

THE CLIMATE CHANGE ORGANISATION

t/a the **CLIMATE GROUP**

Annual Report and Accounts 2019/20
12 months to 30 June 2020

COMPANY NUMBER: 4964424
CHARITY NUMBER: 1102909

Board of Trustees' Report

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A message from our Chair



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

Most of us expect to think of 2020 as ‘the year of COVID.’ But history may instead see it as the year when awareness of the existential threat posed by the climate change reached unprecedented highs – such that the world started to turn the corner in delivering effective climate mitigation action.

Several factors have contributed. The warnings in the 2018 IPCC Report on 1.5 versus 2 degrees Celsius; widespread understanding of what net zero is, and what it entails; falling costs of technologies; recognition of the huge impacts already being felt, such as extreme weather events; and the change in mood brought on by the pandemic.

Like others, we have continued to pursue our ambitious agenda of accelerating and scaling climate action while contending with the impact of the pandemic on our people and our operations. The creativity and dedication of the CEO and all of our people have been impressive and they can all be justly proud of what they have achieved.

Notwithstanding the unprecedented challenges we took our work with the Under2 Coalition into new areas, building capacity in emerging economies and mapping pathways towards a zero carbon world. Our corporate programmes expanded faster than at any time previously delivering increased emissions reductions and creating markets for low carbon technologies. And Climate Week NYC hosted more events, with more significant announcements, reaching many, many more people, than ever before.

While taking every care to guard against the gathering economic clouds, our partners remain fully committed to continuing the journey to net zero notwithstanding the pandemic. We are about to embark on a new phase of our strategy of working with governments and corporates on the front line of delivery: a phase in which co-operation between these two groups will move into even more productive territory. Everyone on our team is determined to give them unstinting support.

On behalf our Board, who themselves have been steadfast in their support for me and the Group, I want to thank all of our partners and funders; but most especially our staff. Their dedication and talent have brought us to where we are today – at what we hope will prove to be a tipping point in the global fight against climate change.

A message from our Chief Executive



*Helen Clarkson,
Chief Executive*

If I were writing this message about the first seven months of our financial year, July through to January, the story would be one of continued success of the Climate Group: a fantastic Climate Week NYC, growth of our campaigns, a strategic review, and a great start to the Climate Decade which we now need to build on.

Then, along came February and the news that our China Director was unable to go into his office as China went into lockdown due to an outbreak of an epidemic caused by a novel coronavirus. In the early days we watched from afar, sympathised with his plight, and worried about how this would affect China's critical action on climate.

But by the end of March an epidemic had become a pandemic and all of our offices were in lockdown. Like so many others we were adjusting to life in this new world and trying to understand what it means – both for us as an organisation and, critically, for our mission.

Organisationally we're in pretty good shape. This Annual Report shows our finances to the end of June 2020, during which period we have increased our reserves by £0.8m. We go into this period of economic uncertainty, therefore, with a strong financial foundation. Our funders have remained engaged with us through the crisis, and we have landed new project funding commitments and secured good support for Climate Week NYC 2020, despite moving to a virtual format.

The bigger question is what this means for our mission, and the global race to get to net zero emissions by the middle of the century.

There are some reasons for optimism. After the 2008/09 crisis, there was a feeling among sustainability practitioners that we were being told to go away and come back when business was back 'to normal'. Attempts to redirect that new normal had only limited success.

But in 2020 the world has changed. We surveyed the members of our corporate commitment campaigns in June and 97% say that their long-term sustainability strategy remains unchanged. Even more importantly, 96% believe climate action is just as, if not more, important now compared to pre COVID-19.

This is supported by the general public – according to a recent Ipsos Mori poll, more than 70% of people globally believe that long-term climate change is as serious a crisis as COVID-19.

There is an opportunity ahead of us to use the recovery from the COVID-19 crisis to build a much better future, and one that takes us to net zero. It's not a given: the businesses surveyed also pointed to the need for strong government support to drive the change. 63% of respondents said that governments' economic stimulus packages must invest first in measures that accelerate the decarbonisation of the economy, and 59% believe that any financial support should come with green strings attached.

And that's where as an organisation we have a clear role to play. Through our work with businesses and state and regional governments in the Under2 Coalition, we use the power of our networks to shape markets and influence policy.

As an example, we recently released a policy paper co-signed by over 20 members of the UK Electric Fleet Coalition. It makes specific policy suggestions to the UK Government on how to support businesses in making longer term investments – including setting a clear 2030 phase-out date for petrol and diesel vehicles a target the government adopted in November 2020. Strong government policy gives businesses comfort when making longer term decisions.

We are committed to continuing to drive our mission through collaboration, scale, and speed in order to get to net zero. Thank you for going on this journey with us.

1. Objectives & activities

About us

The Climate Group drives climate action. Fast. Our goal is a world of net zero carbon emissions by 2050, with greater prosperity for all. We focus on systems with the highest emissions and where our networks have the greatest opportunity to drive change. We do this by building large and influential networks and holding organisations accountable, turning their commitments into action. We share what we achieve together to show more organisations what they could do. We are an international non-profit organisation, founded in 2004, with offices in London, New Delhi and New York. We are proud to be part of the We Mean Business coalition.

The context for our work

Climate change is increasingly an immediate and substantial threat to humanity's development and prosperity. To avoid the worst impacts of climate change, we must transform – 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, climate change this century will flood our coastal cities, destroy ecosystems, reduce agricultural production and undermine our economic prosperity and security.

Creating impact

The Climate Group's work is rooted in three principles which respond to urgency for action.

- **Scale:** We power large networks and hold each organisation accountable
- **Speed:** We focus on action now — not action tomorrow
- **Collaboration:** We know who needs to work together to get things done

To ensure maximum impact on emissions we work with those businesses and governments who have the capacity and influence to enact the greatest possible transformation in the global economy in the shortest possible timeframes. Across a portfolio of work spanning vital themes such as energy, transport, industry and the built environment, our approach creates powerful multiplier effects.

- **We make it happen:** we convince, challenge and help organisations to make commitments, then turn them into action.
- **We multiply it:** we build and run networks. We join up organisations to unlock the power of collective action that shares the same ambitions and creates influence.
- **We shout about it:** we share what we achieve together to show more organisations what they could do.

Our objectives and key initiatives

This year marked the final year of our three-year strategy, and our key initiatives – our networks and core programmes – have been central to its execution. To deliver the final year of our strategy, we again set our objectives in line with our four Goals:

- Make Under2 World-Leading
- Accelerate the Clean Energy Transition
- Deliver Inspiring Climate Communications
- Operational Excellence

Programmatically, this meant ensuring our main Under2 Coalition programmes were all fully mobilised and hitting their key milestones. The key state and regional government initiatives were:

| Initiative | Description |
|-----------------------------------|---|
| Climate Footprint Project | A project enabling Under2 governments to develop robust medium and long-term (2050) emissions reduction plans in line with the goals of the Paris Climate Agreement. |
| Climate Pathways Project | A project building capacity in 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. |
| Industry Transition Platform | An initiative working with governments from highly-industrialised regions to develop strategies to cut industry emissions while supporting growth, job creation and prosperity. |
| Policy Programme | An initiative disseminating today's best climate policies and developing new policies to ensure full decarbonisation by Under2 governments. |
| 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. |
| Under2 Secretariat | Secretariat for the Under2 Coalition including stakeholder engagement, event delivery, communications, and administration of Under2 'Future Fund'. |

For our energy related initiatives, the focus for the year was to grow our campaign memberships while at the same time enhancing the level of collective action and impact, and to strengthen the underlying business model. We also focused on developing work in two new areas of corporate campaign activity: growing demand for low carbon steel and challenging companies to install energy efficient cooling technologies. Our key business action initiatives were:

| Initiative | Description |
|------------|--|
| RE100 | A global initiative, in partnership with CDP, of influential businesses committed to 100% renewable electricity, working |

| Initiative | Description |
|--|---|
| | to massively increase demand for - and delivery of - renewable energy. |
| 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. |
| 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. |
| LED Programme | Our long-running programme to help cities and businesses switch to highly energy efficient LED lighting. |
| SteelZero | A global initiative, in partnership with ResponsibleSteel, to build a group of leading companies committed to the responsible sourcing and production of steel. |
| Fast-tracking e-mobility and clean electrification | A collaborative project with our We Mean Business coalition partners, CDP and World Business Council for Sustainable Development (WBCSD), to engage Indian businesses in the accelerate adoption of electric vehicles and renewable energy. |
| Mainstreaming Finance for DRE - Distributed Renewable Energy | A project supported by Goldman Sachs to help develop the financing infrastructure for scaling distributed renewable energy in India. |

Our priority communications activities were the redesign of our website and a brand refresh. We also worked to continue integrating our communications approach in all our programmatic work. Climate Week NYC was a critical moment in our year, with a focus on ensuring it connected seamlessly with the UN Secretary General's Climate Summit, which took place in the same week.

| Initiative | Description |
|------------------|---|
| 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 showcase amazing climate action and discuss how to do more. |

Operationally, a critical milestone for the year was to secure our means to fully operate in China (through a Representative Office) and the EU (through an established company). We appointed a Chief Operating office (a new position) in mid-October to help manage continued growth across the organisation as a whole and add a critical and much needed skill set to our Executive Management Team.

2. Achievements and performance

FY2019-20 marks the final 12 months of our current three-year strategy. The focus for the year has been a combination of ensuring delivery against our four current goals and looking ahead to develop our 2020-23 organisational strategy.

Goal 1: Making the Under2 Coalition world leading

As the Secretariat for the Under2 Coalition, the Climate Group provides executive support to create new member initiatives, facilitate interaction between its government members, and communicate its activities and achievements. Through these activities the Climate Group enables 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.

The Under2 Coalition is today made up of more than 220 governments, representing 43% of the global economy and 1.3 billion people. Following another landmark year in 2019, the Coalition has once again been recognised as one of the international initiatives with the highest potential for emissions reduction.

The collective ambition of the Under2 Coalition amounts to an emissions reduction potential of 4.6 to 5.0 GtCO₂e/year by 2030 – more than the current annual emissions of the European Union.

In the last year, we executed the first phases of three major new projects – the Climate Pathway Project, the Climate Footprint Project and the Industry Transition Platform.

The Climate Footprint Project supports state and regional governments in Brazil, South Africa, India and Mexico to improve their greenhouse gas emissions tracking. Developing regional emissions inventories allows local policymakers to understand their emission sources and trends and thereby enhance the design of their emissions reduction strategies.

The Climate Pathway Project supports state and regional governments in Peru, Brazil, Mexico and Argentina to develop a transformational process, or 'pathway', to reducing emissions – particularly focusing on Agriculture, Forestry and Other Land Use (AFOLU) sectors and seeking to support forest conservation and land restoration.

The Industry Transition Platform works with governments from highly industrialised regions in the United Kingdom, Germany, France, Italy, the Netherlands, Canada and the United States to develop strategies to cut industry emissions while supporting growth, job creation and prosperity.

These projects will conclude in 2021 and we expect all to achieve their objectives in spite of the disruption caused by COVID-19, and to provide a rich seam of learning for the wider Under2 Coalition and a strong basis for the further development of our work with governments.

We also continued the work of the Zero Emissions Vehicle Community to bring together all levels of government to share and learn about exciting EV initiatives taking place around the world. We launched the India Climate Action Compass to enable Indian state governments to assess performance on their regional climate action plans, as well as align them with India's national ambition

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.

Future Fund

A unique aspect of the Under2 Coalition is its Future Fund. The Future Fund empowers subnational governments to accelerate the shift towards a world of well below 2°C of warming, through strategic funding that supports climate activities in developing and emerging economy regions.

By implementing mitigation measures, these regions can not only contribute to a low carbon world, but also to a healthier and more prosperous one by providing much-needed health and socio-economic benefits to local populations. This is especially critical for the 2020s, during which global emissions will need to be halved in order to contain global heating.

The Future Fund is overseen by an Advisory Board which includes representatives from the governments of Baden-Württemberg, Jalisco, Québec, Scotland and Wales.

For more information about the Future Fund and the programmes supported, please visit <https://www.under2coalition.org/news/report-empowering-developing-regions-act-climate-change>

on climate. We also began project work in a further three areas: climate finance, climate diplomacy and methane emissions reduction. Altogether, 68 Under2 Coalition governments have participated in our projects and peer-learning forums in 2019.

As the climate challenge deepens, there is a growing need to increase ambition and accelerate action. On World Environment Day in June the United Nations Climate Change (UNFCCC) launched a new campaign, Race to Zero, to encourage more companies, states and regions to pledge to reach net zero emissions by 2050. The Under2 Coalition already has 19 members with net zero targets and they have signed up to support the campaign.

Finally, the Global States and Regions Annual Disclosure 2019 update saw 124 state and regional governments from 35 countries commit to transparency by disclosing their climate action and targets – the most comprehensive account of state and regional climate action released to date.

Goal 2: Accelerating the clean energy transition

The Climate Group's Business Action programmes – RE100, EP100 and EV100 – have set a benchmark for corporate leadership on climate action. They are creating demand signals that can shift markets in the energy, transport, manufacturing, industrial and building sectors in favour of clean technologies, as well as influencing the wider policy landscape in this direction. Through their commitments to the Climate Group's campaigns, companies are generating powerful direct impact on a global scale.

- 90 companies have joined EP100 and, at the time of the campaign's annual report in late 2019, data from just 21 members indicated savings of 522 million metric tons of CO₂, equivalent to the annual CO₂ emissions from 134 US coal-fired power plants in one year.
- The 67 EV100 members in late 2019 represented 42 million metric tons of CO₂ equivalent saved by 2030, and membership had risen to 82 by the end of the financial year, with over 4 million vehicles covered by their collective commitments.
- The 253 members of RE100 represent a demand for renewable electricity of more than 228 TWh/year – more than the amount of electricity it takes to power Indonesia.

The year was of course marked by the impact of COVID-19, which reshaped priorities for the companies we worked with. Yet our survey of 100 members highlighted that these companies remain committed to their climate goals, with 97% of business professionals saying their long-term sustainability strategy remains unchanged.

Eight companies are now signed up to all campaigns as 'triple-joiners' and leadership commitments to RE100, EP100 and EV100 are being leveraged to create even greater impact. Additionally, our work has expanded into new areas of climate impact such as zero carbon materials and new technologies such as energy efficient cooling, and we have been able to increase collaboration amongst businesses and governments to reshape the policy and market environments in key countries. As leading companies move from 'ambition' on climate to 'action', the Climate Group is well positioned to deepen its work with these organisations.

Highlights include:

New Areas of Climate Impact

We launched the EP100 Cooling Challenge at Climate Week NYC in 2019, enabling EP100 members to commit to identifying ways of cooling their operations as efficiently as possible. We

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

The Climate Group's Business Action '100' programmes 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.

have supported members with a preliminary energy use assessment and site visits to suggest appropriate cooling efficiency measures.

Together with the Better Buildings Partnership we launched the Owner and Occupier Forum to bring together senior real-estate decision makers from both parties to collaborate on delivering net zero carbon buildings by 2030.

We have grown our partnership with Signify on LED lighting to working with utilities and policy makers to accelerate the adoption of LED street lighting in cities around the globe, and we have extended our activity to encourage the use of smart indoor lighting.

Together with ResponsibleSteel, we have developed the framework for a new SteelZero buyers' alliance to send a powerful signal to steel producers, investors and policymakers to accelerate the transition to widescale production of Net Zero Steel. This initiative will formally launch at the end of 2020.

Reshaping Policy and Market Conditions in Key Geographies

East Asia - RE100 was featured in Japan's COVID-19 Economic Stimulus Package, and a steady increase of RE100 companies in Japan was cited as a reason for introducing a policy that allocates almost \$1bn to support onsite Corporate Power Purchase Agreements (PPAs) of renewables.

In the Republic of Korea, the ruling Democratic Party included RE100 in their manifesto – specifically the “provision of support for RE100 to drive corporate sourcing in Korea”.

We have also seen growing interest in RE100 from China's renewable energy equipment community. Following the joining of a major solar PV manufacturer in early 2020, we welcomed the world's second largest inverter manufacturer to RE100 family in May.

Europe - Nine EV100 members [signed a letter](#) to the president of the European Commission, Ursula von der Leyen, in collaboration with Transport and Environment (a clean transport NGO) and other partners, urging the EU to push ahead with vehicle emissions standards and make EVs a central part of a green recovery package, securing coverage in [The Financial Times](#). The final package, [published 27 May](#), included commitment to “accelerate the production and deployment of sustainable vehicles” and a “goal of ‘one million charging points, clean fleet renewals by cities and companies, sustainable transport infrastructure and enable the shift to clean urban mobility.’”

Members of RE100 wrote a letter to European policymakers coordinated by the Re-Source Platform, which called for corporate renewables to be built into the EU's COVID-19 economic stimulus package. The letter included 40 RE100 members and Europe's biggest corporate buyers of renewable electricity, such as Mars, Ingka Group and VF Corporation. Key asks included stimulating greater investment from the financial sector, and policies to support a faster roll-out of corporate power purchase agreements.

Finally, we launched the [UK Electric Fleets Alliance](#) in partnership with BT. The Alliance will convene a business leadership coalition to advocate for 100% EV sales nationwide by 2030, combined with targeted policy support to enable businesses to make the switch. This forms the early part of our work to support the delivery of ambitious EV goals at COP26 in 2021, as we ramp up EV100 commitments, enhance state and regional level actions through the ZEV Community of the Under2 Coalition, and mobilise non-state actors to support calls for ambitious national government phase-outs of petrol and diesel vehicles.

Goal 3: Delivering inspiring climate communications

Communications play a critical role in delivering the Climate Group's mission – both direct communications about the organisation and its mission, and woven throughout our campaigns. Building our team, our approach and our communications assets have been key activities across our three-year strategy.

Climate Week NYC was one of the highlights of the year. In 2019 we delivered our most successful climate week to date – the result of a three-year investment plan. Our goal is for the week to be seen globally as “the time and place to showcase amazing climate action and discuss how to do more”. Part of our success has come through partnering, particularly with City of New York, and NYC & Company, giving the week more prominence within the city of New York. We have also worked to make sure it's a good complement to the UN's activities in the same week. Through these activities we have achieved our objective to build the week as an easy access platform for organisations tackling climate change.

With the strapline of 'For New York, For the World', Climate Week NYC 2019 grew significantly on the previous year to involve over 350 events in total, almost doubling the previous highest total. This was achieved through increasing our promotion of the platform to other organisations, capturing the spirit and momentum of the huge youth climate protests happening across the world and being the broad platform for events outside of the UN Climate Summit. We saw unprecedented engagement of media and citizens globally, and also organisations within NYC in particular.

The Climate Group's own events in the week continued to grow, with major global climate leaders at the national, state and business level speaking at the Opening Ceremony and an official Hub of over 20 events across two days. This acted as a key networking space for members of our programmes as well as raising the wider profile of our initiatives.

The profile achieved for Climate Week NYC, in 2019, was our highest ever – as measured through internet search, media and social media.

Corporate Communications and Messaging

We have also continued to work on the Climate Group's own communications, in order to raise our profile. We have focused on working to proactively develop stories based in our campaign work, while also increasing our capability to react to topical stories and be available to the broadcast media.

This has resulted in a far higher media profile for the Climate Group and its programmes. Though naturally 2020 has seen global media focused almost exclusively on COVID-19, we are now seeing media attention increase again towards climate issues.

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.

We have significantly evolved our messaging approach in the last year too. At Climate Week NYC 2019 we launched the idea of the Climate Decade – noting that we have to halve emissions across the 2020s in order to reach net zero by 2050. We have used this messaging subsequently both in commenting on our own campaigns, and being bolder in setting out statements of what action businesses and states and regions should be undertaking. By being clearer on what non-state actors need to do and highlighting the scale of the challenge ahead, in addition to championing those that take action, we can both drive greater change and still be an organisation that partners wish to work with.

Brand and website

We have also refreshed the Climate Group brand this year, which is being rolled out across FY 20/21.

This project was undertaken in-step with our strategy review to enhance our ability to represent our mission and work. We have successfully incorporated our initiatives into a single brand framework that more clearly links our initiatives together, while giving each a distinct look.

Programme Communications

Our programmatic communications remain important for both the Climate Group and our business members, who value our positive tone of voice. With growing numbers of members, we are now focusing our effort on new commitments that have a particularly newsworthy angle. We have boosted the amount and quality of coverage through increasing our footprint in Asia and Australia for RE100 and through stories that focus on groups of companies - such as several UK energy companies joining EV100 around the same time. We have also been developing more strategic communications around new programme areas such as net zero carbon steel. Finally, we have also supported policy work to influence national governments to move faster on EVs or improve market conditions and lower costs for corporate sourcing of renewables.

Our Under2 Coalition communications output has also strengthened throughout the year. The Climate Footprint and Pathway projects have had communications integrated into the work from the start, helping to unite multiple partners around a shared vision and supporting stakeholder buy-in and project promotion within their own regions in Latin America. Through a review of our Under2 communications work, we are working more closely with the offices of our state and regional leaders on major issues and aim to increase the resources for this vital segment of global climate action.

Goal 4: Operational Excellence

As a charity, philanthropic donations underpin most of our major initiatives. Philanthropic funding is often entrepreneurial and catalytic – the partnerships we have built with our community of donors allow 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 mean they are indispensable partners in helping the Climate Group conceive and deliver high impact programmes which drive climate action.

Fundraising

In FY2019-20 we continued to focus on growing strategic partnerships with the institutional donors (foundations and governments) which fund the majority of Climate Group programmes. A number of new funders joined our community of supporters and new six figure investments across the Under2 Coalition and business action programmes, which enabled rapid growth of programme work in areas such as EV policy, net zero steel, clean cooling technologies, climate finance and climate diplomacy.

We delivered the largest ever Climate Week NYC, with a record level of sponsorship income from an impressive range of multinational corporations. We also began a strategic review of membership income, which we aim to complete in 2020-21.

We also boosted income from individual giving, notably through funding directed towards establishing a new programme to increase opportunities for young people from BAME and lower

socioeconomic backgrounds to take up paid internships at the Climate Group both in London and New York.

Finally, we invested in vital infrastructure upgrades and staff resourcing to support growth and help manage the negative effects on fundraising of the COVID-19 pandemic. These initiatives have included implementing new marketing software and an upgraded donation portal, as well as onboarding new staff to support corporate partnership fundraising and government and statutory income generation.

Our philanthropic and government supporters included the Children's Investment Fund Foundation, ClimateWorks Foundation, the Dutch Postcode Lottery, the European Climate Foundation, Heising-Simons Foundation, the International Climate Initiative (IKI) of the Federal Republic of Germany, John D. and Catherine T. MacArthur Foundation, the Kigali Cooling Efficiency Project, 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, Transport Scotland, Stiftung Mercator, Ministry of Environment & Energy of the Government of Sweden, UK Department of Business, Energy and Industrial Strategy, the IKEA Foundation through the We Mean Business coalition, and the William & Flora Hewlett Foundation, as well as a number of private donors.

Governance

With the current COVID-19 pandemic remaining a priority across the world, we still eagerly await news from the Chinese authorities in relation to our application for a licence to open a Representative Office in China, which would allow us to again fully engage in the country to accelerate climate action. In anticipation of approval, we are moving ahead with scoping out our operational plans and work programmes.

For over ten years we have been fortunate to be one of the 107 long-term beneficiaries of the Dutch Postcode Lottery.

Their unrestricted funding support allows us the financial confidence to plan strategically and to respond quickly to breaking news and changes in markets and policy. This flexibility is vital to our ability to deliver impact and to continue to evolve our programmes.



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 Brexit and also to deepen our engagement with partners and funders in Europe. Although we anticipated that activity would start during the year, the COVID-19 pandemic has resulted in a delay to our plans and we will now revisit these at the start of 2021.

Our people

We have been focusing on making the pay and reward processes at the Climate Group transparent and consistent across all offices. A new global competency framework has been developed encompassing the values of the organisation which will be the base for our people strategy.

We are continuing to take a proactive approach to wellbeing by promoting and embedding into our culture positive physical, mental and social health initiatives.

Our work on diversity and inclusion remains a priority as our commitment is to be an environment where all our people feel valued and are recognised for their skills, experience and values. Whilst we acknowledge we will not have answers or solutions for everything and it might take time to achieve our diversity and inclusion goals, we will continue to learn and challenge ourselves and those we collaborate with. We have set up a dedicated Diversity and Inclusion Working Group, whose aim is to create and deliver a strategy on how to improve Diversity and Inclusion at the Climate Group.

Our learning and development global plans focused on upskilling our employees in people management, project management, communications and personal growth skills so they are equipped to deliver the Climate Group strategy.

Our systems

In the past year before the COVID-19 pandemic occurred we deployed a number of new cloud-based solutions, most notably Microsoft Teams in conjunction with Zoom, that provide the organisation with a more streamlined and central experience for collaboration and communications globally. The COVID-19 pandemic did not alter or impact the timing of our execution in implementing these services as they were components of our longer term 2 year strategy and development plan and as such, provided the organisation with an agile and seamless transition to a working-from-home business environment.

3. Future plans

FY 2020-21 is the first year of our new three-year strategy. As a result of our strategy review this year, we decide that we would:

- Improve the articulation of our organisational vision;
- Focus on what will be required to reach net zero by mid-century;
- Shift from thinking in 'campaigns' & 'programmes' to strengthening our focus on shifting key systems;
- Enhance our impact planning and tracking in order to ensure highest value add and the most efficient use of our resources to achieve our vision.

The work resulting from these decisions has led us to four new strategic goals for the period 2020-2023:

Goal 1: Make vital systems of the world economy compatible with a net-zero future

We will drive deep, rapid emissions cuts from business and government across the energy, built environment, industry, transport and food systems.

Goal 2: Develop and leverage solutions which create maximum, measurable impact

We will deploy, promote and continually refine the most powerful tools to solve the climate challenge – ambition-setting and accountability, policy advocacy, knowledge and learning, and engagement.

Goal 3: Be an inspiring climate influencer

We will convince decision-makers to take faster, bolder action by shaping agendas in the areas we work, constructively challenging and sharing positive stories of how a net-zero future can be achieved.

Goal 4: Achieve organisational excellence

We will be highly effective across all our operations – providing value to funders, maintaining financial strength and ensuring the Climate Group is a rewarding, supporting and fun place to work.

With each of these goals we have drafted KPIs, and pulled these together in an Impact Framework which will be used to drive decisions around priorities and resources.

The key immediate consequence for this new strategy and ambition is in the way we work, and the financial year 2020/21 will mean adapting to a new way of working with one another as we move to more of a matrix structure. We have already been fundraising against the new strategy, rather than the old, so new grants we have brought in so far in the calendar year 2020 have these goals in mind. From a project delivery point of view, therefore, we expect a smooth transition into the new strategy and will only sunset outlying projects through decisions not to renew in the future.

Against the backdrop of COVID-19, therefore, our key plans for this FY include:

- Continuing to ensure the financial health of the organisation through strong financial management and fundraising;

- Delivering the first virtual Climate Week NYC, and using this as a springboard into the long run into the UK COP in 2021;
- Bringing on new projects in key systems such as heavy industry and the built environment, and developing work in the food system;
- Continuing to drive ambition in the Under2 Coalition as it celebrates its fifth anniversary, and aligning our work with the systems approach (for example developing work in the energy system);
- Finalising and rolling out our new brand and new website.

4. Financial review and strategy

The Statement of Financial Activities (page 30) 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 2019/20 financial year was £11.4m (2018/19: £8.1m). As at 30 June 2020 we had £1.1m (30 June 2019: £1.2m) of deferred income.

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

- Government and foundation grantmaking of £8.1m (2018/19: £5.9m)
- Sponsorship income for our events including Climate Week NYC and other smaller events totalling £1.6m (2018/19: £0.8m).
- Membership and partnership income of £1.3m (2018/19: £1.0m).

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 programmes, and also to support strategic growth into new areas of work. This will be particularly important as we move into a strategy cycle which foregrounds new themes such as food and agriculture.

The Dutch Postcode Lottery remains a vital and significant source of unrestricted funding for our core costs, and we are in year three 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 our expenditure totalled £9.6m (2018/19: £6.8m).

Expenditure increased through the growth and delivery of existing funded initiatives. The majority of the increase being within our Under2 programmes.

This includes increases both in our staff and external project and partner costs to deliver these programmes. We had marginal increases in our central operational costs to support the organisational growth.

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

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

Financial position at year-end

The net movement in total funds for the year was an increase of £1.8m (2018/19: increase of £1.2m). This included an increase in unrestricted funds of £0.8m in the year (2018/19: increase £0.7m), the balance being an increase in our restricted funds.

The total balance of funds at 30 June 2020 was a surplus of £4.6m (2018/19: £2.8m) comprising restricted funds of £2.7m (2018/19: £1.7m) and unrestricted funds of £1.9m (2018/19: £1.1m).

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 been delayed by about one year. Our previous China entity, The Climate Group (China) Limited, closed the year with net assets of £nil (2018/19: £nil), the full debts had been written off, and is in the process of legal dissolution, with timings for finalisation expected in the early part of 2020/21.

Our Indian operations have continued to expand through restricted project-based grant income supporting delivery of our core initiatives locally, as well as India-specific programmes across both business actions work and the Under2 Coalition. International grant-makers are the primary source of income for India operations, and we expect that pattern to continue in the future, especially as more international funders include India as a key emerging geography for climate investment.

Our North America operations have benefitted from increasingly successful income generation from corporate sponsorship at Climate Week NYC. Investments in increased programmatic capacity in the United States have been made from 2019 onwards to increase our ability to design and deliver US-specific programmes (or US-specific versions of global programme work). We are beginning to see the fruits of this investment in grants on topics such as short-lived climate pollutants and climate finance being delivered predominantly from the US. US fundraising has become more difficult in the latter part of the financial year, with many budgets cut and funding reprioritised away from climate work. This has been due to the severity of the COVID-19 pandemic in the US, the all-consuming nature of the political preparations for the 2020 presidential election, and the upsurge in demands for racial and social justice as part of the Black Lives Matter movement. We continue to target a balanced budget in the US and expect to see grant-making unfreeze to a certain extent in 2021.

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 has been undergoing a period of significant growth in and the current economic uncertainty in the UK and globally, the Trustees continue to maintain the level of unrestricted reserves target at 3-6 months of core net expenditure. At 30 June 2020 the unrestricted reserves were £1.6m (2018/19: £0.8m), excluding designated unrestricted reserves of £0.3m, representing an estimated 4-5 months (2018/19: 3 months) of core net expenditure.

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 to June 2022.

There is greatly increased uncertainty going forward as the world recovers from the economic effects of the COVID-19 pandemic. Notwithstanding the mitigating actions set out below, we do not foresee any material risk to income in the following year to June 2021, however there is a risk that the group may not meet its income targets in the following year to June 2022, with an

estimated downside of around 20%. In the event that there is a significant shortfall on target, management has developed contingency plans to reduce costs and protect liquidity.

The Climate Group is well placed to manage the business risks it faces given our 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. The Finance and Audit Committee scrutinises the risks, the mitigating controls and action plans on a regular basis with updates to the register of key risks reported to the Board for their review. We are updating all our regional risk registers as well as engaging with our Trustees on risk appetite to ensure alignment between the Trustees and management team.

The major risks reported to the EMT and Board are:

- **INCOME.** 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. In 2020 this environment has been further complicated by the global impact of COVID-19. Our work and focus has been modified in several dimensions as we seek to mitigate the adverse effects on our operations and fundraising potential caused by the COVID-19 pandemic.
 - We have reduced exposure in future forecasting to those income streams liable to be most impacted by uncertainty and recession, in particular government funding and corporate sponsorship.
 - To retain sponsorship income potential we have invested in the digitisation of event platforms.
 - We have invested in developing more compelling membership offerings and statutory fundraising expertise in advance of the hoped-for economic recovery in 2021.
 - We have continued to integrate fundraising more closely with communications and programmatic teams to evolve our product offerings.
 - We have developed very strong relationships with the COP26 organising team to derive new avenues for access to COP-related funding.
 - We have developed a more sophisticated income tracking system to help avoid potential shortfalls and develop timely contingency plans.
 - We have invested in new digital marketing software and expertise to improve internal network management efficiency and reach new potential funders.

In light of these adjustments we expect to maintain income in 2020/21 over £10m, and avoid the disruptive resort to redundancies, furlough, and reduced hours for staff. We continue to undergo significant stress testing exercises and strengthen our reporting and processes that support our decision making and will ensure a strong delivery across our programmes. We continue to monitor cash flows and revenue and expenditure forecasts carefully, and to manage our operations to reduce the risk of funding gaps in light of COVID.

- **IT.** Prior to COVID-19 and post our annual IT security risk review exercise, we have introduced a number of new cloud-based disaster recovery solutions that protect our messaging, collaboration, and cloud storage solutions, as well as on-premises security appliances to keep pace with the increasing sophistication of the attacks performed by threat actors. These actions also minimise the risk of accidental or intentional loss of data. As the working-from-home landscape provides a number of new challenges from both a security and business continuity standpoint, we are in the process of developing a disaster recovery model that will help us support and protect all Climate Group owned devices and information assets that are now principally being used remotely.

There is clearly greatly increased uncertainty going forward as the world recovers from the economic effects of the COVID-19 pandemic. Notwithstanding the mitigating actions set out above, there is a risk that the group may not meet its income targets in the coming year. In the event that there is a significant shortfall on target, management has developed detailed contingency plans to reduce costs and protect liquidity.

5. Structure, governance and management

Governance statement of trustees' responsibilities

Structure

The Climate Change Organisation, which is known as and trades 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 and gained charitable status in March 2004. The Climate Group's 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 Board of Trustees and Executive Management Team strengthening international relationships. Our head office's relationship with the regional offices is underpinned by legal agreements, which cover co-ordination of work programmes and licensing of the name and trademarks to the regional representatives. To conform with new regulations for international NGOs operating in China we are working to set up a Representative Office in China through which we can further deliver our programmes.

Trustees

The members of the Board of Trustees 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 25.

The Climate Group Board of Trustees currently comprises ten 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 Chair 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 committees and steering groups. The Finance and Audit Committee, which meets quarterly, and more frequently as required, has oversight of our finances, budgeting and fundraising performance, considers our risk management plan, reviews and recommends remuneration strategies and policies and meets with and obtains reports from the organisation's auditors. The Global Nominations Committee meets as required to review the structure, size and composition (including the skills, knowledge, experience and diversity), and give full

consideration to succession planning, of each of the Climate Group's boards and any advisory groups. Our Global Risk Management Committee is comprised of board members from both our UK and US boards and meets as and when required to consider risks associated with the receipt of charitable donations and sponsorship for events run by the Climate Group. The Climate Week NYC Board Steering Group meets monthly, is comprised of board members from both our UK and US boards, and provides strategic oversight on our annual key event, Climate Week NYC.

Scheme of delegation

The Trustees have set out a scheme of delegation and whilst retaining overall responsibility for the Climate Group, ensuring it is solvent and well run, its assets are safeguarded, it complies with relevant laws and regulations and it delivers its charitable objects, the Trustees delegate some matters to the Chief Executive and thereon to the Executive Management Team.

The key matters delegated by the Trustees to the Chief Executive are the formulation and proposing of the organisation's strategic plans, annual budget and policy approaches; the implementation of the strategy; the day-to-day management and operationalisation of all work and programmes; and the implementation of decisions of the Board.

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 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 7 December 2020 and were signed on its behalf by:



Joan MacNaughton CB Hon FEI
Chair of the Board of Trustees

Key people and advisors

Registered office

Adam House
7-10 Adam Street
London
WC2N 6AA

The information shown below pertains to the period between 1 July 2019 and 7 December 2020, the date of the signing of the accounts.

Board of Trustees

Trustees during the year ended 30 June 2020 were as follows:

- Zoë Ashcroft
- Andrew Clark
- Viki Cooke
- Richard Gledhill
- Robin Gish
- Abyd Karmali
- Victoria Keilthy
- Joan MacNaughton (Chair - Board of Trustees; Chair - Global Nominations Committee)
- Mike Rann
- Amber Rudd – *appointed 1 February 2020*

Since the year end, the following appointments and resignations to the Board have taken place:

- Robin Gish – *resigned 13 October 2020*
- Jeffrey B. Gracer – *appointed 1 November 2020*

Finance and Audit Committee

Members during the year ended 30 June 2020 were as follows:

- Andrew Clark (Chair - Finance and Audit Committee)
- Richard Gledhill
- Victoria Keilthy
- Mike Rann – *resigned 20 January 2020*

Executive Management Team (EMT)

The Executive Management Team during the year ended 30 June 2020 was as follows:

- Tim Ash Vie, Director, Under2 Coalition Secretariat
- 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
- Ana Mates, Chief Operating Officer – *appointed 14 October 2019*
- David Mole, Fundraising Director

- Mike Peirce, Corporate Partnerships Director
- Damian Ryan, Strategy & Impact Director – *resigned 30 November 2019*
- Divya Sharma, India Director (TCCO India Projects Pvt Ltd) – *appointed 26 May 2020*
- Jarnail Singh, India Director (TCCO India Projects Pvt Ltd) – *resigned 17 January 2020*

Since the year end, the following appointments and resignations to the EMT have taken place:

- Jack Frangou, International Finance Director – *resigned 31 December 2020*
- Alex Moore, International Finance and IT Director – *appointed 7 December 2020*

Principal Professional Advisers

Solicitors

Winston & Strawn London LLP
CityPoint
One Ropemaker Street
London EC2Y 9AW

Bankers

HSBC Bank plc
34 High Street
Walton-on-Thames
Surrey KT12 1DD

Auditors

Crowe U.K. LLP
55 Ludgate Hill
London
EC4M 7JW

Directors of our Group Boards

The Climate Group, Inc.

- Helen Clarkson
- David Crane – *appointed 16 March 2020*
- Gary Doer – *appointed 16 March 2020*
- Ariane de Vienne
- Robin Gish
- Jeffrey B. Gracer
- Joseph M. Kinard
- Douglas P. Lawrence
- Professor Bill Moomaw (Chairman)
- Mike Rann

TCCO India Projects Pvt. Ltd

- Helen Clarkson
- Jack Frangou – *resigned 31 December 2020*
- Joan MacNaughton
- Divya Sharma – *appointed 15 June 2020*
- Jarnail Singh – *resigned 17 January 2020*
- Rajneesh Sood – *resigned 8 September 2020*

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 2020 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 2020 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 22- 24, 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

4 February 2021

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 FOR THE GROUP (INCLUDING AN INCOME & EXPENDITURE ACCOUNT)

For the year ended 30 June 2020

Consolidated statement of financial activities

| | Notes | Restricted | Unrestricted | Year ended 30 June 2020 | Year ended 30 June 2019 |
|--|-------|------------------|------------------|-------------------------------|-------------------------------|
| | | £ | £ | £ | £ |
| Income from: | | | | | |
| <i>Donations and legacies</i> | | | | | |
| Donations & similar funding | | 18,337 | 333,324 | 351,661 | 290,327 |
| Grants | 2 | 7,256,071 | 851,405 | 8,107,476 | 5,923,184 |
| | | <u>7,274,408</u> | <u>1,184,729</u> | <u>8,459,137</u> | <u>6,213,511</u> |
| <i>Charitable activities</i> | | | | | |
| Membership and partnership income | | - | 1,278,022 | 1,278,022 | 1,023,274 |
| Sponsorship and other | | 63,486 | 1,552,889 | 1,616,375 | 838,209 |
| | | <u>63,486</u> | <u>2,830,911</u> | <u>2,894,397</u> | <u>1,861,483</u> |
| Total income | | <u>7,337,894</u> | <u>4,015,640</u> | <u>11,353,534</u> | <u>8,074,994</u> |
| Expenditure on: | | | | | |
| <i>Raising funds</i> | | | | | |
| | | - | 915,834 | 915,834 | 831,101 |
| <i>Charitable activities</i> | | 6,378,188 | 2,277,116 | 8,655,304 | 6,011,233 |
| Total expenditure | 3 | <u>6,378,188</u> | <u>3,192,950</u> | <u>9,571,138</u> | <u>6,842,334</u> |
| Net income | | <u>959,706</u> | <u>822,690</u> | <u>1,782,396</u> | <u>1,232,660</u> |
| Other recognised gains and losses | | | | | |
| Gain / (Loss) on revaluation of foreign subsidiaries | | - | 3,516 | 3,516 | 7,192 |
| Net movement in funds | | <u>959,706</u> | <u>826,206</u> | <u>1,785,912</u> | <u>1,239,852</u> |
| Reconciliation of funds: | | | | | |
| Total funds brought forward | | 1,744,456 | 1,105,448 | 2,849,904 | 1,610,052 |
| Total funds carried forward | 12 | <u>2,704,162</u> | <u>1,931,654</u> | <u>4,635,816</u> | <u>2,849,904</u> |

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

BALANCE SHEETS

COMPANY NUMBER: 4964424

As at 30 June 2020

Balance sheets

| | Notes | Group 30 June 2020 £ | Group 30 June 2019 £ | Charity 30 June 2020 £ | Charity 30 June 2019 £ |
|---|-------|-------------------------------|-------------------------------|---------------------------------|---------------------------------|
| Fixed assets | | | | | |
| Tangible fixed assets | 7 | 30,290 | 20,769 | 20,057 | 12,054 |
| Investments | 8 | 86,277 | 85,000 | 97,047 | 95,916 |
| | | 116,567 | 105,769 | 117,104 | 107,970 |
| Current assets | | | | | |
| Debtors | 9 | 919,980 | 1,059,476 | 1,069,926 | 681,456 |
| Cash at bank and in hand | | 5,804,647 | 3,690,124 | 4,797,095 | 2,927,790 |
| | | 6,724,627 | 4,749,600 | 5,867,021 | 3,609,246 |
| Creditors: amounts falling due within one year | 10 | (2,205,378) | (2,005,465) | (1,749,924) | (1,127,394) |
| Net current assets | | 4,519,249 | 2,744,135 | 4,117,097 | 2,481,852 |
| Net assets | 11 | 4,635,816 | 2,849,904 | 4,234,201 | 2,589,822 |
| Represented by | | | | | |
| Restricted funds | | 2,704,162 | 1,744,456 | 2,388,375 | 1,513,556 |
| Unrestricted funds – General | | 1,631,654 | 805,448 | 1,545,826 | 776,266 |
| Unrestricted funds – Designated | | 300,000 | 300,000 | 300,000 | 300,000 |
| Total funds | 12 | 4,635,816 | 2,849,904 | 4,234,201 | 2,589,822 |

The net movement in funds for the charity only for the year was positive £1,644,379 (2019: £1,014,037).

The accounts on pages 30 to 46 were approved by the Board of Trustees and authorised for issue on 7 December 2020 and signed on its behalf by:



Joan MacNaughton CB Hon FEI
Chair of the Board of Trustees

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 June 2020

Consolidated cash flow statement

| | Year ended 30 June 2020 £ | Year ended 30 June 2019 £ |
|--|------------------------------------|------------------------------------|
| Cash flows from operating activities: | | |
| Net cash provided by operating activities (Note a) | 2,137,426 | 1,503,335 |
| Cash flows from investing activities: | | |
| Payments to acquire tangible fixed assets | (22,903) | (15,568) |
| Increase in cash and cash equivalents in the reporting period | 2,114,523 | 1,487,767 |
| Cash and cash equivalents at the beginning of the year | 3,690,124 | 2,202,357 |
| Cash and cash equivalents at the end of the year | 5,804,647 | 3,690,124 |

Note to the cash flow statement

Reconciliation of net income to net cash provided by operating activities

| | Year ended 30 June 2020 £ | Year ended 30 June 2019 £ |
|--|------------------------------------|------------------------------------|
| Net income for the year | 1,782,396 | 1,232,660 |
| Adjustments for: | | |
| Depreciation charges | 13,507 | 27,767 |
| Investment income | (1,277) | - |
| Foreign exchange differences, excluding gains arising on revaluation of fixed assets | 3,391 | 7,192 |
| Loss on sale of fixed asset | - | 53,166 |
| (Increase)/ Decrease in debtors | 158,790 | (382,965) |
| Increase / (Decrease) in creditors | 180,619 | 565,515 |
| Net cash provided by operating activities | 2,137,426 | 1,503,335 |

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 its 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.

Notes to the accounts

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) Investments

Investments are a form of basic financial instruments and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The Statement of Financial Activities includes the net gains and losses arising on revaluation and disposals throughout the year.

e) 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 |

f) 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.

g) Pension costs

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

h) Operating leases

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

i) 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.

Notes to the accounts

j) 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.

k) 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.

l) 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 2020 | Year ended 30 June 2019 |
|--------------------|------------|--------------|-------------------------------|-------------------------------|
| | £ | £ | £ | £ |
| Corporations | - | 29,827 | 29,827 | 153,818 |
| Governments | 3,535,892 | - | 3,535,892 | 1,696,504 |
| Foundations & NGOs | 3,720,179 | 821,578 | 4,541,757 | 4,072,862 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 7,256,071 | 851,405 | 8,107,476 | 5,923,184 |
| | <hr/> | <hr/> | <hr/> | <hr/> |

Notes to the accounts

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 2020 £ | Year ended 30 June 2019 £ |
|-----------------------|-------------------------------|-------------------------------|---|--------------------------------|--------------------------------|--|--|------------------------------------|
| Cost of raising funds | 547,349 | 24,716 | 572,065 | 173,554 | 170,215 | 343,769 | 915,834 | 831,101 |
| Charitable activities | 3,222,831 | 3,484,452 | 6,707,283 | 983,471 | 964,550 | 1,948,021 | 8,655,304 | 6,011,233 |
| Total 2020 | 3,770,180 | 3,509,168 | 7,279,348 | 1,157,025 | 1,134,765 | 2,291,790 | 9,571,138 | 3,770,180 |
| Total 2019 | 2,506,485 | 1,963,406 | 4,469,891 | 1,453,596 | 918,847 | 2,372,443 | | |

Other support costs comprise:

| | Year ended 30 June 2020 £ | Year ended 30 June 2019 £ |
|------------------------|--|------------------------------------|
| Premises | 278,079 | 289,434 |
| Other office costs | 36,951 | 111,118 |
| IT | 150,457 | 106,358 |
| Audit | 64,106 | 57,780 |
| Legal and professional | 307,291 | 242,158 |
| Other | 297,881 | 111,999 |
| | 1,134,765 | 918,847 |

4. Net income / (expenditure)

is stated after charging:

| | Year ended 30 June 2020 £ | Year ended 30 June 2019 £ |
|--|--|------------------------------------|
| Operating lease rentals – buildings | 225,392 | 183,405 |
| Depreciation | 13,507 | 27,767 |
| Fees payable to charity auditors: audit of the charity's annual accounts | 27,000 | 27,000 |

Notes to the accounts

5. Staff costs

| Staff costs during the period amounted to: | Year ended 30 June 2020 £ | Year ended 30 June 2019 £ |
|--|------------------------------------|------------------------------------|
| Wages & salaries | 3,776,974 | 2,966,754 |
| Social security costs | 363,231 | 281,605 |
| Employer's pension contributions | 327,442 | 279,236 |
| Other staff costs | 231,232 | 228,440 |
| | <hr/> 4,698,879 | <hr/> 3,756,035 |
| Temporary staff | 228,326 | 204,046 |
| | <hr/> 4,927,205 | <hr/> 3,960,081 |

Included within staff costs above is £10,872 (2019: £nil) relating to termination costs. There were no ex-gratia payments made during the year (2019: nil).

The average number of employees in the year was 92 (2019: 76).

During the year, nil (2019: 4) volunteers contributed to the delivery of our core programmatic work.

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

| | 2020 | | 2019 | |
|--------------------------|------|-------------------------|------|-------------------------|
| | UK | Rest of World Number | UK | Rest of World Number |
| £60,000 - £70,000 p.a. | 5 | - | 1 | 1 |
| £70,001 - £80,000 p.a. | 1 | 2 | 1 | 1 |
| £80,001 - £90,000 p.a. | 1 | 1 | 3 | - |
| £90,001 - £100,000 p.a. | 3 | - | 1 | - |
| £100,001 - £110,000 p.a. | 1 | - | 1 | - |
| £170,001 - £180,000 p.a. | - | - | - | 1 |
| £180,001 - £190,000 p.a. | - | 1 | - | - |

Retirement benefits are accruing to the higher paid staff under defined contribution schemes or equivalent overseas. Employer contributions of £65,279 (2019: £61,019) 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 £1,017,544 (2019: £958,648) inclusive of employer's pension and national insurance costs.

6. Trustees' remuneration and expenses

No Trustee received any remuneration during the year (2019: nil). Expenses totalling £353 (2019: £1,035) were reimbursed to one Trustee solely for travel costs incurred in attending meetings and events.

Notes to the accounts

7. Tangible fixed assets

| Group | Office equipment | Total |
|------------------------------|---------------------|------------------|
| Cost | £ | £ |
| At 1 July 2019 | 177,058 | 177,058 |
| Revaluation on consolidation | 161 | 161 |
| Additions | 22,903 | 22,903 |
| Disposals | (108,520) | (108,520) |
| At 30 June 2020 | 91,602 | 91,602 |
| Depreciation | | |
| At 1 July 2019 | 156,289 | 156,289 |
| Revaluation on consolidation | 36 | 36 |
| Charge for the period | 13,507 | 13,507 |
| Disposals | (108,520) | (108,520) |
| At 30 June 2020 | 61,312 | 61,312 |
| Net book value | | |
| At 30 June 2020 | 30,290 | 30,290 |
| At 1 July 2019 | 20,769 | 20,769 |
| Charity | Office equipment | Total |
| Cost | £ | £ |
| At 1 July 2019 | 125,808 | 125,808 |
| Additions | 18,741 | 18,741 |
| Disposals | (67,213) | (67,213) |
| At 30 June 2020 | 77,336 | 77,336 |
| Depreciation | | |
| At 1 July 2019 | 113,754 | 113,754 |
| Charge for the period | 10,738 | 10,738 |
| Disposals | (67,213) | (67,213) |
| At 30 June 2020 | 57,279 | 57,279 |
| Net book value | | |
| At 30 June 2020 | 20,057 | 20,057 |
| At 1 July 2019 | 12,054 | 12,054 |

Notes to the accounts

8. Investments

| | Group 30 June 2020 £ | Group 30 June 2019 £ | Charity 30 June 2020 £ | Charity 30 June 2019 £ |
|------------------------------|---|-------------------------------|---|---------------------------------|
| Seed capital investment fund | 86,277 | 85,000 | 86,277 | 85,000 |
| Investment in subsidiaries | - | - | 10,770 | 10,916 |
| | 86,277 | 85,000 | 97,047 | 95,916 |

9. Debtors

| | Group 30 June 2020 £ | Group 30 June 2019 £ | Charity 30 June 2020 £ | Charity 30 June 2019 £ |
|-------------------------------|---|-------------------------------|---|---------------------------------|
| Trade debtors | 599,387 | 655,079 | 459,772 | 211,888 |
| Other debtors | 33,907 | 53,497 | 8,785 | 40,351 |
| Due from subsidiary companies | - | - | 458,032 | 259,243 |
| Prepayments | 160,911 | 245,122 | 110,802 | 103,551 |
| Accrued income | 125,775 | 105,778 | 32,535 | 66,423 |
| | 919,980 | 1,059,476 | 1,069,926 | 681,456 |

10. Creditors: amounts falling due within one year

| | Group 30 June 2020 £ | Group 30 June 2019 £ | Charity 30 June 2020 £ | Charity 30 June 2019 £ |
|----------------------------|---|-------------------------------|---|---------------------------------|
| Trade creditors | 490,434 | 129,665 | 459,812 | 107,445 |
| Taxation & social security | 173,451 | 150,066 | 132,560 | 114,062 |
| Other creditors | 32,817 | 35,948 | 6,939 | 28,141 |
| Accruals | 299,640 | 391,306 | 238,669 | 247,588 |
| Short term loans | 104,790 | 50,000 | - | 50,000 |
| Deferred income | 1,104,246 | 1,248,480 | 911,944 | 580,158 |
| | 2,205,378 | 2,005,465 | 1,749,924 | 1,127,394 |

Notes to the accounts

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

Deferred income

| | At 1 July 2019 £ | Released to income £ | Deferred in the year £ | At 30 June 2019 £ |
|-----------------------|------------------------|----------------------------|------------------------------|-------------------------|
| Membership | 415,765 | (769,853) | 899,028 | 544,940 |
| Grants | 164,393 | (164,393) | 367,004 | 367,004 |
| Charity total | 580,158 | (934,246) | 1,266,032 | 911,944 |
| The Climate Group Inc | 668,322 | (668,322) | 192,302 | 192,302 |
| Group total | 1,248,480 | (1,602,568) | 1,458,334 | 1,104,246 |

11. Analysis of net assets between funds

Group

| | Restricted funds £ | Unrestricted funds £ | Total funds £ |
|-----------------------------------|--------------------------|----------------------------|---------------------|
| Tangible assets | - | 30,290 | 30,290 |
| Investments | 86,277 | - | 86,277 |
| Net current assets/(liabilities) | 2,617,885 | 1,901,364 | 4,519,249 |
| Net assets at 30 June 2020 | 2,704,162 | 1,931,654 | 4,635,816 |

Charity

| | Restricted funds £ | Unrestricted funds £ | Total funds £ |
|-----------------------------------|--------------------------|----------------------------|---------------------|
| Tangible assets | - | 20,057 | 20,057 |
| Investment in subsidiaries | - | 10,770 | 10,770 |
| Investments | 86,277 | - | 86,277 |
| Net current assets/(liabilities) | 2,302,098 | 1,814,999 | 4,117,097 |
| Net assets at 30 June 2020 | 2,388,375 | 1,845,826 | 4,234,201 |

Notes to the accounts

Prior year analysis of net assets between funds Group

| | Restricted funds £ | Unrestricted funds £ | Total funds £ |
|-----------------------------------|--------------------------|----------------------------|---------------------|
| Tangible assets | - | 20,769 | 20,769 |
| Investments | 85,000 | - | 85,000 |
| Net current assets/(liabilities) | 1,659,456 | 1,084,679 | 2,744,135 |
| 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 |
| Net current assets/(liabilities) | 1,428,556 | 1,053,296 | 2,481,852 |
| Net assets at 30 June 2019 | 1,513,556 | 1,076,266 | 2,589,822 |

12. Movement in funds of the Group

| | Balances at 1 July 2019 £ | Income £ | Expenditure £ | Transfers & exchange differences £ | At 30 June 2020 £ |
|---------------------------------|------------------------------------|-------------------|--------------------|---|-------------------------|
| Restricted funds | | | | | |
| Business Action | 904,948 | 2,919,583 | (2,444,258) | - | 1,380,273 |
| Summits | - | - | - | - | - |
| Under2 | 754,508 | 4,397,034 | (3,913,930) | - | 1,237,612 |
| Operations | - | 20,000 | (20,000) | - | - |
| Seed Capital Investment Fund | 85,000 | 1,277 | - | - | 86,277 |
| Total restricted funds | 1,744,456 | 7,337,894 | (6,378,188) | - | 2,704,162 |
| Unrestricted funds | | | | | |
| General funds | 805,448 | 4,015,640 | (3,192,950) | 3,516 | 1,631,654 |
| Designated funds | 300,000 | - | - | - | 300,000 |
| Total unrestricted funds | 1,105,448 | 4,015,640 | (3,192,950) | 3,516 | 1,931,654 |
| Total funds | 2,849,904 | 11,353,534 | (9,571,138) | 3,516 | 4,635,816 |

Notes to the accounts

| | |
|-------------------------------------|---|
| 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. In addition to the core commitment campaigns, offshoot projects (for example on cooling efficiency, EV policy etc) are funded as part of wider ecosystems of work on renewables, energy productivity and clean transport. Further details are given on page 9 'Our Key Initiatives for 19/20'. Funding for our LED programme 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 NYC. 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 19/20'. 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. |
| 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 to cover associated costs of renovations, furnishings, dual rents, moving and ancillary professional fees. |

Prior year movement in funds of the Group

| | Restated balances 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 |

Notes to the accounts

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:

| | 2020 | 2019 |
|--------------------------------|---------------------------|--------------------|
| | Land and buildings | Land and buildings |
| | £ | £ |
| Expiring within 1 year | 20,545 | 146,870 |
| Expiring between 1 and 2 years | - | 21,193 |
| Expiring between 2 and 5 years | - | - |
| | <hr/> 20,545 | <hr/> 168,063 |

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 £1.7m (2019: £1.1m).

The amount of grant commitments falling between one and five years is Nil (2019: £0.5m).

Major grant payments recognised in 2019/20 is set out below.

| <u>Recipient</u> | <u>Project</u> | <u>2020</u> |
|--------------------------------------|----------------|--------------------|
| | | £'000 |
| Winrock International | NICFI Pathways | 523 |
| Greenhouse Gas Experts Network | IKI MRV | 330 |
| Governors Climate & Forest Taskforce | NICFI Pathways | 267 |
| CDP Worldwide | RE100 | 142 |
| World Green Building Council | EP100 | 75 |

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

Notes to the accounts

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 activities undertaken by these entities are 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. The Charity and the US company have a year-end date of 30 June and due to local regulations, the Indian company has a 31 March year end and the China company a 31 December year end.

| | Balance at 1 July 2019 | Subgrants received | Subgrants made | Expenses incurred | Payments made/ received | Exchange differences | Provision against intercompany balance | Balance as at 30 June 2020 |
|---|------------------------------|-----------------------|-------------------|----------------------|-------------------------------|-------------------------|---|-------------------------------------|
| | £ | £ | £ | £ | £ | £ | £ | £ |
| Organisation | | | | | | | | |
| The Climate Group, Inc. | 245,416 | 52,123 | (138,229) | 7,129 | 284,905 | (22,450) | - | 428,894 |
| TCCO India Projects Pvt. Ltd | 13,827 | - | - | 6,300 | 9,011 | - | - | 29,138 |
| The Climate Change Organisation Services Ltd | - | - | - | - | - | - | - | - |
| | 259,243 | 52,123 | (138,229) | 13,429 | 293,916 | (22,450) | - | 458,032 |

Prior year transactions between the charity and related organisations

| | Balance 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 |
| 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 |

Notes to the accounts

United States – The Climate Group, Inc.

| | 2020 | 2019 |
|--|-------------|-----------|
| | £ | £ |
| Net assets as at 1 July 2019 | 175,644 | 17,057 |
| Income for the year to 30 June 2020 | 2,609,869 | 1,913,560 |
| Net surplus for the year to 30 June 2020 | 208,128 | 152,088 |
| Net assets as at 30 June 2020 | 383,771 | 175,644 |

China – The Climate Group (China) Limited

| | 2020 | 2019 |
|--|-------------|-------|
| | £ | £ |
| Net assets as at 1 July 2019 | 34 | - |
| Income for the year to 30 June 2020 | | 1,414 |
| Net surplus/(deficit) for the year to 30 June 2020 | (34) | 747 |
| Net assets as at 30 June 2020 | - | 34 |

UK – The Climate Change Organisation Services Limited

| | 2020 | 2019 |
|--|-------------|------|
| | £ | £ |
| Net assets as at 1 July 2019 | - | (76) |
| Income for the year to 30 June 2020 | - | - |
| Net surplus/(deficit) for the year to 30 June 2020 | - | 76 |
| Net assets as at 30 June 2020 | - | - |

India – Climate Change Association India

| | 2020 | 2019 |
|--|-------------|---------|
| | £ | £ |
| Net assets as at 1 July 2019 | 11,999 | 19,496 |
| Income for the year to 30 June 2020 | 1,473 | - |
| Net surplus/(deficit) for the year to 30 June 2020 | (11,999) | (7,289) |
| Net assets as at 30 June 2020 | - | 11,999 |

India – TCCO India Projects Pvt. Ltd

| | 2020 | 2019 |
|--|-------------|---------|
| | £ | £ |
| Net assets as at 1 July 2019 | 83,418 | 9,955 |
| Income for the year to 30 June 2020 | 221,413 | 204,061 |
| Net surplus/(deficit) for the year to 30 June 2020 | (54,838) | 73,396 |
| Net assets as at 30 June 2020 | 28,580 | 83,418 |

Notes to the accounts

17. Prior year Consolidated Statement of Financial Activities

| | Notes | Restricted | Unrestricted | Year ended 30 June 2019 |
|--|-------|-----------------------|-----------------------|-------------------------------|
| | | £ | £ | £ |
| Income from: | | | | |
| <i>Donations and legacies</i> | | | | |
| Donations & similar funding | | - | 290,327 | 290,327 |
| Grants | 2 | 5,152,160 | 771,024 | 5,923,184 |
| | | <u>5,152,160</u> | <u>1,061,351</u> | <u>6,213,511</u> |
| <i>Charitable Activities</i> | | | | |
| Membership and partnership income | | - | 1,023,274 | 1,023,274 |
| Sponsorship and other | | - | 838,209 | 838,209 |
| | | <u>-</u> | <u>1,861,483</u> | <u>1,861,483</u> |
| Total income | | <u>5,152,160</u> | <u>2,922,834</u> | <u>8,074,994</u> |
| Expenditure on: | | | | |
| <i>Raising funds</i> | | | | |
| <i>Charitable activities</i> | | - | 831,101 | 831,101 |
| | | 4,585,987 | 1,425,246 | 6,011,233 |
| Total expenditure | 3 | <u>4,585,987</u> | <u>2,256,347</u> | <u>6,842,334</u> |
| Net income | | <u>566,173</u> | <u>666,487</u> | <u>1,232,660</u> |
| Other recognised gains and losses | | | | |
| Gain / (Loss) on revaluation of foreign subsidiaries | | - | 7,192 | 7,192 |
| Net movement in funds | | <u>566,173</u> | <u>673,679</u> | <u>1,239,852</u> |
| Reconciliation of funds: | | | | |
| Total funds brought forward | | 1,178,283 | 431,769 | 1,610,052 |
| Total funds carried forward | 12 | <u>1,744,456</u> | <u>1,105,448</u> | <u>2,849,904</u> |