THE CLIMATE CHANGE ORGANISATION

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THE CLIMATE GROUP

Annual Report and Accounts 2018/19

12 months to 30 June 2019

COMPANY NUMBER:	**4964424**
CHARITY NUMBER:	**1102909**

Board of Trustees' Report

A message from our Chair

Joan MacNaughton, CB HON FEI Chair of the Board of Trustees

During the year covered by this Report, The Climate Group marked its fifteenth anniversary. Its legacy is already a very substantial one.

The IPCC Report comparing the impacts of a 2 degree rise in average global temperature with 1.5 degrees was also published during this period. It makes for sober reading. As our CEO describes, we face a decade when we must implement change at an unprecedented scale and pace. With enough determination we can succeed in doing so, and the heightened support for action augurs well. But all must play their part. The Climate Group brings unique experience of collaborations among groups of businesses and governments around the world to commit to ambitious targets, to help each other deliver them through peer to peer learning, and to agree to be held publicly to account for their progress. This means we can make a vital contribution in the coming 'decade of delivery'.

The support we have received from governments, foundations and other funders for our work demonstrates their confidence that we can lift our portfolio of programmes to a new level. We thank them all.

We have this year succeeded in reinforcing the number and skills of our talented and enthusiastic staff, under Helen's impressive leadership. I am also personally delighted by the establishment of a new paid internship programme in our London office, which will allow young professionals from minority groups the chance to kick start a career in the climate sector. For our part, we see this as providing inspiration from young people who bring new perspectives to these issues – and who will be most impacted by the consequences of the changes happening to our planet.

It goes without saying that we would not be where we are today without the efforts of our staff; and I am profoundly grateful to all of them, as I am to my colleagues on our Board who have contributed way beyond what is often taken as sufficient in these roles – and who have supported me, with great good humour, in so many ways.

We are up for doing more, more quickly, and even more effectively, in the coming years.

A message from our Chief Executive

Helen Clarkson, Chief Executive

There's been a change this year. The world is waking up to the climate crisis. Whether driven by the images of the Amazon ablaze, or inspired by individuals like Greta Thunberg, there is a palpable demand for a step change in climate action. As this annual report shows, the good news is that the many businesses and state and regional governments we work with are responding to the challenge. Whether adopting 100% renewable electricity targets or developing long-term low carbon development plans, increasing numbers of decision makers understand what we must do.

And yet so much more is required. After plateauing for several years, global emissions were up by nearly 3% in 2018 – a stark reminder that we not moving at the speed and scale needed to avoid the worst impacts of climate change. And, as climate events have proved again this year, these impacts are happening sooner and with greater effect than we ever imagined.

This is why the next decade is so important for climate action. To be in with a fighting chance keeping the rise in global temperature to no more than 1.5˚C, we need to halve global emissions by 2030. So, at The Climate Group we've started referring to the 2020s as The Climate Decade. Reflecting on recent history, we often characterise a decade by the social and economic trends of the time – the roaring twenties, the swinging sixties, the 80s of Wall Street and the free market. But this decade must be about the climate.

The science tells us that in order to halve emissions by 2030, we need to do the bulk of the work in the first half of this decade – it takes times for these actions to take effect in a meaningful way. But, when we talk about halving emissions it can sound a bit abstract – what is that going to look like for the businesses and governments run by those leaders we work with? It goes without saying that key aspects of the economy need to undergo profound change, but statements like that don't help us make decisions. So, like any business plan or policy agenda, the 2030 goal needs to be broken down to clear achievable chunks with deadlines.

We also need to recalibrate what we mean by leadership. We aren't just looking for commitments anymore – we're looking for commitments aligned to 1.5˚C and the delivery of those commitments in a much shorter timeframe. Practically, this means fully integrating climate risks and impacts into company finances and government budgeting processes and using them as a base to make decisions. It also means investment in resilience to deal with the climate impacts we're already committed to. And this work can't be delegated to future generations. We don't have time for today's student climate strikers to grow up, climb the corporate ladder and fix things when they're at the top. We have to act now. This is on us.

Over the coming year a key priority for The Climate Group will be developing our next three-year global strategy (2020-2023), to identify in detail the role that we can play in make sure the Climate Decade is a success. This will build on our current strategy, which aims to accelerate the clean energy transition and mobilise state and regional governments as key agents in the delivery of the goals of the Paris Agreement. As this report shows we have a strong portfolio of initiatives that are already helping to shift policies and markets around the world, but it is also clear that we need to step up both our ambition and our impact as we head into our next strategic cycle and this existential decade for climate action.

There is much to be done. Despite the challenges, however, we remain invigorated by the work we do and inspired by the amazing partners and funders we are privileged to work with. We look forward to continuing this collaboration and welcoming others in joining our mission to deliver the Climate Decade.

1. Objectives & activities

The context for our work

There is now little doubt that in the coming decades climate change will challenge the natural, economic and social systems on which humanity's development and prosperity depends. What was once a distant problem is increasingly an immediate and substantial threat. To avoid the worst impacts of climate change, 195 countries committed under the Paris Agreement in 2015 to keep the rise in global temperature "well below 2°C…and pursue efforts to limit the increase to 1.5°C". They also committed to cut global greenhouse gases to achieve 'net-zero' emissions in the second half of the century[1].

Achieving these goals means transforming – at speed and scale – the way our economies and communities work. But the window for effective action is rapidly closing. Unless the world significantly accelerates and intensifies its efforts over the next 10 years, beginning today, climate change this century will flood our coastal cities, destroy ecosystems, reduce agricultural production and undermine our economic prosperity and security.

The good news is that large scale investment in the building blocks of a net-zero economy, supported by smart policies, can cut emissions today and eliminate them tomorrow. But we must move quickly. Rapid and widespread deployment of renewable energy, the roll out of clean transportation technologies and construction of ultra-energy efficient buildings and homes will drive business innovation, help create jobs, and deliver healthier, more vibrant cities, towns and communities.

About us

The Climate Group's mission is to accelerate climate action. Since our incorporation in 2003, we have been at the forefront of communicating the benefits and opportunities from tackling climate change, working with the world's leading businesses and subnational governments to drive practical action. Today, our goal is a world of no more than 1.5°C of global warming and greater prosperity for all. We do this by bringing together powerful networks of business and governments that can shift global markets and policies to drive ambitious climate action. Our role is to act as a catalyst to bring innovation and solutions to scale, using the power of communications to build ambition and pace. We focus on the greatest global opportunities for change. We have offices in London, New Delhi and New York.

Our charitable objects

Our objects, as set out in our Governing Document (Memorandum and Articles of Association), are:

- To promote, for the benefit of the public, the protection of the world's climate systems in such parts of the world and by such charitable means as the Trustees think fit;
- To advance the education of the public and interested parties in the effective reduction of greenhouse gases;
- To promote and carry out, for the public benefit, research into the effects of climate change;
- To publish and widely disseminate the useful results of such research.

[1] Paris Agreement https://unfccc.int/files/essential_background/convention/application/pdf/english_paris_agreement.pdf

Box 1. Our philanthropic supporters

As a charity, and to ensure our continued independence, The Climate Group depends on the support of strategic philanthropic donors who appreciate the scale of the challenge that we face and the time-limited nature of an effective response.

Philanthropic donations underpin most of our major initiatives. A valuable characteristic of philanthropic funding is that it is often entrepreneurial and catalytic – allowing The Climate Group to kick-start new programmes which can be sustained and scaled through blending different sources of funding. Philanthropic donors also give more than just financial support. Their critical thinking and strategic insights offer different perspectives compared to our corporate and government partners, and they are vital partners in helping The Climate Group conceive and deliver high impact programs which accelerate climate action.

In FY18-19 our philanthropic and government supporters included the Climate-KIC, ClimateWorks Foundation, the Dutch Postcode Lottery, Goldman Sachs Center for Environmental Markets, Heising-Simons Foundation, the Initiative for Climate Action Transparency (ICAT), the International Climate Initiative (IKI) of the Federal Republic of Germany, John D. and Catherine T. MacArthur Foundation, New York Community Trust, the Norwegian Ministry of Climate and Environment via Norway's International Climate and Forest Initiative (NICFI), Pisces Foundation, Rockefeller Brothers Fund, Energy & Climate Change Directorate of the Scottish Government, Stiftung Mercator, Ministry of Environment & Energy of the Government of Sweden, the IKEA Foundation through the We Mean Business coalition, and the William & Flora Hewlett Foundation, as well as a number of private donors.

We are fortunate to be one of the 107 long-term beneficiaries of the **Dutch Postcode Lottery**. Their funding allows us the financial confidence to plan strategically and to respond quickly to breaking news and changes in policy.

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Our strategic framework

In FY17-18 we introduced our **current 3-year strategic framework** to guide all our work through to 2020. This framework is comprised of the elements described below, beginning with our Vision and Mission and cascading down to our Annual Deliverables.

Our **Vision** is a world of no more than 1.5°C of warming, and greater prosperity for all.

Our **Mission** is accelerating climate action.

Our **Theory of Change:**

- We **bring companies and governments together** around ambitious goals to shift markets and policies
- We **create network initiatives**, defined by ambition, scale and pace to achieve these goals
- We **convert commitment to action** through policy tools and peer learning

- We use **transparency mechanism to hold to commitments**
- We use **communications to share success**, raise profile and influence to **drive even more ambitious action**

Our **four Strategic Goals for 2020**:

Goals	Description
1. Make Under2 World-Leading	*"We will establish the Under2 Coalition as the pace-setting global hub for enabling and accelerating well below 2°C climate action at scale, led by state and regional governments"*
2. Accelerate the Clean Energy Transition	*"We will drive the next shift towards a clean energy system by building ambitious coalitions of action"*
3. Deliver Inspiring Climate Communications	*"We will be the leader, and an innovator, in telling the positive story of how a world of no more than 1.5°C can and is being achieved"*
4. Be Fit-for-Purpose	*"We will deliver excellence in all internal and support functions to provide value to funders, improve financial stability and ensure The Climate Group is a rewarding, supporting and fun place to work"*

Each of our Strategic Goals is broken down into a set of **Key Performance Indicators** (KPIs) for 2020 and then by **Annual Global Milestones** by financial year (i.e. 1 July to 30 June). The Strategic Goals and KPIs serve as the basic organisational roadmap through to 2020, and are ultimately delivered through the initiatives (see 'Our Key Initiatives' table below) that we run under our core programmes

Our core programmes

In executing our current strategy, all our work is ultimately delivered through the networks and core programmes that we have built with our government and business partners.

The Under2 Coalition: a global force for sub-national climate action

The Under2 Coalition is a global community of subnational governments that have made a public commitment to reduce their emissions by 80% on 1990 levels by 2050 or alternatively keep their per capita greenhouse gas emissions below 2 tonnes. The Coalition consists of signatories to the Under2 MoU, an initiative founded by the governments of California and Baden-Württemberg in the lead up to the Paris Climate Conference in 2015. The aim of the Coalition is to support delivery of the Paris Agreement's goal of keeping the increase in global warming well below 2 degrees Celsius. The Climate Group is the secretariat for the Under2 Coalition. Our role builds on more than a decade of work with the States & Regions Alliance, the world's first climate leadership forum for state and regional governments.

The Under2 Coalition represents a globally significant aggregation of economic power, political influence and greenhouse gas emissions. The 220 signatories account for 43% of global GDP and a combined population of 1.3 billion. Annual greenhouse gas emissions are comparable to those of the EU.

Our Business Action programmes: driving the clean energy transition through corporate commitments

The Climate Group's Business Action '100' programmes – RE100, EP100 and EV100 – are a suite of complementary corporate commitment campaigns. They are designed to create demand signals that can shift markets in the energy, transport, manufacturing, industrial and building sectors in favour of clean technologies, as well as influence the wider policy landscape in this direction. Collectively, these initiatives provide building blocks for 21st-century business models that will help to meet science-based climate targets and deliver net-zero emissions economies.

Why are these campaigns needed? The reasons are simple: large companies are major consumers of energy; they are vehicle fleet owners and bulk purchasers; and they are landlords and owners of much of the urban built environment. Through their procurement and management decisions, these businesses collectively can quickly shape and re-configure markets. Our campaigns seek to harness this power to help accelerate the clean energy transition by getting corporates to make ambitious commitments on renewable energy (100% renewable electricity), energy productivity (doubling energy productivity, i.e. a 100% increase) and electric mobility (taking actions to transition 100% of vehicle use and / or install appropriate charging infrastructure at premises).

Members of our business action campaigns include some of the world's biggest companies and most recognised brands. The inclusion of such iconic organisations is helping to normalise the shift to renewables and other clean technologies.

Climate Week NYC: a key moment in the international climate calendar

Although The Climate Group runs a number of convening events through the year, Climate Week NYC is by far and away our largest and most important. Held in parallel to the UN General Assembly in New York every September, Climate Week NYC has been running for over 10 years. The week has come to be recognised by governments, businesses and civil society as one of the key moments in the international climate calendar, providing an additional point of focus and leverage for accelerating global climate action. Climate Week NYC provides our business and government partners with the opportunity to showcase their climate actions, publicly commit to do more and pressure others to join them. By partnering with the UN, New York City and others we ensure that Climate Week actions and messages are heard beyond the 'climate bubble' and are communicated to a local NYC audience as well as global ones. In addition to our own events, we also provide the platform and framework for hundreds of other climate-related events and activities that now take place during Climate Week NYC each year.

Our key initiatives in FY18/19

#	Initiative	Description
Key state and regional government initiatives		
1	Climate Footprint Project	Supporting Under2 governments to develop robust medium and long-term (2050) emissions reduction plans in line with the goals of the Paris Climate Agreement.
2	Climate Pathways Project	Supporting Under2 governments so they have the expertise and systems in place to assess their emissions accurately, track progress and ensure policies remain fit for delivering against climate targets. Includes production of the Annual Under2 Coalition Disclosure Report.
3	Industry Transition Platform	An initiative working with governments from highly-industrialized regions to develop strategies to cut industry emissions while supporting growth, job creation and prosperity.
4	Policy Programme	Spreading today's best climate policies and developing new policies to ensure full decarbonization by Under2 governments.
5	Under2 Secretariat	Acting as Secretariat for the Under2 Coalition including stakeholder engagement, event delivery, communications, and administration of Under2 'Future Fund' (see Box 2).
Key business action initiatives		
6	RE100	A global initiative, in partnership with CDP, of over 140 influential businesses committed to 100% renewable electricity, working to massively increase demand for - and delivery of - renewable energy.
7	EP100	A global initiative, in partnership with the Alliance to Save Energy, of energy-smart companies committed to using energy more productively, to lower greenhouse gas emissions and accelerate a clean economy.
8	EV100	A global initiative of forward-looking companies committed to accelerating the transition to electric vehicles (EVs) and making electric transport the new normal by 2030.
9	LED Program	Our long-running program to help cities and businesses switch to highly energy efficient LED lighting.
10	Shifting the Narrative Project	A communication driven initiative to inform and inspire policy and decision makers about the role of distributed renewable energy in bringing power to millions in India.
11	Fast-tracking e-mobility and clean electrification	A collaborative project with our We Mean Business Coalition partners, CDP and WBCSD, to engage Indian businesses in the accelerate adoption of electric vehicles and renewable energy.
Key cross-cutting initiatives		
12	Climate Week NYC	Our premier annual international summit in New York and a key moment in the global climate calendar, convening climate leaders from business, government and civil society to show case and accelerate climate action.
13	Global Climate Action Summit 2018	Acted as lead organisation for delivery of 'Healthy Energy Systems' component of GCAS hosted by the Californian state government in San Francisco. Helped shape overall agenda as a member of Summit's Steering Committee.

#	Initiative	Description
14	Zero Emission Vehicle Initiatives	Our ZEV Community initiative brings together all levels of governments to share and learn about exciting ZEV (zero emission vehicle) initiatives taking place around the world. Our ZEV Challenge calls on businesses and governments to commit to action that will accelerate the adoption of zero emission vehicles and the necessary supporting infrastructure and policy.
15	Mainstreaming Finance for DRE - Distributed Renewable Energy	A two-year project supported by Goldman Sachs to help develop the financing infrastructure for scaling distributed renewable energy in India.

All of these activities further The Climate Group's charitable objects (a) by helping to protect the world's climate systems through actions that directly or indirectly cut greenhouse gas emissions and (b) by educating the public and interested parties through events, briefings and the publication of freely available reports that track progress of the action undertaken through our programmes and that identify and explain how more can be done.

2. Achievements and performance

Making the Under2 Coalition world leading

As the Secretariat for the Under2 Coalition, The Climate Group's role is to project manage specific initiatives, facilitate interaction between its government members and communicate its activities and achievements. Through these activities The Climate Group helps Under2 governments to take more ambitious climate action by giving them the peer support and confidence to implement new policies and the knowledge to enhance their technical capabilities. In FY18-19 good progress was made across all these areas, helping to build the Coalition's reputation as one of the leading and most effective international non-state actor climate action initiatives.

The defining activity for The Climate Group as Under2 Secretariat in FY18-19 was the mobilisation of three new multi-year and multi-million pound initiatives. The Climate Footprint, Climate Pathway and Industry Transition Platform (ITP) projects represent a significant step-change in scope and scale of Coalition and Climate Group initiatives. The first two, funded by the German and Norwegian governments respectively, are capacity-building projects to support a selected group of state and regional governments in developing countries, with a heavy regional emphasis on Central and South America. As their names indicate these projects are concerned with establishing / enhancing a government's technical ability to calculate a region's emissions profile and develop long-term pathway plans to cut emissions. By contrast, the ITP initiative (funded by Stiftung Mercator) is focused on heavily industrialised state and regional economies that are seeking ways to decarbonise. As multi-year projects, the on-the-ground impact of all these initiatives will only be evident in later years. Good progress however was made in FY18-19 in hiring suitably qualified staff, contracting partners and executing the first phases of all projects to the satisfaction of funders. Two smaller Coalition projects were also initiated during the year; one relating to zero emissions vehicles and the other to the control and capture of methane.

With regard to facilitation, the main activity for the year was convening the largest ever Under2 General Assembly (the principal decision-making body of the Coalition) with participation of over 70 state and regional governments, including 16 new Coalition members. Taking place in San Francisco in September it was part of the broader Global Climate Action Summit (GCAS) hosted by Californian Governor Jerry Brown, UN climate chief Patricia Espinosa and former New York City Mayor Michael Bloomberg. The General Assembly gave state and regional governors, premiers and ministers, from both developed and developing countries, the opportunity to share experiences, communicate their impressive collective climate achievements and commit to further action, such as agreeing to develop 2050 net zero pathway plans. To underline just what impact the Coalition could have, an independent report released at GCAS, authored by researchers from Yale University and other institutions, revealed that the Under2 Coalition is the global initiative with the highest potential for emissions reduction. By signing the Under2 MOU, coalition members have collectively committed to remove between 4.9-5.2 Gigatons of Co2 equivalent emissions per year by 2030, which is more than the current annual emissions of the European Union.

On a smaller, but no less important scale, The Climate Group also brought state and regional governments together on various other occasions during FY18-19, both in-person and virtually. In India, for example, we organised a dialogue with businesses and the Indian government's leading thinktank, NITI Aayog, to discuss how corporate leadership and state policy can accelerate electric mobility. In Germany in May, we supported the Government of Baden-Württemberg in hosting their International Conference on Climate Action. And in June we worked with the Government of Queensland to convene the first Asia Pacific Climate Leaders Forum in

Brisbane, which was attended by over 18 jurisdictions. In total, over 10 in-person meetings were held through the year and over 20 knowledge webinars.

To communicate the work of the Coalition and its member governments, we released four main reports through FY18-19. The principal publication, our Annual Disclosure Report, produced in partnership with CDP, highlighted the climate leadership of state and regional governments generally and Coalition members specifically. The key findings showed that disclosing governments have reduced emissions 9% on average compared to their base years and have committed to decarbonising at a rate of 6.2% a year until 2050, significantly faster than most national governments. A record 120 governments disclosed in 2018 (up from 44 in 2015), with 265 targets for emission reductions, renewable energy and energy efficiency reported between them. Our other reports covered the work of the Coalition's Future Fund (see box below) and 2018 calendar year highlights. A fourth report, a 'carbon free states and regions' handbook, was a joint publication with the Rocky Mountain Institute.

Not all our intended Under2 activities for FY18-19 were executed as planned. Re-engagement in China, for example, was postponed due to the delays with registering The Climate Group's new 'Representative Office' (see Fit for Purpose section below). We were also unable to secure funding for a proposed new Climate Diplomacy program and plans to set up a knowledge & networking platform were put on hold due to challenges with both funding and technical requirements.

Box 2. Under2 Future Fund

A unique aspect of the Under2 Coalition is its 'Future Fund'. The Future Fund aims to accelerate climate action through strategic funding to support climate activities in developing and emerging economy regions. The Fund is supported by grants from several Under2 governments and is administered by The Climate Group. An Advisory Board provides overall direction for the initiative, advising on strategic priorities, overseeing the allocation of funds and steering the decision-making processes. Resources from the Future Fund are intended to be used for the following priorities agreed with the Advisory Board:

- Support outreach activities to expand engagement with a focus on key emerging economies (in Asia-Pacific, Africa and Latin America)
- Identifying and providing direct funding to developing and emerging economy jurisdictions to implement the Under2 Coalition's 2050 goals
- Support capacity-building workshops or secondment of staff from other jurisdictions
- Support the convening of stakeholders from developing and emerging economies
- Fund research activities and reports on topics of strategic importance to the jurisdictions and the Coalition through external experts as well as engagement with the Coalition
- Support travel costs for selected state and regional government elected officials and senior policy experts to attend Under2 Coalition events
- Fund management and growth, administration, and translation services

In FY18/19 the Fund's budget was £184,050 (FY17/18 £115,000) all of which was allocated for the purposes described above.

Accelerating the clean energy transition

FY18-19 was a very busy and productive year for all our energy related work. Our corporate campaigns in particular, aimed at scaling up business demand for renewable electricity (RE100), electric vehicles (EV100) and energy productivity (EP100), saw significant growth in membership and clear on-the-ground impact. We also had our first 'triple' 100 members (RBS and Landsec), a milestone that we hope will become common place.

RE100, our longest running campaign (established 2014), led the way in growth with membership close to 200 by year-end (up from 140 in FY17/18). Collectively, RE100 companies now represent over US$5.4 trillion in revenue and their combined annual demand for renewable power (228 TeraWatt Hours (TWh) in 2018) is equivalent to nearly two-thirds the total annual power generation output of the UK.

The year saw expansion in regional activities, with new RE100 hubs opened up by local partners in Australia and Taiwan. Japan and Korea also proved to be particularly fertile ground for RE100. In Japan, a country where adoption of renewable power has been very slow and corporate demand limited, 20 major RE100 companies, including Sony & Fujitsu, called on the government to set an ambitious target of sourcing at least 50% of the country's electricity from renewables by 2030 (more than double its current target). In South Korea, following several visits by the RE100 team, the Korean government made a public commitment to "provide RE100 support schemes [to] help our companies keep up with the global trend of change". This will remove a major hurdle to sourcing of renewable power in one of the world's largest coal importing countries.

The wider impact of RE100 was evident in the latest Progress & Insights Report we published in November. This showed that RE100 companies are now present in over 140 markets world-wide, which helped to drive a 41% increase in renewable power demand across the membership in one year. The report found that about half of RE100 members will achieve their 100% goal by 2026 and three-quarters by 2030. The networking effect of RE100 was also demonstrated during the year, with three members – Apple, Esty and Swiss Re – announcing a partnership to build 290MW of renewable generation for their operations or enough power for 74,000 homes. To cap the year off, RE100 won the Business Green 'Environmental Awareness Campaign of the Year Award' in London in June.

EV100 and EP100 also saw strong growth in membership with both campaigns hitting the 50 mark before year end, representing a doubling in numbers compared to FY17-18. EP100's reach was extended through a formal partnership with the World Green Building Council and new commitments on net zero carbon buildings and energy management systems. Progress reports published during the year highlighted the impact that the campaigns are having. In the case of EV100, 23 companies disclosed that they are on track to switching 145,000 vehicles to EVs by 2030, with 10,000 already in use. These same companies will also provide charging infrastructure to over 600,000 employees, helping to incentivise a much larger demand signal for EVs across the more than 65 markets EV100 members operate in.

The EP100 Progress Report found that disclosing companies (also 23 in total) had saved US$55 million in the previous year, avoiding the use of 146TWh of power over the period. This level of *power saved* by just 23 companies is not dissimilar from the annual *power demand* created by the much larger RE100 campaign. The significance of this fact and these numbers needs to be emphasised. They are a reminder of how energy productivity measures are the most cost effective (indeed cash positive) way to cut energy-related greenhouse gas emissions, since the cheapest and cleanest form of energy is the one you do not use. This underlines why a scaled up EP100 – with a membership comparable to RE100 – could be truly transformative in the next few years.

The broader influence and political resonance of EV100 and EP100 was also highlighted by a number of other developments during the year. Influential US media outlet GreenBiz, for example, profiled the efforts of EP100 members, identifying energy productivity as one of the emerging business trends of 2019. EV100 meanwhile was officially endorsed by the Indian government and recommended in a multi-government declaration on accelerating electric mobility at the UN climate conference (COP24) in Poland ('The Katowice Partnership for e-mobility').

Beyond the business action campaigns, we also advanced a number of other, smaller energy initiatives. In New York City in July, we launched the 'ZEV (Zero Emission Vehicle) Challenge', which bought together over 60 state and regional governments, cities and businesses with ZEV commitments. The challenge also called on auto-manufacturers to signal their willingness to work towards an endgame for combustion engine vehicles, and in the meantime commit to a ZEV percentage of sales by 2025. In New Delhi, our team further developed the 'India Initiative on Decentralised Renewable Energy (DRE) Financing' (IIDF). This is a partnership with the Goldman Sachs Center for Environmental Markets and cKinetics and builds on early Climate Group DRE initiatives. The IIDF aims to scale up adoption of DRE by unlocking debt capital for rural entrepreneurs and end-users. Analysis undertaken in FY18-19 for financing DRE solutions (solar pumps, mini-grids, micro cold storage etc) identified a US$2 billion investment opportunity by 2023. A pilot project to test investment mechanisms was planned for the end of 2019.

Notwithstanding the success and achievements through the year, there were also some challenges impacting our energy related work, most notably around resourcing. With expansion in membership numbers, expectations and demand for services all increased through FY18-19, placing pressure on staff and teams. These issues were not fully addressed during the year but work was initiated to investigate other business models that might better support our business action campaigns in particular. The outcomes from this work are expected to be rolled out in FY19-20.

Delivering inspiring climate communications

Great communications have always been at the heart of The Climate Group's work and foundational to its impact. Through the year we delivered step-change improvements in the quality of key events, reports and our engagement with the media.

In FY18-19 we successfully delivered the two biggest events we have ever held. As part of the Global Climate Action Summit (GCAS), we delivered the 'Healthy Energy Systems' workstream (in addition to hosting the Under2 General Assembly note earlier). Hosted by the government of California in September, GCAS was the largest ever non-state actor climate conference, designed to demonstrate state, city, business and civil society support for the Paris Agreement. The summit acted as a stimulus for a range of new commitments from business and subnational governments. New members joined our Business Action campaigns and Under2 governments made over 40 new climate and energy commitments covering zero emission vehicles, buildings and waste. The summit concluded with a call to action to national governments to step up their own climate action. The summit helped to generate over 1,000 media articles for The Climate Group's programmes, including coverage in the New York Times, the Economist, Times of India and Fox News.

Two weeks after GCAS, The Climate Group hosted its tenth and largest Climate Week NYC. The event acted as a perfect vehicle for bringing the key messages from GCAS to national leaders attending the UN General Assembly the same week. Our Opening Ceremony saw key note addresses from Jacinda Ardern, the Prime Minister of New Zealand, and California Governor Jerry Brown, as well as from the leaders of Peru, Haiti and the Marshall Islands. Activities across the week were also expanded. The Climate Group hosted 'The Hub', a day of business dialogues, which brought together senior business and governments leaders on a range of climate issues. A record number (150+) of affiliate events were also held during the week, and we sought to increase engagement with New York businesses through a pilot 'Climate is our business' promotion with local companies committed to climate action. The enduring interest in and importance of Climate Week NYC was reflected in a record level of sponsorship (~$US1.0m), which helped to generate a small surplus of unrestricted income for The Climate Group. Building on the success of Climate Week NYC 2018, we strengthened event delivery capacity by appointing a full-time Head of Climate Week during the year. We also stepped up sponsorship efforts for Climate Week NYC 2019, resulting in a record US$1.5m being secured by the end of June (and a projected US$1.9m by September 2019).

Beyond our key events, another notable communications achievement was a revamp of our key reports. A pithy, punchier writing style was adopted along with a cleaner design format to ensure key messages were communicated better (our EV100 report being a great example of this new approach). To ensure these reports got to the right audience and to improve our external communications generally, we also appointed a single, new provider (Vuelio) for our press list, media monitoring and press distribution function. Alongside promoting our corporate initiatives and work with state and regional governments, we have also been raising the public profile and reputation of The Climate Group by positioning the organization as the 'go-to' media commentator on positive climate action, achieving over 9,500 pieces of international coverage in the past year. Launching the global ZEV Challenge, building increased awareness and coverage of Climate Week NYC 2018 and issuing reactive statements and opinion pieces on topical global affairs, including the climate strikes, has also led to several members of the EMT being profiled during live TV interviews on international news channels, most notably BBC News outlets..

Being fit-for-purpose

A number of operational milestones and key outcomes were achieved through FY18-19 that help to make The Climate Group a more fit-for-purpose organisation.

With regards to governance, there were a number of important outcomes. We completed the establishment of a new legal structure for our India office, registering a for-profit entity TCCO India Projects Pvt Ltd on 21 May 2018, and set up a non-fiduciary advisory board to help inform our programmatic work and strategy in the country. In China, we successfully wrapped up all outstanding issues relating to our former legal entity (a Wholly-Owned Foreign Enterprise or WFOE) but progress in registering our new 'Representative Office' (RO) was delayed while we sought a government agency to act as an official sponsor. We now hope to secure RO status sometime in FY19-20. In the US and the UK, we strengthened ties between these two offices by appointing a trustee from each board to the board of the other. UK trustee Mike Rann is now a member of our US board, while US director Robin Kaiser Gish has joined the UK board.

On the systems side, we completed the full rollout of Financial Force, our new accounting and project management software. This new system allows us to track income and expenditure on a nearly real-time basis and at a project level, giving us much greater understanding of our resources needs and allocation.

Staff-wise, we took a number of steps to improve productivity and development. In India, our team moved into a new larger office. We also introduced a new learning and development platform for all staff provided by LinkedIn. The online system has over 10,000 courses covering management, IT, HR and other relevant issues, giving us a resource upon which to build individual learning and development plans.

We also made good progress towards establishing new, paid internship programmes in our London and New York offices. The programmes are designed to help young professionals who do not have the resources or the connections to kick-start careers in the climate sector. A fundraising drive, including a staff-run challenge to complete the UK's iconic 'Three Peaks Challenge', raised over £30,000 by year-end for our London programme. In New York, we successfully applied to an intern funding scheme provided by the city's power authority (NYSERDA), which will allow us to hire up to 12 interns at a living wage and cover 90% of the cost. We hope to have both programmes up and running early in FY19-20.

3. Future plans

FY19-20 marks the final 12 months of our current three-year strategy. The focus for the year will therefore be a combination of ensuring delivery against our current goals and looking ahead to develop our 2020-23 organisational strategy.

Programmatically, this means ensuring our three main Under2 Coalition programmes (Climate Footprint, Climate Pathway and ITP) are all fully mobilised and hitting their key milestones. For our energy related initiatives, the focus will be to grow campaign memberships (RE100, EV100 and EP100) while at the same time improving the stakeholder experience, enhancing the level of collective action and impact, and strengthening the underlying business model of all this work. We will also be ramping up work in two new areas of corporate campaign activity, namely on sustainable steel and a new cooling challenge.

From a communications perspective, the redesign of our website and a brand refresh will be priority activities. We will also continue to develop the integrated communications approach to all our programmatic work that we began to embed through FY18-19. Climate Week NYC will again be a critical moment in our year, both programmatically and communications wise. A key focus for us will be ensuring it seamlessly connects with COP26, which will take place in Glasgow at the end of 2020 – the first time the UK has ever hosted a UN climate conference. The ground work for making sure this happens will occupy much of FY19-20.

Operationally, a critical milestone for FY19-20 will be securing Representative Office status in China, allowing us to again fully engage in the country to accelerate climate action. In November 2019 we formed a Company in the Netherlands, to establish a legal entity in the EU, as a means to mitigate risks associated with a hard Brexit and also to deepen our engagement with partners and funders in Europe, we anticipate that activity will start during the coming year. To help manage continued growth across the organisation as a whole, we appointed a Chief Operating Officer (a new position) in mid-October, adding a critical and much needed skill set to our Executive Management Team.

Looking beyond 2020, our planned strategy review in the first half of the year is likely to build on our existing programme of work, but will be framed around the scientific imperative of keeping the rise in global temperature to no more than 1.5°C. This is likely to result in a step change in the level of ambition that we expect from our partners, funders and also ourselves. We expect to continue to focus on the existing sectors of energy, transport and buildings but will be exploring what opportunities there could be for The Climate Group in other sectors, not least land-use and agriculture where there are significant emissions as well as opportunities for reductions. We believe the Under2 Coalition could play a particularly important role with regards to land-use and agriculture because of the jurisdictional control that many members exercise in these areas.

4. Financial review and strategy

The Statement of Financial Activities (page 29) and the following Notes show our full financial results for the year. Financial information in this report relates to both the UK charity (indicated by “Charity” in the accounts) and the consolidated accounts of the UK, the US, China and India (indicated by “Group”). Figures in this section reflect the consolidated Group figures.

Income

Our total income for the 2018/19 financial year was £8.1m (2018: £6.0m). As at 30 June 2019 we had £1.2m (2018: £0.6m) of deferred income.

Our income in the year came from the following main sources:

- Government and philanthropic grants of £5.9m (2018: £4.2m)
- Sponsorship incomes for our events including Climate Week NYC and other smaller events totalling £0.8m (2018: £0.8m).
- Membership and partnership incomes for our key initiatives of £1.0m (2018: £1.0m).

In the year we strengthened funding for our Business Action campaigns and secured new funding for Under2 Coalition initiatives. We secured multi-annual grants from the International Climate Initiative (IKI) of the Federal Republic of Germany and the Norwegian Ministry of Climate and Environment via Norway’s International Climate and Forest Initiative (NICFI), as well as a major grant from Stiftung Mercator for industry transition work with state and regional governments. These run from late 2018 to 2021. We also secured multi-annual grants from the We Mean Business coalition for our business action campaigns

Increasing the percentage of secured multi-annual funding for programmatic work helps our business action and Under2 Coalition teams to build our track record of delivering impact. This in turn enables the development of more compelling funding propositions to support future growth.

We are continuing to grow our network of funding partners and contacts with a view to building new projects which capitalise on the success of our current programs, and also to support strategic growth into new thematic areas of work. Our focus is on consolidating and growing the income streams which are presently strong – foundations, governments and corporate sponsorship – whilst taking steps to begin to grow new income streams from individuals and corporate partnerships.

The Dutch Postcode Lottery remains a vital and significant source of unrestricted funding for our core costs, and we are in year two of a five-year funding cycle.

We continuously invest in our financial and project management support systems to ensure compliance with contractual delivery obligations, manage risk and meet full cost recovery requirements. Whilst improving systems is an important component of this work, we place great emphasis on training staff to better understand and respond to the financial and commercial risks we face and help ensure The Climate Group’s financial sustainability.

Expenditure
During the accounting period we spent a total of £6.8m (2018: £5.4m).

Our charitable expenditure is analysed as follows:

	2019	2018
	£m	£m
Staff costs	**4.0**	3.4
Other direct costs	**2.0**	1.0
Support costs	**0.9**	1.0
	6.9	5.4

Expenditure increased mainly through the growth and generation of funded new initiatives. This led to increased staff numbers and related project and office costs.

These expenditure included collaborative subgrants to other organisations which included CDP Global, World Green Building Council (WGBC), World Business Council For Sustainable Development (WBCSD), ICLEI and the GHG Management Institute.

We make subgrants to other organisations which meet our charitable objectives and are able to support the delivery of our programmes.

Expenditure is reviewed on a rolling monthly basis, by project and department, with stringent purchasing controls and authority limits to facilitate effective budgetary and fiduciary controls.

Financial position at year end
The net movement in total funds for the year was an increase of £1.2m (2018: increase of £0.6m). This included an increase in unrestricted funds of £0.7m in the year (2018: increase £0.2m), the balance being an increase in our restricted funds.

The total balance of funds at 30 June 2019 was a surplus of £2.8m (2018: £1.6m) comprising restricted funds of £1.7m (2018: £1.2m) and unrestricted funds of £1.1m (2018: £0.4m).

As stated last year, China remains critical to our ambitious plans and we continue our application for a new Representative Office to be opened as soon as possible, subject to local approvals; this has currently been delayed by about one year. Our previous China entity, The Climate Group (China) Limited, closed the year with net assets of £nil (2018: £nil), the full debts had been written off, and is in the process of legal dissolution.

Our Indian operations have continued to expand through specific grant income supporting delivery of our core initiatives locally.

Reserves policy
The Climate Group's objective is to seek to maintain unrestricted reserves at a level which would enable the Charity to withstand any short-term financial risks and protect and maintain its long-term viability. Given the Charity is undergoing a period of significant growth in operations and given the current economic uncertainty in the UK, the Trustees have decided it would be prudent to increase the level of unrestricted reserves to [3 – 6 months of core net expenditure] compared to the previous target of 3 months. At 30 June 2019 the unrestricted reserves were £0.8m, excluding designated unrestricted reserves of £0.3m, representing an estimated 3 months of core net expenditure, which is within the range, but at the lower end.

Going concern
The Climate Group, like many charities, is dependent on voluntary contributions from funders and ongoing relationships with our partners to meet its future commitments. The Climate Group's planning and performance review processes include financial projections of income and expenditure that take into consideration the current economic climate and its potential impact on the various sources of income and planned expenditure. The Climate Group is well placed to manage the business risks it faces given our growing level of reserves, a good cash flow and strong relationships with partners, donors and funders. The Trustees have a reasonable expectation that the charity has enough resources to operate for the foreseeable future and believe that there are no material uncertainties that call into doubt the ability of The Climate Group to continue as a going concern.

Managing principal risks and uncertainties

The Trustees are responsible for ensuring that major risks facing The Climate Group are appropriately managed. The major risks identified are regularly reviewed and their potential impact assessed. Strategies and controls to manage each risk appropriately are in place, with some subject to continuing improvement. In those areas of our work where a degree of risk is inevitable, appropriate steps have been taken to mitigate that risk where possible. Updates to the register of key risks are reported to the Board and circulated to Trustees for their review.

The major risks reported to the EMT and Board are:

- **Inability to generate sufficient income streams**. As with many charities, we operate in a crowded and competitive sector meaning that securing unrestricted funding is often challenging. However, we continued to identify a wider and more diverse range of funding opportunities in the last year, while an increasing number of our initiatives have secured income for multiple years. The significant uplift in confirmed income for FY19/20 compared to FY18/19 has validated this approach. As a result, we are able to approach our core campaigns and business actions more confidently, with less risk of funding gaps. We continue to monitor cash flows and revenue and expenditure forecasts carefully, and to manage our operations to reduce the risk of funding gaps.

- **Managing challenges associated with growth.** The success of our key initiatives in attracting the interest of new funders has translated into an expansion in operations over the past 12 months, which is likely to continue through the coming year and perhaps beyond. Given the specialist and niche nature of our work, we have experienced some recruitment and management challenges that have been compounded by a competitive recruitment market. Rapid growth in the organisation has also placed some stress on internal systems and resources, notably office space. Key mitigating actions taken include ensuring staffing budgets are market competitive in order to attract talent, the introduction of a new financial and project management system and moving to a more flexible office environment to cope with increased staff numbers. We expect to move office in FY19-20 in London in large part to accommodate forecast future growth in staff numbers. Failure to properly manage this growth could have a negative impact on our ability to deliver agreed outputs and maintain funding.

- **Retention of key employees**. As a small organisation the depth of our human resources is limited. As a result, the loss of key personnel poses an important risk for us, since an individual member of staff may have multiple responsibilities and broad experience across a range of areas. The key actions we are taking to mitigate this risk are to improve succession planning processes, strengthen our learning and development system and conduct a pay review using an external consultancy to ensure we have a 'total reward' package that meets the needs and aspirations of staff.

- **Brexit risks and uncertainty**. The UK's decision to leave the EU poses a number of direct and indirect risks to The Climate Group. Like all other organisations, the possibility that a hard Brexit could negatively affect the broader economy poses an indirect risk. If the UK companies and devolved governments that we work with have to cut budgets due to economic uncertainty, their ability to engage with us and fund initiatives maybe curtailed. Financially, this risk is mitigated by the fact that only a small proportion of our income is currently generated in the UK. A more direct risk posed by Brexit is with respect to our staff, many of whom are EU citizens. It remains unclear what arrangements will be agreed for EU citizens already resident in the UK. Continuing uncertainty could lead to the loss of a material number of staff if they feel their future in the UK is unclear. Another direct risk relates to our ability to raise funds in the rest of the EU. Post Brexit, as a UK headquartered organisation, it is unlikely that we will be able to access any official EU funds. Although we do not currently rely on such funds, the growth of the Under2 Coalition in particular would benefit from having access to EU grants. The key mitigating action we have taken to minimise our exposure to potential Brexit impacts has been to establish (as of December 2019) a new legal entity in the Netherlands. We expect to set up a physical presence in the country at some point in the coming 12 months, funding permitting.

- **Cyber risk.** Our reliance on IT systems to support our programmatic and operational work, and the growing sophistication of cyber attacks has meant that cyber risk is now an increasing concern for the organisation. We conducted a penetration test (PEN test) during the year to test our computer and system networks for any vulnerabilities which attackers could exploit. Together with these annual PEN tests and regular system reviews, we will update our information security risk management strategy which will enable us to take a systematic approach to managing cyber risk and associated risks to our information assets.

5. Structure, governance and management

Governance statement of trustees' responsibilities

Structure
The Climate Change Organisation, which is known as and operates as The Climate Group, is a company limited by guarantee registered in England and Wales under company number 4964424 and charity number 1102909. It was incorporated in November 2003, gaining charitable status in March 2004. Our statutory objects and powers are established in a Memorandum of Association, and the company is governed under its Articles of Association.

The Climate Group is represented by legal entities in the US and India, which enable us to hire staff and raise and direct funds towards our work internationally. These legal entities work closely with the UK charity, with local board positions for members of our Executive Management Team strengthening international relationships. Our head office's relationship with the regional offices is underpinned by legal contracts. These contracts cover co-ordination of work programmes and licensing of the name and trademarks to the regional representatives. During 2019/20 we aim to set up a Representative Office in China to conform with new regulations for international NGOs operating in that country.

Trustees
Members of the Board of Trustees who are directors for the purpose of company law and Trustees for the purpose of charity law. Members of the Board who served during the period and up to the date of this Report are set out on page 24.

The Climate Group Board of Trustees currently comprises nine unpaid Trustees, who are also the directors of the company limited by guarantee. The Memorandum and Articles of Association provide that Trustees may be elected to serve for three years and can be re-elected for a second term. After six years, Trustees must take a minimum 12 months' break before being eligible for re-appointment. Trustees meet quarterly, with additional meetings if required, and delegate the day-to-day operations of the organisation to the Executive Management Team headed by the Chief Executive. All Trustees give of their time freely and no remuneration was paid in the year.

The Trustees look for a range of skills for representation on the Board when recruiting and appointing new Trustees, including familiarity with the ways that leading businesses and governments should respond to climate change. Our current Board includes members with finance, communications, business, government and legal expertise.

The induction of new Trustees is tailored to the skills, knowledge and expertise of each individual. Our Chairman and Chief Executive brief new Trustees on recent progress, future plans, legal structure and finances, as well as Trustees' obligations in their role. Trustees also meet with members of the Executive Management Team to fully understand The Climate Group's programmes, and the systems and processes which support them. Wherever possible we also encourage prospective Trustees to observe one or two Trustee Board meetings to familiarise themselves with our work before formal election.

The Board is supported by two committees. The Finance and Audit Committee has oversight of our finances, budgeting and fundraising performance, meeting with and obtaining reports from the organisation's auditors. The Committee also reviews and recommends remuneration strategies and policies. The Board Nomination and

Appointments Committee advises on matters pertaining to the appointment of Trustees. The committees meet quarterly, or as required, in addition to regular meetings of the Board of Trustees.

Scheme of delegation

The Trustees have set out a scheme of delegation, delegating authority from the Trustees to the Chief Executive and thereon to the Executive Management Team in the organisation. The scheme of delegation is reviewed periodically.

Statement of Trustees responsibilities

The Trustees (who are also directors for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the charitable company will continue on that basis.

The Trustees are responsible for keeping proper accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company; and to enable them to ensure that the financial statements comply with the Companies Act 2006 and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. This report has been prepared taking advantage of the exemptions available to small companies under the Companies Act 2006

Provision of information to auditors

Each of the persons who is a Trustee at the date of approval of this report confirms that:

- so far as he/she is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the Trustee has taken all the steps that he/she ought to have taken as a Trustee in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Fundraising code

The Climate Group is a member of the Fundraising Regulator. Although we do not undertake any street, door-to-door or private site fundraising, and do not engage with commercial partners or volunteers to raise funds on our behalf, we work to ensure that those fundraising activities we do undertake comply with the law as it applies to charities and fundraising.

We also take our responsibilities to protect vulnerable people seriously and where any fundraising activities involve vulnerable people, we follow issued guidance on this to ensure fair and reasonable treatment of our donors.

During the reporting period, The Climate Group received no fundraising complaints from members of the public.

Remuneration policy

The salaries of The Climate Group staff are periodically benchmarked against comparable organisations, including other charities. The Climate Group aims to set salaries equivalent to the median for such organisations. All posts are evaluated based on agreed, organisation-wide criteria that determine the grade and salary for the post.

Public benefit

The Trustees confirm that they have referred to the information contained in the Charity Commission's general guidance on public benefit when reviewing The Climate Group's aims and objectives, and in planning activities and setting policies and priorities for the year ahead.

All of our initiatives and activities further The Climate Group's charitable objects (a) by helping to protect the world's climate systems through actions that directly or indirectly cut greenhouse gas emissions and (b) by educating the public and interested parties through events, briefings and the publication of freely available reports that track progress of the action undertaken through our programmes and that identify and explain how more can be done.

The Trustees' Report was approved by the Board of Trustees on 12 December 2019 and were signed on its behalf by:

Joan MacNaughton

Chair of the Board of Trustees

Key people and advisors

Principal office & Registered office
Second Floor, Riverside Building
County Hall
Belvedere Road
London SE1 7PB

The information shown below pertains to the period between 1 July 2018 and 12 December 2019, the date of the signing of the accounts.

Board of Trustees
Trustees during the year ended 30 June 2019 were as follows:
Zoë Ashcroft
Andrew Clark – *appointed 25 February 2019*
Viki Cooke
Richard Gledhill
Robin Kaiser Gish
Abyd Karmali
Victoria Keilthy (Chair of the Finance & Audit Committee)
Joan MacNaughton (Chair of the Board of Trustees; Chair of the Nominations Committee)
Mike Rann

Since the year end, the following appointments and resignations to the Board have taken place:
Dominic Waughray – *resigned 13 October 2019*

Finance and Audit Committee
Members during the year ended 30 June 2019 were as follows:
Andrew Clark
Richard Gledhill
Victoria Keilthy (Chair of the Finance & Audit Committee – *from 22 March 2019*)
Joan MacNaughton
Mike Rann

Executive Management Team (EMT)
The Executive Management Team during the year ended 30 June 2019 was as follows:
Tim Ash Vie, Director, Under2 Coalition
Helen Clarkson, Chief Executive
Amy Davidsen, Executive Director US (The Climate Group, Inc.)
Jack Frangou, International Finance Director
Luke Herbert, International Communications Director
Yuming Hui, China Programme Director
David Mole, Fundraising Director
Mike Peirce, Corporate Partnerships Director
Damian Ryan, Strategy & Impact Director
Jarnail Singh, India Director (TCCO India Projects Pvt Ltd)

Since the year end, the following appointments and resignations to the EMT have taken place:
Ana Mates, Chief Operating Officer – *appointed 14 October 2019*
Damian Ryan, Strategy & Impact Director – *resigned 30 November 2019*

Principal Professional Advisers

Solicitors	**Bankers**	**Auditors**
Winston & Strawn London LLP	HSBC Bank plc	Crowe U.K. LLP
CityPoint	34 High Street	St. Brides House
One Ropemaker Street	Walton-on-Thames	10 Salisbury Square
London EC2Y 9AW	Surrey KT12 1DD	London EC4Y 8EH

Directors of our International Boards

The Climate Group, Inc.
Helen Clarkson (President)
Ariane de Vienne
Robin Kaiser Gish
Jeffrey B. Gracer
Joseph M. Kinard
Douglas P. Lawrence
Professor Bill Moomaw (Chairman)
Mike Rann
Steve Westly – *resigned January 2019*

TCCO India Projects Pvt. Ltd
Helen Clarkson – *appointed 4 April 2019*
Jack Frangou – *appointed 4 April 2019*
Joan MacNaughton – *appointed 4 April 2019*
Jarnail Singh
Rajneesh Sood – *resigned 30 April 2019*

6. Audited Accounts

Independent Auditor’s Report to the Members and Trustees of The Climate Change Organisation

Opinion

We have audited the financial statements of The Climate Change Organisation for the year ended 30 June 2019 which comprise the consolidated statement of financial activities, the group and company balance sheets, the consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group’s and the charitable company’s affairs as at 30 June 2019 and of the group’s 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees’ use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group’s or the charitable company’s ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor’s report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion based on the work undertaken in the course of our audit

– the information given in the Trustees' Report, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
– the directors' report included within the Trustees' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In light of the knowledge and understanding of the group and the charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

– the parent company has not kept adequate accounting records; or
– the parent 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; or
– 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 Trustees Annual Report.

Responsibilities of trustees
As explained more fully in the Trustees' responsibilities statement set out on page 21 - 23, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the group's or the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
We have been appointed as auditor under section 151 of the Charities Act 2011 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
A further description of our responsibilities for the audit of the financial statements is located on the

Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report
This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charitable company's members and trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, the charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Tim Redwood

Senior Statutory Auditor

For and on behalf of

Crowe U.K. LLP

Statutory Auditor

London

Crowe U.K. LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

Consolidated statement of financial activities

	Notes	Restricted	Unrestricted	**Year ended 30 June 2019**	Year ended 30 June 2018
Income from:		£	£	**£**	£
Donations and legacies					
Donations & similar funding		-	290,327	**290,327**	38,631
Grants	2	5,152,160	771,024	**5,923,184**	4,175,869
		5,152,160	1,061,351	**6,213,511**	4,214,500
Charitable activities					
Membership and partnership income		-	1,023,274	**1,023,274**	958,987
Sponsorship and other		-	838,209	**838,209**	790,627
		-	1,861,483	**1,861,483**	1,749,614
Total income		5,152,160	2,922,834	**8,074,994**	5,964,113
Expenditure on:					
Raising funds		-	831,101	**831,101**	642,723
Charitable activities		4,585,987	1,425,246	**6,011,233**	4,744,729
Total expenditure	3	4,585,987	2,256,347	**6,842,334**	5,387,452
Net income		**566,173**	**666,487**	**1,232,660**	576,661
Other recognised gains and losses					
Gain / (Loss) on revaluation of foreign subsidiaries		-	7,192	**7,192**	(18,931)
Net movement in funds		566,173	673,679	**1,239,852**	557,730
Reconciliation of funds:					
Total funds brought forward		1,178,283	431,769	**1,610,052**	1,052,322
Total funds carried forward	12	1,744,456	1,105,448	**2,849,904**	1,610,052

All the above results derive from continuing activities. There are no gains and losses other than those disclosed above.

As at 30 June 2019

Balance sheets

	Notes	Group 30 June 2019 £	Group 30 June 2018 £	Charity 30 June 2019 £	Charity 30 June 2018 £
Fixed assets					
Tangible fixed assets	7	**20,769**	86,134	**12,054**	71,604
Investments	8	**85,000**	85,000	**95,916**	95,916
		105,769	171,134	**107,970**	167,520
Current assets					
Debtors	9	**1,059,476**	676,511	**681,456**	1,012,949
Cash at bank and in hand		**3,690,124**	2,202,357	**2,927,790**	1,571,919
		4,749,600	2,878,868	**3,609,246**	2,584,868
Creditors: amounts falling due within one year	10	**(2,005,465)**	(1,439,950)	**(1,127,394)**	(1,176,615)
Net current assets		**2,744,135**	1,438,918	**2,481,852**	1,408,253
Net assets	11	**2,849,904**	1,610,052	**2,589,822**	1,575,773
Represented by					
Restricted funds		**1,744,456**	1,178,283	**1,513,556**	1,115,566
Unrestricted funds – General		**805,448**	431,769	**776,266**	460,207
Unrestricted funds - Designated		**300,000**	-	**300,000**	-
Total funds	12	**2,849,904**	1,610,052	**2,589,822**	1,575,773

The net movement in funds for the charity only for the year was positive £1,014,037 (2018: £727,309).

The accounts on pages 29 to 45 were approved by the Board of Trustees and authorised for issue on 12 December 2019 and signed on its behalf by:

Joan MacNaughton
Chair of the Board of Trustees

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 June 2019

Consolidated cash flow statement

	Year ended 30 June 2019 £	Year ended 30 June 2018 £
Cash flows from operating activities:		
Net cash provided by operating activities (Note a)	**1,503,335**	487,472
Cash flows from investing activities:		
Payments to acquire tangible fixed assets	**(15,568)**	(91,394)
Increase in cash and cash equivalents in the reporting period	**1,487,767**	396,078
Cash and cash equivalents at the beginning of the year	**2,202,357**	1,806,279
Cash and cash equivalents at the end of the year	**3,690,124**	2,202,357

NOTE TO THE CASH FLOW STATEMENT

a) Reconciliation of net income to net cash provided by operating activities

	Year ended 30 June 2019 £	Year ended 30 June 2018 £
Net income for the year	**1,232,660**	576,661
Adjustments for:		
Depreciation charges	**27,767**	5,050
Foreign exchange differences, excluding gains arising on revaluation of fixed assets	**7,192**	(14,215)
Loss on sale of fixed asset	**53,166**	2,220
(Increase)/ Decrease in debtors	**(382,965)**	(391,889)
Increase / (Decrease) in creditors	**565,515**	309,646
Net cash provided by operating activities	**1,503,335**	487,472

Notes to the accounts

1 Accounting policies

a) Basis of accounting

The 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 applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP FRS 102), and the Companies Act 2006.

The statement of financial activities (SOFA) and balance sheet consolidate the financial statements of the charity and its subsidiary undertakings (see Note 16). The results of the charity and its subsidiaries are consolidated on a line-by-line basis. No separate SOFA has been prepared for the charity alone as permitted by Section 408 of the Companies Act 2006.

Going concern

The Climate Group, like many charities, is dependent on voluntary contributions from funders and ongoing relationships with our partners to meet its future commitments. The Climate Group's planning and performance review processes include financial projections of income and expenditure that take into consideration the current economic climate and its potential impact on the various sources of income and planned expenditure. The Climate Group is well placed to manage the business risks it faces given our growing level of reserves, a good cash flow and strong relationships with partners, donors and funders. The Trustees have a reasonable expectation that the charity has enough resources to operate for the foreseeable future and believe that there are no material uncertainties that call into doubt the ability of The Climate Group to continue as a going concern. The accounts have been prepared on that basis.

Public benefit entity

The charitable company meets the definition of a public benefit entity under FRS 102.

Sources of estimation uncertainty

The Trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

b) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable the income will be received and the amount can be measured reliably.

Donated services and gifts in kind are included at current market value where their value is ascertainable and material. The estimated valuation of gifts in kind is based upon their contribution to the charity.

Membership and partnership income is recognised in the financial statements evenly over the period to which the fee relates.

Grants and donations are credited to income when received or receivable whichever is earlier unless time restricted or performance related in which case they are deferred until these conditions are met.

c) Expenditure

Costs allocated to Raising Funds are those costs incurred in the charity seeking primarily donations and grants.

Expenditure recognised in the period in which a legal or constructive obligation to a third party is created. Expenditure includes attributable VAT which cannot be recovered.

Expenditure is allocated to a particular activity where the cost relates directly to that activity. Support costs are apportioned to activities based on staff time, which is an estimate of the amount of effort attributable to each activity.

Note 3 shows how support costs have been allocated to each activity.

Grant payments to organisations are recognised as expenditure in the financial statements once the Charity is satisfied that the conditions have been met to release the payment.

d) Fixed assets and depreciation

Fixed assets are stated at cost and such 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.

Depreciation is provided on all tangible assets at rates calculated to write each asset down to its estimated residual value on a straight-line basis as follows:

Office equipment	- 3 years
Furniture and fixtures	- 3 years

e) Fund accounting

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund together with a fair allocation of support costs.

Unrestricted funds are donations and other income receivable or generated for the objects of the charity. Unrestricted funds set aside for a particular purpose are shown as designated.

f) Pension costs

Contributions to the defined contribution scheme are charged to the SOFA as incurred.

g) Operating leases

Rental costs under operating leases are charged to the SOFA on a straight-line basis over the lease life.

h) Foreign currencies

Transactions in foreign currencies are recorded at the average rate of exchange during the period. Foreign currency balances have been translated at the rates of exchange ruling at the balance sheet date. The results of overseas operations and their balance sheets are translated at the closing rates of exchange at the end of the period.

i) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Notes to the accounts

For the year ended 30 June 2019

j) Creditors and provisions

Creditors are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any trade discounts due.

k) Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

2 Grants

	Restricted	Unrestricted	**Year ended 30 June 2019**	Year ended 30 June 2018
	£	£	**£**	£
Corporations	153,818	-	**153,818**	224,098
Governments	1,696,504	-	**1,696,504**	297,683
Foundations & NGOs	3,301,838	771,024	**4,072,862**	3,654,088
	5,152,160	771,024	**5,923,184**	4,175,869

3 Analysis of total expenditure

	Direct staff costs	Other direct costs	**Total direct costs**	Support staff costs	Other support costs	**Total support costs**	**Year ended 30 June 2019**	Year ended 30 June 2018
	£	£	**£**	£	£	**£**	**£**	£
Cost of raising funds	403,745	9,583	**413,328**	279,946	137,827	**417,773**	**831,101**	642,723
Charitable activities	2,102,740	1,953,823	**4,056,563**	1,173,650	781,020	**1,954,670**	**6,011,233**	4,744,729
Total 2019	2,506,485	1,963,406	**4,469,891**	1,453,596	918,847	**2,372,443**	**6,842,334**	5,387,452
Total 2018	2,441,111	987,778	**3,428,889**	992,821	965,742	**1,958,563**		

Notes to the accounts

For the year ended 30 June 2019

3 Analysis of total expenditure (continued)

Other support costs comprise:

	Year ended 30 June 2019 £	Year ended 30 June 2018 £
Premises	**289,434**	244,001
Other office costs	**111,118**	72,876
IT	**106,358**	49,148
Audit	**57,780**	52,517
Legal and professional	**242,158**	197,535
Other	**111,999**	349,665
	918,847	965,742

4 Net income / (expenditure)

is stated after charging:

	Year ended 30 June 2019 £	Year ended 30 June 2018 £
Operating lease rentals – buildings	**183,405**	192,995
Depreciation	**27,767**	5,050
Fees payable to charity auditors: audit of the charity's annual accounts	**27,000**	25,500

5 Staff costs

Staff costs during the period amounted to:	**Year ended 30 June 2019 £**	Year ended 30 June 2018 £
Wages & salaries	**3,017,502**	2,641,391
Social security costs	**243,881**	197,993
Employer's pension contributions	**266,212**	219,768
Other staff costs	**228,440**	141,918
	3,756,035	3,201,070
Temporary staff	**204,046**	232,862
	3,960,081	3,433,932

5 Staff costs (continued)

The average number of employees in the year was 76 (2018: 63).

During the year, 4 (2018: 5) volunteers contributed to the delivery of our core programmatic work.

Number of employees with emoluments exceeding £60,000 in the year was:

		2019		2018
	UK	**Rest of World**	UK	Rest of World
		Number		Number
£60,000 - £70,000 p.a.	**1**	**1**	-	3
£70,001 - £80,000 p.a.	**1**	**1**	3	1
£80,001 - £90,000 p.a.	**3**	**-**	2	-
£90,001 - £100,000 p.a.	**1**	**-**	-	-
£100,001 - £110,000 p.a.	**1**	**-**	1	-
£170,001 - £180,000 p.a.	**-**	**1**	-	1

Retirement benefits are accruing to the higher paid staff under defined contribution schemes or equivalent overseas. Employer contributions of £61,019 (2018: £58,235) were made during the year.

The key management personnel of the group are the members of the Executive Management Team (EMT), as noted on page 25. The total employee benefits for the EMT was £958,648 (2018: £884,358) inclusive of employer's pension and national insurance costs.

6 Trustees' remuneration and expenses

No Trustee received any remuneration during the year (2018: nil). Expenses totalling £1,035 (2018: £545) were reimbursed to one Trustee solely for travel costs incurred in attending meetings and events.

7 Tangible fixed assets

Group	Office equipment	**Total**
Cost	£	**£**
At 1 July 2018	234,118	**234,118**
Additions	15,568	**15,568**
Disposals	(72,628)	**(72,628)**
At 30 June 2019	177,058	**177,058**
Depreciation		
At 1 July 2018	147,984	**147,984**
Charge for the period	27,767	**27,767**
Disposals	(19,462)	**(19,462)**
At 30 June 2019	156,289	**156,289**
Net book value		
At 30 June 2019	20,769	**20,769**
At 1 July 2018	86,134	**86,134**

Charity	Office equipment	**Total**
Cost	£	**£**
At 1 July 2018	178,282	**178,282**
Additions	5,913	**5,913**
Disposals	(58,387)	**(58,387)**
At 30 June 2019	125,808	**125,808**
Depreciation		
At 1 July 2018	106,678	**106,678**
Charge for the period	26,538	**26,538**
Disposals	(19,462)	**(19,462)**
At 30 June 2019	113,754	**113,754**
Net book value		
At 30 June 2019	12,054	**12,054**
At 1 July 2018	71,604	**71,604**

8 Investments

	Group 30 June 2019 £	Group 30 June 2018 £	Charity 30 June 2019 £	Charity 30 June 2018 £
Seed capital investment fund	**85,000**	85,000	**85,000**	85,000
Investment in subsidiaries	**-**	-	**10,916**	10,916
	85,000	85,000	**95,916**	95,916

9 Debtors

	Group 30 June 2019 £	Group 30 June 2018 £	Charity 30 June 2019 £	Charity 30 June 2018 £
Trade debtors	**655,079**	422,374	**211,888**	265,493
Other debtors	**53,497**	55,038	**40,351**	31,231
Due from subsidiary companies	**-**	-	**259,243**	545,191
Prepayments	**245,122**	125,758	**103,551**	97,692
Accrued income	**105,778**	73,342	**66,423**	73,342
	1,059,476	676,511	**681,456**	1,012,949

10 Creditors: amounts falling due within one year

	Group 30 June 2019 £	Group 30 June 2018 £	Charity 30 June 2019 £	Charity 30 June 2018 £
Trade creditors	**129,665**	186,029	**107,445**	158,218
Taxation & social security	**150,066**	104,424	**114,062**	80,425
Other creditors	**35,948**	17,069	**28,141**	7,514
Accruals	**391,306**	286,879	**247,588**	225,545
Short term loans	**50,000**	200,000	**50,000**	200,000
Deferred income	**1,248,480**	645,549	**580,158**	504,912
	2,005,465	1,439,950	**1,127,394**	1,176,615

Notes to the accounts

For the year ended 30 June 2019

10 Creditors: amounts falling due within one year (continued)

Deferred income

	At 1 July 2018 £	Released to income £	Deferred in the year £	**At 30 June 2019 £**
Membership	**329,747**	(309,836)	395,854	**415,765**
Grants	**175,165**	(175,165)	164,393	**164,393**
Charity total	**504,912**	(485,001)	560,247	**580,158**
The Climate Group Inc	**140,637**	(136,837)	664,522	**668,322**
Group total	**645,549**	(621,838)	1,515,739	**1,248,480**

11 Analysis of net assets between funds

Group

	Restricted funds £	Unrestricted funds £	**Total funds £**
Tangible assets	-	20,769	**20,769**
Investments	85,000	-	**85,000**
Current assets	1,659,456	3,090,144	**4,749,600**
Current liabilities	-	(2,005,465)	**(2,005,465)**
Net assets at 30 June 2019	**1,744,456**	**1,105,448**	**2,849,904**

Charity

	Restricted funds £	Unrestricted funds £	**Total funds £**
Tangible assets	-	12,054	**12,054**
Investment in subsidiaries	-	10,916	**10,916**
Investments	85,000	-	**85,000**
Current assets	1,428,556	2,180,690	**3,609,246**
Current liabilities	-	(1,127,394)	**(1,127,394)**
Net assets at 30 June 2019	**1,513,556**	**1,076,266**	**2,589,822**

Prior year analysis of net assets between funds

Group

	Restricted funds £	Unrestricted funds £	**Total funds £**
Tangible assets	-	86,134	**86,134**
Investments	85,000	-	**85,000**
Current assets	1,093,283	1,785,585	**2,878,868**
Current liabilities	-	(1,439,950)	**(1,439,950)**
Net assets at 30 June 2018	**1,178,283**	**431,769**	**1,610,052**

Charity

	Restricted funds £	Unrestricted funds £	**Total funds £**
Tangible assets	-	71,604	**71,604**
Investment in subsidiaries		10,916	**10,916**
Investments	85,000	-	**85,000**
Current assets	1,030,566	1,554,302	**2,584,868**
Current liabilities	-	(1,176,615)	**(1,176,615)**
Net assets at 30 June 2018	**1,115,566**	**460,207**	**1,575,773**

12 Movement in funds of the Group

	Balances as at 1 July 2018 £	Income £	Expenditure £	Transfers & exchange differences £	**At 30 June 2019 £**
Restricted funds					
Business Action	687,246	2,913,074	(2,695,372)	-	**904,948**
Summits	19,653	212,681	(232,334)	-	**-**
Under2	386,384	2,026,405	(1,658,281)	-	**754,508**
Seed Capital Investment Fund	85,000	-	-	-	**85,000**
Total restricted funds	**1,178,283**	5,152,160	**(4,585,987)**	**-**	**1,744,456**
Unrestricted funds					
General funds	431,769	2,922,834	(2,256,347)	(292,808)	**805,448**
Designated funds	-	-	-	300,000	**300,000**
Total unrestricted funds	**431,769**	2,922,834	**(2,256,347)**	**7,192**	**1,105,448**
Total funds	**1,610,052**	8,074,994	**(6,842,334)**	**7,192**	**2,849,904**

Business Action	Funding for our suite of complementary corporate commitment campaigns – namely RE100, EV100, EP100. They are designed to create demand signals that can shift markets in the energy, transport, manufacturing, industrial and building sectors in favour of clean technologies, as well as influence the wider policy landscape in this direction. Funding for our LED program to investigate key remaining barriers to scale up of LED public lighting and to produce recommendations for action. Collectively, these corporate initiatives provide building blocks for 21st-century business models that will help to meet science-based climate targets and deliver net-zero emissions economies.
Summits	This mainly captures our annual event in New York called Climate Week New York City (CWNYC). It also includes other events we undertake as an organisation where separate funding is received.
Under2 Coalition	Funding to act as Secretariat to the Under2 Coalition and programmatic work directly with government signatories and partners of the Under2 MOU to drive climate ambition and action. The Under2 MoU is a commitment by sub-national governments to limit their greenhouse gas (GHG) emissions by 80% on 1990 levels or 2 tons per capita by 2050. Funding is received for our key sub-national government initiatives as outlined on page 9 'Our Key Initiatives for 18/19'. This includes our 'Future Fund' which is funding to empower sub-national governments to accelerate the shift towards a prosperous 'net-zero' future for all, through strategic funding that supports climate activities in developing and emerging economy regions. See *Box 2: Under2 Future Fund* on page 12 for further information.
Seed Capital Investment Fund	This is an investment in Oikocredit International Share Foundation. This investment is reviewed twice a year and we have considered that no impairment is necessary as we deem the full value recoverable. See note 8.
Designated Funds	Funds of £0.3m to support the UK's office move in the first half of 2020, to cover associated costs of renovations, furnishings, dual rents, moving and ancillary professional fees.

Prior year movement in funds of the Group

	Restated balances as at 1 July 2017	Income	Expenditure	Transfers & exchange differences	**At 30 June 2018**
	£	£	£	£	**£**
Restricted funds					
Business Action	308,100	2,235,548	(1,856,402)	-	**687,246**
Summits	-	75,330	(55,677)	-	**19,653**
Under2	491,012	845,430	(950,058)	-	**386,384**
Seed Capital Investment Fund	85,000	-	-	-	**85,000**
Total restricted funds	**884,112**	**3,156,308**	**(2,862,137)**	**-**	**1,178,283**
Unrestricted funds					
General funds	168,210	2,807,805	(2,525,315)	(18,931)	**431,769**
Total unrestricted funds	**168,210**	**2,807,805**	**(2,525,315)**	**(18,931)**	**431,769**
Total funds	**1,052,322**	**5,964,113**	**(5,387,452)**	**(18,931)**	**1,610,052**

13 Taxation

The Climate Change Organisation has charitable status and as such is partially exempt from tax on its income and gains to the extent that they are applied to its charitable objects.

14 Leasing commitments

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2019	2018
	Land and buildings	Land and buildings
	£	£
Expiring within 1 year	**146,870**	161,196
Expiring between 1 and 2 years	**21,193**	146,870
Expiring between 2 and 5 years	**-**	21,193
	168,063	329,259

15 Grant and other commitments

The Climate Group delivers some of its programmes in collaboration with other partners. It provides subgrants to these organisations to provide the delivery of set outcomes, which form their obligations. The payment of these subgrants is contingent on both the continued funding from our institutional donors and all parties fulfilling the conditions of the grant deliverables. These future commitments have not yet been recognised, as their conditions have not yet been met and/or the restricted funding have not yet been approved or recognised by The Climate Group, as they fall after the year end.

The amount of grant commitments falling within one year is £1,073,968.
The amount of grant commitments falling between one and five years is £500,024.

Major grant payments recognised in 2018/19 is set out below.

Recipient	Project	**2019**
CDP Worldwide	RE100/MRV	231,665
Winrock International	NICFI Pathways	160,425

These grants have been allocated as other direct costs for charitable activities in Note 3.

Notes to the accounts

For the year ended 30 June 2019

16 Subsidiaries

The Charity is represented by legal entities incorporated in the United States (registered on 5 March 2004) and India (registered on 21 May 2018). The Charity also has a dormant trading subsidiary in the UK called The Climate Change Organisation Services Ltd (registered on 1 May 2007). These entities operate in close conjunction with the UK charity with a relationship maintained via places on the Boards for members of the charity's management team. All active entities have activities to the charity in furtherance of The Climate Group's mission and objectives. During the year the Charity invested £10,916 in equity in TCCO India Projects Pvt. Ltd, a wholly owned organisation set up in May 2018. The Climate Group (China) Ltd and Climate Change Association India are in the process of dissolution. All of these entities have a year-end date of 30 June except for all Indian entities which have a 31 March year end, and China 31 December year end, due to local regulations.

	Balance as at 1 July 2018	Subgrants received	Subgrants made	Expenses incurred	Payments made/ received	Exchange differences	Provision against intercompany balance	**Balance as at 30 June 2019**
	£	£	£	£	£	£	£	**£**
Organisation								
The Climate Group, Inc.	520,769	374,736	(89,574)	-	(581,923)	21,408	-	**245,416**
The Climate Group (China) Ltd	-	-	-	-	-	-	-	**-**
TCCO India Projects Pvt. Ltd	24,240	-	-	-	(10,023)	(390)	-	**13,827**
The Climate Change Organisation Services Ltd	182	-	-	-	(182)	-	-	**-**
	545,191	374,736	(89,574)		(592,128)	21,018	-	**259,243**

Prior year transactions between the charity and related organisations

	Balance as at 1 July 2017	Subgrant received	Subgrant made	Expenses incurred	Payments made/ (received)	Exchange differences	Provision against balance	Balance as at 30 June 2018
	£	£	£	£	£	£	£	**£**
Organisation								
The Climate Group, Inc.	235,094	715,007	(100,231)	-	(328,814)	(287)	-	520,769
The Climate Group (China) Ltd	-	-	-	-	305,936	(28,602)	(277,333)	-
TCCO India Projects Pvt. Ltd	-	-	-	14,240	10,000	-	-	24,240
The Climate Change Organisation Services Ltd	182	-	-	-	-	-	-	182
	235,276	715,007	(100,231)	14,240	(12,878)	(28,889)	277,333)	545,191

Notes to the accounts

For the year ended 30 June 2019

United States – The Climate Group, Inc.

	2019	2018
	£	£
Net assets as at 1 July 2018	17,057	155,792
Income for the year to 30 June 2019	1,913,560	1,782,729
Net surplus for the year to 30 June 2019	152,088	(138,735)
Net assets as at 30 June 2019	175,644	17,057

China – The Climate Group (China) Limited

	2019	2018
	£	£
Net assets as at 1 July 2018	-	(667,234)
Income for the year to 30 June 2019	1,414	965,184
Net surplus/(deficit) for the year to 30 June 2019	747	667,234
Net assets as at 30 June 2019	34	-

UK – The Climate Change Organisation Services Limited

	2019	2018
	£	£
Net assets as at 1 July 2018	(76)	(76)
Income for the year to 30 June 2019	-	-
Net surplus/(deficit) for the year to 30 June 2019	76	-
Net assets as at 30 June 2019	-	(76)

India – Climate Change Association India

	2019	2018
	£	£
Net assets as at 1 July 2018	19,496	9,911
Income for the year to 30 June 2019	-	29,828
Net surplus/(deficit) for the year to 30 June 2019	(7,289)	9,585
Net assets as at 30 June 2019	11,999	19,496

India – TCCO India Projects Pvt. Ltd

	2019	2018
	£	£
Net assets as at 1 July 2018	9,955	-
Income for the year to 30 June 2019	204,061	-
Net surplus/(deficit) for the year to 30 June 2019	73,396	(1,155)
Net assets as at 30 June 2019	83,418	9,955

17 Prior year Consolidated Statement of Financial Activities

	Notes	Restricted	Unrestricted	**Year ended 30 June 2018**
Income from:		£	£	**£**
Donations and legacies				
Donations & similar funding		1,115	37,516	**38,631**
Grants	2	3,155,193	1,020,676	**4,175,869**
		3,156,308	1,058,192	**4,214,500**
Charitable Activities				
Membership and partnership income		-	958,987	**958,987**
Sponsorship and other		-	790,626	**790,626**
		-	1,749,613	**1,749,613**
Total income		3,156,308	2,807,805	**5,964,113**
Expenditure on:				
Raising funds		-	642,723	**642,723**
Charitable activities		2,862,137	1,882,592	**4,744,729**
Total expenditure	3	2,862,137	2,525,315	**5,387,452**
Net income		294,171	282,490	**576,661**
Other recognised gains and losses (Losses) on revaluation of foreign subsidiaries		-	(18,931)	**(18,931)**
Net movement in funds		294,171	263,559	**557,730**
Reconciliation of funds:				
Total funds brought forward		884,112	168,210	**1,052,322**
Total funds carried forward	12	1,178,283	431,769	**1,610,052**