THE CLIMATE CHANGE ORGANISATION

t/a CLIMATE GROUP

Annual Report and Accounts 2020/21
12 months to 30 June 2021

COMPANY NUMBER: 4964424
CHARITY NUMBER: 1102909

Board of Trustees' Report

A message from our Chair

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

I know I speak for the whole Board when I say how proud we are of our colleagues' achievements during the year of this Report. I doubt any of us would have predicted that we would finish the year with our programmes to tackle the climate crisis powering ahead, with our teams in confident mood about how we will build on those achievements in the current year and beyond, and with our finances stronger than they have been for some years. It is testament to the quality of our senior leaders, under the guiding hand of our CEO, and to the commitment of everyone in Climate Group.

It is unnecessary to dwell on the difficult circumstances prevailing during this period – we all know them too well. In the case of Climate Group however we had to vacate our offices in short order owing to the lease expiry, but felt unable to commit, as we had planned to do, to a lease on larger premises to accommodate our expanding team. The uncertainty this created, along with the challenges of remote working on programmes whose success depends on the strength of our partnerships with others, was borne with remarkable fortitude – as was the pay, promotion and recruitment freeze required, we felt, to safeguard our viability through the uncharted waters of the pandemic.

We also had to confront the prospect of not being able to gather in New York for our flagship Climate Week NYC which showcases climate action and acts as a call to arms for more and faster progress. We took an early decision to 'go virtual', and the team responded with such creativity that we had what arguably was our most successful week ever: in terms both of engagement with committed businesses and policymakers, and of drawing in a vastly wider audience than normal, including geographically.

The last year and a half has been a somewhat breath-taking ride, but exhilarating because we believe we have had more impact than ever before. My warm thanks go to all of our team, and to the Board who have been tremendously supportive of the team's efforts and of me, for realising our vision of scaling up climate action, fast.

Our strategy of convening coalitions of policymakers and businesses to drive tangible change gathers even more momentum. Regional government members of the Under2 Coalition cover over 50% of global GDP and are committed to net zero action. We support them to produce detailed plans and to learn from each other. The business programmes we lead help over 300 global corporates to switch to renewable energy, electrify their fleets and deliver significant energy savings – all with accompanying emission reductions. There has never been such a ready audience for such initiatives which as well as their own savings help create markets for investment and policy frameworks to drive wider action. While national governments will primarily be responsible for overall policy frameworks and international agreements, business and subnational governments will drive evident progress and their commitments deserve to be recognised for their impact and future potential.

Helen Clarkson
Chief Executive Officer

A message from our Chief Executive

"Are you optimistic?"

Asked that question in a recent interview for the BBC I looked visibly caught off-guard. In the wake of the IPCC report that had been published the day before, which showed just how deep the climate crisis runs and just how much work is needed to be done to solve it, I hadn't been prepared for that – even though it's a question I'm asked relatively often.

My answer was fine – and was the one they broadcast out of a longer interview – but maybe I can try and answer it in a more considered way here.

In the face of that IPCC report and now 18 months into a pandemic which continues to take lives and devastate livelihoods around the world, despite the – seemingly miraculous – emergence of effective vaccines which are helping in so many countries, optimism is not the first emotion that springs to mind.

We know the Climate Crisis is not going to wait while we sort the world economy out. We know that despite a lot of rhetoric around "building back better" not enough of the trillions of dollars pouring into recovery plans are being spent in a climate positive way.

We can see in the news every day that the Climate Crisis is not a hypothetical event, sometime in the future but is with us here and now.

I think all that played across my face in a moment of "optimism? Are you crazy?"

And yet, I would still call myself an optimist – maybe what Christiana Figueres, former Executive Secretary of the UNFCCC, calls a 'Stubborn Optimist'.

For while all of this is true, it's also true that the tailwinds behind climate action are stronger than ever. The US has a pro-climate action Administration, China has announced bold targets, the EU, the UK, Japan, all have stepped up their commitments.

From state and regional governments, businesses, cities, and civil society, we see support and demands for action. In our own campaigns we see incredibly high levels of interest and requests to join are flowing through at a slightly faster pace than we can deal with them. And sectors that have long been ignored as "hard to abate" are now experiencing a rapid pace of change, as evidenced by our new SteelZero campaign launched this year.

Organisationally, we've had a good year: we've held an incredibly successful Climate Week NYC, despite having to move it online; our demand-side corporate campaigns are growing and spurring policy change around the world; the level of ambition from our Under2 members is being notched up; our fundraising has remained robust; staff morale remains high.

And Climate Group is just a microcosm of what's going on across the sector. The will to tackle this problem has never been higher.

So now it's a race against the clock. We're certainly doing everything in our power to deliver on our commitments, and pushing ourselves to do more. We know that others are too. So yes, I am an optimist. But certainly not a complacent one.

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 first of a new three-year strategy, in which our increased ambition is reflected in four new goals. These goals move us from focusing on delivering our programmes of work to the systems that those programmes are aimed at changing.

Our new goals are broken out between the systems we wish to change and the approaches, skills, and organisational acumen we bring to creating change. This new approach also offers an increased opportunity to capitalise on the combined strengths of our work with business and sub-national governments – designing our programmes more systematically across these networks and identifying opportunities for collaboration.

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.

In line with the focus on key systems, we have taken forward the following key initiatives.

1) Energy

Initiative	Description
RE100	A global initiative, in partnership with CDP, of influential businesses committed to 100% renewable electricity, working to massively increase demand for – and delivery of – renewable energy.

2) Industry

Initiative	Description
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.
SteelZero	A global initiative, in partnership with ResponsibleSteel, to build a group of leading companies committed to the responsible sourcing and production of steel.

Initiative	Description
ConcreteZero	A global initiative, in partnership with the World Business Council for Sustainable Development (WBCSD) and the World Green Building Council to build a group of leading companies committed to the sourcing of net zero concrete.
Global Framework Principles for Heavy Industry	The Global Framework Principles for the Decarbonisation of Heavy Industry, developed in partnership with Mighty Earth, provide clear steps to reduce emissions in heavy industries across the world, to both strengthen economies and help limit global warming to 1.5°C.

3) Transport

Initiative	Description
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.
Zero Emission Vehicle (ZEV) Initiatives	Our ZEV Community initiative brings together all levels of governments to share and learn about exciting ZEV 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.
Fast-tracking e-mobility and clean electrification	A collaborative project with our We Mean Business coalition partners, CDP and WBCSD, to engage Indian businesses in the accelerate adoption of electric vehicles and renewable energy.
RouteZero	A global platform to showcase ambitious commitments and bold action on zero emission vehicles, supporting the Race to Zero Breakthroughs and the UK government's COP26 Presidency campaign on clean road transport.

4) Built Environment

Initiative	Description
EP100	A global initiative of energy-smart companies committed to using energy more productively, to lower greenhouse gas emissions and accelerate a clean economy.
LED Programme	Our long-running programme to help cities and businesses switch to highly energy efficient LED lighting.

5) Cross-cutting

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.
State and Regional Government Policy Programme	An initiative disseminating today's best climate policies and developing new policies to ensure full decarbonisation by Under2 governments.
Under2 Coalition Secretariat	Providing executive support for the Under2 Coalition including working with the Co-Chairs to develop strategy, set its ambition, deliver peer to peer learning, manage future programme development, and to drive the public profile of the Coalition through events and communications.
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 engage on how to do more.

2. Achievements and performance

FY2020-21 marks the first 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.

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

We have made substantial advances in the last year on the five key systems that underpin the Climate Group strategy – energy, transport, industry, built environment and food – refining our approach to driving rapid emissions cuts via our work with business and state and regional governments.

We’ve used our existing programme platforms to extend to new, related topics and geographies – continuing to set high ambition for our leadership initiatives. A key feature of our approach is shifting policy in priority markets, including via our offices in India and the US as well as through regional collaborations in Latin America, South East Asia and Australia. We have also developed original content through research collaborations with our members and expert partners and strengthened our coordinated approach to change through joint team working on key projects.

In the energy system, we reached a landmark in the global scale and size of our RE100 initiative, delivered in partnership with CDP, which now has a level of member demand for renewables beyond the power requirements of two G7 countries (UK and Italy). The scale of this demand will save emissions of 334 TWh p.a. – equivalent to burning more than 118 million tonnes of coal.

Beyond the direct market impact of this demand, we have continued to leverage the membership to shape wider action by policymakers and utilities, and have been recognised for this work through a REM Asia award. Tangibly, we have seen ‘RE100’ policies introduced in South Korea, President Tsai of the Taiwanese authorities has publicly stated that the “…ability to achieve RE100 is a critical consideration for industrial policy,” and RE100 was cited in Japan’s COVID Stimulus Package as the reason for investment in renewables. There has also been a significant shift in Indian energy policy which allows companies to source 100% renewable electricity, a move that was informed by the narrative and ambition of RE100 companies through our new policy working group.

We reached a member landmark for EV100, with 110 members of the initiative now committed to 5 million EVs by 2030. This included some particularly influential and high impact new joiners, including Zomato in India, National Grid as the first major utility in the US to make a fleet commitment, and the first South Korean company LG Energy. We have also completed some preliminary work to further extend our approach with the preparations for a new EV100+ commitment for heavy duty vehicles.

We have had a similar breakthrough in our industry work, with the launch of a demand side commitment for the world’s most widely used material, steel. In partnership with the multi-stakeholder standard setting body, ResponsibleSteel, ten companies made a public commitment to procure 100% net zero steel by 2050. By harnessing their collective purchasing power and influence, we are sending a strong signal to shift global markets and policies towards responsible production and sourcing of steel.

To support action in key value chains, we initiated SteelZero working groups for the construction sector and, more recently with the renewable energy and automotive sectors in Europe. At the end of the year, we started a parallel project, ConcreteZero, in partnership with WBCSD and the World Green Building Council.

Our overall approach on industry has been reinforced with the development of the Global Framework Principles for the decarbonisation of heavy industry. Launched in February 2021 in partnership with Mighty Earth, a third of the 18 signatories were Indian companies. These

Principles provide a valuable framing for our ongoing work with the state and regional government Industry Transition Platform, including a new policy project – “Activating States and Regions in the Rapid Response for Global Heavy Industry”.

Our built environment work has continued to be driven through our campaign on smart energy use, EP100, as well as our long-standing initiative to scale-up action on LEDs. Over 100 companies have now joined EP100, and our annual reporting of members’ progress demonstrates that 57 MMT of CO2e[1] is avoided annually by just 33 of these members – equivalent to taking over 12 million cars off the road for a year. As part of this work, we partnered with the World Green Building Council on the Net Zero Carbon Buildings Commitment and explored the linkages with our steel and concrete initiatives to address carbon and energy efficiency improvements in corporate built environment portfolios. Looking ahead to COP26, we have started plans to deepen collaboration in this system through contributing to the Cities and Built Environment Day.

For the food system we initiated work in Latin America on the role of land protection and healthy ecosystems in future-proofing global food supplies. The recently launched UK PACT funded project “Alliance for Regenerative Ranching in the Amazon”, is based on three pillars of work: capacity-building through Farmer Field Schools, knowledge sharing amongst Amazonian states and regions, and the public-private generation of favourable market and finance conditions. The Governor of Madre de Dios, – a key region participating in this project – will speak at a Climate Week NYC event in September 2021 to showcase the potential of our work in the food system, looking towards fostering opportunities and partnerships for moving forward.

Goal 1 Future Plans for Year 2021-22

- We will develop a comprehensive five-year strategy for RE100 that builds on its success and focuses on policy change in key markets, whilst also designing new work in the Energy system that goes beyond RE100.
- We will deliver RouteZero and develop follow-on work that builds on the success of this project in the Transport system, including launching a new commitment initiative EV100+ for medium and heavy-duty vehicles.
- We will continue to implement our work in the Built Environment system, including through our energy efficiency initiative EP100 as well as strengthening the connection with our steel and concrete initiatives.
- We will identify programmatic opportunities in the Food system, working across our business and state and regional government networks.

[1] Carbon dioxide equivalent

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

This year, we have developed our policy work across the energy, industry and transport systems. Notable successes on influencing national policy making through RE100 included South Korea as noted above. Tata Power has introduced a Green Tariff system, specifically referencing RE100 as a key reason, to enable corporates to purchase 100% renewable electricity. Also, in India, we launched the RE100 policy asks at the end of June (developed through a powerful working group of nationally headquartered and international companies) and have secured a small amount of funding to develop materials in support of these asks.

The Industry Transition Platform (ITP) came to its conclusion in July with a knowledge and diffusion block of the work. For example, at a virtual ITP café, participants of the project discussed experiences in engagement with the general public and collaboration opportunities at COP26. The project team also launched a research report in May on CO_2 utilisation options for regional development.

We launched a major new transport initiative, RouteZero – an ambition platform being delivered in partnership with the UN High-level Champions to push non-state actor EV ambition in the run up to COP26. Within this platform, we have a new public fleets commitment under development, and have worked with Systemiq to prepare a new report – "Fleets First" – on the quantitative impact of public and private fleets in accelerating EV market development.

To complement this global advocacy, we conducted policy work around the French and German elections, while continuing our targeted policy interventions in the UK (via the UK Electric Fleets coalition) and in the US (together with the Zero Emission Transportation Association).

We have also continued the work of the ZEV Community with virtual forums for state and regional governments on critical policy issues. In India, we have developed our relationship with the Government of Delhi to bring them on as an EV100 India Ambassador, as well as forming a partnership with Maharashtra, one of the members of the Under2 Coalition, to support ambitious EV deployment targets set by the state under its new EV Policy. This urges forward-looking companies in the state to set targets aligned with the Climate Group's EV100 campaign to accelerate the electrification of their vehicular fleets.

The Under2 engagement team has revised the Under2 Coalition MoU. This revision aligns the Coalition and its members with the most ambitious climate commitments in line with the most recent science. In Spring 2021, the team launched the Net Zero Futures Initiative to catalyse state and regional net zero ambition in the run up to COP26, funded by the Scottish Government and Bloomberg Philanthropies.

We were also active in extending membership of the Under2 Coalition with 20 new members lined up for recruitment through the year. The Under2 Coalition now brings together 260 governments representing 1.75 billion people and 50% of the global economy.

We have worked closely with the UN High-Level Champions Team as an implementing partner for the Race to Zero. More than 20 Under2 members have joined the race. Notably, the State of São Paulo in Brazil has announced a net zero target by 2050. The State took part in the Climate Pathways Project, which through its decarbonisation pathway process, identified twelve carbon neutral pathway actions to reduce GHG emissions by 50% from baseline conditions by 2050.

In another important partnership with the UN High-Level Climate Action Champions the RouteZero ambition platform launched on 8 April and is now successfully established as the go-to platform for EV ambition in the run up to COP26.

To facilitate better information exchange with our campaign members and across the Climate Group a new Knowledge Hub has been created as a discrete section on the main Climate Group website. The first phase of content upload is now complete.

Goal 2 Future Plans for Year 2021-22

- We will continue to drive the ambition and commitment levels of the Under2 Coalition.
- We will expand our transport policy work into key markets such as France and Germany.
- We will grow the SteelZero campaign and launch ConcreteZero, identifying priority opportunities for members to influence policymakers and suppliers.
- We will design new policy projects for state and regional governments in key markets such as Australia and Brazil where there is a lack of federal action.

Goal 3: Be an inspiring climate influencer

In 2020/21, the Climate Group continued to invest in our communications and delivered significant wins in both our influencing and our convening of the global climate community.

A major piece of work this year was to refresh our brand and roll this out through an improved web and digital marketing infrastructure. We have reinforced our brand identity and made sure our programmes are clearly linked to the overall Climate Group brand. Our new websites have been well received by key audiences. We have also designed our web pages to significantly reduce the carbon emissions associated with viewing them, through choices over backgrounds and how audio-visual material is embedded.

We have supported global outreach across our programmes, launched new programmes, and influenced key policies. Communications has been critical to Under2 Coalition successes, with high quality outputs supporting government uptake.

Supporting our Systems Campaigns

Our business campaigns now have well over 400 members which has required us to develop a new infrastructure to support existing members, to help drive outreach projects, and to provide enhanced profile opportunities for new joiners.

We have increased the influence of our programmes on policymakers too, by boosting our strategic communications and public affairs capability. We have secured strong backing from Alok Sharma, UK COP26 President, encouraging all major global businesses to join our RE100 and EV100 programmes. Working with the UK in its role as a Global Ambassador for EV100, was critical to our ability to build and run the RouteZero programme (see above). We have amplified multiple policy interventions in Japan and South Korea for greater ambition on renewables in the media and with key officials.

One major campaign success was the work of the UK Electric Fleets Coalition, involving many EV100 members and others. This played a critical role in shifting the UK Government's date for all new cars and vans to be zero emission forward five years to 2030. The launch of our SteelZero programme secured a global audience of hundreds of influential individuals and assisted in bringing-in a number of key members.

Communicating state and regional climate action

We have continued to lift-up our Under2 communications work. There were more media mentions of the Under2 Coalition in Q1 of 2021 than during the whole of 2020. We are now taking a campaigning approach to convincing more global states and regions (inside and outside of the Under2 Coalition) to commit to net-zero emissions and interim targets.

The team has also developed a #WhatsAtState social campaign, showcasing the importance of state and regional climate action, in partnership with Regions4. The idea is to utilise visual storytelling to show which ecosystems are at risk from climate change in states, and the current impacts of global warming.

Climate Week NYC and Biden Climate Summit

Despite the challenges relating to COVID-19, Climate Week NYC, September 2020, was a major success for our mission and the encouragement of global climate action. Through our bold, early decision to go virtual, and not let the pandemic derail the event, we delivered the largest climate event of 2020 for senior decision-makers from businesses and government. It involved over 119 speakers over four days, including HRH the Prince of Wales, and an audience of over 13,000 for our events alone, alongside 500 affiliate events and 3,000 items of media coverage across the week as a whole. It also reached new heights in the financial contribution to our other work.

In April, we delivered US Climate Action Week, at the request of the Biden Administration. We facilitated and secured over 100 events involving the biggest organisations working on climate in the US, all around President Biden's Leaders' Summit on Climate. Our US team acted as broker between the White House and external stakeholders to help enable senior administration representatives to speak at over 30 events. We also held our own event, with Gina McCarthy, White House National Climate Advisor, and Dame Karen Pierce, British Ambassador to the US among the speakers.

Goal 3 Future Plans for Year 2021-22

- We will strengthen our communications to become more influential in our regional markets, such as India, the US and China.
- We will deliver a successful hybrid format for Climate Week NYC.
- We will successfully deliver a set of key events at COP26 and continue to build out our broader events programme.

Goal 4: Achieve organisational excellence

Fundraising

Our primary goal in FY2020-21 was to sustain the Climate Group and its programmes through this challenging fundraising environment, and we succeeded.

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.

The pandemic compelled us to innovate and take calculated risks which enabled us to maintain our income levels and put us in a strong position for significant growth in the coming years.

We have continued to develop new programmes in key systems such as net zero concrete procurement, accelerating the reduction of emissions in corporate supply chains, and developing communities of practice on lowering emissions from agriculture. We have also grown our team in the US, in anticipation of greater ambition on climate action there, in the wake of the election of the Biden-Harris Administration.

We have also increased our commercial business development capacity, being unable to hold an in-person Climate Week NYC forced us to design a brand new digitally delivered event, which attracted an outstanding level of corporate sponsorship. We also revamped and relaunched our corporate membership offering for RE100, EV100 and EP100 companies, increasing income and future income potential while delivering greater value and support to corporate members.

The most challenging area has been our Under2 Coalition work supported hitherto by statutory funding, where we saw the deepest cuts and freezes to bilateral government climate budgets.

As a result, and despite the reductions in some funding streams, unlike many businesses and non-profits, we were successful in not having to carry out any enforced restructures, redundancies, reduced hours, or furlough staff at any point during the financial year, although we did institute a pay and recruitment freeze. Additionally, we were able to maintain funding for the Climate Interns Programme and continue to provide opportunities for young people from BAME and lower socioeconomic backgrounds to take up paid internships at the Climate Group. This was especially important given the extremely difficult job market in 2020. Since its launch in late 2019, we have funded a total of fourteen 6-month intern and graduate placements.

Having kept global income stable and maintained the integrity of our teams throughout this financial year, we are now fortunate to have an exceptionally positive platform for future growth. There will be financial risks we will need to manage, as the world seeks to establish new patterns of normalcy. But we are generally confident about the continuing income generating potential of our strong portfolio of programmes.

Our philanthropic and government supporters included:

Bloomberg Philanthropies, 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, Quadrature Capital Foundation, Rockefeller Brothers Fund, the Roy A. Hunt Foundation, Transport Scotland, Stiftung Mercator, Ministry of Environment & Energy of the Government of Sweden, UK PACT (Partnering for Accelerated Climate Transitions), the Urban Mobility Innovation Fund, the We Mean Business coalition and its philanthropic partners, and the William & Flora Hewlett Foundation, as well as a number of private donors.

Governance

Registration of a Representative Office in China continues to be a priority for us, and we continue to await news from the Chinese authorities in relation to our application for a business licence to open a Representative Office. This would allow us to again fully engage in the country to accelerate climate action.

After a delayed start following COVID-19, we have started operating from our Netherlands office and we look forward to deepening our engagement with partners and founders in the EU.

As we grow as an organisation we continue to strengthen our suite of policies and have updated numerous policies in line with these changing needs.

Our people

Along with the rest of our peers we have continued to work from home over the last year and the impact of multiple lockdowns globally is taking its toll on our staff. We have been focusing on staff morale and wellbeing over the last year and launched two new working groups, Carers' group and Mental Health working group to support our staff during this challenging period.

Further, we continue to prioritise our Equality, Diversity and Inclusion (EDI) initiatives and our EDI strategy, which are vital to keep our staff motivated and productive. We have internal groups looking at an EDI education framework, recruitment, and reverse mentoring among other initiatives. We are also partnering with external providers to help drive our EDI strategy.

Goal 4 Future Plans for Year 2021-22

- We will finalise the establishment of our Netherlands office so that it will be fully operational, we will recruit members for the Netherlands' Board, and register as a Stichting (Foundation).
- We will continue to deliver a strong, diverse, income stream across all our offices.
- We will implement, finalise and roll-out our EDI programme across the whole organisation.

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.

3. 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 and India (indicated by "Group"). Figures in this section reflect the consolidated Group figures.

Income

Our total income for the 2020/21 financial year was £10.5m (2019/20: £11.4m) and as at 30 June 2021 we held £1.9m of deferred income (30 June 2020: £1.1m).

Our diverse income generation portfolio proved resilient in a challenging fundraising environment. The primary sources of income were as follows:

- Government and foundation grant making of £7m (2019/20: £8.1m). The reduction versus the prior year is driven by the timing of grant cash receipts.
- Sponsorship income for our events including Climate Week NYC plus other smaller events was maintained at £1.6m (2019/20: £1.6m). Whilst income was broadly flat versus the prior year, the surplus achieved from these activities was increased by the reduction in events' costs due to COVID-19.
- Membership and partnership income showed significant growth as the membership strategy gained traction reaching £1.6m (2019/20: £1.3m).

We continue to grow our network of funding partners and contacts to develop new projects that capitalise on the success of our current programmes and support strategic growth into new areas of work. We have begun funded work in the food and agriculture space, and in the coming year, we will build on our comparative advantage in the fields of industrial decarbonisation and electric transport. We will also be seeking to explore the untapped opportunity in relation to sub-national energy policies.

To reinforce our ability to respond flexibly to future global economic disruptions, including the COVID-19 recovery, we endeavour to increase the unrestricted proportion of our income. We have implemented the first year of a three-year plan to transform our membership proposition, with positive results so far, and are developing new event sponsorship and corporate partnership opportunities. We expect additional investment in individual giving infrastructure and resourcing to drive growth in the coming two years, whilst The Dutch Postcode Lottery, where we are in year four of a five-year funding cycle, remains a vital and significant source of unrestricted funding for our core costs.

Expenditure

During the accounting period our expenditure totalled £10.2m (2019/20: £9.6m).

Expenditure increased through the growth and delivery of existing funded initiatives. This included increases in our staff, project and external partner costs to deliver these programmes. However, we achieved significant operational cost savings due to COVID-19's impact on travel and working practices together with implementing a temporary pay freeze due to the uncertain year ahead.

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

We also achieved 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 balance of total funds as at 30 June 2021 increased to £5m (2019/20: £4.6m). This included a significant change in the proportions of restricted and unrestricted funds. The timing of grant cash receipts versus the prior year is reflected in the significant decrease in restricted funds, which reduced by £1m to £1.7m (2019/20: £2.7m). This reflects the work carried out in the 2020/2021 financial year in relation to grant funding received prior to the previous financial year end. Our increase in unrestricted reserves by £1.3m to £3.2m (2019/20: £1.9m) was driven by income growth and expenditure savings.

Our North America operations have benefitted from increasingly successful income generation from corporate sponsorship at Climate Week NYC since 2016, and more recently from growing grant income. Investments in increased programmatic capacity in the United States from 2019 were complemented by increased fundraising capacity during this financial year.

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 and we expect this to continue as, following the severe impact of the COVID-19 pandemic, funders continue to prioritise India as a key emerging region for climate investment.

As stated last year, China is critical to our ambitious plans and we continue to progress our application to open a new Representative Office. This remains subject to local approvals and has been delayed by about one year. Finally, to further support our plans for global growth, we have identified a strategic requirement to open an office in the Netherlands to optimise programmatic delivery opportunities within the EU.

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 also 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.

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. The Trustees continue to maintain the target level of unrestricted reserves between three and six months of unrestricted expenditure. However, given the Charity is in a period of ongoing growth against a backdrop of global economic uncertainty, the Trustees are comfortable that we maintain a position at or above the upper end of this target range. The fact that we are above the target range has enabled us to plan to invest a proportion of our unrestricted reserves in the coming year in developing our operations in China and the Netherlands.

As at 30 June 2021, the unrestricted reserves of £2.6m (2019/20: £1.6m), excluding designated reserves of £0.65m (2019/20: £0.3m), represents an estimated 9 months of unrestricted 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 our income streams alongside our planned expenditure.

Whilst some economic uncertainty continues as the world recovers from the impacts of COVID-19, major markets (especially the US) are unlocking, and funders appear to be responding with increasing urgency to the need for action and to make up for the time lost in 2020 and early

2021. We therefore do not foresee any material risk to income in the year to 30 June 2022 but maintain a suite of mitigating actions to deploy, which can be adjusted to respond to any shortfalls.

Overall, we consider 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 sufficient 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. Identified major risks 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 and to mitigate any residual level of risk where this is inevitable. 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:

Global fundraising strategy and diversification

Netherlands and China

As we expand our teams in China and the European Union, our cost base will also grow. We have identified grant opportunities and commercial partnerships in each of these markets but are yet to test whether the team as currently structured can successfully deliver income from these opportunities. We must also manage the risk of our income generating resource being spread too thinly as we look to expand. In each case we have included additional lead-time in our planning to guard against ramping up expenditure quicker than income growth and creating unsustainable deficits.

COP26 'Hangover'

Major COPs such as COP15 (Copenhagen), COP21 (Paris) and COP26 (Glasgow) are often expected to be a springboard for a new wave of climate action. In the medium-term, this is usually true, but experience shows that there is often a short-term 'hangover' period for NGOs and funders in the wake of these critical summits. Landmark achievements at these COPs prompt strategic replanning periods, and there is often large-scale turnover of staff. Individuals who have worked at white heat for months and years to prepare for the summit seek opportunities to recharge their batteries. These factors can lead to a slowdown of activity. For example, 2016 was a very difficult fundraising year until the election of President Trump in November 2016, which gave climate funders a wake-up call. To prepare for this, we have invested in building a surge of extra income generation, strategy resource and expertise. Their task is to work across programmes and teams to develop creative new offerings for the post-COP26 world, so that we can be out in front of the market in January 2022. We are also working closely with the German Federal Ministry of the Environment (BMU) to leverage Germany's G7 presidency in 2022 to create new opportunities for funding cultivation and announcements which keep up momentum, especially for the Under2 Coalition.

Further COVID-19 related lockdowns and economic contractions

There remains potential for continued COVID-19 related disruption, though this seems more likely to be concentrated in emerging markets – putting delivery of work (and therefore funding) in 2022 more at risk in Latin America and India than in Europe, the Far East or North America. We are therefore preparing to pivot effort to Euro-American markets and the Far East in the short term, bolstering the US fundraising capacity, investing in fundraising resource in the European Union, and developing a close partnership with a new funding collaborative (Tara) focusing on developed and fast-growing markets in the Far East (Japan, South Korea, Philippines, Malaysia and Vietnam). India's fundraising has benefitted from an uptick in success rates in the last six months, as funders have prioritised India as a market for investment and as previous efforts at capacity building in the India team at the Climate Group have started to bear fruit.

Membership Programme Delivery

In the course of upscaling our corporate membership offering, we have developed new member benefits. Building new systems and patterns of collaboration between teams is challenging under conditions of majority remote working, and corporates' expectations for our new membership offering have been raised. If we cannot deliver consistently at the newly elevated level that members require, then renewals in 2022 may become challenging. To help ensure quality of service, we have set aside a budget for continued investment in staff and cash costs, which will be deployed over the course of the coming financial year.

IT

As mentioned in last year's annual report, we have revamped our disaster recovery plan to better incorporate the tools as well as their purpose that we use in our approach to protecting our staff from external threat actors. Based on the findings in our recent 2021 annual IT security risk review exercise, we have added additional conditional access policies such as the deactivation of legacy authentication and identity protection. We have also deployed additional cloud based remote device asset and malware threat protection and monitoring.

4. 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 also represented by legal entities in the US, India and as of May 2021 the Netherlands, which enables 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 24.

The Climate Group Board of Trustees currently comprises eleven 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 and working groups. The Finance and Audit Committee, which meets quarterly, and more frequently if 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 members from both our UK and US boards, and provides strategic oversight on our annual key event, Climate Week NYC. A Global Governance Working Group met as required to consider specific organisational governance requirements and was comprised of board members from both our UK and US boards.

Scheme of delegation

The Trustees have set out a scheme of delegation. While 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 registered with 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 and regulations 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 relevant guidance.

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 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, activities and strategies described in this report 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 2 December 2021 and was signed on its behalf by:

Joan MacNaughton

Joan MacNaughton CB HonFEI
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 2020 and 2 December 2021, the date of the signing of the accounts.

Board of Trustees

Trustees during the year ended 30 June 2021 were as follows:

- Zoë Ashcroft
- Andrew Clark (Chair – Finance and Audit Committee)
- Viki Cooke
- Richard Gledhill – tenure ended 30 June 2021
- Jeffrey B. Gracer
- Abyd Karmali
- Victoria Keilthy
- Joan MacNaughton (Chair – Board of Trustees; Chair – Global Nominations Committee; Chair – Climate Week NYC Steering Group)
- Meryam Omi – appointed 10 May 2021
- Mike Rann (Chair – Global Governance Working Group)
- Amber Rudd (Board EDI sponsor)
- Sumant Sinha – appointed 10 June 2021

Finance and Audit Committee

Members during the year ended 30 June 2021 were as follows:

- Andrew Clark
- Richard Gledhill – tenure ended 30 June 2021
- Victoria Keilthy

Executive Management Team (EMT)

The Executive Management Team during the year ended 30 June 2021 was as follows:

- Tim Ash Vie, Director, Under2 Coalition Secretariat
- Helen Clarkson, Chief Executive
- Amy Davidsen, Executive Director US (The Climate Group, Inc.)
- Luke Herbert, Director of International Communications
- Yuming Hui, China Programme Director
- Ana Mates, Chief Operating Officer
- David Mole, Fundraising Director
- Alex Moore, International Finance Director – appointed 7 December 2020
- Mike Peirce, Corporate Partnerships Director
- Divya Sharma, India Director (TCCO India Projects Pvt Ltd)

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

- Amy Davidsen, Executive Director US (The Climate Group, Inc.) – resigned 1 October 2021

Principal Professional Advisers

Solicitors	**Bankers**	**Auditors**
Winston & Strawn London LLP CityPoint One Ropemaker Street London EC2Y 9AW	HSBC Bank plc 34 High Street Walton-on-Thames Surrey KT12 1DD	Crowe U.K. LLP 55 Ludgate Hill London EC4M 7JW

Directors of our Group Boards

The Climate Group, Inc.

- Helen Clarkson
- David Crane
- Gary Doer
- Ariane de Vienne
- Robin Gish – resigned September 2021
- Jeffrey B. Gracer
- Joseph M. Kinard
- Douglas P. Lawrence
- Professor Bill Moomaw (Chair)
- Mike Rann
- Bill Ritter

TCCO India Projects Pvt. Ltd

- Helen Clarkson
- Joan MacNaughton – resigned 5 May 2021
- Divya Sharma (Wholetime Director and Chair)

The Climate Group (Europe) B.V.

- Zoë Ashcroft
- Helen Clarkson (Chair)
- Joan MacNaughton

5. 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 (‘the charitable company’) and its subsidiaries (‘the group’) for the year ended 30 June 2021 which comprise the consolidated statement of financial activities, the balance sheets, the consolidated cash flow statement and notes to the financial statements, including 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 2021 and of the group’s 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.

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 charitable 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

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's or the group’s ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Other information

The Trustees are responsible for the other information contained within the annual report. 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.

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 this gives rise to a material misstatement in the financial statements themselves. 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 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:

- adequate and proper accounting records have not been kept; or
- the 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.

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities statement set out on page 22, 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 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

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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members including significant component audit teams. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011, together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context for the UK operations were General Data Protection Regulation (GDPR), anti-fraud, bribery and corruption legislation, taxation legislation and employment legislation. We also considered compliance with local legislation for the group's overseas operating segments.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management and the Finance and Audit Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an 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 and the charitable company's members 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

10 December 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 2021

Consolidated statement of financial activities

	Notes	Restricted	Unrestricted	**Year ended 30 June 2021**	Year ended 30 June 2020
Income from:		£	£	**£**	£
Donations and legacies					
Donations & similar funding		-	260,840	**260,840**	351,661
Grants	2	6,164,428	878,455	**7,042,883**	8,107,476
		6,164,428	1,139,295	**7,303,723**	8,459,137
Charitable activities					
Membership and partnership income		-	1,627,259	**1,627,259**	1,278,022
Sponsorship and other		-	1,598,211	**1,598,211**	1,616,375
		-	3,225,470	**3,225,470**	2,894,397
Total income		6,164,428	4,364,765	**10,529,193**	11,353,534
Expenditure on:					
Raising funds		-	1,015,354	**1,015,354**	915,834
Charitable activities		7,153,909	1,995,575	**9,149,484**	8,655,304
Total expenditure	3	7,153,909	3,010,929	**10,164,838**	9,571,138
Net income	4	**(989,481)**	**1,353,836**	**364,355**	1,782,396
Other recognised gains and losses					
Gain / (Loss) on revaluation of foreign subsidiaries		-	(50,564)	**(50,564)**	3,516
Net movement in funds		(989,481)	1,303,272	**313,791**	1,785,912
Reconciliation of funds:					
Total funds brought forward		2,704,162	1,931,654	**4,635,816**	2,849,904
Total funds carried forward	11	1,714,681	3,234,926	**4,949,607**	4,635,816

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

Balance sheets

	Notes	Group 30 June 2021 £	Group 30 June 2020 £	Charity 30 June 2021 £	Charity 30 June 2020 £
Fixed assets					
Tangible fixed assets	7	**16,420**	30,290	**10,196**	20,057
Investments	8	**86,277**	86,277	**97,047**	97,047
		102,697	116,567	**107,243**	117,104
Current assets					
Debtors	9	**1,900,594**	919,980	**1,945,837**	1,069,926
Cash at bank and in hand		**5,926,064**	5,804,647	**5,030,478**	4,797,095
		7,826,658	6,724,627	**6,976,315**	5,867,021
Creditors: amounts falling due within one year	10	**(2,979,748)**	(2,205,378)	**(2,279,609)**	(1,749,924)
Net current assets		**4,846,910**	4,519,249	**4,696,706**	4,117,097
Net assets	11	**4,949,607**	4,635,816	**4,803,949**	4,234,201
Represented by					
Restricted funds		**1,714,681**	2,704,162	**1,598,273**	2,388,375
Unrestricted funds – General		**2,584,926**	1,631,654	**2,555,676**	1,545,826
Unrestricted funds – Designated		**650,000**	300,000	**650,000**	300,000
Total funds	12	**4,949,607**	4,635,816	**4,803,949**	4,234,201

The net movement in funds for the charity only for the year was positive £569,748 (2020: £1,839,923).

The accounts on pages 30 to 47 were approved by the Board of Trustees and authorised for issue on 2 December 2021 and signed on its behalf by:

Joan MacNaughton

Joan MacNaughton CB HonFEI
Chair of the Board of Trustees

Consolidated cash flow statement

	Year ended 30 June 2021 £	Year ended 30 June 2020 £
Cash flows from operating activities:		
Net cash provided by operating activities (Note a)	**121,417**	2,137,426
Cash flows from investing activities:		
Payments to acquire tangible fixed assets	**-**	(22,903)
Increase in cash and cash equivalents in the reporting period	**121,417**	2,114,523
Cash and cash equivalents at the beginning of the year	**5,804,647**	3,690,124
Cash and cash equivalents at the end of the year	**5,926,064**	5,804,647

Note to the cash flow statement

Reconciliation of net income to net cash provided by operating activities

	Year ended 30 June 2021 £	Year ended 30 June 2020 £
Net income for the year	**364,355**	1,782,396
Adjustments for:		
Depreciation charges	**13,188**	13,507
Investment income	**-**	(1,277)
Foreign exchange differences, excluding gains arising on revaluation of fixed assets	**(49,882)**	3,391
Loss on sale of fixed asset	**-**	-
(Increase)/ Decrease in debtors	**(980,614)**	158,790
Increase / (Decrease) in creditors	**774,370**	180,619
Net cash provided by operating activities	**121,417**	2,137,426

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.

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 recognised at their transaction value.

Fixed assets and depreciation

Fixed assets are stated at cost and such items of equipment are capitalised where the purchase price exceeds £1,000. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities.

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

Office equipment	- 3 years
Furniture and fixtures	- 3 years

e) Fund accounting

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

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

f) Pension costs

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

g) Operating leases

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

h) Foreign currencies

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

Notes to the accounts

i) Debtors

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

j) Creditors and provisions

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

k) Financial instruments

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

2. Grants

	Restricted	Unrestricted	**Year ended 30 June 2021**	Year ended 30 June 2020
	£	£	**£**	£
Corporations	-	22,103	**22,103**	29,827
Governments	2,303,305	-	**2,303,305**	3,535,892
Foundations & NGOs	3,861,123	856,352	**4,717,475**	4,541,757
	6,164,428	878,455	**7,042,883**	8,107,476

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 2021**	Year ended 30 June 2020
	£	£	**£**	£	£	**£**	**£**	£
Cost of raising funds	612,900	27,783	**640,683**	203,607	171,064	**374,671**	**1,015,354**	915,834
Charitable activities	3,969,089	3,057,262	**7,026,351**	1,153,771	969,362	**2,123,133**	**9,149,484**	8,655,304
Total 2021	4,581,989	3,085,045	**7,667,034**	1,357,378	1,140,426	**2,497,804**	**10,164,838**	9,571,138
Total 2020	3,770,180	3,509,168	**7,279,348**	1,157,025	1,134,765	**2,291,790**		

Other support costs comprise:

	Year ended 30 June 2021 £	Year ended 30 June 2020 £
Premises	**168,154**	278,079
Other office costs	**47,759**	36,951
IT	**198,892**	150,457
Audit	**55,701**	64,106
Legal and professional	**268,915**	307,291
Other	**401,005**	297,881
	1,140,426	1,134,765

4. Net income / (expenditure)

is stated after charging:

	Year ended 30 June 2021 £	Year ended 30 June 2020 £
Operating lease rentals – buildings	**161,844**	225,392
Depreciation	**13,188**	13,507
Fees payable to charity auditors: audit of the charity's annual accounts	**22,500**	22,000
Fees payable to other group auditors: statutory audit of subsidiary accounts	**19,000**	26,013
Other Services	**14,201**	16,093

5. Staff costs

Staff costs during the period amounted to:	**Year ended 30 June 2021 £**	Year ended 30 June 2020 £
Wages & salaries	**4,528,855**	3,776,974
Social security costs	**461,825**	363,231
Employer's pension contributions	**409,314**	327,442
Other staff costs	**225,411**	231,232
	5,625,405	4,698,879
Temporary staff	**313,962**	228,326
	5,939,367	4,927,205

Included within staff costs above is £nil (2020: £10,872) relating to termination costs. There were £23,880 ex-gratia payments made during the year (2020: £15,500).

The average number of employees in the year was 106 (2020: 92).

No volunteers contributed to our core programmatic work in either the current or prior year.

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

		2020/21		2019/20
	UK	**Rest of World Number**	UK	Rest of World Number
£60,000 - £70,000 p.a.	**6**	**-**	5	-
£70,001 - £80,000 p.a.	**-**	**-**	1	2
£80,001 - £90,000 p.a.	**2**	**2**	1	1
£90,001 - £100,000 p.a.	**3**	**-**	3	-
£100,001 - £110,000 p.a.	**1**	**-**	1	-
£160,001 - £170,000 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 £67,223 (2020: £65,279) 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 24. The total employee benefits for the EMT were £1,046,853 (2020: £1,017,544) inclusive of employer's pension and national insurance costs.

6. Trustees' remuneration and expenses

No Trustee received any remuneration during the year (2020: nil). There were no expenses incurred by Trustees during the year (2020: £353).

Notes to the accounts

7. Tangible fixed assets

Group	Office equipment	Total
Cost	£	**£**
At 1 July 2020	91,602	**91,602**
Revaluation on consolidation	(1,273)	**(1,273)**
Additions		
Disposals	(35,000)	**(35,000)**
At 30 June 2021	55,329	**55,329**
Depreciation		
At 1 July 2020	61,312	**61,312**
Revaluation on consolidation	(591)	**(591)**
Charge for the period	13,188	**13,188**
Disposals	(35,000)	**(35,000)**
At 30 June 2021	38,909	**38,909**
Net book value		
At 30 June 2021	16,420	**16,420**
At 1 July 2020	30,290	**30,290**

Charity	Office equipment	Total
Cost	£	**£**
At 1 July 2020	77,336	**77,336**
Additions		
Disposals	(35,000)	**(35,000)**
At 30 June 2021	42,336	**42,336**
Depreciation		
At 1 July 2020	57,279	**57,279**
Charge for the period	9,861	**9,861**
Disposals	(35,000)	**(35,000)**
At 30 June 2021	32,140	**32,140**
Net book value		
At 30 June 2021	10,196	**10,196**
At 1 July 2020	20,057	**20,057**

Notes to the accounts

8. Investments

	Group 30 June 2021 £	Group 30 June 2020 £	Charity 30 June 2021 £	Charity 30 June 2020 £
Seed capital investment fund	**86,277**	86,277	**86,277**	86,277
Investment in subsidiaries	**-**	-	**10,770**	10,770
	86,277	86,277	**97,047**	97,047

9. Debtors

	Group 30 June 2021 £	Group 30 June 2020 £	Charity 30 June 2021 £	Charity 30 June 2020 £
Trade debtors	**805,533**	599,387	**518,956**	459,772
Other debtors	**37,366**	33,907	**25,382**	8,785
Due from subsidiary companies	**-**	-	**416,249**	458,032
Prepayments	**233,390**	160,911	**174,443**	110,802
Accrued income	**824,305**	125,775	**810,807**	32,535
	1,900,594	919,980	**1,945,837**	1,069,926

10. Creditors: amounts falling due within one year

	Group 30 June 2021 £	Group 30 June 2020 £	Charity 30 June 2021 £	Charity 30 June 2020 £
Trade creditors	**369,546**	490,434	**358,916**	459,812
Taxation & social security	**,265,447**	173,451	**227,462**	132,560
Other creditors	**10,710**	32,817	**8,525**	6,939
Accruals	**480,903**	299,640	**418,163**	238,669
Short term loans	**-**	104,790	**-**	-
Deferred income	**1,853,142**	1,104,246	**1,266,543**	911,944
	2,979,748	2,205,378	**2,279,609**	1,749,924

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

Deferred income

	At 1 July 2020 £	Released to income £	Deferred in the year £	**At 30 June 2021 £**
Membership	544,940	(2,560,791)	2,998,905	**983,054**
Grants	367,004	(367,004)	283,489	**283,489**
Charity total	911,944	(2,927,795)	3,282,394	**1,266,543**
The Climate Group Inc/TCCO India	192,302	(192,302)	586,599	**586,599**
Group total	1,104,246	(3,120,097)	3,868,993	**1,853,142**

11. Analysis of net assets between funds

Group

	Restricted funds £	Unrestricted funds £	**Total funds £**
Tangible assets	-	16,420	**16,420**
Investments	86,277	-	**86,277**
Net current assets/(liabilities)	1,628,404	3,218,506	**4,846,910**
Net assets at 30 June 2021	**1,714,681**	**3,234,926**	**4,949,607**

Charity

	Restricted funds £	Unrestricted funds £	**Total funds £**
Tangible assets	-	10,196	**10,196**
Investment in subsidiaries	-	10,770	**10,770**
Investments	86,277	-	**86,277**
Net current assets/(liabilities)	1,511,996	3,184,710	**4,696,706**
Net assets at 30 June 2021	**1,598,273**	**3,205,676**	**4,803,949**

Notes to the accounts

Prior year 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**

12. Movement in funds of the Group

	Balances at 1 July 2020 £	Income £	Expenditure £	Adjustments £	Transfers & exchange differences £	**At 30 June 2021 £**
Restricted funds						
Business Action	1,380,273	2,991,423	(3,019,157)	-	-	**1,352,539**
Summits	-	28,675	(28,675)	-	-	**-**
Under2	1,237,612	3,144,330	(4,106,077)	-	-	**275,865**
Operations	-	-	-	-	-	**-**
Seed Capital Investment Fund	86,277	-	-	-	-	**86,277**
Total restricted funds	**2,704,162**	6,164,428	(7,153,909)	-	-	**1,714,681**
Unrestricted funds						
General funds	1,631,654	4,364,765	(3,010,929)	(350,000)	(50,564)	**2,584,926**
Designated funds	300,000	-	-	350,000	-	**650,000**
Total unrestricted funds	**1,931,654**	4,364,765	(3,010,929)	-	**(50,564)**	**3,234,926**
Total funds	**4,635,816**	10,529,193	(10,164,838)	-	**(50,564)**	**4,949,607**

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. 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. 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 £0.65m 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 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**

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:

	2020/21	2019/20
	Land and buildings	Land and buildings
	£	£
Expiring within 1 year	**345,025**	20,545
Expiring between 1 and 2 years	**5,383**	-
Expiring between 2 and 5 years	**-**	-
	350,408	20,545

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 £0.6m (2020: £1.7m).

The amount of grant commitments falling between one and five years is nil (2020: nil).

Major grant payments recognised in 2020/21 is set out below.

Recipient	Project	**2021**
		£'000
Winrock International	NICFI Pathways	468
Governors' Climate and Forests Task Force (GCF)	NICFI Pathways	228
Libelula Comunicación Ambiente y Desarrollo S.A.C	NICFI Pathways	90
ICLEI Local Governments for Sustainability	IKI MRV	75

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

16. Subsidiaries

The Charity is represented by legal entities incorporated in the United States (registered on 5 March 2004), India (registered on 21 May 2018) and the Netherlands (registered on 12 November 2019). 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. The Charity, the US and Dutch companies have a year-end date of 30 June and due to local regulations, the Indian company has a 31 March year end.

The Climate Group (China) Ltd and Climate Change Association India (CCAI) have been undergoing dissolution processes, with The Climate Group (China) Ltd's process completing on 28 August 2019. With regards to CCAI, the liquidation application was listed and heard before the National Company Law Tribunal (NCLT) on 4 August 2021 at which the order for dissolution was passed. We now await the final copy of the order from the NCLT to conclude this matter.

	Balance at 1 July 2020	Subgrants received	Subgrants made	Expenses incurred	Payments made/ received	Exchange differences	Provision against intercompany balance	**Balance as at 30 June 2021**
	£	£	£	£	£	£	£	**£**
Organisation								
The Climate Group, Inc.	428,894	1,098,523	(219,947)	-	(886,310)	(78,810)	-	**342,339**
TCCO India Projects Pvt. Ltd	29,138	-	-	(283,131)	323,887	-	-	**69,894**
The Climate Group (Europe) B.V.	-	-	-	4,016	-	-	-	**4,016**
	458,032	1,098,523	(219,947)	(279,115)	(562,423)	(78,810)	-	**416,249**

Prior year transactions between the charity and related organisations

	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**

Notes to the accounts

United States – The Climate Group, Inc.

	2020/21	2019/20
	£	£
Net assets as at 1 July 2020	383,771	175,644
Income for the year to 30 June 2021	2,563,147	2,609,869
Net surplus for the year to 30 June 2021	(197,545)	208,128
Net assets as at 30 June 2021	186,226	383,771

China – The Climate Group (China) Limited

	2020/21	2019/20
	£	£
Net assets as at 1 July 2020	-	34
Income for the year to 30 June 2021	-	-
Net surplus/(deficit) for the year to 30 June 2021	-	(34)
Net assets as at 30 June 2021	-	-

UK – The Climate Change Organisation Services Limited

	2020/21	2019/20
	£	£
Net assets as at 1 July 2020	-	(76)
Income for the year to 30 June 2021	-	-
Net surplus/(deficit) for the year to 30 June 2021	-	-
Net assets as at 30 June 2021	-	(76)

India – Climate Change Association India

	2020/21	2019/20
	£	£
Net assets as at 1 July 2020	-	11,999
Income for the year to 30 June 2021	-	1,473
Net surplus/(deficit) for the year to 30 June 2021	-	(12,000)
Net assets as at 30 June 2021	-	-

India – TCCO India Projects Pvt. Ltd

	2020/21	2019/20
	£	£
Net assets as at 1 July 2020	28,580	83,418
Income for the year to 30 June 2021	292,212	221,413
Net surplus/(deficit) for the year to 30 June 2021	(51,475)	(54,741)
Net assets as at 30 June 2021	(22,895)	28,580

Notes to the accounts

Netherlands – The Climate Group (Europe) B.V.

	2020/21	2019/20
	£	£
Net assets as at 1 July 2020	-	-
Income for the year to 30 June 2021	-	-
Net surplus/(deficit) for the year to 30 June 2021	(6,959)	-
Net assets as at 30 June 2021	(6,959)	-

17. Prior year Consolidated Statement of Financial Activities

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