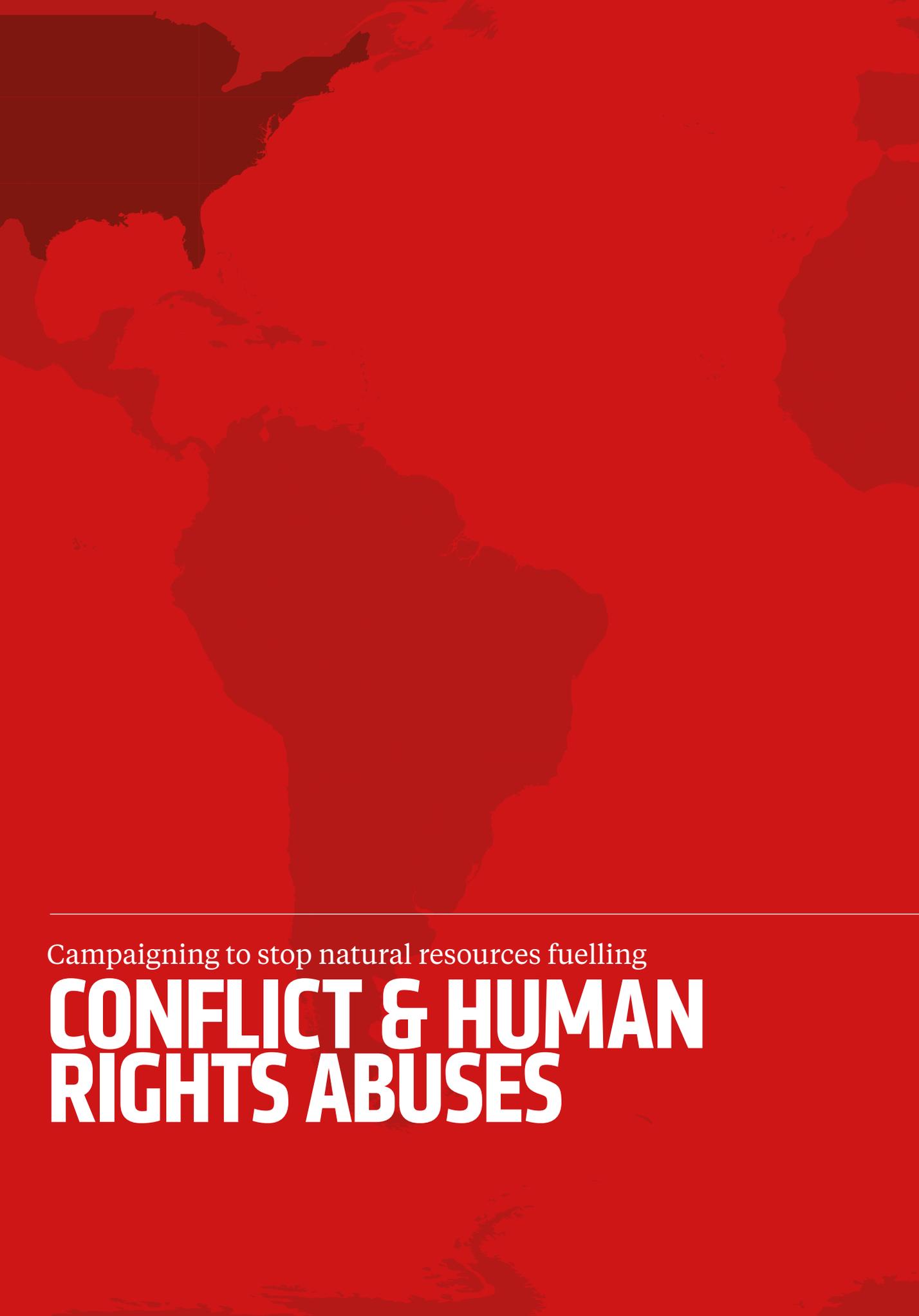
- The Kyrgyz bank's international reputation was helped by the presence of three former U.S. Senators, including former presidential candidate Bob Dole, on its board. *Global Witness* is concerned about the legitimacy that powerful figures can confer on dodgy companies.

In the UK, *Grave Secrecy* has pushed forward debate about the problem of 'Hidden Company Ownership.' Our

report is cited by banking compliance teams as a key example of common abuses in the banking industry. *Global Witness* continues to meet senior politicians and members of the UK and U.S. governments, as well as the European Commission and Parliament regarding this problem and we are optimistic that we will see progress on this issue in 2013.

Within Kyrgyzstan, a press conference to launch *Grave Secrecy* was attended by dozens of journalists and the report itself has helped drive the investigation by the new Kyrgyz authorities into the activities of AUB. Criminal proceedings are being brought against key figures mentioned in the report.

This investigation highlights yet again how easy it is for corrupt money to be moved around the globe by using companies to hide the real owners' identity. Information on the actual, 'beneficial' owners of companies must be made public.



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Campaigning to stop natural resources fuelling

# **CONFLICT & HUMAN RIGHTS ABUSES**



Global Witness's advocacy in Afghanistan has led to a growing number of commitments to transparency and good governance that are now being put into action, and the growth of a civil society coalition around the country's emerging extractives sector.

Global Witness worked at the highest levels in South Sudan to strengthen and protect transparency and accountability provisions in the country's new oil laws.

Global Witness played a key role in the campaign to secure and defend the passage of Section 1502 of the U.S. Dodd Frank Act, a law that requires U.S.-listed companies to do due diligence to find out if their supply chains contain conflict minerals.

Global Witness exposed how revenues from diamond mining operations are supporting a 'shadow security state' in Zimbabwe, undermining democracy and subverting civilian control over key organs of the state.

18.  
EASTERN DRC

19.  
ZIMBABWE

20.  
SOUTH SUDAN

21.  
AFGHANISTAN

Natural resources provide the means and the motivation for devastating armed conflicts globally. Warring parties have used them to finance military campaigns that have caused hundreds of thousands of deaths.

Global Witness is unique among campaign groups in specialising in the economic dimensions of conflict and campaigning to expose and stop the trade in conflict resources. We have a track record of effective campaigning in Cambodia, Angola, Liberia, Côte d'Ivoire and Democratic Republic of Congo (DRC).

We're actively campaigning for laws that require companies sourcing from conflict-affected areas to prove that their purchases are not financing war, we want to see a ban on military involvement in natural resource exploitation, and in some cases we call for sanctions on the trade in conflict resources – so the money financing the destruction of millions of lives is cut off at its source.

# Breaking the links between MINERALS & CONFLICT

## in eastern DRC: putting global supply chain due diligence standards into law



Global Witness played a key role in the campaign to secure the passage of Section 1502 of the U.S. Dodd Frank Act, a law that requires U.S.-listed companies to do due diligence to find out if their supply chains contain conflict minerals from the Democratic Republic of Congo (DRC). Since then, we've been working to counter attempts by industry lobby groups to weaken and delay the final rule set to accompany the law.

Our intensive advocacy efforts paid off in 2012. After a 16-month delay, the U.S. regulator, the Securities and Exchange Commission (SEC), finally published the rule that sets out the detail of Section 1502's implementation. Our key campaigning ask, that the OECD due diligence framework be used as the benchmark for companies to meet in order to comply with the legislation, was included as part of the ruling.

At the same time however, the SEC caved in to intense pressure from industry groups and allowed a 'phase-in' period of up to four years to implement Section 1502. This further delays the point at which companies must start taking responsibility for the impacts of their purchases on people in the DRC.

In addition, three U.S. industry associations: the U.S. Chamber of Commerce, the National Association of Manufacturers and the Business Roundtable, filed a lawsuit against the SEC, claiming that the rule for Section 1502 would be too expensive and burdensome for business. Global Witness will be campaigning in 2013 to defend

*'We appeal to the conscience of those companies which do not wish to subscribe to the logic of reasonable diligence, to remember all the wealth that has been looted by contributing to massacres and crimes against international law over a decade, and urge them to support the final [SEC] regulation.'* – Gautier Misonia, Coordinator of the Congolese civil society group, CREDDHO

### THE ORGANISATION FOR ECONOMIC COOPERATION AND DEVELOPMENT (OECD) DUE DILIGENCE GUIDANCE

The OECD has developed the *Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas*.

The five-step framework aims to guide companies in their efforts to ensure their purchases aren't fuelling conflict or human rights abuses by requiring them to make appropriate changes to company policies, carry out risk assessments, conduct independent audits and disclose relevant information to the public.

the law from industry attack and monitoring companies' implementation of the provision in the first reporting year.

In 2012, Global Witness was also successful in advocating for the OECD due diligence standards to be included in new Congolese legislation. The move by the Congolese authorities to require companies to adhere to international standards signals a heightened commitment to reforming the country's troubled minerals sector and will also make it easier for firms further down the global supply chain to meet the requirements of the U.S. law.

Throughout 2013, Global Witness will continue to travel to eastern Congo to gather testimonies and information from local people, traders and others involved in mineral supply chains in eastern Congo. We'll also be monitoring the implementation of newly introduced international due diligence standards and the impact these are having on people on the ground.



**Above** The Democratic Republic of Congo is rich in valuable minerals, which are used to fund the activities of warring parties in the country. Photo: Mark Craemer



*In recent years, elections in Zimbabwe have been characterised by extreme violence carried out by security forces loyal to the ruling Zanu-PF party. In 2008, over 200 people were killed and thousands more beaten and tortured. With concerns running high that the upcoming 2013 election could follow the same violent path, Global Witness set out to expose off-budget financing of security forces controlled by Zanu-PF, and pressure Zimbabwe's donors to keep targeted sanctions on the country's diamond sector in place.*

Zanu-PF's loss of control over the Ministry of Finance to its MDC coalition partners after the 2008 elections set the stage for a behind-the-scenes struggle for sources of funding for the Zimbabwean military and secret police – the feared Central Intelligence Organisation (CIO) – fiercely loyal to Zanu-PF. In 2012, Global Witness published the results of an in-depth investigation into these sources of funding.

Our report, *Financing a Parallel Government?* exposed how the CIO had received up to US\$100m and 200 pick-up trucks in return for facilitating access to business opportunities in Zimbabwe's diamond, cotton and property sectors. The report also revealed how one diamond mining company, Anjin, is likely part-owned by senior military personnel, raising questions about whether the company was set up to provide revenues to the partisan security forces.

Our research indicates that cash from diamond mining operations is supporting a 'shadow security state' in Zimbabwe which stands to undermine democracy and subvert civilian control over key organs of the state. Our investigations and advocacy played an important part in maintaining EU sanctions on Zimbabwean diamond mining companies in early 2012. Given the serious risk of the revenues being used to fund violence in the upcoming elections – now set for Summer 2013 – we are renewing our call on the international community to investigate key individuals and companies in the diamond sector, and maintain sanctions.

Exposing off-budget

# DIAMOND FUNDING

to Zimbabwe's 'parallel government'

**Below** Zimbabwean president Robert Mugabe inspects a guard of honour during Armed Forces Day celebrations in Harare. Forces loyal to Mugabe's Zanu-PF party, responsible for violence in recent elections, are receiving off-budget funding from the country's diamond sector. *Photo: AP Images*



*'Global Witness has played a critical role in bringing the human rights abuses, corruption and security sector involvement in Zimbabwe's diamond sector to the attention of the international community. Their work has inspired the Centre for Natural Resource Governance to stand up for the rights of communities affected by extractive industries in Zimbabwe.'* – Farai Maguwu, Director, Centre for Natural Resource Governance

## Strengthening and protecting transparency and accountability provisions in South Sudan's

*'South Sudan says it will allow full access to information involving deals with international financial institutions, following a report by Global Witness.'* – Sudan Tribune, South Sudan pledges transparency in finance deals, 19 May 2012

# NEW OIL LAWS



**Above** The government of South Sudan must follow through on its commitments to implement transparency and accountability requirements in the new oil laws, in order to ensure that the country's citizens benefit from their oil wealth. Photo: Tong jiang / Imaginechina



*Global Witness remains the go-to organisation for expert analysis on the oil sector in South Sudan and on the oil negotiations between Sudan and South Sudan. In 2012, as South Sudan's Petroleum Act passed into law, we defended it from attack and worked at the highest levels in-country to make sure it included robust transparency provisions.*

Strong commitments guaranteeing that South Sudan's people know where the money from their oil sector is going, how deals are being done and who is benefitting are crucial to making sure that oil revenues, which could be worth more than US\$5 billion a year, are used to improve the lives of those living in one of the world's poorest countries.

In 2011, Global Witness worked with South Sudan's Ministry of Petroleum and Mining during the drafting of the Petroleum Act. We were successful in making sure strong transparency and accountability provisions were included in the draft submitted to the country's parliament, particularly around the allocation of contracts.

Throughout 2012, Global Witness worked closely with the parliament to make the Act even stronger, resulting in deeper commitments by the government to publish oil sector data. In April, the Act came under threat from a group of parliamentarians seeking to block the transparency provisions that underpin it. Global Witness worked quickly to build up public interest around this worrying development. As a result of the media attention we

generated, combined with our high-level advocacy in-country, the parliamentarians dropped their opposition to the transparency provisions.

The Petroleum Act was signed into law in July 2012 and includes transparency and accountability requirements in line with the best international standards. However, the Petroleum Revenue Management Bill, legislation that will govern the management of the money generated by the oil sector, has yet to pass. The most recent draft of the Bill included very strong accounting and public reporting provisions. In 2013, Global Witness will campaign to ensure these remain intact, so that the South Sudanese people can scrutinise and benefit from their country's oil revenues.

## Building greater commitments to transparency in

# AFGHANISTAN

*‘The critical thing is the secrecy of the contract. The most important thing is that people know what is in the contract and what the benefits and costs are so we know how it affects us.’ – Afghan community member speaking in 2012*



Afghanistan’s natural resource wealth has been heralded as the key to the country’s future stability and prosperity. Yet high levels of corruption and conflict, combined with the withdrawal of international forces by 2014, point to the pressing need for safeguards to be built into the extractives sector so the country can avoid the ‘resource curse.’

Throughout 2012, Global Witness has worked with civil society, the Afghan government and the international community to push for better governance of the country’s vast natural resource wealth.

Most notably, we published the first analysis of Afghanistan’s biggest foreign investment, a mining agreement which sets a precedent for the sector as a whole: the China-Afghanistan Aynak copper deal.

While welcoming some provisions within the contract, our report, *Copper Bottomed? Bolstering the Aynak Contract, Afghanistan’s first major mining deal* revealed serious shortcomings which, if not addressed, could undermine the economic value of the deal, and have harmful ramifications for Afghanistan’s people, environment and heritage. Together with our complementary report, *Getting to Gold*, we identified key steps needed across the sector to protect against further instability, human rights abuses, corruption and environmental damage.

We have already started to see progress on these important issues, including an increasing number of commitments to greater transparency



**Left** The Aynak Copper mine in Logar Province represents the biggest foreign investment in Afghanistan to date, estimated to generate about half a billion US dollars a year from 2016. Photo: Jerome Starkey

in the country’s mining sector. In June, our campaigning work and high-level advocacy led to Afghanistan’s President, Hamid Karzai, issuing a groundbreaking decree requiring the publication of all mining contracts signed in the last three years, as well as a commitment to publish all future contracts. Over 200 have now been made public, and in December 2012, the Afghan Ministry of Mines committed to publish the Aynak deal. Publication of these contracts is critical and will allow the Afghan people to see and scrutinise the deals made on their behalf for the first time.

Global Witness co-hosted a one day conference in Kabul in November for participants from 30 Afghan and international civil society organisations.

The conference represented a key milestone in the emergence of coordinated civil society efforts to effectively engage in the management of Afghanistan’s extractives sector.

Afghanistan’s people still face a desperately uncertain future. Progress made in 2012 to bring greater transparency to the country’s major mining deals represents a vital first step in ensuring mineral wealth translates to development. However, a lot more needs to be done by Afghanistan’s leaders and international partners. In 2013, Global Witness will carry out in-depth research in Afghanistan’s extractives sector and campaign, alongside local and international civil society for a transparent and accountable oil, gas and mining sector.



Working with Save My Future Foundation (SAMFU) and Sustainable Development Institute (SDI), Global Witness uncovered an explosion in the allocation of secretive and often illegal logging permits in Liberia.

Global Witness exposed how industrial logging companies were using 'community logging permits' to bypass the country's freeze on logging concessions, and were thus breaking Congolese law in up to 10 different ways.

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# PROTECTING LAND & FORESTS

as competition over natural resources intensifies



2012 saw the launch of Global Witness's land campaign, investigating the impact of large-scale land deals, done behind closed doors, on communities and the environment in the Mekong region, and pushing for ways to make the sector fair and open at the international level.

Global Witness exposed how HSBC had violated its sustainability policies and made around US\$130 million in interest and fees by bankrolling the destruction of Sarawak's rainforests.

24.  
MALAYSIA

25.  
LIBERIA & DRC

26–27.  
CAMBODIA

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Global Witness is unique in exposing and challenging the corruption and vested interests that drive environmental destruction, and which often leave the people that rely on land and forests stranded.

We want to stop aid donors, private finance and national governments supporting the expansion of the industrial logging industry into new areas of tropical rainforest. If this continues, it will spell the end of the forests the planet needs to survive and which house over a billion people, to the benefit of a tiny elite. And we want to stop communities being kicked off their land in deals struck behind closed doors between companies and corrupt politicians.

To address these issues, we do two things. We carry out detailed investigative work which exposes the flawed economic arguments and corruption which dominate the land and forest sectors, and we look for ways of fixing the system internationally and in the countries most affected.

Holding the global financial industry to account for its role in

# DEFORESTATION:

HSBC and the devastation of Sarawak's forests and people's lives

**Below** Large scale deforestation wouldn't be possible without the help of companies like HSBC. By doing business with some of the world's largest logging companies, they're facilitating the decimation of the world's remaining pristine forests.  
Photo: iStockphoto.com/tynasoar

*'Global banking giant HSBC has raked in nearly £100m by bankrolling Malaysian logging companies who cause widespread rainforest destruction and abuse human rights, Global Witness has claimed.'* – Daily Mail, 2 November 2012



*The industrial scale logging industry continues to push deeper into tropical rainforests, regularly exploiting weak laws and colluding with corrupt governments to harvest timber without regard for the social or environmental cost. In many cases, this expansion, and the destruction it causes, would be impossible without the financial support and kudos lent by banks and other financiers. Most have policies designed to stop them from profiting from environmental or social abuses, but these are regularly ignored.*

Our November 2012 report, *In the future, there will be no forests left*, exposed how HSBC has violated its sustainability policies and made around US\$130 million in interest and fees by bankrolling logging companies causing widespread environmental destruction and human rights abuses in Sarawak, Malaysia. The bank also provided financial services to companies widely suspected of systematic bribery and corruption.

The impact of these activities on Sarawak's forests and the people that live in them is hard to overstate. Our investigation uncovered how HSBC provided loans and services to seven

of the region's largest logging conglomerates, who have devastated Malaysian Borneo's rainforests and committed various abuses against indigenous communities.

Sarawak's logging giants, all past or present HSBC clients, have since expanded their destructive model of business to every major tropical forested region in the world. These companies are currently logging or converting forests to plantations in 18 million hectares of concessions – an area twice the size of Portugal. This would have been impossible without the kind of support HSBC provided.

Our report generated excellent coverage and in 2013 we will be pushing for HSBC to admit its wrongdoing, drop those clients who have committed forest crimes in Malaysia and tighten its policies to ensure it avoids such relationships in future.



Exposing how

# LOGGING COMPANIES

have exploited a breakdown in the rule of law in Liberia and DRC

*‘The findings of Global Witness mirror those of the government... The government is well aware that our administration has become a haven for fraud but we are working to redress this.’ – Bavon N’sa Mputu Elima, DRC Minister of Environment, Nature Conservation and Tourism*

**Above** Logs cut under an illegally issued Private Use Permit in Liberia await export in July 2012. Research by Liberian NGOs and Global Witness led to a freeze on all such Permits in August 2012. Photo: Global Witness



*Corruption and political short-termism in forested countries often allow unscrupulous companies access to forests whilst ignoring environmental concerns and the rights of the people who live on the land. In 2012, Global Witness field investigations uncovered how systematic abuse of small-scale logging permits had allowed companies to buy up huge areas of forest in Liberia and DRC. Following these investigations Global Witness and its partners successfully lobbied for firm action from the governments in question.*

**Liberia.** Working with Save My Future Foundation (SAMFU) and Sustainable Development Institute (SDI), Global Witness uncovered an explosion in the allocation of secretive and often illegal logging permits – termed Private Use Permits (PUPs).

This spectacular breakdown in law and order had led to a quarter of Liberia’s total landmass, and almost half of Liberia’s best intact forests, being granted to logging companies in just two years. Companies holding these permits are not required to log sustainably and only need pay minimal compensation to the Liberian government and the people who own the forests. This crisis threatened to decimate the forests, leave the people who depend upon them stranded and undo Liberia’s fragile progress from the resource-fuelled conflicts of 1989 to 2003.

Our joint investigation in September called for an immediate moratorium on the use of these permits, and an investigation into what had gone wrong. In September, President Ellen Johnson Sirleaf announced an investigation, which concluded in January 2013 with the reiteration of the ban on these permits and criminal proceedings against the individuals and companies responsible.

**DRC.** DRC is the second most forested country on earth with 40 million Congolese dependent on forests for income, food, building materials or medicine. Our October report, *The art of logging industrially in the Congo*, exposed how industrial logging companies were using ‘community logging permits’ to bypass the country’s freeze on logging concessions, breaking Congolese law in up to 10 different ways. Our investigations found that 146 artisanal permits had been handed out to commercial loggers since 2010 affecting an area equivalent to over 11,000 football pitches.

In response, the DRC government welcomed our investigation and announced its intention to tackle the problem. The Environment Minister issued a series of orders, one changing the law on how permits are awarded, and another cancelling certain logging permits. Officials within the Environment Ministry have also reportedly been suspended.

Pledges from the DRC and Liberian governments to crack down on the misuse of logging permits are very encouraging. In 2013, Global Witness will be pushing to make sure these efforts have teeth. We’ll also be working to expose those companies buying this illegal timber, and lobbying importing countries to ensure their efforts to stamp out suspect timber focus on improving governance and promoting the rights of forest-dependent people in countries they source wood products from.



**Above** Chut Wutty was a courageous environmental activist who dedicated his life to protecting Cambodia's forests and people.



*In April 2012, Global Witness was shocked to learn of the killing of Chut Wutty, Director of the Cambodian environmental watchdog Natural Resource Protection Group (NPRG). Wutty was a long-standing friend and former employee of Global Witness.*

Wutty was reportedly shot by members of the Military Police while carrying out field research into illegal logging and land seizures in Cambodia. He was one of the most prominent activists willing to speak out against the rapid escalation of illegal logging and land grabbing which is impoverishing ordinary Cambodians and destroying the country's rich natural heritage.

Partly in response to his death, Global Witness worked with a broad range of other NGOs and activist groups to publish our report *A Hidden Crisis?*, which analysed killings of activists, journalists and community members around the world who died defending rights to land and forests. The findings were stark: at least 711 people have been killed in the last decade – more than one a week – and the crisis is getting worse; the number of individuals killed has almost doubled over the past three years. Global

# CHUT WUTTY'S MURDER

## The 'Hidden Crisis' engulfing land and forest defenders

*'Chut Wutty's heart is gone, but thousands of Chut Wutty hearts still survive. We are not afraid of the person who killed Chut Wutty... we have never been afraid.'* – A village representative in Preah Vihear, Cambodia, who had worked with Wutty

Witness believes that this shows how ordinary people are increasingly finding themselves on the front line of the intensifying competition over natural resources.

Crucially, our analysis highlighted a pervasive culture of impunity around such violence, a lack of information, reporting or monitoring of the problem at national and international levels, and the involvement of governments and the domestic and international private sector in many killings.

Launched in advance of the Rio +20 UN Conference on Sustainable Development, the report was very well received by civil society and policy makers, with many expressing a desire to see more work to highlight and address this growing problem. It also drew a supportive statement from the UN High Commissioner on Human Rights, Navi Pillay.

In 2013, Global Witness will be building a longer-term campaign to help close this accountability gap and ensure that environmental activists are able to carry out their work without fear of intimidation, abuse, or death. We will do this by reporting on the problem internationally and in some of the worst-affected countries, and by pushing for international bodies and national governments to recognise and take steps to address this crisis.

→ Between 2000 and 2010, it's estimated that more than 203 million hectares of land was under negotiation in large-scale land deals – an area more than eight times the size of the UK. While there is growing awareness of this problem, little work has been done to date on the culture of secrecy and corruption which lies behind the scramble for land. Launched in 2012, Global Witness's land campaign looks to address this key factor. Drawing on nearly two decades of investigative expertise, we're exposing the impact of land deals on communities and the environment in the Mekong region and Liberia, and pushing for ways to make the sector fair and open at the international level.

Land deals are too often done in secret, without consulting those most affected. Environmental considerations and human rights are paid lip service at best, and often completely ignored. Communities can't find out who has bought their land or see the contracts, so they don't know what it's worth or who is responsible for taking it.

With strong rules to protect communities and the environment, investment in agriculture has the potential to stimulate development in some of the poorest parts of the world. But the market is moving much faster than regulators can, leaving behind a murky trade controlled by powerful and often corrupt elites.

It doesn't have to be like this. Global Witness's *Dealing with Disclosure* report, launched in April 2012, sets out the practical steps that governments and companies must take to make land deals fair and open. People who live off the land must be consulted and given the chance to refuse investments. They must be able to access information in a way they can understand and use. Then companies and governments can be held to account for how the land is used, and who benefits.

A key focus of our land campaign is the Mekong region, which is facing an unprecedented state-sponsored land-grabbing crisis. In Cambodia, two million hectares of land – roughly 11 per cent of Cambodia's total land mass – has been transferred largely from small-scale farmers to agricultural companies under the current government. In October, Global Witness and advisory board member Baroness Glenys Kinnock used an op-ed in the *International Herald Tribune* to bring

Ending the secrecy  
which allows corrupt  
elites to profit from large

# LAND DEALS

at the expense of people  
and the planet



*'I told the bulldozer driver not to clear my land and he stopped. The next day I returned to check and all of my land had completely disappeared. I went to meet the company people to complain, they said they do not know where my land is located.'* – Villager in Cambodia explaining how six hectares of their land has been stolen by a rubber company

this issue to the attention of UN member states considering Cambodia's candidacy for the Security Council. The piece generated significant attention. The UN eventually voted South Korea onto the Council in place of Cambodia.

In 2013, our investigations and campaigning will focus on the international investors behind large-scale rubber deals in Laos and Cambodia, which have resulted in huge numbers of people being forcibly evicted from their land. We will also be investigating the impacts of the rush for rubber

plantations in Myanmar which is being driven by foreign companies competing to access land, the impact of which poses environmental and social risks for the country's already vulnerable rural population.

**Right** A culture of secrecy in land deals, conducted by corrupt elites, results in people being driven off their land without consent and with little notice.

# FUNDRAISING 2012

We are enormously grateful to all of our donors and supporters who contributed to our work during 2012.

Despite 2012 being another difficult year for the global economy, Global Witness raised £7.8 million, which includes £1.5m towards our Challenge Fund target. This has allowed us to step up our campaigning against corruption and to expose the international systems and structures that allow it to flourish on a grand scale.

Most of our income continues to come from trusts, foundations and governments including substantial new multi-year grants from Adessium Foundation, the Norwegian Ministry

of Foreign Affairs and the Swedish International Development Agency. We are also extremely grateful for the ongoing support of Arcus Foundation; Ford Foundation; Foundation to Promote an Open Society; UK Department for International Development; The John D. and Catherine T. MacArthur Foundation; Norwegian Ministry for Foreign Affairs and the Roddick Foundation.

The summer of 2012 also saw Global Witness host its first ever fundraising gala. Held in the Hamptons, the event

raised more than US\$400,000 – providing vitally needed funds to support our organisational capacity and to strengthen our campaigns. The event's high profile also allowed us to reach out to new supporters, significantly widening our funding appeal. We are extremely grateful to Alexander Soros, a Global Witness Advisory Board member, whose Foundation organised and underwrote the event.

# MEETING FUTURE CHALLENGES

As we approach our 20th anniversary year in November 2013, Global Witness is working hard to build an organisation ready to take on the challenges of the next 20 years.

During 2012, we carried out a strategic review to establish how Global Witness can respond effectively to the rapidly changing world around us and to strengthen our impact. We are developing ambitious campaign plans to strike at the heart of the shadow systems that fuel environmental destruction, poverty, instability and human rights abuses. We are also adapting to the shifting balance of global power by deepening our engagement with emerging powers. To succeed we will require enhanced campaigning and investigative capacity and a stronger organisation with improved communications, fundraising and finance & resources.

**Please help us realise our campaign objectives which include:**

- A truly globalised transparency standard for the extractives industry.
- Globalised measures that will make information on the beneficial owners of companies a matter of public record.
- Robust revenue transparency measures in countries emerging from or at risk of conflict.
- The protection of intact forests and the prevention of land grabs to deal with rising resource scarcity.

To achieve these goals, Global Witness will continue to rely on the exceptional generosity and vision of individuals, numerous charitable foundations

and public-sector bodies to meet the challenges of the future. And we will be seeking to build relationships with new funding partners interested in working with us to deliver the changes we seek on a global scale.

We are delighted to announce that, in 2012, the Open Society Foundations, long-time supporters of Global Witness, generously pledged a commitment to our future plans by providing a leading Challenge Fund Grant of £4.5 million. This will mean that, over the next four years, every new gift to Global Witness will be matched at a ratio of £10,000 for every £20,000 received, ensuring that each gift will go even further.

# OUR DONORS AND SUPPORTERS

We would like to thank everyone who supported Global Witness, Global Witness Foundation and Global Witness Trust during 2012. The individuals below are those who gave their consent to be listed but we are very grateful to all who gave.

## **Statutory, Trusts and Foundations**

Adessium Foundation; The Ajahma Charitable Trust; The Alexander Soros Foundation; Arcus Foundation; Center for International Policy; David and Anita Keller Foundation; The David and Elaine Potter Foundation; Ford Foundation; Foundation to Promote an Open Society; UK Department for International Development (FGMC Programme); Governance and Transparency Fund (Department for International Development); Humanity United; Irish Aid; JMG Foundation; Jocarno Fund; The John D. and Catherine T. MacArthur Foundation; Longview Foundation; Nathan Cummings Foundation; National Endowment for Democracy; Netherlands Ministry of Foreign Affairs; Norwegian Agency for Development Cooperation (Norad); Norwegian Ministry for Foreign Affairs; The Sigrid Rausing Trust; Swedish International Development Cooperation Agency (Sida); The Roddick Foundation; Wallace Global Fund; Zennström Philanthropies

## **Individuals**

Mr Michael Altman; Ms Lidia Asghedom; Mr Peter W. Atkinson; Mr Keith Bain; Mr Neal Batra; Mr James Bennett; Mr Scott Bessent; Mr Simon Bianco; Mr Mark Brannan; Ms Wanda Busza; Mr Sanjay Chadda; Mr Aaron Clements-Partridge; Mr Edward Davey; Mr Henning Drager; Ms Amy Ginsburg; Mr Fearghas Jamieson; Mr David Jeffries; Ms Helen Kay; Ms Juliet Martinez; Mr Peter McLaverty; Mr Graym M McMillan; Mr Richard Nagy; Mr Alistair Paul; Ms Tina Yee-wan Pang; Ms Preth Rao; Dr G. Y. Shin; Mr Thomas Wilbey; Mr Martin Wybrew

## **Global Witness Advisory Board**

Bennett Freeman (Chair), Misha Glenny, Glenys Kinnock (Baroness Kinnock of Holyhead), Christopher Mitchell, Mabel van Orange, Silas Siakor, Alexander Soros, Edward Zwick

## **Trustees of Global Witness Trust**

Christopher Mitchell (Chair), Jeremy Bristow, Caroline Digby, Lorna Mackinnon, Tony Stevenson

## **Trustees of Global Witness Foundation**

Patrick Alley (President), Stafford Matthews, Jonathan Winer

In the UK, Global Witness Trust (registered charity 1117844) is a separate entity that receives funds from certain donors and under strict Trust guidelines donates these funds to Global Witness. In the U.S., Global Witness Foundation, a 501 (c) (3) organisation, operates in the same way. Financial information for both entities is available on our website at [www.globalwitness.org/about-us/governance](http://www.globalwitness.org/about-us/governance)

We extend our deepest thanks to our volunteers who provide research and campaigning support on a daily basis and those who support us with pro-bono legal advice, especially through the wonderful Advocates for International Development (A4AID).

# SUMMARISED ACCOUNTS

	<b>Year ended 30 November</b> (in thousands)	
	<b>2012</b>	<b>2011</b>
<b>Income</b>		
Income from grants and donations	7,824	4,807
Interest and other income	39	46
<b>Total Income</b>	<b>7,863</b>	<b>4,853</b>
<b>Expenditure</b>		
Environmental and human rights research and campaigning		
—Resources and Conflict	697	849
—Corruption	1,712	1,507
—Environmental Governance	2,799	2,312
Subtotal campaign expenditure	5,208	4,668
Fundraising	661	533
Governance	57	47
<b>Total Expenditure</b>	<b>5,926</b>	<b>5,248</b>
<b>Net movement in funds, being net income (expenditure) for the year</b>	<b>1,937</b>	<b>(395)</b>
Net movement of unrestricted fund	164	(459)
Net movement of designated fund (Challenge fund)	1,426	-
Net movement of restricted fund	347	64
<b>Increase in Net Assets</b>	<b>1,937</b>	<b>(395)</b>
Net assets at beginning of year	1,253	1,648
<b>Net assets at end of year</b>	<b>3,190</b>	<b>1,253</b>

**Directors' statement.** The summarised financial statements have been agreed by our auditors, Chantrey Vellacott DFK LLP, as being consistent with the full financial statements for the year ended 30 November 2012. These were prepared in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities" 2005 and received an unqualified audit opinion.

These summarised financial statements are not the full statutory financial statements and therefore may not contain sufficient information to enable a full understanding of the financial affairs of Global Witness. For further information, the full Directors' Annual Report and Accounts, and the Independent Auditor's report should be consulted. Copies of these can be obtained from the registered office. The full financial statements were approved by the Board of Directors on 21 March 2013 and have been submitted to Companies House.

The auditor has issued unqualified reports on the full annual financial statements and on the consistency of the directors' report with those financial statements. Their report on the full annual financial statements contained no statement under sections 498(2)(a), 498(2)(b) or 498(3) of the Companies Act 2006.

**Independent auditor's statement to the members of Global Witness.** We have examined the summary financial statements of Global Witness Limited for the year ended 30 November 2012. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors.** The directors are responsible for preparing the summarised annual report in accordance with applicable United Kingdom law.

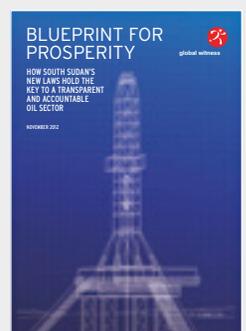
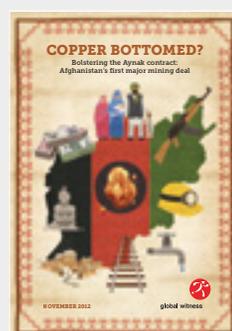
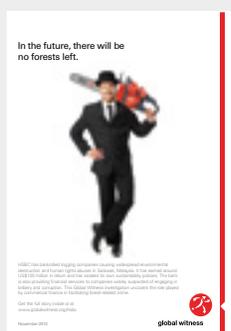
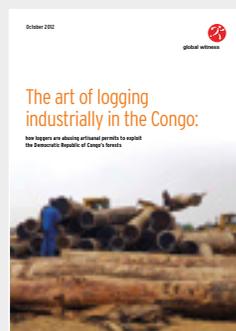
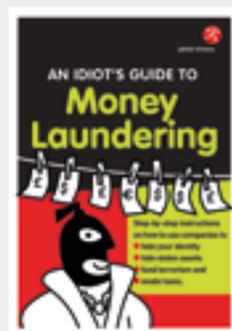
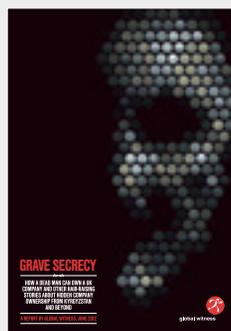
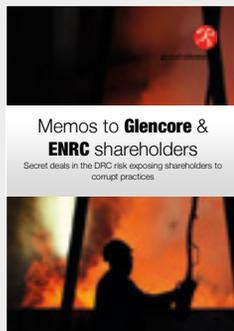
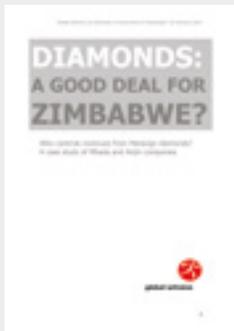
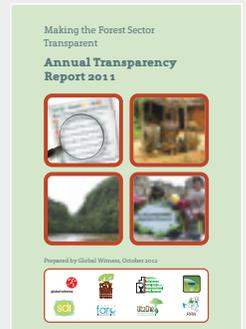
Our responsibility is to report to you our opinion on the consistency of the summary financial statement within the summarised annual report with the full annual financial statements, the Directors' Report, and its compliance with the relevant requirements of section 427 of the Companies Act 2006 and the regulations made thereunder.

**Basis of audit opinion.** We conducted our work in accordance with Bulletin 2008/3 'The auditor's statement on the summary financial statement' issued by the Auditing Practices Board. Our report on the company's full annual financial statements describes the basis of our audit opinion on those financial statements.

**Opinion.** In our opinion the summary financial statement is consistent with the full annual financial statements of Global Witness Limited for the year ended 30 November 2012 and complies with the applicable requirements of section 427 of the Companies Act 2006, and the regulations made thereunder.

**Chantrey Vellacott DFK LLP**  
Chartered Accountants  
Statutory Auditor  
London, 21 March 2013

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Global Witness investigates and campaigns to prevent natural resource-related conflict and corruption and associated environmental and human rights abuses.

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