

Trustees' Annual report

April 2020 – 31st March 2021





Contents

1. Introduction	4
2. Our Strategy & Impact	8
3. Our Programmes	10
4. Financial Review	34
5. Diversity & Inclusion	38
6. Reference & Administrative Details	40
7. Structure, Governance & Management	42
8. Audit Report & Accounts	50

Introduction

1

2020 was supposed to be the year for nature. A series of global conferences were going to chart a course for slowing climate change and protecting biodiversity over the next decade. But then nature herself intervened. Covid 19 shocked, subdued and changed the world. The pandemic became the living embodiment of the consequences of destroying nature.

Covid 19 has had huge impacts. It slowed industrial activity, limited the global economy and halted much international travel. But it didn't stop biodiversity loss. In Jair Bolsonaro's Brazil, 2020 was the worst year for Amazon deforestation in over a decade. Figures from Global Canopy's 'The Little Book of Investing in Nature' show we still spend more than USD 1 trillion of public money subsidising economic sectors that harm biodiversity. That's five times more than we spend on protecting nature. So Covid 19 may have changed the world, but it didn't change the market forces that are driving unprecedented biodiversity loss.

This year, the scale of the nature crisis was brought into sharper focus by the publication of the UK government commissioned Dasgupta Review. The far-reaching global assessment on the economics of biodiversity is a sobering read. Drawing on Global Canopy's work it showed that prosperity had come at "devastating cost" to the natural world. The Review's conclusion, we must start seeing nature as an economic asset, not as a resource to plunder.

The Review reinforced the findings of the World Economic Forum, that half of global GDP is moderately or highly dependent on nature. In June the Dutch Central Bank became the first Central Bank in the world to use our ENCORE tool to highlight biodiversity as a material

risk. It showed Dutch financial institutions have EUR 510 billion of exposure to biodiversity risk – 36% of Dutch assets. All these numbers belie a simple truth. If you destroy nature, you destroy business too.

The stark reality of the crisis means radical change is needed. That is why Global Canopy has spent much of the year playing a founding role in creating a Taskforce on Nature-related Financial Disclosures (TNFD). In July 2020 we began bringing together 70 financial institutions, corporates and governments to generate wholesale reform of a financial system that has us all on a pathway to extinction. The project is ambitious in scope and scale, and solutions-orientated.

Our personal introduction to Covid 19 at Global Canopy was stark when at the start of the pandemic in the UK our Board chair became critically ill. We remain incredibly grateful for his full recovery. Many of the regions we work in have also been deeply affected by the situation. Brazil has the second highest Covid 19 death toll in the world, and the pandemic has disproportionately affected indigenous communities also targeted by the human rights abuses that go hand in hand with deforestation. The tragedy has redoubled our attention on ensuring Indigenous voices are heard as part of the solution to the nature crisis.

Covid 19 also changed the day-to-day nature of our work. It placed a freeze on almost all in-person and in-country engagement. We've had to find different ways of making our message heard. Organisationally, the well-being of our team came first and we worked hard to create a smooth transition into a new way of working. But through lockdown we've also continued to expand. The pandemic hasn't lessened the need for data or our tools. So it's been essential to bring on board new faces within the team to help us continue to build momentum for change.

Our Trase initiative that brings unprecedented transparency to global supply chains now covers 62% of global trade in forest-risk commodities by volume. Trase Finance – officially launched in October 2020 – provides an unprecedented level of information and

search capabilities for assessing the direct and indirect deforestation risk exposure of financial institutions. It won Innovation of the Year at the **Environmental Finance Awards**.

In January of this year we launched our latest Forest 500 report revealing that 43% of the world's very largest companies and financial institutions are ignoring deforestation in their policies and practices. These laggard financiers provide a whopping \$2.7tn in financing to companies in the highest risk sectors. These same companies claim to be leaders in climate change. But there is no solution to climate change without a solution to deforestation. The nature crisis and the climate crisis are two sides of the same coin.

We are now looking ahead to COP26 in Glasgow. The UN climate change summit, postponed from November 2020, has the potential to make a real difference to the combined climate and nature crises. That is why at Global Canopy, we are leading the way on deforestation free finance. Alongside major partners we are pushing for financial institutions to commit to deforestation free finance by 2025, and Global Canopy is showing them how to get there.

Central to our work remains our drive to target the market forces driving nature loss. Pandemics are accelerated by nature loss. This year has served as a reminder of how critical our work is.



Niki Mardas
Executive Director,
Global Canopy



Our Strategy & Impact

2

About Global Canopy

Global Canopy is a data-driven non-profit targeting the market forces destroying nature. We focus on the systematic destruction of tropical forests and other vital ecosystems by financial markets and companies. Halting this destruction is the only way to halt the climate and nature crises the world faces.

Our globalised economy is the big driver behind the problem. Tropical deforestation is a case in point, the majority caused by agricultural expansion for a handful of globally-traded commodities like soy, palm oil, beef and timber. 2020 saw deforestation in the Brazilian Amazon at its highest level in a decade.

But it doesn't have to be this way. The commodities causing the destruction could be produced sustainably.

At Global Canopy, deforestation-free supply chains and finance is our goal. But to make this happen we need systemic change. Commodities linked to deforestation are in more than half the packaged products in our supermarkets. They are in our food and our footwear, our investments and our pensions. But their origins remain hidden. Because of the complex and opaque nature of global supply chains and finance, companies lack the data to tackle the problem.

This is where Global Canopy comes in. We gather, curate and mobilise the data necessary to link consumer markets to the destruction of vital ecosystems worldwide. We provide this data to financial institutions, companies, governments and NGOs. All of our data is open access and downloadable, but we also convert that data into clear metrics and actionable insights for our target users.

Over the last five years we have partnered with leading research institutions worldwide to develop a portfolio of ground-breaking environmental data initiatives including Trase, Trase Finance, Forest 500, ENCORE and the Taskforce on Nature-Related Financial Disclosures (TNFD). These address key knowledge gaps in understanding supply chain impacts on the ground, how companies worldwide are managing their deforestation risks, and the role of global finance in both the problem and in possible solutions.

Our strategy focuses on the following five key areas:

- 1. Improving data for nature** – addressing priority data gaps to make links between markets and impacts on nature and people more transparent and accountable. We focus on turning that data into clear metrics and insights that can be used by all key stakeholders.
- 2. Transforming company environmental, social and governance (ESG) ratings on nature** – getting better data and metrics on market impacts on nature to investors by improving mainstream ESG metrics.
- 3. Changing the rules of the game on nature** – enabling strong legislation and mandatory reporting frameworks worldwide on deforestation and related impacts on nature and people.
- 4. Tackling China's global footprint** – providing new data, metrics and insights on trade and financing links of China (as the world's biggest importer of deforestation) with impacts on nature worldwide. We focus on enabling the Chinese government, and companies that trade with China, to improve their decision-making and reduce these impacts.
- 5. Unlocking nature-positive investment** – leveraging our innovative data on environmental and social risk to identify opportunities for investment in positive impact. This will help investors, governments and others seeking to spur ecosystem regeneration to prioritise regions and sectors with the most potential.

Our Programmes

3

Global Canopy's work is focused in three programme areas: Supply Chain Transparency, Corporate Performance and Nature related finance.

We use the following organisational indicators of progress:

1. Number of companies, financial institutions and governments that use our tools and data
2. Number of intermediaries that use our data
3. Number of online users accessing our tools and platforms (Trase, Forest 500 and ENCORE)
4. Number of companies and financial institutions with policies to remove deforestation from their supply chains and investments

3.1 Supply Chain Transparency

The Supply Chain Transparency programme is focused on Trase, a joint initiative between Global Canopy and the Stockholm Environment Institute (SEI), that works with many partners.

Trase is a data-driven transparency initiative that maps global supply chains to revolutionise our collective understanding of the trade and financing of commodities driving deforestation worldwide. It brings together disparate publicly available data to connect consumer markets to deforestation and other impacts on the ground in areas of production. By combining self-disclosed data from companies

with customs, shipping, tax, logistics and other data, Trase maps, in unprecedented detail, the supply chains linking consumer countries and traders, with places of production, as well as the patterns of ownership and investment in trading companies. This enables companies, financial institutions, governments and civil society to understand exposure to risks and identify opportunities for more sustainable production.

Building on the Trase supply chain mapping, Trase Finance is a partnership with Stockholm Environment Institute and Neural Alpha that was formally launched in October 2020. It brings transparency to the hundreds of billions of dollars that directly and indirectly finance tropical deforestation each year. This enables financial institutions to investigate and improve the sustainability of their portfolios and allows civil society and governments to monitor progress and better hold to account those failing to act.

2020/21 objectives and achievements

Trase Finance launch

The prototype **trase.finance** platform was launched publicly in October 2020, providing an unprecedented level of information and search capabilities for assessing the direct and indirect deforestation risk exposure of financial institutions. The launch included more than 1 trillion USD of equity, bonds, and loans financing trade in Brazilian beef, soy and Indonesian palm oil. A month before the official launch, the platform won Innovation of the Year at the **Environmental Finance Awards**.

Expansion of supply chain maps

Over the last year there have been three new supply chain maps published by Trase, including Indonesian wood pulp that extends Trase maps from consumer markets to individual concessions where the pulp wood is grown for the first time. At present, the Trase sub-national supply chains cover 62% of global trade in forest-risk commodities by volume. It includes key countries and commodities

such as Brazilian soy and beef, Paraguay soy and beef, Argentinian soy, Indonesian palm and wood pulp. Including ongoing work on Cote d'Ivoire cocoa, Bolivian soy, and Argentinian and Paraguayan corn. Coverage will surpass 70% during 2021.

Trase insights & Trase Yearbook

In July 2020 the Trase Yearbook, which provides a comprehensive summary of key statistics and trends in production, trade and associated deforestation for seven of the world's key forest risk commodities, was published. The Trase team also published a series of briefing papers, across multiple languages, targeting key users and agendas, including on China's beef imports and corporate ownership, and dominance of Indonesia's oil palm industry.

The new **Trase Insights** site was launched in August 2020 to provide an accessible repository of key findings based on Trase data. The site includes Insights (accessible summaries of key findings), Discoveries (short-form summaries of key facts) and Explainers (introductions to key Trase data and features).

Uptake of Trase data

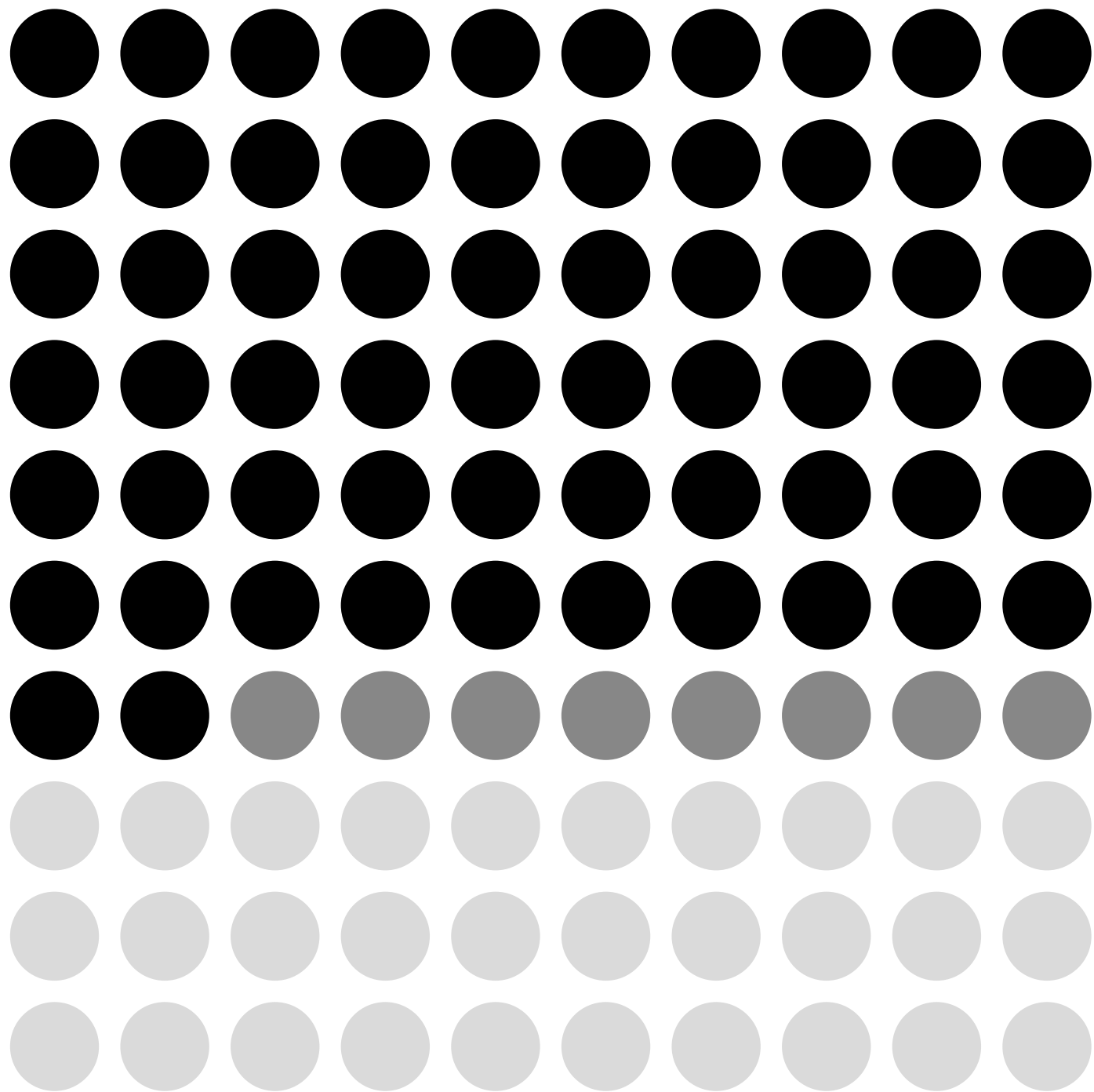
We have continued to build in-depth working relationships with governments in Europe as well as with partners working to influence governments, the EU and companies. We are directly working with the French, British and German governments on building capacity, methods and tools to support them to assess imported deforestation.

This year, we participated in the EU's formal Multi Stakeholder Platform on Forests and advised on the development of the planned EU Observatory on deforestation and degradation. This aims to improve access to data on forest risk supply chains for companies, consumers and governments.

Trase has ongoing engagement with retailers and manufacturers, through national roundtables (including UK, Sweden, Netherlands) and with industry associations and coalitions, to assess their exposure to deforestation risk. In 2020, Trase joined as a data partner

Trase sub-national supply chains cover 62% of global trade in forest risk commodities by volume

Coverage will surpass 70% during 2021



with two EU funded SMEs – Forest Mind and Land Griffon – to target individual companies with bespoke risk management services.

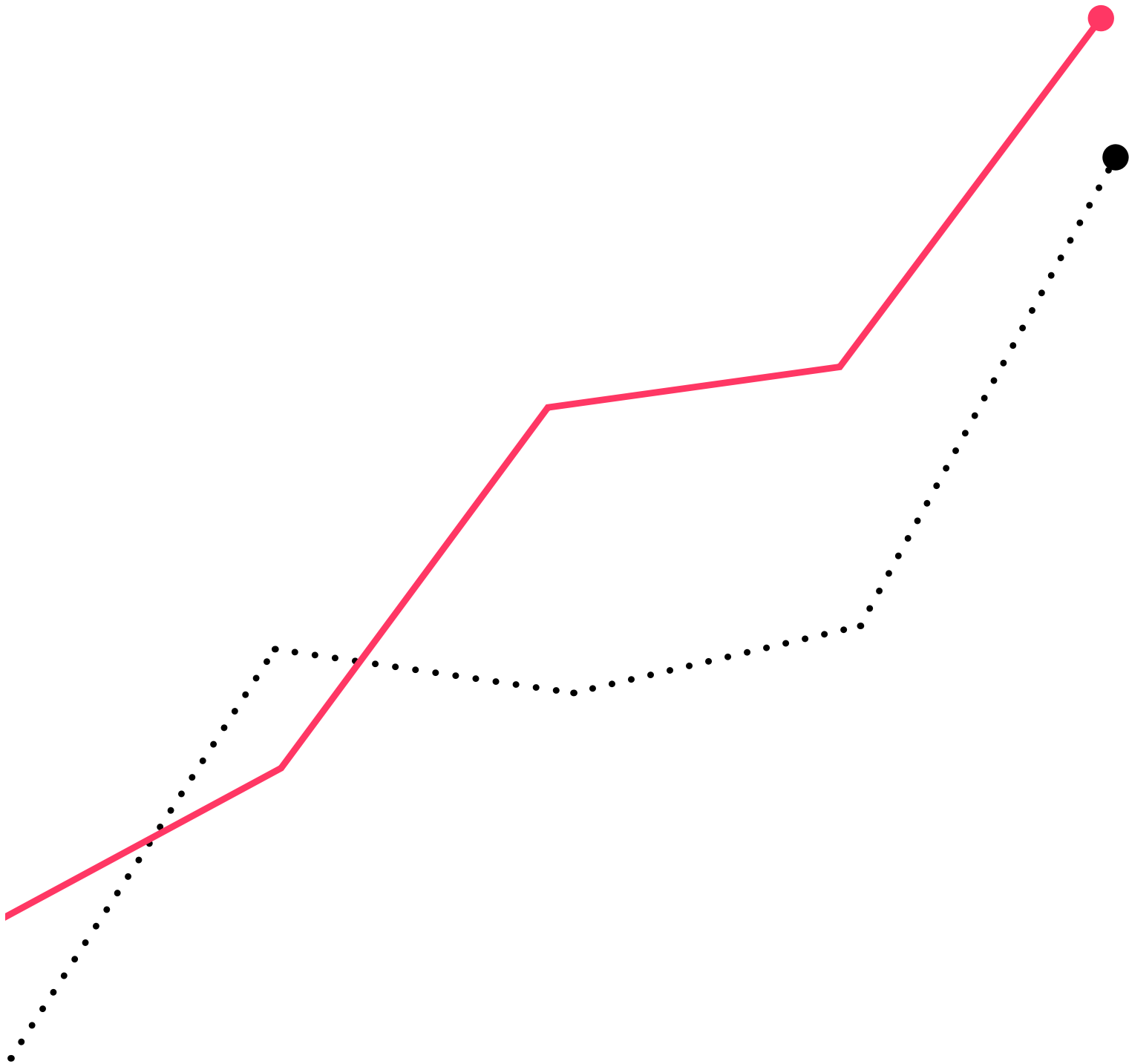
This year we have furthered our strategic and targeted approach to our engagement in China. We have established relationships with key NGOs, industry associations and research institutes across China. We have provided targeted analyses to existing initiatives, including on **imported beef deforestation risk** for the China Meat Association and TFA on their series of China-Brazil dialogues. In October 2020, we co-led a report commissioned by **GEI** into the ‘case for action’ by Chinese stakeholders on sustainable supply chains, to be presented to the Chinese Government the following year.

There has been a 49% increase in monthly data downloads from Trase (from approximately 168 in Q1 2020 to 250 in Q1 2021) and a 140% increase in unique monthly visitors to the platform (from around 2,500 in Q1 2020 to 6,000 in Q1 2021).

The last year has also seen a rise in the number of third parties, in business, governments and civil society using Trase as a go-to source of information and analysis. This includes publications by the **UK, EU, French and Dutch** Governments; pressure groups engaging in more targeted campaigns, including **Climate Advisers Trust, Riskier Business, IDEA, Mighty Earth Paraguayan soy and cattle, and Chain Reaction Research**; civil society and consultancy-led guidance materials, including **CERES, Forest Trends, SQ consult, and IDH**.

In terms of media coverage, highlights include the BBC documentary Extinction: The Facts (shown in multiple countries and an audience of tens of millions), The Economist, The Guardian and O Estado de S.Paulo, The New Scientist, BBC, Washington Post and New York Times.

There has been a **49% increase in monthly data downloads from Trase** and a **140% increase in unique monthly visitors to the platform**



Lessons learned

Methods accessibility

During the course of the Trase initiative we have consistently underestimated the difficulties facing users in understanding the innovative methods behind the supply chain mapping and deforestation risk estimates in Trase. As a result, we have invested heavily in creating a standardised format for reporting of Trase methods across all commodities. In the last year, we've introduced accessible online explainers, in addition to in-depth methods, to help communicate to wider audiences and we've created new functionality to make our methods and summaries more accessible. Standardisation, harmonisation and simplification of our methods will remain a high priority going forward.

Engagement kit

To achieve uptake at scale we have identified service providers, accountability groups and data providers as critical stakeholders. We often work closely with these groups to provide support on understanding our data, methods and how this can be used by companies and financial institutions. Similarly we often receive requests for case studies and training. In the last year we have begun investment into an engagement toolkit to support the scaling up of our uptake more efficiently.

Future plans

Thanks to the progress made over the last few years to build the back and front-end architecture of Trase and expand the coverage of our core data product, Trase is now in a position to mainstream awareness and uptake of the data, insights and applications.

Our target audiences are companies, financial institutions and consumer governments. To reach them, both directly and indirectly via third parties including consultancies, NGOs and data providers, we will continue to invest in improving the accessibility of our methods and data.

3.2 Corporate Performance

Global Canopy's Corporate Performance work includes Forest 500, Aligned Accountability, Deforestation-free finance, Climate and Land Use Alliance (CLUA) social media metrics, Nature metrics (including connections to TNFD), and other scorecards. All of these projects are connected through their collection or use of data on company and financial institution commitments, policies and implementation and reported progress on their environmental and social performance.

Forest 500 is the longest running of the projects and assesses the deforestation policies and performance of the most influential companies and financial institutions. Updated each year, it tracks their progress and produces a comprehensive assessment based on some 180,000 data points gathered and analysed by our team in over 20 different languages. The data is then used by organisations around the world to track their progress on deforestation.

The Aligned Accountability project provides the evidence to guide more sustainable investment. It brings together information about corporate performance on deforestation from a number of sources into a common database to enable the finance sector to make more informed choices going forward. The Deforestation-free finance project provides guidance for financial institutions on how to move to deforestation-free portfolios.





**The seventh Forest 500
rankings and report reached
an estimated 1.6 million
people globally**

2020/21 objectives and achievements

Forest 500

The seventh Forest 500 rankings and report launched in January 2021 was covered by international, national and specialist media outlets, reaching an estimated 1.6 million people globally in English, Italian, Portuguese, Spanish, German and Swedish. Our key findings were picked up by the Independent, Sky News, and France 24 among other news outlets, as well as specialist outlets including The Financial Times, The Banker and Edie.net. Global Canopy executive director Niki Mardas was interviewed on Sky News and France 24.

The Forest 500 launch webinar was attended by 183 organisations including NGOs, companies and financial institutions. This year saw more engagement from financial institutions making up 10% of the webinar attendees and 22% of individuals downloading our data.

Forest 500 data was downloaded more than 1300 times during this financial year. 225 of those users identified themselves as from a financial institution, 211 from a corporate and 247 from an NGO.

Aligned Accountability

This year we secured f \$7.5 million in funding over five years from the Government of Norway for the Aligned Accountability project, which is the biggest single grant Global Canopy has received to date. This project will build on Forest 500 and partner data, with plans to create a common database of corporate performance on deforestation. It will connect data on policies and commitments to exposure and company structures through Trase and Trase Finance databases and it will also explore creation of a low-deforestation investable index. Key players in the financial sector, including BlackRock and Storebrand, are involved and we're working alongside partners including the Accountability Framework Initiative, UN PRI and the Meridian Institute.

Deforestation-free finance

During this financial year we began convening a group of asset owners including family offices and foundations to create guidance to enable them to assess and act on deforestation risks in their investments.

We are also a partner in the Deforestation-free finance initiative convened by Conservation International and including UN PRI, Nature4Climate, TFA and the COP High Level Champions. We are leading on the creation of a roadmap for financial institutions to reach deforestation-free finance by 2025.

WWF Soy Traders Scorecard

This year, Global Canopy was contracted by WWF UK to deliver a first-of-its-kind Soy Traders Scorecard. It is designed to measure the commitments and actions of the world's biggest soy traders to address the environmental and social issues in their supply chains. We worked closely with the WWF team to develop a questionnaire and scoring methodology that was aligned with Forest 500 and the Accountability Framework and engaged with the largest soy traders to collect their responses. The scorecard itself will be published in May 2021.

CLUA social media metrics

Our Global Canopy communications team is working with colleagues at the Climate and Land Use Alliance (CLUA) to create a portal through which we can monitor the social media accounts of many of the organisations in the Forest 500, as well as key business and finance leaders, and relevant journalists. This information will allow us to track whether announcements being made by companies and financial institutions on social media - in essence the public face of many of these organisations - are matched by their corporate commitments and policies.

Lessons Learned

- Assessments of companies and financial institutions lack quantitative analysis of true impact and often still rely on commitments and policies as proxies. They are also still fragmented across different initiatives and lack the contextual information for financial institutions to easily understand how to integrate the findings into mainstream decisions.
- Financial institutions require specific guidance to support their use of existing data and tools to assess and act on deforestation in their portfolios. Critically, different types of institutions require guidance specific to their situation based on their contexts, stages in their journey and tools at their disposal to drive change.
- Whilst more comprehensive company level data is needed, fund level assessments are also critical, particularly for asset owners and pension funds to understand and act on their exposure.

Future Plans

Aligned Accountability

This project will create a common database of corporate performance on deforestation to achieve the scale needed for the finance sector. It will build off the work of the Accountability Framework to include 'impact metrics' as key assessments of corporate performance. We will work with a working group of financial institutions to develop and test the database and identify the key data points needed to integrate corporate performance on deforestation and related human rights into mainstream decisions.

Deforestation-free Finance

Together with our partners, Global Canopy will develop a suite of guidance for financial institutions on how to develop, set and implement deforestation policies and tackle the deforestation and related human rights abuses connected to their financing. We aim to publish this guidance in November to guide users through the

roadmap to deforestation-free portfolios and connect them to relevant data or tools available to them at each step.

Nature metrics (including the TNFD Aligned Research and Testing)

The corporate performance team is supporting the Nature Related Finance team for the first of the TNFD Aligned Research and Testing project. This project focuses on the soy supply chain within the Consumer Staples Sector, and will test a draft TNFD framework with companies and financial institutions in order to collect lessons and inform the development of the full framework. This is due to be presented at COP26 in November 2021.

3.3 Nature Related Finance

Nature-Related Finance is a newly defined strand of work that encompasses Global Canopy's activities that relate principally to the Taskforce on Nature-related Financial Disclosures (TNFD), Encore and the 'Little Book' series. The restructuring of these programmes into the nature related finance strand reflects the increased activities of Global Canopy in relation to broader aspects of natural capital beyond deforestation. It also reflects a growing market demand for integrated solutions that combine deforestation and broader environmental considerations such as climate change, biodiversity loss, and water scarcity.

2020/21 objectives and achievements

Taskforce on Nature-Related Financial Disclosures (TNFD)

In July 2020, Global Canopy announced the intention to form an initiative bringing together the TNFD, alongside founding partners UNDP, UNEP FI and WWF. Its aim is to give financial institutions and companies a complete picture of their environmental risks by developing a framework for them to report and act. The primary objective over the course of the year was to establish and begin the activities of an Informal Working Group (IWG) and informal

Technical Expert Group (ITEG), whose task was to prepare the way for the launch of the formal Taskforce on Nature-Related Financial Disclosures.

In September 2020, we announced the formation of the IWG whose activities were broadly defined across five key working groups:

- Leadership, governance and membership
- TNFD workplan and budget
- Funding and resourcing
- Communications, marketing and PR
- TNFD scope of work.

75 organisations participated in the IWG from across five continents and several different stakeholder groups, including some of the world's leading financial institutions and companies, such as BNP Paribas, GlaxoSmithKline and the World Bank. Progress across each of the working groups was well advanced by the end of March 2021.

Also in September 2020, alongside Vivid Economics, we co-authored the report '**The Case for a Task Force on Nature-related Financial Disclosures**'. The report was the culmination of several months' work and set out the business case for action on nature-related risks and opportunities. It positioned the TNFD as part of the solution to driving greater transparency on these risks and opportunities through the provision of standardised data. That data informs stakeholders both from governments and financial sector regulators through to civil society organisations.

Global Canopy led on engagement, communications and technical work, with Nicky Chambers, Director of Impact and Programmes at Global Canopy, Co-Chairing the ITEG. We played a particularly key role in advancing the progress of the TNFD scope paper that was prepared on behalf of the IWG by the ITEG. As of March 31st, the IWG was in receipt of a stable draft version of this important document with finalisation expected in April. Co-chairing of the ITEG by Nicky

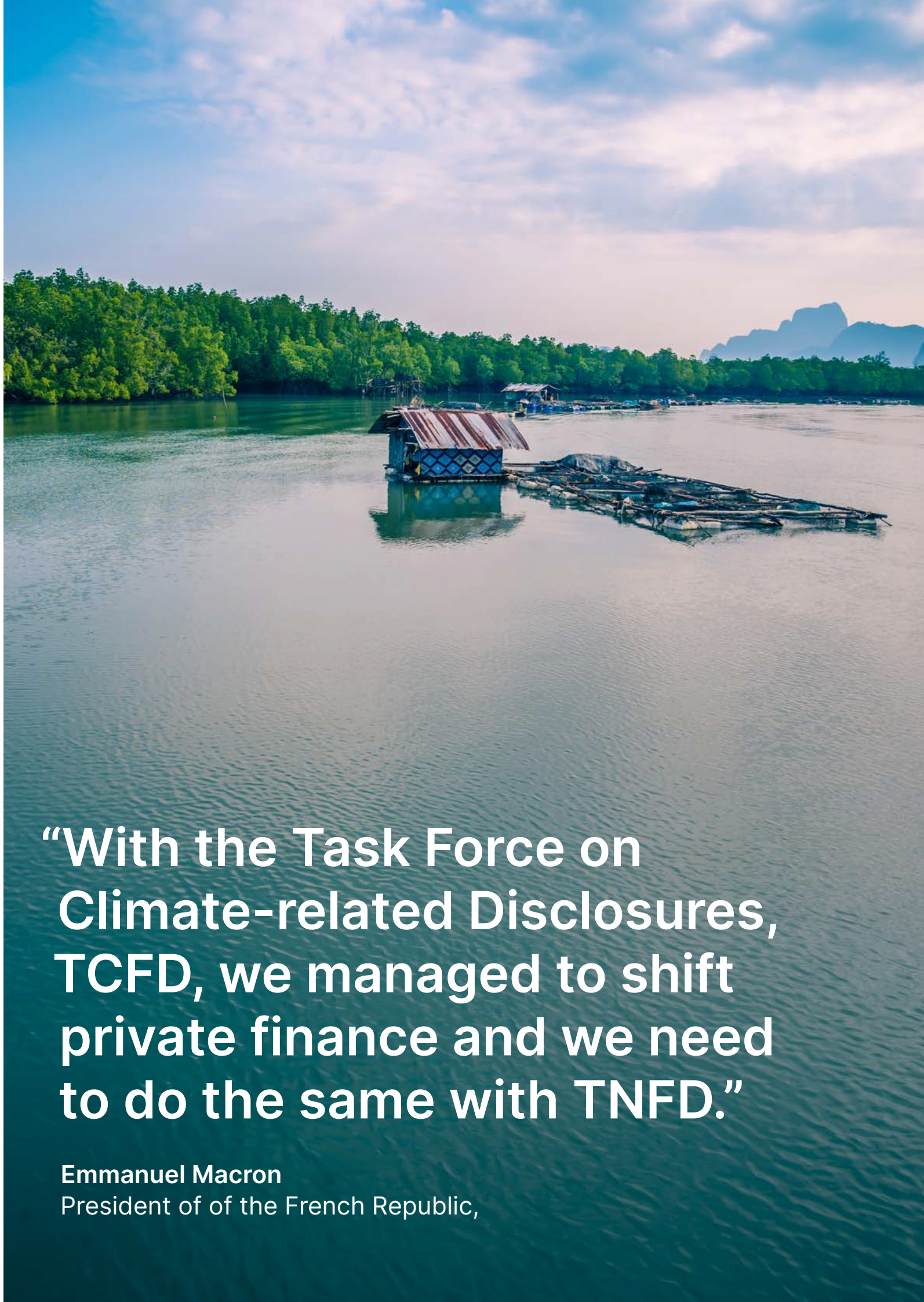
Chambers was one example of the high profile contributions that our staff have made to the TNFD to date.

As a sign of growing confidence in the outlook for the TNFD, Global Canopy was invited to apply for an extension to existing TNFD funding provided by the UK government. Echoing that confidence, the TNFD has received support and endorsement from several other governments including France, Switzerland and the Netherlands. At the One Planet Summit hosted by President Macron in January 2021, the President of France highlighted the importance of the TNFD initiative in global efforts to transition from nature negative to nature positive.

More broadly, TNFD continues to receive significant support from other stakeholders not in the IWG or the ITEG. Many of these organisations have joined an Observer Group and have contributed to the work of the IWG through the provision of feedback and comments – in particular regarding draft versions of the TNFD scope paper. Like the IWG, the Observer Group membership lists several of the world's largest and most influential financial institutions and companies, including State Street, PwC and Nestle, as well as leaders in the civil society, consultancy and academic sectors.

Lessons Learned

- Interest in, and demand for, a framework on nature-related financial disclosures is substantial in scale and global in reach. At the beginning of the TNFD process it was unclear whether public and private sector appetite existed to support such an initiative. We now know there is much interest and support for this framework, reflecting a rapidly growing awareness of the urgency of the need to act effectively on issues such as biodiversity loss and the degradation of natural systems.
- Identifying and assessing nature-related risks and opportunities is much more complex than climate given the additional geospatial,



“With the Task Force on Climate-related Disclosures, TCFD, we managed to shift private finance and we need to do the same with TNFD.”

Emmanuel Macron
President of the French Republic,

sectoral and temporal considerations to consider. For example, impacts and dependencies on biodiversity, fresh water use and soil erosion will differ significantly from company to company and can change based on where a firm operates its business units. They can also change in importance through time, given changes in factors such as climate and wider economic development. This makes potential uptake of a reporting framework for nature more challenging for organisations. To maximise the speed and rate of uptake of the framework, a phased approach that builds requirements over time was identified as the most effective structure to promote adoption and uptake while also enabling meaningful action and reporting.

Future plans

The informal phase of the TNFD will come to an end with the formal launch of the Taskforce on 4 June 2021. Following launch, we anticipate additional announcements when a Secretariat is in place and initial members are confirmed.

Activities are also well advanced to produce a 'blueprint' for the technical work that will inform and shape the draft TNFD framework. Global Canopy and UNEPFI have led on a central piece of work that will enable this key milestone to be achieved through the soy supply chain research pilot. Looking to the future, we will continue to assess opportunities to carry out further technical work to support the development of the TNFD framework, leveraging organisational expertise on agricultural supply chains – the most dependent and impactful sector on nature.

There is further work ahead to fully establish the governance structure of the TNFD from a legal perspective and to finalise operational plans for each group within this structure. TNFD will continue to conclude and finalise discussions with remaining identified donors to fund this work.

Our team at Global Canopy continues to lead and support core TNFD technical work, stakeholder outreach, engagement and communications activities. TNFD is a global initiative and a complex subject. This means there is a significant amount of work ahead to make the business case for nature and nature related risks with the private sector, financial sector and capital market regulators. It is also essential to raise awareness of the TNFD initiative, set out and explain the implications for different stakeholder groups and continue to secure interest from organisations and individuals to join TNFD to develop and launch the framework. With many of the world's leading governments, financial institutions and companies actively supporting TNFD, we are cautiously confident in the outlook and TNFD's delivery by 2023 of a robust framework for organisations to report and act on nature-related risks.



ENCORE

Objectives and achievements

Nature-Related Finance is a newly defined strand of work that encompasses Global Canopy's activities that relate principally to the Taskforce on Nature-related Financial Disclosures (TNFD), Encore and the 'Little Book' series. The restructuring of these programmes into the nature related finance strand reflects the increased activities of Global Canopy in relation to broader aspects of natural capital beyond deforestation. It also reflects a growing market demand for integrated solutions that combine deforestation and broader environmental considerations such as climate change, biodiversity loss, and water scarcity.

The Natural Capital Finance Alliance (NCFA) is a leading technical partnership between Global Canopy, the United Nations Environment Programme Finance Initiative (UNEP FI) and the UN Environment Programme World Conservation Monitoring Centre (UNEP-WCMC). It demonstrates natural capital risks, opportunities and exposures to the financial sector, enabling financial institutions to mainstream this into decision-making. The NCFA delivered the SECO-funded Advancing Environmental Risk Management (AERM) project (2015-2020) and it helped financial institutions globally and in three priority SECO countries to better understand, assess and integrate natural capital risks in their activities. The project served to build the case for natural capital in finance in South Africa, Colombia and Peru. It also created a key database in Exploring Natural Capital Opportunities, Risks and Exposure (ENCORE).

ENCORE has been globally successful in building an understanding of natural capital impacts and dependencies and related financial sector exposure, while also furthering financial institution engagement. The World Economic Forum used ENCORE data in its widely-cited study showing that over half the world's total GDP is moderately or highly dependent on nature

The World Economic Forum used
**ENCORE data in its widely-cited study
showing that over half the world's total
GDP is moderately or highly dependent
on nature and its services**



and its services. Swiss Re used the data to develop a powerful, world-first Biodiversity and Ecosystem Services index. The Dutch Central Bank used ENCORE to better understand the risks related to biodiversity loss specific to the Dutch financial sector. Other central banks such as la Banque de France and the Bank of England have expressed interest and initiated contact to conduct similar analyses, while the February 2021 Dasgupta Review on the Economics of Biodiversity cites ENCORE as a key resource.

Financial sector awareness and appetite to engage with natural capital considerations has advanced considerably since project inception. The Rapid Natural Capital Risk Assessment framework, a step-by-step guide and ENCORE have been well received with successful launches around the world. Follow-up training and workshops were requested and conducted with financial institutions, including in the initial three priority countries.

In line with UNEP Evaluation Policy, a Terminal Review was undertaken on completion of the ENCORE Phase I project, with the aim of assessing the project's performance. The review concluded that it was an ambitious and innovative project, working within a complex and dynamic environment. Before the project, no database - globally or in any of the countries - existed that could be referenced and built upon linking sectors with impacts and dependencies on natural capital.

Much of this financial year has been spent developing the ENCORE Biodiversity Module which is funded by the Swiss Federal Office for the Environment (FOEN). Set to be officially launched in May 2021, this module enables users to explore the potential alignment of financial activities in selected sectors with a nature-positive future. Focusing on mining and agriculture, it aims to help financial institutions work towards answering the following questions related to biodiversity impacts in their portfolios:

- What is my current portfolio's potential to reduce species' extinction risk and ecological integrity risk?

- What are potential pathways for positive impacts within my agriculture or mining portfolio?
- What types of actions can I take to increase the alignment of my portfolio with global biodiversity goals?

Lessons learnt

The UNEP Terminal Review concluded that the work of ENCORE within the SECO priority countries felt "incomplete". The financial institutions did not have the internal resources and capacity to develop their engagement further. They have a better understanding of how to engage with natural capital risks but would struggle to make headway and effect greater engagement with ENCORE. Onward development of the project should focus on addressing this need to augment capacity and further develop training for the sector.

ENCORE in its current state works well to introduce and build understanding within financial institutions. A growing number of these are making firm commitments to prioritise natural capital risks, and ENCORE provides a good reference tool to begin engagement. However, it is important to better define ENCORE's capabilities or rather recognise the limitations with further development and focus on enabling more modest finance sector engagement. The most recent training has demonstrated that for ENCORE to be more useful in decision-making, further granularity is needed, and the supporting information needs to be specific and pertinent to the local subject matter. Although a global view of risk is important, most financial transactions are local and or regional, requiring more granular information to support these decisions.

Future plans

There is now a crucial role for the NCFA to provide more nuanced technical support and further tailor ENCORE to meet the needs of the financial sector in SECO priority countries – moving from awareness to action. This will feed into the development of ENCORE as a framework that assists at a national level to understand potential exposure to natural capital risk and facilitate positive outcomes associated with natural capital. It will further mainstream and deepen the consideration of natural capital risks and opportunities both in priority countries and throughout the financial landscape.

There are plans to submit a proposal in October 2021 for ENCORE Phase II to set out country-focused efforts in Colombia, Peru, South Africa and Indonesia. The expansion into Indonesia presents a unique opportunity for Global Canopy to link ENCORE activities with Trase. These efforts will expand and deepen the uptake of knowledge and tools for mainstreaming natural capital risks and opportunities into banking particularly, the real economy and the enabling environment.

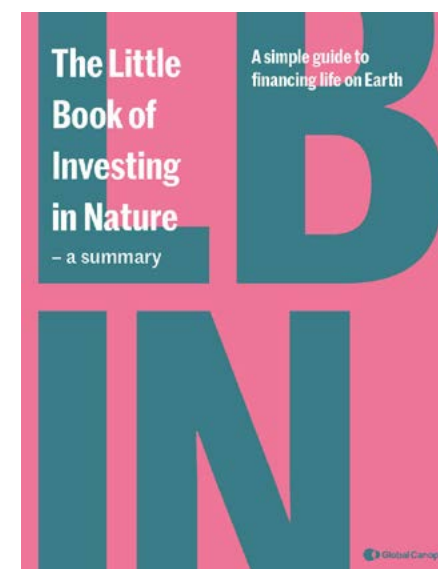
There is also an opportunity to secure additional funding from the Federal Office for the Environment to expand the sector coverage within the biodiversity module. A proposal is likely to be submitted in Q4 of 2021.

Little Book

The new edition of The Little Book of Investing in Nature was commissioned with the aim of providing an updated overview of the opportunities to finance the protection of nature ahead of negotiations to agree a post-2020 Global Biodiversity Framework. While global negotiations have been delayed due to COVID 19, we worked with Cornell University and other partners to launch a fully revised and updated Little Book at the One Planet Summit in France in January 2021. The book was also translated into French, receiving coverage in Le Monde, with a summary version translated into Chinese, with full translation to follow. Copies will also be available in Spanish and Bahasa Indonesian.

The breadth of partners involved in the steering committee for The Little Book of Investing in Nature has proved to be a real strength, creating opportunities for targeted outreach in a number of countries. Interest in The Little Book has highlighted the value and need for an easy-to-access summary version as well as videos - particularly given the increasing reliance on virtual platforms for international events.

A Little Little Book – a summary pamphlet – and short video are being developed to help promote the book at international events in the second half of 2021, including the IUCN World Conservation Congress, the Nature for Life hub and the finance for nature hub at COP26.



Financial Review

4

Global Canopy has maintained its financial performance and continued to strengthen its financial position. With several multi-year funding streams ending in March 2021, the focus has been on effective closure of those programmes and successfully securing new funding for Global Canopy's new strategic period – when we expect growth to continue.

Income

Total income grew slightly from £2,240k last year to £2,361k in the year to March 2021, an increase of 5%. This increase included larger income from contracts of £252k in the year to March 2021, compared with £68k in the previous year. Global Canopy hopes that earned income will continue to grow, making an important contribution to how we deliver our work.

While voluntary unrestricted income was reduced from £391k in the previous year to £310k in the year to March 2021, this was mitigated because £80k of funding received, which while restricted, was available to cover core costs. Overall the availability of funding directly available to cover core costs was comparable this year with the previous year.

£'000	2018-19	2019-20	2020-21
Restricted income	2,472	1,770	1,789
Contract income	62	68	252
Voluntary unrestricted income	157	391	310
Other income	17	11	8
Total income	2,709	2,240	2,359

Expenditure

Global Canopy's expenditure increased by around 25% in the year to March 2021, as funds received in advance were used on programmes – resulting in lower restricted funds carried forward. Several funding cycles came to an end in March 2021, and new funding has since been secured to begin from the next financial year.

The table below shows the total expenditure on charitable activities by programme.

£'000	2018-19	2019-20	2020-21
Supply Chain Transparency	956	1,005	1,193
Nature related Finance	1,261	266	602
Corporate Performance	745	768	616
Charitable expenditure by programme (including support costs)	2,962	2,039	2,411

Charitable expenditure this year is increased, largely due to increases within the Nature Related Finance Programme, which benefited from additional funding towards the development of the Biodiversity Module of the Encore platform.

Reserves

Global Canopy’s policy is to hold reserves for the following reasons:

- to provide working capital – for example when funding is received after expenditure
- to cover the costs related to any adverse events which may occur – for example an unexpected legal bill or gaps between funding
- to allow exploration of new areas or to exploit new opportunities

Having reviewed these different purposes, the trustees have set a target range for free reserves of 4 to 5 months of payroll costs, At the same time, the trustees recognise that at times reserves may be as high as 6 months and and low as 3 months due to teh multi-annual funding cycle.

As at 31 March 2021, this results in a current target range of £426k to £532k.

Reserves over recent years have been :

£'000	2019	2020	2021
£000s	449	525	627
Unrestricted funds	453	453	179
Total funds at 31 March	902	978	806

Restricted funds of £179k represents the unspent amount of grants received for specific purposes which are allocated to particular ongoing projects and are therefore not regarded as free reserves.

Included within unrestricted funds is £32k relating to tangible fixed assets, which could only be realised by disposing of those assets, and are therefore not regarded as free reserves. After deducting this amount from the unrestricted funds the free reserves held by the charity are £595k. This is equivalent to 5.6 months of salary costs and above the core target range set by the trustees. This is in part because reserves had been retained in order to manage the significant funding renewals which were due from 1 April 2021, and have since taken place. As Global Canopy recruits further staff over 2021, the reserve target range will increase and reserves are expected to be back within the core target range.



Diversity & Inclusion

5

We all have a responsibility to change the structures that perpetuate discrimination and unfairness. As an organisation working to identify and address the market forces destroying nature and driving deforestation, Global Canopy can't just be 'good enough'.

We must play an active part in the change necessary to achieve a sustainable and fair society, especially due to the continued connections between colonialism, social injustice, and the supply chains of commodities that drive deforestation; like soy, palm oil, cattle, and timber.

Agricultural expansion for these forest-risk commodities often has harmful impacts upon local populations. Indigenous Peoples and local communities around the world face land invasions, violence and – in some cases – assassinations for defending their territory against deforestation. And women and people of colour often occupy the worst paid and least secure jobs in forest-risk supply chains.

Areas with extensive tropical forest cover are also, in their majority, located in countries which were colonised and continue to experience a legacy of injustice, underinvestment, and resource extraction for international commodity supply chains. We believe reducing deforestation must go hand-in-hand with reducing systemic injustice.

Systemic inequalities are also found within the UK charity sector. For example, representation of people from BIPOC backgrounds is unacceptably low and there are significant barriers preventing those from lower income backgrounds from entering into the sector. A lack of representation in NGOs not only reproduces structural inequality, but it leaves NGOs poorly equipped to tackle society's most complex problems, including deforestation.

At Global Canopy, diversity and inclusion is a strategic priority. We commit to tackling such inequalities and the ways in which they intersect, both within our team and our programmatic work. We will focus our actions on the following areas:

- 1. Recruitment and progression** – we will ensure that our recruitment and progression processes remove systemic barriers wherever possible.
- 2. Programmatic work** – we will review our programmatic work and content to identify where a sharper focus on social justice and inclusion is required, and where we can amplify the voices of partners in the Global South.
- 3. Culture** – we will work with our team and partner organisations, setting the expectation that diversity is prioritised, to consistently create an inclusive working environment. We want our culture and processes to empower our team and partners to talk about prejudice, privilege and bias, and to hold us to account.
- 4. Diversity and Inclusion Unconscious Bias training** – during the next financial year all staff will attend Diversity and Inclusion Unconscious Bias training. This is a course we are committed to run as standard for all new starters going forward.

We will publicly report on our progress annually.

Reference & Administrative Details

6

Registered name: Global Canopy

Charity registration number: 1089110

Company registration number: 4293417

Address of principal office: 3 Frewin Chambers, Frewin Court, Oxford OX1 3HZ

Trustees who served during the reporting period or when report approved:

- Hylton Murray-Philipson
- Laura Ipacs (retired August 2021)
- Fiona McKenzie (retired August 2021)
- Thomas Bible
- Sara Beck
- Rose Dale
- Johanna von Braun (appointed October 2021)
- Justin Mundy (appointed November 2021)
- Michael Meehan (appointed November 2021)

Senior management staff:

- Niki Mardas – Executive Director
- Helen Bellfield – Policy Director, Trase lead (Director of Programmes until May 2020)
- Tom Espley – Finance Director
- Nicky Chambers – Programme and Impact Director (Joined May 2020, left June 2021)
- Ursula Saunders – Development Director (joined the leadership team April 2021)
- Emma Gollub – Engagement Director (joined the leadership team January 2021)

Our advisors:

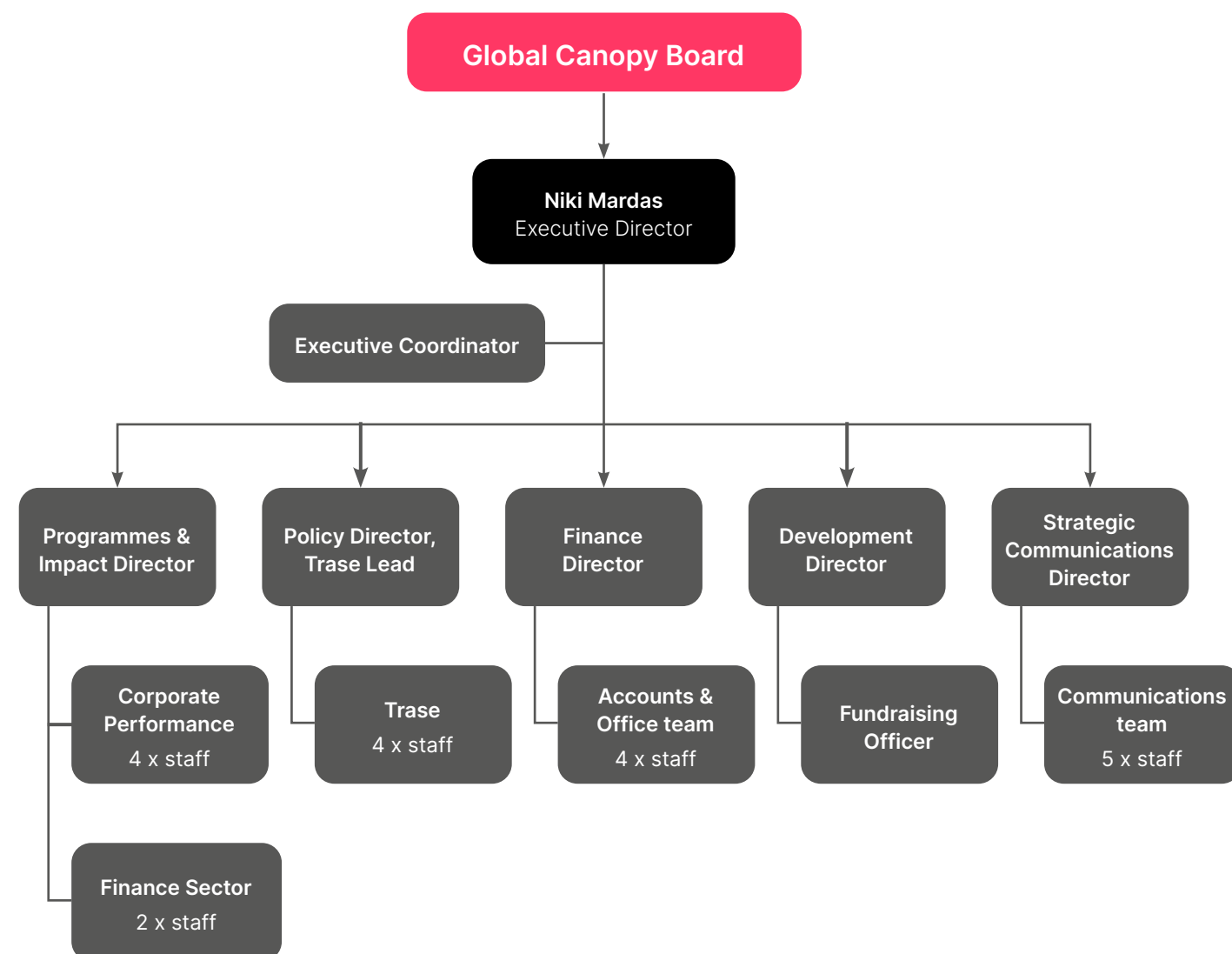
- Auditors: Critchleys Audit LLP, Beaver House, 23-38 Hythe Bridge St, Oxford OX1 2EP
- Solicitors: Charles Russell, 8-10 New Fetter Lane, London, EC4A 1RS
- Bankers: Barclays Bank Plc, 211-213 Banbury Road, Oxford, OX2 7HH



Structure, Governance & Management 7

Global Canopy was founded through, and is governed by, a memorandum and articles of association. The Board of Trustees approves the budget and accounts of the organisation. They offer guidance and set strategic direction in pursuit of Global Canopy's objectives. The day-to-day management of the organisation and staff is delegated to the Executive Director and the Leadership Team.

Our organisational structure



The Programmes & Impact Director and Strategic Communications Director roles were both newly appointed towards the end of the year. Global Canopy has several strategic partnerships central to delivering its work. Two of the most long-standing and consequential are with:

- Stockholm Environment Institute (SEI), the joint founder of the Trase initiative with Global Canopy.
- UNEP Finance Initiative, the joint lead of the Natural Capital Finance Alliance (NCFA).

Subsidiaries

Canopy World Ltd was established in May 2005, as a wholly owned subsidiary of the charity through which it ran canopy training activities. It is currently dormant.

Appointment of trustees

Global Canopy has a recruitment pack for trustees, which is shared with interested persons. Following applications, screening and meetings with the Chair and Executive Director, new trustees are appointed by the board.

New trustees receive an induction pack containing information about the organisation, guidance for trustees and other relevant documents. As part of their induction process, they meet with members of the leadership team.

Pay policy for senior staff

The pay for the Executive Director is set by the board and a pay review is carried out and agreed by the Chair of the board alongside a yearly appraisal meeting in spring. The Executive Director is, in turn, responsible for setting the pay of the other senior management team members.

The organisation sets salary brackets following a benchmarking exercise to understand market minimums, maximums and averages for similar organisations with a similar geography. In setting pay within those brackets, the skills and experience required for each of the roles as well as affordability are taken into account. Annual cost of living adjustments for all employees are awarded based on affordability and inflation rates. Other pay increases are awarded based on individual performance, or increased accountability or responsibility.

Risk management

The trustees have overall responsibility for ensuring that the organisation has an appropriate system of controls in place – financial or otherwise. The trustees review the major risks and uncertainties to which the organisation is exposed at least annually, and the trustees believe that systems and procedures are in place to mitigate the major risks identified. The table below shows the major risks that were identified by the trustees in 2020/21 and the plans and strategies for managing those risks:

Category	Risk	Plans and strategies for managing risks
Financial sustainability	Ability to raise sufficient funding to cover staff costs and core organisational costs	<ul style="list-style-type: none">• Strategy process for 2020-2025 to give clarity to future programme direction and enable a pipeline of projects/funding to be developed• Explore potential for earned income revenue streams• Continue investment in unrestricted fundraising
People	Unable to recruit and retain key staff and trustees	<ul style="list-style-type: none">• Improve management and leadership capacity• Implementation of an ongoing People Plan to improve Human Resource management and practices• Investment in Human Resources function

Grant making

Global Canopy makes grants to partner organisations. This normally occurs when working in partnership on projects with a common donor. In such cases, the donor funds come first to Global Canopy, and a portion of those funds are sub-granted to partners.



Combat of Financial Irregularities

Global Canopy has a variety of measures in place to combat financial irregularities, including the following:

A) Clear procedures and processes

Canopy has strong written procedures and processes across all areas of risk to do with financial operations. Specific examples include the following:

- That all payments are subject to dual authorisation
- A clear schedule of delegated authority from the board.
- 3rd party evidence is collated to account for all expenditure
- Agreements in place with sub-grantees, contractors
- Assessments of any sub-grantees before we enter into a contract.

B) Regular outside scrutiny

As an organisation in receipt of significant amounts of public funds, and operating within the UK charity regulatory framework, we are subject to regular scrutiny from outside of the way our funds are managed. Specific examples include the following:

- Our annual financial statements are subject to audit by an independent statutory auditor, who follow international auditing standards.
- We are fully transparent with our donors in accordance with the expectations they place on us. For example – regular reporting against budgets, submission of transaction lists and individual project/grant audits – in accordance with their requirements.
- Our governance board, which has full control and oversight of our operations is independent and unpaid. The members are legally prohibited from benefiting from GC's activities.

C) Safeguards, policies and codes of practice

We have various high level safeguards in place, such as clear whistleblowing policies and procedures, into which all staff are inducted when joining the organisation. Our code of practice is signed up to by staff, subcontractors and partners and sets clear expectations for ethically dealing with any irregularities.

Above all, the above items and our way of working combine to create a strong control environment. We seek to create an open culture within the organisation where everyone is comfortable raising concerns and sees it as their role to address something which is inadequate and to improve the way that we work.

There have been no identified cases of financial irregularities in the past year within Global Canopy's operations.

This statement is produced in accordance with the requirements of Global Canopy's funding from the Norwegian Government.

Public benefit

All of Global Canopy's activities are directed towards the vital public benefit of a transition to a nature-positive global economy. These activities focus on three areas:

1. Holding companies to account through greater transparency
2. Providing the data and tools that enable leaders to act
3. Supporting forest jurisdictions to transition to sustainable land use.

The information and insights we provide help increase the effectiveness, efficiency and equity of global efforts to tackle tropical deforestation and other market impacts on nature.

Forests are vital in the fight against climate change. Ending tropical deforestation and restoring forests can provide up to a third of the emissions reductions envisaged in the Paris Agreement to keep temperature rises under 2 degrees.

Tropical forests contain more than half of all remaining species on Earth. They are vital for regional water security, and over 1.5 billion of the world’s poorest people depend on them for their livelihoods.

Protecting tropical forests is an urgent global priority – for all life on earth.

The trustees have complied with the duty in Section 17 (5) of the Charities Act 2011, to have due regard to the public benefit guidance published by the Charity Commission.

Statement of trustee’s responsibilities

The trustees are responsible for preparing the annual report and the accounts in accordance with applicable law and regulations. Company law requires the trustees to prepare accounts for each financial year. Under that law, the trustees have elected to prepare the accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the trustees must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in operation.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity’s transactions, disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts

comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as the trustees are aware, there is no relevant audit information (information needed by the company’s auditors in connection with preparing their report) of which the company’s auditors are unaware; and each trustee has taken all steps that s/he ought to have taken as a director in order to make herself or himself aware of relevant audit information and to establish that the company’s auditors are aware of that information.

ON BEHALF OF THE TRUSTEES

Name: *HR Murray-Philipson*

Date: 07/12/2021

Signature: *HR Murray-Philipson*
signed on 07/12/2021, 14:38:19 GMT



Audit Report & Accounts 8

Year ended 31/03/21

Independent auditor's report to the members of Global Canopy

Opinion

We have audited the accounts of Global Canopy (the "Charity") for the year ended 31 March 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the accounts:

- give a true and fair view of the state of the Charity's affairs as at 31 March 2021 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 accounts section of our report. We are independent of the Charity in accordance with the ethical requirements that are relevant to our audit of the accounts 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 entity's ability to continue as a going concern for a period of at least 12 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. The other information comprises the information included in the annual report other than the accounts and our auditor's report thereon. Our opinion on the accounts does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the accounts, our responsibility is to read the other information and, in doing

so, consider whether the other information is materially inconsistent with the accounts or our knowledge obtained in the audit or otherwise appears to be materially mis-stated. If we identify such material inconsistencies or apparent material mis-statements, we are required to determine whether there is a material mis-statement in the accounts or a material mis-statement of the other information. If, based on the work we have performed, we conclude that there is a material mis-statement 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

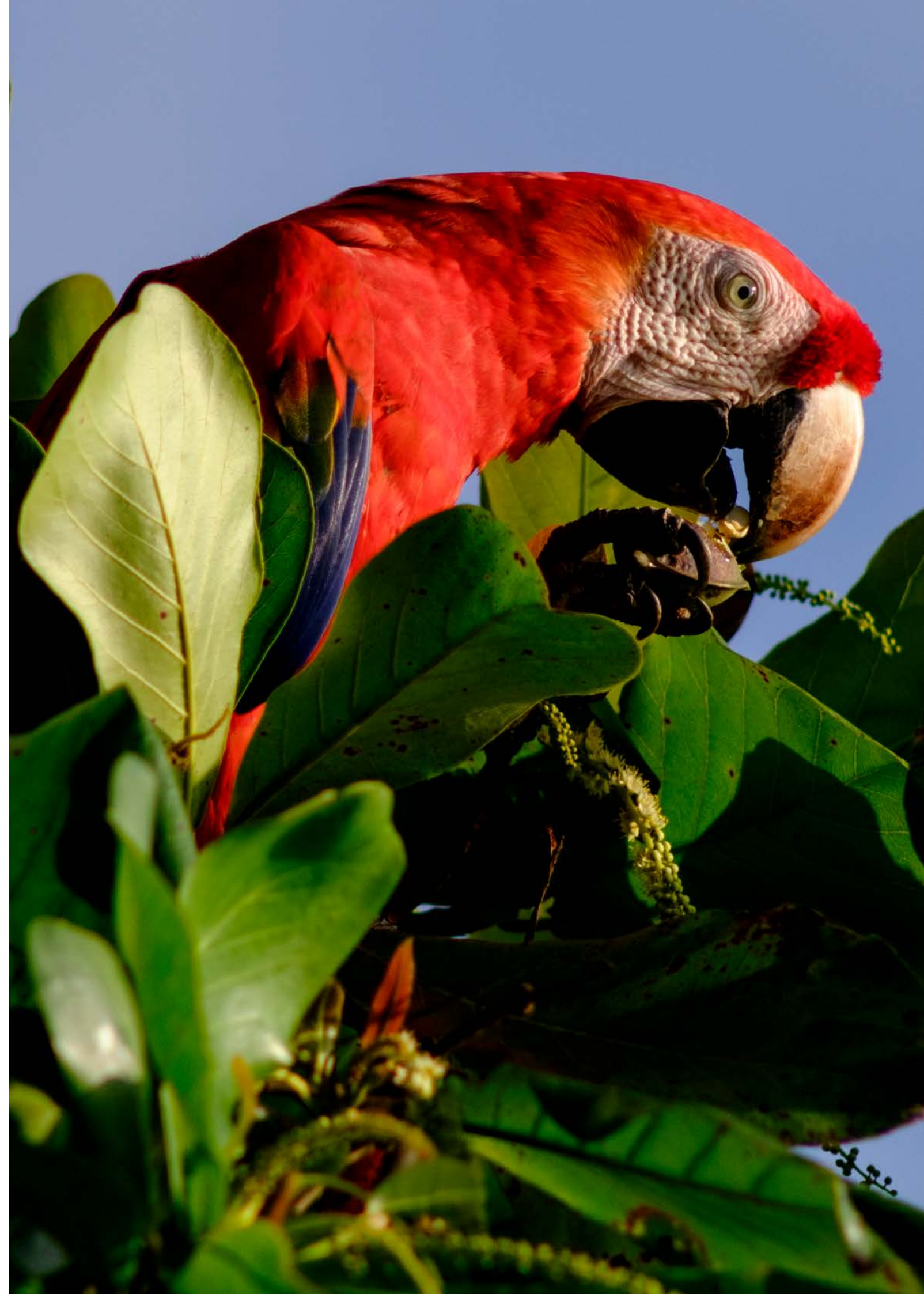
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report (incorporating the strategic report and the directors' report) for the financial year for which the accounts are prepared is consistent with the accounts; and
- the trustees' report (incorporating the strategic report and the directors' report) have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material mis-statements in 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:

- sufficient accounting records have not been kept;
- the accounts are not in agreement with the accounting records and returns;



- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not obtained all the information and explanations necessary for the purposes of our audit.

Responsibilities of the trustees

As explained more fully in the trustees' responsibilities statement set out on page 48, the trustees are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the trustees are responsible for assessing the Charity'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 Charity 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the charity through discussions with trustees and other management, and from our commercial knowledge and experience of the charity's sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company/charity, including the Charities Act 2011 and the terms of grant agreements;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the charity's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and

- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations; and

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions; and

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing the terms of grant agreements.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at:
www.frc.org.uk/auditorsresponsibilities.

This description forms part of our auditor's report.

Use of our report

This report is made solely to the Charity'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 Charity'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 Charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

Signed: 
signed on 07/12/2021, 15:56:52 GMT

Name: Colin Mills

For and on behalf of Critchleys Audit LLP (Statutory Auditor)

Date: 07/12/2021

Statement of Financial Activities

	Note	Unrestricted funds	Restricted funds	Total funds year to March 21	Total funds year to March 20
		£000s	£000s	£000s	£000s
Income and endowments					
Donations and legacies	3	310	104	414	391
Income from charitable activities	4	252	1,687	1,939	1,838
Other trading activities		8	–	8	11
Other income		–	–	–	–
Total income and endowments		570	1,791	2,361	2,240
Expenditure					
Expenditure on raising funds		106	4	110	114
Expenditure on charitable activities		353	2,060	2,413	2,038
Other expenditure		8	–	8	12
Total income and endowments		467	2,064	2,531	2,164
Net movement in funds		103	(273)	(170)	76
Reconciliation of funds					
Funds brought forward		525	453	978	902
Funds carried forward		628	180	808	978

Balance sheet

31 March 2021

	Note	At 31 March 2021 £000s	At 31 March 2020 £000s
Fixed assets			
Tangible assets	11	33	33
Investments	12	–	–
		33	33
Current assets			
Debtors	13	173	209
Cash at bank		796	978
		969	1,187
Creditors: amounts falling due within one year	14	194	242
		775	945
Net current assets		808	978
Funds:			
Unrestricted funds		628	525
Restricted funds		180	453
		808	978

The notes on pages 61 to 72 form part of these accounts. The accounts on pages 58 to 72 were approved by the board on 12/10/2021 and signed on its behalf by Hylton Murray-Phillipson

HR Murray-Phillipson
signed on 07/12/2021, 14:38:19 GMT

Statement of cashflows

for the year ended 31st March 2021

	At 31 March 2021	At 31 March 2020
	£000s	£000s
Net movement in funds for the reporting period (as per the statement of financial activities)	(171)	75
Adjustments for:		
Depreciation charges	12	12
Loss on disposal of investment in subsidiary	–	–
(Increase) / decrease in debtors	35	304
Increase/(decrease) in creditors	(48)	(9)
Net cash provided by (used in) operating activities	(172)	382
Cash flows from investing activities:		
Purchase of property, plant and equipment	(10)	(4)
Net cash provided by (used in) investing activities	(10)	(4)
Change in cash and cash equivalents in the reporting period	(184)	378
Cash and cash equivalents at the beginning of the reporting period	978	600
Cash and cash equivalents at end of the reporting period	796	978
Analysis of cash and cash equivalents:		
Cash in hand	796	978
Total cash and cash equivalents	796	978

Notes to the accounts

Statutory accounts – year to March 2021

1. ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the company's financial statements.

a) Basis of accounting

Global Canopy, the charity is a public benefit entity. The financial statements are prepared under the historical cost convention and in compliance with the Companies Act 2006, the Charities Act 2011, the Charities Statement of Recommended Practice (for FRS 102), and FRS 102, The Financial Reporting Standard, applicable in the UK and Republic of Ireland.

b) Income

Income is recognised in the period in which Global Canopy is entitled to receipt, it is probable that the income will be received and the amount can be measured reliably. Donated services and facilities are included at their estimated value to the charity when received. Income received in the year is deferred where it relates to services that will be provided after the year-end.

c) Expenditure

Expenditure is accounted for on an accruals basis and includes irrecoverable VAT. Wherever possible, costs are allocated to specific charitable activities or costs of generating funds. Support costs are allocated in proportion to the days worked on each programme area, function or activity. Grants payable are recognised as expenditure when payment is due to the partner organisation in accordance with the terms of the agreement.

d) Tangible fixed assets and depreciation

Tangible fixed assets are stated at historical cost less accumulated depreciation. Items costing less than £1,000 are not capitalised. Depreciation for all fixed assets is calculated on a straight-line basis to write off the cost of the assets over their estimated useful lives as follows:

- Leasehold property improvements: Lease period remaining
- Office furniture and fixtures: 10 years
- Computer and office equipment: 3 years

e) Pensions – defined contribution scheme

Contributions are charged to the profit and loss account as they become payable under the scheme rules.

f) Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities are retranslated at the rate of exchange ruling at the balance sheet date. All exchange differences are taken to the SOFA.

g) Funds

Income which is restricted to a particular purpose is treated as restricted income in the Statement of Financial Activities. Any unspent balance will be carried forward as a restricted fund. Unrestricted funds are available for use at the trustees' discretion in furtherance of the general objects of the charity.

h) Legal status of the charity

The Global Canopy is a charitable company limited by guarantee incorporated in the UK. Its registered office is 3 Frewin Chambers, Frewin Court, Oxford, OX1 3HZ.

i) Group accounts

These accounts do not consolidate the results of the charitable company's subsidiaries Canopy World Limited as the effect of consolidating these results would be immaterial.

j) Preparation of the accounts on a going concern basis

As at 31 March 2021 the balance of unrestricted funds is £627k. After adjusting for the carry value of fixed assets, free reserves are £595k. This is above the trustees target reserves range of £422k to £520k. On this basis and given that there are no material uncertainties about the charity’s ability to continue, the trustees are of the view that the charity is a going concern.

2. SOFA FOR THE YEAR ENDED MARCH 2020

	Unrestricted funds	Restricted funds	Total
	£000s	£000s	Year to March 2020 £000s
Income and endowments			
Donations and legacies	391	–	391
Income from charitable activities	68	1,770	1,838
Other trading activities	11	–	11
Other income	–	–	–
Total income and endowments	470	1,770	2,240
Expenditure			
Expenditure on raising funds	114	–	114
Expenditure on charitable activities	268	1,770	2,038
Other expenditure	12	–	12
Total expenditure	394	1,770	2,164
Net movement in funds	76	–	76
Reconciliation of funds			
Funds brought forward	449	453	902
Funds carried forward	525	453	978

3. DONATIONS AND LEGACIES

	2021 £000s	2020 £000s
Unrestricted donations		
Bondi Foundation	–	50
Constance Travis Charitable Trust	50	50
Schroders Foundation	45	45
Waterloo Foundation	40	40
Ernest Kleinwort Charitable Trust	40	40
CHK Charities Limited	25	25
Tedworth Charitable Trust	20	20
Be the Earth Foundation	–	20
Houser Foundation	–	19
Millichope Foundation	10	10
B and J Lloyd Family Charitable Trust	20	10
Other foundations	1	3
Rosanna Pearson Charitable Trust	–	–
Individuals	59	59
	310	391
Restricted donations		
Individual donations	24	–
John Ellerman Foundation	50	–
B and J Lloyd Family Charitable Trust	30	–
	414	391

Further grant funding from the Bondi foundation is mentioned in note 17.

4. INCOME FROM CHARITABLE ACTIVITIES

	2021 £000s	2020 £000s
Corporate Performance	512	586
Supply Chain Transparency	916	1,005
Nature Related Finance	511	247
	1,939	1,838

The programme headings used in this year's annual report have been updated from those used in last year's report to better reflect current and future activities according to Global Canopy's 2021-2025 strategy

5. EXPENDITURE ON RAISING FUNDS

	2021	2020
	£000s	£000s
Salaries	68	57
Direct costs	11	27
Support costs	31	30
	110	114

6. EXPENDITURE ON CHARITABLE ACTIVITIES

In year to March 2021:	Grant funding	Activities undertaken directly	Support Costs (note 7)	Total 2021
Corporate Performance	11	435	170	616
Supply Chain Transparency	180	759	234	1,173
Nature Related Finance	–	492	110	602
Other	–	22	–	22
	191	1,708	514	2,413
In year to March 2020:	Grant funding	Activities undertaken directly	Support Costs (note 7)	Total 2021
Corporate Performance	–	611	157	768
Supply Chain Transparency	252	527	226	1,005
Nature Related Finance	10	209	46	265
	262	1,347	429	2,038

The programme headings used in this year’s annual report have been updated from those used in last year’s report to better reflect current and future activities according to Global Canopy’s 2021-2025 strategy

Grant funding of activities was via the following organisations:

	2021 £000s	2020 £000s
Stockholm Environment Institute (SEI)	74	182
CDP Worldwide	52	54
Helmholtz Centre for Environmental Research	–	8
CEDISA	–	2
Auriga (Yayasan Auriga Nusantara)	19	16
Instituto Centro de Vida (ICV)	36	–
University of California (UCSB)	10	–
	191	262

7. SUPPORT COSTS

	2021 £000s	2020 £000s
Office space	103	102
HR Function	105	98
Central Accounting function	72	72
Management and leadership	61	68
Central Communications function	119	40
IT Costs	34	28
Programme Development	39	27
Other operational costs	5	13
Governance	7	12
	545	460

Support costs include costs as described in the table above. Support costs are allocated in proportion to staff days worked on each programme area, activity or function.

Support costs have been allocated to the following activities and functions:

	2021 £000s	2020 £000s
Charitable activities (note 6)	514	429
Fundraising (note 5)	31	30
Other trading activities	–	1
	545	460

	2021	2020
Support function costs for each day worked on programme activities is	£104/day	£100/day
Support function costs as a % of direct charitable expenditure	30%	32%

8. STAFF COSTS, TRUSTEE REMUNERATION AND EXPENSES, AND THE COST OF KEY MANAGEMENT PERSONNEL

	2021	2020
	£000s	£000s
Wages & salary costs	968	844
Social security costs	155	83
Pension contributions	95	84
	1,218	1,011

Redundancy payments are accounted for in the period they fall due and charged to the activity to which they relate

The average monthly number of employees, during the year was made up as follows:

	2021	2020
Directors	5	4
Programmes & Support	26	23
The number of full-time equivalent employees, during the year was	26.0	23.3

The number of employees who's total emoluments exceeded £60k in the year was:

£60k - £70k	1	1
For these higher paid employees, the annual pension contributions were	£6,458	£6,383
Two trustees received reimbursement of travel expenses during the year of:	£ –	£620

No other trustee received any remuneration or reimbursement of expenses during 2021 or 2020.

The directors consider the board of directors, who are the charity's trustees, and the senior management team to comprise the key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day-to-day basis. The senior management team comprises 6 posts at 31 March 2021, namely the Executive Director, Policy Director, Communications Director, Engagement Director, Programme Director and Finance Director. The communications Director, Engagement Director and Policy director are positions new to the management team during the year. The total employee benefits including employer pension costs of the key management personnel of the charity were:

	2021	2020
	£000s	£000s
Senior management benefits, including employer pension costs	370	240

9. RELATED PARTY TRANSACTIONS

	2021	2020
	£000s	£000s
Donations and grants received from trustees & other related parties	34	60

10. NET INCOME/EXPENDITURE

	2021	2020
	£000s	£000s
Is stated after charging		
Depreciation	12	12
Auditor's remuneration for the organisational audit	4	4
Auditor's remuneration for grant audits	5	9
Auditor's remuneration for payroll and HR services	3	4
Auditor's remuneration for Tax advice	1	–
Rent payable	63	62

11. TANGIBLE FIXED ASSETS

	F&F	Computer & office equipment	Leasehold improvements	Total
Cost				
At 1 April 2020	5	28	40	73
Additions	–	12	–	12
At 31 Mar 2021	5	40	40	85
Depreciation				
At 1 April 2020	3	23	14	40
Charge	–	8	4	12
At 31 Mar 2021	3	31	18	52
NBV – at 31 March 2021	2	9	22	33
NBV – at 31 March 2020	2	5	26	33

12. FIXED ASSET INVESTMENTS

	2021	2020
	£	£
Investments in subsidiary companies bf and cf	–	–

The Charity owns 100% of the issued share capital of Canopy World Limited, a company incorporated in England and Wales. The company is now dormant. A summary of the results is shown below:

	2021	2020
	£	£
Balance sheet		
Net assets	–	–
Share capital	1	1
Profit & loss	(1)	(1)
Share holders’ funds	–	–

These accounts do not consolidate the results of the charitable company’s subsidiaries Canopy World Limited as the effect of consolidating would be immaterial.

Investments in subsidiaries have zero value in these accounts, as no funds are expected to be recovered.

13. DEBTORS

	2021	2020
	£000s	£000s
Trade debtors	13	5
Grants receivable	50	131
Prepayments	34	22
Accrued income	76	51
	173	209

14. CREDITORS

	2021	2020
	£000s	£000s
Trade creditors	75	85
Other taxes & social security	43	37
Accruals	76	120
	194	242

15. COMMITMENTS

The charity had the following commitments at 31 March 2021.

Operating leases

As at 31 March 2021 the charity had total future minimum lease payments under non-cancellable operating leases as follows:

	2021	2020
	£000s	£000s
Land and buildings		
Amounts payable within one year	72	72
Amounts payable between one and five years	288	18
Amounts payable after more than five years	18	–

The charity had committed the following amount in grants to international projects which will form part of the grants allocated in future years. The current grant from the David and Lucille Packard Foundation will provide the income to cover these costs when they are payable.

	2021	2020
	£000s	£000s
Grants which expire within one year	49	144

Grants to international projects contain certain performance related conditions, which determine when expenditure is recognised in the SOFA. Performance conditions under commitments noted above had not been fulfilled at 31 March 2021.

16. UNRESTRICTED FUNDS

	2021	2020
	£000s	£000s
At 1 April	524	449
Transfers	–	–
Net income / (expenditure) for the year	103	75
At 31 March	627	524

17. RESTRICTED FUNDS

	Balance at 1 April 20	Incoming resources	Expenditure	Balance at 31 March 21
1. UK Government, FCDO	87	687	774	–
2. Norwegian Government, NICFI (via SEI)	56	287	339	4
3. Swiss government (via WCMC)	–	178	174	4
4. The Gordon & Betty Moore Foundation (via SEI)	163	146	307	2
5. The Packard Foundation, US	75	146	93	128
6. Little Book for Financing Biodiversity	30	69	89	10
7. John Ellerman Foundation United Nations Environment	–	50	50	–
8. Swiss Government (via UNEP-FI)	24	41	68	(3)
9. Global Environment Fund (via SEI)	–	41	42	(1)
10. Norwegian Government, NORAD (via CDP)	4	38	42	–
11. B and J Lloyd Family Charitable Trust	–	30	30	–
12. Climate & Land Use Alliance, CLUA – Media Analysis	–	29	6	23
13. Protect and restore the amazon	–	24	22	2
14. Swedish Government (SIDA) via UNDP	–	20	20	–
15. Norwegian Government, NORAD	–	3	3	–
16. The Rainforest Foundation Norway	–	3	3	–
17. European Union	2	–	2	–
18. Global Environment Fund (via WWF)	12	(1)	–	11
	453	1,791	2,064	180

17. RESTRICTED FUNDS (CONTINUED)

Movement in the year to March 2020

	Balance at 1 April 19	Incoming resources	Expenditure	Balance at 31 March 20
1. UK Government, DFID	210	594	717	87
2. Norwegian Government, NICFI (via SEI)	–	403	347	56
5. The Packard Foundation, US	–	162	87	75
8. United Nations Environment Programme, UNE	–	103	79	24
4. The Gordon & Betty Moore Foundation (via SEI)	159	98	94	163
17. European Union	32	91	121	2
9. Global Environment Fund (via SEI)	–	92	92	–
6. Little Book for Financing Biodiversity	–	91	61	30
15. Norwegian Government, NORAD (via CDP)	10	67	73	4
3. UN Environment Programme World Conserva	–	34	34	–
18. Global Environment Fund (via WWF)	–	15	3	12
19. German Government, ICI	–	14	14	–
20. Mennonite Economic Development Associate	(5)	5	–	–
21. Climate & Land Use Alliance, CLUA, SCTN	23	–	23	–
22. Bondi Foundation	25	–	25	–
Other	(1)	1	–	–
	453	1,770	1,770	453

1. A grant from the UK Government Foreign Commonwealth and Development Office's Forest Governance, Markets and Climate programme, to support GCP's Forest 500 work and its Trase work. This also supported CDP's forests disclosure project.
2. A grant from the Norwegian Government International climate fund (NICFI) to support the development of the Trase platform, a joint initiative with SEI.
3. Funds from the United Nations Programme World Conservation Monitoring Centre for implementation to align the ENCORE Tool (Exploring Natural Capital Opportunities, Risks and Exposure) with biodiversity targets as part of the Natural Capital Finance Alliance, a joint initiative of Global Canopy and the UNEP Finance Initiative.
4. This project is funded by the Funds from the Gordon and Betty Moore foundation to support the development of the Trase platform, a joint initiative with SEI.
5. A grant from the David and Lucille Packard Foundation to support the development of the Trase Platform in the context of Indonesian palm oil.
6. Various grants to support the preparation and re-issue of a new edition of Global Canopy's Little Book for Financing Biodiversity – looking at funding mechanisms for ecosystem services.
7. A grant from the John Ellerman Foundation towards Global Canopy's core costs, including senior staff salaries.
8. Funds from the United Nations Environment Programme Finance Initiative for implementation and development of the ENCORE Tool (Exploring Natural Capital Opportunities, Risks and Exposure) as part of the Natural Capital Finance Alliance, a joint initiative of Global Canopy and the UNEP Finance Initiative. This project is funded by the Swiss Government

17. RESTRICTED FUNDS (CONTINUED)

9. A grant from the Global Environment Fund (via WWF-US and SEI), to develop the Trase platform and associated stakeholder engagement and decision-relevant analyses in the context of Brazilian soy and Paraguayan beef.
10. A grant from NORAD, the Norwegian Government development agency, for a project led by CDP that aims to catalyse action by companies on deforestation risk in commodity supply chains from Latin America to China and Europe.
11. A donation from the B and J Lloyd Family Charitable Trust, to support a relaunch of Global Canopy’s brand, website and public profile.
12. A grant from the Climate and Land Use Alliance to support the inclusion of media-data into corporate performance information.
13. A donation to support research and communications activity within Brazil promoting the importance of protecting and restoring the Amazon.
14. A grant from the United Nations Development Programme to fund inception activities of the Task Force for Nature Related Financial Disclosure.
15. A grant from NORAD, the Norwegian Government development agency, for a project led by CDP that aims to catalyse action by companies on deforestation risk in commodity supply chains from Latin America to China and Europe.
16. Funds form the Rainforest Foundation Norway to support investigation of leather supply chains and their links to deforestation.
17. A grant from the European Union to support development of the Trase Platform to include a beta supply chain mapping of material flows of Indonesian palm oil exports from districts to consumer countries.
18. A grant from the Global Environment Fund (via WWF-US), to support learning activities and exchange in Indonesia in connection with the development of the Trase platform in the context of Indonesian Palm Oil.
19. A grant from the German Government’s International Climate Initiative to fund GCP’s “Unlocking Forest Finance” Project. This multi-year, multi-partner project aims to mobilise private sector capital to reduce deforestation through public/private sector partnerships for forests and rural livelihoods.
20. A grant from the Mennonite Economic Development Associates for Canada to support the development of credit products which can finance sustainable agriculture in Peru.
21. A grant from the Climate & Land Use Alliance to support the development of the Supply Chain Transparency Network convened by Global Canopy and SEI.
22. A grant from the Bondi Foundation to support engagement work with Financial Market Regulators about accounting for natural capital.

18. ANALYSIS OF NET ASSETS BY FUND

	Unrestricted funds	Restricted funds	Total
	£000s	£000s	Year to March 20 £000s
2021			
Fixed assets	33	–	33
Net current assets	595	180	775
	628	180	808
2020			
Fixed assets	33	–	33
Net current assets	492	453	945
	525	453	978



globalcanopy.org
forest500.org
naturalcapital.finance
tnfd.info
trase.earth
trase.finance