

# THE CLIMATE CHANGE ORGANISATION

England & Wales · Charity number 1102909

## Details

|                |                                                         |
|----------------|---------------------------------------------------------|
| Status         | Registered                                              |
| Legal form     | Charitable company                                      |
| Company number | <a href="#">04964424</a>                                |
| Registered     | 2004-03-26                                              |
| Register       | <a href="#">View on the Charity Commission register</a> |

## Contact

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|---------|------------------------------------------------------------------------|
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## Activities

**Objects:** (A) TO PROMOTE FOR THE BENEFIT OF THE PUBLIC THE PROTECTION OF THE WORLD'S CLIMATE SYSTEMS IN SUCH PARTS OF THE WORLD AND BY SUCH CHARITABLE MEANS AS THE TRUSTEES MAY FROM TIME TO TIME THINK FIT;(B) TO ADVANCE THE EDUCATION OF THE PUBLIC AND INTERESTED PARTIES IN EFFECTIVE REDUCTION OF GREENHOUSE GASSES AND TO PROMOTE AND CARRY OUT FOR THE PUBLIC BENEFIT RESEARCH INTO THE EFFECTS OF CLIMATE CHANGE AND TO PUBLISH AND WIDELY DISSEMINATE THE USEFUL RESULTS OF SUCH RESEARCH.

**Activities:** The Climate Group's mission is to accelerate climate action to achieve a world of no more than 1.5 degrees C of global warming & greater prosperity for all. We do this by bringing together powerful networks of business & governments that shift global markets & policies. We focus on the greatest global opportunities for change, take innovation & solutions to scale, & build ambition and pace.

## Classification

- **How:** Provides Advocacy/advice/information, Sponsors Or Undertakes Research, Other Charitable Activities
- **What:** Education/training, Environment/conservation/heritage, Economic/community Development/employment
- **Who:** The General Public/mankind

## Geography

- **Area of benefit:** NOT DEFINED. IN PRACTICE WORLDWIDE
- China
- India
- Netherlands
- United States

## Finances

| Period end | Income      | Expenditure | Assets     | Employees |
|------------|-------------|-------------|------------|-----------|
| 2025-06-30 | £16,790,907 | £17,608,119 | £1,065,074 | 165       |
| 2024-06-30 | £15,120,278 | £15,290,733 | £1,892,373 | 156       |
| 2023-06-30 | £12,865,120 | £13,924,917 | £2,063,640 | 146       |
| 2022-06-30 | £11,236,165 | £11,443,708 | £3,123,717 | 128       |
| 2021-06-30 | £10,529,193 | £10,164,838 | £4,949,607 | 106       |

## Trustees

| Name                    | Role | Appointed  |
|-------------------------|------|------------|
| Emma Cox                |      | 2026-01-06 |
| James Hall-Smith        |      | 2023-02-27 |
| Jonathan David Williams |      | 2023-07-10 |
| Lutamyo Brenn Mtawali   |      | 2024-05-15 |
| Mayumi Omi              |      | 2021-05-10 |
| Mike Rann               |      | 2017-07-10 |
| Rachel Claire Andrews   |      | 2024-05-15 |
| Zoe Jane Ashcroft       |      |            |

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# Accounts

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# THE CLIMATE CHANGE ORGANISATION

t/a  **CLIMATE GROUP**

## **Annual Report and Accounts 2024/25** **12 months to 30 June 2025**

COMPANY NUMBER: 4964424  
CHARITY NUMBER: 1102909

# Board of Trustees' Report

|                                                                                |          |
|--------------------------------------------------------------------------------|----------|
| <b>A message from our Chair.....</b>                                           | <b>3</b> |
| <b>A message from our Chief Executive.....</b>                                 | <b>5</b> |
| <br>                                                                           |          |
| 1. Objectives and activities .....                                             | 7        |
| About us.....                                                                  | 7        |
| What we do.....                                                                | 7        |
| How we do it .....                                                             | 7        |
| Our objectives and key initiatives .....                                       | 7        |
| <br>                                                                           |          |
| 2. <b>Achievements and performance</b> .....                                   | 10       |
| Drive action through commitment-centred networks.....                          | 10       |
| Shape political will, policy, regulation and market developments .....         | 14       |
| Convince decision-makers to take bolder, faster action .....                   | 18       |
| Achieve Organisational Excellence .....                                        | 22       |
| <br>                                                                           |          |
| 3. <b>Financial Review</b> .....                                               | 24       |
| Income .....                                                                   | 24       |
| Expenditure .....                                                              | 26       |
| Financial position at year-end .....                                           | 25       |
| Managing principal risks and uncertainties .....                               | 27       |
| <br>                                                                           |          |
| 4. <b>Structure, governance and management</b> .....                           | 28       |
| Structure .....                                                                | 28       |
| Board of Trustees .....                                                        | 29       |
| Executive Management Team and Scheme of Delegation.....                        | 29       |
| Statement of Trustees' responsibilities .....                                  | 30       |
| Key people and advisors .....                                                  | 32       |
| <br>                                                                           |          |
| 5. <b>Audited accounts</b> .....                                               | 33       |
| Independent auditor's report to the Members and Trustees of The Climate Change |          |
| Organisation .....                                                             | 33       |
| Consolidated statement of financial activities .....                           | 37       |
| Balance sheet .....                                                            | 38       |
| Consolidated cash flow statement .....                                         | 39       |
| Notes to the accounts.....                                                     | 40       |



Hon. Mike Rann AC,  
CNZM

## A message from our Chair

During the more than twenty years since Climate Group was established, we've seen at close hand how the path to net zero has never been a straight line - no matter how much progress was made and continues to be made.

In May of 2025, there was a Federal election in Australia, a nation that has been embroiled in "climate wars" for decades. Emboldened by events in the US, and heavily funded by the fossil fuel lobby, the climate deniers mounted a huge campaign to stall progress on renewables and decarbonisation. This time it didn't work. The Australian experience of climate change now matches the warnings of the scientists, with record heat and catastrophic weather events. Business, including major energy companies, joined the public to say "enough", backing a continuation of the country's direction towards a clean energy future.

Why am I telling you this? It's because sometimes, amidst all the political rhetoric and on misinformation, it's easy to forget that the vast majority of major corporations, governments and ordinary people know exactly what's going on, and what needs to be done. They saw the LA fires at the start of the year, they felt the heatwaves, or saw their homes flooded. Well over 80 percent of businesses and the public want to go ahead with the switch to renewables – because it makes sense: economic, social and cultural.

People know climate change is happening, and that we need systemic change. And when it comes to businesses: they know it makes financial sense to embrace a clean future as that will increase their competitiveness, create new innovative jobs, and increase energy independence.

And it's that same sense of steadfastness I felt in our organisation over the past year. We had the biggest ever Climate Week NYC in 2024, with over 900 events, and with partners from around the world eager to work with us. But even after January 2025, we continued to forge ahead. It wasn't always easy, but we had successful events such as the US Leaders' Forum in Washington DC, where we brought together politicians and businesses from across North America. That's an incredible achievement, in the current environment, and a great credit to Climate Group's US team.

Just a few weeks later, in May, we strategically invested in our second Climate Group Asia Action Summit in Singapore, to further strengthen business and government climate action in the region – and embolden our network of frontrunners.

In all this, there's a special role for subnational governments, who have been leading the transition around the world. They so often are the decisive implementers, acting as a goad to action for stronger national policies and plans. Climate Group is proud that some of our long-term member states and regions are now acknowledged as world leaders in decarbonisation and in the percentage of renewable power generation.

They are also the first responders when disasters strike, and they can be testbeds and laboratories for change and in building climate resilience.

I am proud to say that we bring these powerful networks of businesses and subnational governments together at an unparalleled scale. It's what we kept doing, this year, with renewed determination. By doing so, we empower our audiences, we empower ourselves, and we help shift markets.

Inevitably, Climate Group has felt the headwinds of the global economy, the impact of uncertainty...like so many other organisations. We've had to make sometimes difficult choices in what we could and couldn't do. We remain a responsible and sound organisation, with commitment, collaboration and transparency at the core of our credentials. We're in good shape and have no intention of raising the white flag on our ambitions.

So, as Climate Group Chair, I'd like to congratulate our CEO Helen Clarkson and her team for keeping the ship on course and increase the organisation's ambition while keeping a close eye on our finances and on our team's wellbeing. And I'd like to thank our board; their support, and their collaboration with the North American board, which has been critical over this difficult and hectic year.

Thank you.

**Mike Rann AC, CNZM**  
**Chair of the Board of Trustees at Climate Group**



**Helen Clarkson, OBE**

## A message from our Chief Executive

Over the past year the climate pendulum has been swinging between extremes – not just for us at Climate Group, but for many of the stakeholders we work with.

We saw the biggest Climate Week NYC in our history in September 2024 and felt the energy of the more than 900 events across the city. We launched the 24/7 Carbon-Free Coalition; we repositioned our transport work to better reflect realities in different markets; we built out our food work; we further grew our Under2 Coalition and held successful climate action summits in Singapore and Washington DC.

These are all milestones in their own right.

But zooming out, there have been obvious, fierce challenges. We saw a disappointing COP29 that did not deliver on the financial needs that lay ahead, led by a country whose President called oil and gas a ‘Gift from God’. We saw floodings, devastating wildfires in LA, Canada and Europe, and blistering heatwaves across the globe.

And of course there were the profound geopolitical shifts, halfway through the financial year. Yes, parts of the world are electrifying at an astonishing speed, but when the world’s wealthiest economy (and some companies) and the second biggest emitter suddenly turns its back on climate and creates business uncertainty through tariffs, the effects are felt across the globe.

It has had an impact on the international businesses we work with especially, and by extension on our organisation. While many of our closest allies have told us they’ll go on in the direction they set out in their strategies, they’re likely to be less vocal, and they might scale back investments in their external profile.

Throughout the year it became clear how it impacted us: while we’re in a sound financial position, equally it reminded us to look for efficiencies where we can. This will enable us to remain agile and respond swiftly and decisively to external changes and shifting priorities.

In that light, I’m extremely proud of what we achieved over the year. We grew the membership of our corporate initiatives by 42 companies to just over 650, which helps us increase our leverage with governments. We strengthened the impact of our Under2 Coalition governments at key moments in the climate agenda, including at COP29 and at the Bonn Climate Change Conference.

And maybe the best example of what our theory of change can achieve, lies in China. We re-opened our office there several years ago, with a one-person team. We started building out our initiatives: first RE100, then others followed. We increased team capacity and strengthened relationships with key stakeholders in China.

And, after years of hard work, in May this year China’s Green Electricity Certificates officially became aligned with RE100’s technical criteria. That means that companies can now use China’s GECs confidently – knowing that the renewables they buy are having a verifiable, real-world impact.

It’s the fruit of eight years of work and two years of working on this specific issue; it’s truly shifted markets. And, building on that success, we’re now in conversation with the Chinese government

as it's looking to decarbonise its Industrial Development Zones (IDZs) by making them RE100 compliant.

At a time when many of us are struggling with uncertainties, we should take pride -and comfort- in these milestones. In the end, either we have a liveable planet, or we don't. It's up to us to protect what we love, and this annual report is our testament to that.

Helen Clarkson

**Helen Clarkson OBE**  
**Chief Executive of Climate Group**

# 1. Objectives and activities

## About us

Our mission is to drive climate action, fast. Our goal is a world of net zero carbon emissions by 2050, with greater prosperity for all. We do this by forming powerful networks of business and government, unlocking the power of collective action to move whole systems such as energy, transport, heavy industry, and food to a cleaner future. Together, we're helping to shift global markets and policies towards faster reductions in carbon emissions.

## What we do

Three factors make us unique:

- **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.

## How we do it

- **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.

We work with leaders and decision-makers from business and government because they shape the market frameworks that can help the world achieve net zero emissions by 2050 or earlier. They have the tools and influence to make it possible in the time we have left.

## Our objectives and key initiatives

This year was the first of our current three-year strategy – our four key strategic goals for this period are set out below. Our focus is on changing key systems of the world where we can drive the deepest emissions cuts, using our theory of change.

### Drive action through commitment-centred networks

We create membership networks of businesses and governments focused on ambitious climate commitments. We use accountability processes to check our members' progress and understand the barriers that are preventing their ambition from turning into implementation. We bring members together to learn from one another how to go faster, and to collaborate around the removal of specific barriers to action.

### Shape political will, policy, regulation and market developments

We use our networks to influence and shape climate strategies in different geographies. We use our own advocacy voice and that of our members to engage policymakers and regulators. We champion subnational climate action as a route to faster global change.

### Convince decision-makers to take bolder, faster action

We are driving a narrative of unstoppable momentum on climate action through our communications, our events, our media work, and our public affairs in different geographies.

## Achieve Organisational Excellence

Our three programmatic goals are built on our strong foundations of internal collaboration and organisational excellence. As an organisation, we'll be effective, skilled, fact-based and financially responsible, providing true value to our funders and other key stakeholders, ensuring Climate Group is a rewarding, supportive, inclusive, and welcoming workplace. In line with the focus on key systems, we have taken forward the following initiatives.

| Initiative                                                       | Description                                                                                                                                                                                                                                |
|------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Energy</b>                                                    |                                                                                                                                                                                                                                            |
| <b>RE100</b>                                                     | A global initiative of influential businesses committed to 100% renewable electricity, working to massively increase demand for – and delivery of – renewable energy.                                                                      |
| <b>EP100</b>                                                     | A global initiative of energy-smart companies committed to using energy more productively, to lower greenhouse gas emissions and accelerate a clean economy.                                                                               |
| <b>24/7 Carbon-Free Coalition</b>                                | A coalition of ambitious organisations that are moving towards powering their businesses using 24/7 carbon-free electricity – every hour, every day, sourced from the grids where they operate.                                            |
| <b>Heavy Industry</b>                                            |                                                                                                                                                                                                                                            |
| <b>SteelZero</b>                                                 | A global initiative, in partnership with ResponsibleSteel, to build a group of leading companies committed to the responsible sourcing and production of net zero steel.                                                                   |
| <b>ConcreteZero</b>                                              | A global initiative, in partnership with the World Green Building Council, to build a group of leading companies committed to the sourcing of net zero concrete.                                                                           |
| <b>Transport</b>                                                 |                                                                                                                                                                                                                                            |
| <b>EV100</b>                                                     | 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.                                                                 |
| <b>Zero Emission Vehicle (ZEV) Community</b>                     | Our ZEV Community initiative brings together all levels of governments to share and learn about exciting ZEV initiatives taking place around the world.                                                                                    |
| <b>Food</b>                                                      |                                                                                                                                                                                                                                            |
| <b>Alliance for Regenerative Ranching in the Peruvian Amazon</b> | Introducing sustainable agriculture and livestock practices to recover and regenerate forests in the Peruvian Amazon and contribute to local economic development. A pilot project involving Under2 Coalition member, Madre de Dios, Peru. |
| <b>Low carbon food procurement</b>                               | Scoping project initiated to explore role of sub-national governments in influencing the food system by helping to shift demand, open markets and create tipping points through health and climate-focused food procurement.               |

| Initiative                                      | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|-------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Governments and Policy</b>                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Under2 Secretariat</b>                       | 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.                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Net Zero Futures Policy Forum</b>            | An initiative disseminating today's best climate policies and developing new policies to ensure full decarbonisation by Under2 governments.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Climate Finance</b>                          | <p>Funded by Brazil UK PACT, the Mobilising Green Investment in Brazilian states project aims to enhance climate finance capacities and planning across three Brazilian states - Mato Grosso, Pernambuco, and São Paulo. Through establishing a community of practice, the project's lessons will be scaled up to other states across Brazil.</p> <p>The Next Generation Budgets project aims to align public budgeting with climate neutrality goals in 11 European and North American states and regions through technical training and sharing of international best practice. The project is led by Climate Group with the Government of North Rhine Westphalia and funded by Stiftung Mercator.</p> |
| <b>Summits and events</b>                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Climate Week NYC</b>                         | 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>US Leaders' Forum</b>                        | <p>The US Leaders' Forum, part of our US Climate Action Summit, unites key leaders in business, politics and advocacy to drive US climate momentum during Earth Week.</p> <p>Our goal for the US Climate Action Summit is to create a participant-led platform that drives measurable outcomes on climate policy and business action, with attendees at the heart of the agenda.</p>                                                                                                                                                                                                                                                                                                                     |
| <b>Climate Group Asia Action Summit (CGAAS)</b> | Convening our powerful networks in the fastest growing economic region on earth to ask: how can Asia become the green economic powerhouse of the future?                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |

## 2. Achievements and performance

### Goal 1: Drive action through commitment-centred networks

#### What we said we'd do

We set out in 2024/25 to drive climate action in systems where governments and leading businesses can have the greatest impact. That means delivering substantial work programmes on energy, transport and heavy industry, and scoping a new body of work in the food system. At the heart of our approach were our corporate commitment campaigns (RE100, EP100, EV100, SteelZero and ConcreteZero) and amplifying the voices of frontrunning businesses to drive national policy-making and wider market design. We engaged these networks to bring a strengthened approach to advocacy in key geographies such as Japan and South Korea - working with our business members locally and in global value chains to address the priorities of each country.

We also planned to develop new programmes of work. In particular, we supported the next generation of renewables leadership in more mature markets through piloting a campaign that will drive 24/7 carbon-free electricity.

#### What we achieved

We use the power of demand as a fundamental driver of climate action, inspiring businesses to set clear commitments to buy lower and zero carbon products and services. We use the feedback from annual reporting cycles to identify and then address fundamental barriers to the delivery of our members' commitments. Specifically, we use their voice to advocate for policies and regulations that speed up investment in low or zero carbon solutions and encourage suppliers to accelerate their transition.

#### *Growing corporate ambition*

This past year, there was an ongoing media debate around a growing unwillingness from some companies to keep their climate commitments, with some companies withdrawing from sustainability initiatives and reducing their public work on climate change. Despite this debate, most notably in the US, we maintained an incredibly engaged membership community across all our corporate commitment campaigns.

#### ***Impact highlight***

*The overall membership of Climate Group's corporate initiatives grew over the year from 612 to 654, highlighting the continued level of business ambition on strategic climate issues, and the growing power of our networks, year-on-year.*

Our members are increasingly focused on the 'how' – what they need to do to reduce emissions and add commercial value to their climate action. Often barriers relate to policy and regulations, but we also focused on the daily challenges of energy and fleet managers and those with responsibility for procurement. For example, with our heavy industry campaigns, we engaged our members on key areas of debate such as the standardisation of accounting for steel and concrete decarbonisation across international forums and institutions.

In April 2025, we released a new briefing paper jointly authored by SteelZero, the Institution of Structural Engineers (IStructE), and the British Constructional Steelwork Association (BCSA), reviewing the limits and opportunities of scrap in global steel decarbonisation. The research

highlights the need to maximise the use of scrap steel, while recognising its limits to decarbonise the global industry and meet future steel demand. It also spotlights the need to drive a dual decarbonisation approach that focuses on both scrap-based and new iron-based steelmaking, and it has recommendations for policymakers, designers and specifiers on how to drive global steel decarbonisation.

#### ***Impact highlight***

*The release of the joint paper on the role of scrap in steel decarbonisation, led to SteelZero publishing further guidance for members on communicating to project partners the limited scope and impact of higher scrap-steel specifications. This resource has been used by at least 50% of our SteelZero members in their project and supply chain conversations in the last quarter, sparking dialogues and leading to action that takes a holistic, global view on enabling steel decarbonisation. Additionally, the findings on scrap resource constraints and availability from the joint paper have been referenced in our submissions to the European Commission's consultation on the Industrial Decarbonisation Accelerator Act and the UK Department for Energy Security and Net Zero's technical consultation on low carbon industrial products, calling for the setup of steel classifications that use a scrap-variable decarbonisation scale.*

That same month, the ConcreteZero team released its Specification Guidance, showing how the concrete specification process can reduce embodied carbon in construction. The guidance is a practical resource for anyone involved in specifying concrete, from developers and engineers to contractors and suppliers. It includes best practices and real-world case studies, as well as clear steps to successfully use lower carbon concrete and drive industry-wide collaboration. Alongside the development of existing programmes, this year we've piloted a new initiative— the 24/7 Carbon-Free Coalition. It builds on RE100's success and is designed as the next frontier in electricity procurement. 24/7 carbon-free electricity drives innovation through a broad set of technologies – including increasing renewables, improving battery storage, and using flexible and dispatchable tech to fill gaps when more intermittent carbon-free sources aren't available. Working with a group of Founding Partners and expert organisations, we published world-leading technical criteria that partner companies observe when procuring carbon-free electricity and defining their progress towards their 24/7 CFE targets. The technical criteria can also be used by any company that wants to procure time- and location-matched CFE and make a credible claim to its use. From May to September 2025, the technical criteria has been viewed over 230 times worldwide and is already referenced in the draft update to SBTi's Corporate Net Zero Standards.

#### ***Adapting to market context***

Our companies have a global footprint. Last year it became increasingly clear that we need to adapt our campaigns to key issues faced by business and government in our priority geographies.

In the transport sector, we recognised the critical role of policy frameworks in driving the sales of electric vehicles - in 2023, 99% of global zero-emission vehicles were sold in markets with strong EV policies. Over the past year, we made sure that a constructive business voice was heard by policymakers in Europe and the US at key moments by facilitating meetings with political decision-makers, organising events, and delivering high impact calls to action, for example informing decisions on CO2 standards for trucks, cars and vans in the EU.

Meanwhile, we recognised that the EV100 commitment needed to be revised to reflect market realities in different countries, in particular in geographies with a slower EV uptake. As part of a suite of changes, we updated the EV100 campaign commitment to acknowledge different speeds of transport electrification in different markets, while retaining the overall ambition. Also, companies at the early stage of their EV journey can now join a new, pre-commitment tier of the campaign: the EV100 Pledge Network (EVPN). We have also merged our EV100 (light duty) and EV100+ (medium and heavy duty) networks to provide a combined voice for policy and market shifts in target geographies.

***Impact highlight***

*Our relaunch of EV100 means that companies that are early in their EV journey can also join this community of leaders and learners. This will grow our network of corporate voices across an increased number of markets, speeding up urgently needed policy changes across multiple markets.*

The political environment for climate action is also changing at the global or multilateral level. On the back of COP28 in Dubai in late 2023, which included the pledge to triple renewables and double the rate of energy efficiency, this year we refined our approach in the energy system. We brought together our initiatives on renewable electricity (RE100) and energy efficiency (EP100), supporting a joint narrative in line with the COP28 ambition.

***Reshaping market frameworks***

At the Climate Group Asia Action Summit in May 2025, we were proud to announce a new partnership with the China Renewable Energy Engineering Institute (CREEI). It reflected our collaboration over the last two years to align China's Green Electricity Certificates (GEC) system with the technical requirements of RE100.

***Impact highlight***

*The alignment of RE100 with China's GEC system means that Chinese and globally headquartered RE100 companies can more easily prove what renewables they are buying, and report on their progress towards their 100% renewable electricity goals. The changes also ensure that renewables use by large manufacturers in China reverberates throughout global supply chains.*

Over the last year, SteelZero and ConcreteZero have continued to test and innovate the reporting frameworks that were first piloted in 2023/24. These frameworks not only enable members to monitor and benchmark their emissions, but also influence the supply chain, driving industry-wide transparency and best practices in emissions reporting. This year, the ConcreteZero commitment was updated to reflect this experience since its launch in 2022. We're exploring how this model can be aligned with the requirements of specific countries, including through a research project in Singapore.

**Next year we will**

- Grow the membership of our transport system in target geographies, including members of our EV100 Pledge Community in Latin America and Africa.
- Launch the Smart Energy Coalition to build on our work with EP100 and focus on the opportunities from advancing action on energy efficiency.

- Publish the first impact reports for SteelZero and ConcreteZero highlighting our role in market creation and transition for lower emission materials, as well as defining what accountability of embodied carbon data looks like.
- Develop our work in China to secure an RE100 Ready approach to renewables procurement for Industrial Development Zones.
- Launch the AutoCAST (Automotive Clean Accelerated Steel Transition) program to enable the use of low-emission steel in manufacturing of the auto sector.
- Work with subnational governments in the Under2 Coalition (and companies in their jurisdictions) to improve their own food procurement and food policies, including the role of protein diversification to create climate, health and economic benefits.

## Goal 2: Shape political will, policy, regulation and market developments

### What we said we'd do

We set out in 2024-2025 to deepen subnational engagement in international climate processes in the run up to COP30, through strengthening multi-level action and cooperation across differing levels of government. We also intended to develop new work on climate finance, aimed at supporting states and regions to access and manage climate funds. And finally, we had the ambition to deliver a new body of work on addressing methane emissions, recognising that decarbonisation alone is insufficient to keep global temperature rises to less than 1.5°C.

### What we achieved

#### Strengthening subnational engagement

COP29 coincided with the announcement of a new Trump presidency, signalling renewed uncertainty around US federal climate leadership. In response, we launched a press release emphasising that subnational governments must step up as climate leaders. For them, the challenge—and the opportunity—is clear: it's game on. At COP29 in Baku, the Government of California addressed the plenary on behalf of the Local Governments and Municipal Authorities constituency, highlighting the vital role of subnational action in driving the transition to net zero.

No one group of stakeholders can bring about the change needed without multilevel action. Cities, states and regions, and national governments all have a critical role to play to reinforce climate action and ensure effective climate governance.

Our work on ensuring subnational engagement in the NDCs, such as the UK and Brazil NDCs, led to high profile media moments with coverage in: [The New York Times](#), [AFP](#), [Euronews](#), [PA Media](#) (syndicated by [The Independent](#), [The Scotsman](#) and [The Ecologist](#)), [IANS](#), [Channel News Asia](#), [Climate Home News](#), and [The Energy Gang podcast](#) among others.

Later in the year, seven Under2 Coalition governments were highlighted in the UN's Earth Day 'Local Leaders' series, amplifying the vital role of subnational governments in emissions reduction.

At the Bonn Intersessionals, the key climate meetings ahead of COP30, the Under2 Coalition was invited by UNFCCC to host a roundtable on strengthening the role of subnational governments in the international climate process. We amplified the leadership of states and regions through the week: the Honourable Commissioner Aisha Barde from Taraba State, Nigeria, was the only subnational government invited to speak at the COP30 Presidency's Action Agenda launch. The government of Minas Gerais, Brazil, also took the floor at the Global Stocktake and NDC event. Both governments soft launched our new project on Subnational Transition Plans, which calls for multilevel cooperation in setting and meeting the NDCs.

And finally, during London Climate Action Week, we held a high-level roundtable in partnership with Instituto Climate Sociedade (ICS). This was part of a major global series of subnational roundtables, bringing Governors and Ministers together with key climate stakeholders to have forward-looking discussions on pragmatic, scalable approaches to mitigation, and how state and regional leadership can accelerate ambition and implementation on the path to COP30.

In 2025, the 10<sup>th</sup> anniversary year for the Under2 Coalition, we focused on amplifying the voices of each of the regions. So far, this has included the [Global Ministerial at Climate Week NYC 2024](#), the [Asia ministerial at the Climate Group Asia Action Summit](#), and the [European](#)

[Ministerial at Brussels](#). Further ministerials are set to take place in Africa and the Americas in the second half of 2025.

### ***Impact highlight***

*South African provincial governments directly informed the Presidential Climate Commission's recommendations for South Africa's Next NDC through an Under2 Coalition hosted stakeholder dialogue, ensuring it reflects the realities, strengths and challenges of subnational governments.*

## **Expanding access to climate finance**

There are several ways in which we supported subnational governments to increase their expertise on climate finance, while also showcasing the innovation already happening in this level of government across carbon pricing, procurement, green budgeting, and developing bankable projects.

### **Carbon pricing instruments**

Subnational governments, particularly those with devolved financial powers, are a critical partner in raising climate finance. 44% of all global carbon pricing instruments are implemented at the subnational level. But this alone cannot meet the funding gap. 32 Under2 Coalition governments - including 20 state and regional governments and all 12 Moroccan regions – endorsed the need for [internationally coordinated solidarity levies](#), aligned with the work of the Global Solidarity Levy Taskforce (GSLTF).

We released a statement at the Fourth Financing for Development Summit, demonstrating that some Under2 Coalition members are already contributing to closing the international climate finance gap through domestic mechanisms - for example Quebec and Scotland. Our statement also called for improved access to finance, especially for regions unable to raise domestic climate revenue through levies. Subsequently, we have been asked to join the GSLTF as an official partner, and scope how subnational governments can participate in this important initiative.

### **Subnational food procurement related work**

Subnational governments can reshape market behaviours through their purchasing power, supporting the shift to a more sustainable food system. Through our partnership with the Laudes Foundation, we produced two research reports that not only identify best practices and challenges in sustainable public food procurement but also outline practical solutions. These reports go further - showing how downstream food companies can be activated to accelerate decarbonisation across the food sector.

These findings were reinforced during Climate Week NYC, through a session on the 'Power of Policy: Putting sustainable food on the public plate'. The panel brought together representatives from Wales, Québec, Minas Gerais and New York State, as well as the food service companies Sysco and Sodexo for a discussion on how subnational governments can work with the private sector to make their public food procurement more sustainable.

As we move into next year, we're working to secure funding to deepen this workstream to support governments to implement new purchasing frameworks.

## **Developing a pipeline of bankable projects**

Our UK PACT funded Brazil project, mobilising green investment in Brazilian states, has made solid progress over this first year of delivery. We have worked in depth with three Brazilian states (Mato Grosso, Pernambuco and São Paulo) to enhance their climate finance and planning capacities.

This has included setting up inter-sectoral climate finance taskforces and developing a pipeline of bankable projects. Initial ideas focused on a large-scale coastal adaptation project in Pernambuco; sustainable agriculture in the Pantanal biome in Mato Grosso; and flood defence measures in São Paulo. We've also established a wider community of practice bringing together 10 Brazilian states, with the aim of replicating project processes and outcomes to other Under2 Coalition member states.

### ***Impact highlight***

*Green budgeting is an important tool to ensure a cross-sectoral and cross-government approach to climate action. 11 states and regions participated in the Next Generation Budgets initiative and developed their green budgeting plans for 2025. These governments have a combined budget of \$428.1 billion, illustrating tremendous greening potential of their overall budgets. As a result of this work, Hawai'i has included green budgeting in the Department of Transport's Draft Energy Security & Waste Reduction Plan. Catalonia is improving its green budget tagging methodology to track expenditures that are not aligned with its emissions reduction goals.*

## **Establishing new work on methane emissions reduction**

This year, we made substantial progress on one of our goals to develop new work on reducing methane emissions. In March 2025, we secured a two-year grant of US \$1m dollar from the Global Methane Hub to coordinate the Subnational Methane Action Coalition.

This is a significant initiative at a critical time – there's no scenario of staying within the 1.5°C temperature limit without reducing global methane emissions by at least 30% by 2030 in the energy, agriculture and waste sectors. The role of subnational governments is vital in this. We will grow this community of leaders through best practices on identifying and reducing methane emissions, and support Coalition members to develop and advance their methane action plans.

During Climate Week NYC, we also co-hosted a high-level Subnational Climate Action Leaders' Exchange (SCALE) dialogue, which aimed to empower subnational leaders in advancing climate action aligned with the 1.5°C target. The dialogue brought together governors, mayors, national government representatives, and stakeholders from civil society, the private sector, academia, and philanthropy to strengthen multilevel climate collaboration.

## **Supporting governments from emerging economies – the role of the Future Fund**

The role of developing and emerging regions is fundamental to accelerating climate action. Due to a lack of resources these regions traditionally struggle to join international climate processes. The Future Fund is working to change that. It's a powerful source of climate funding from contributing governments and corporate foundations to support climate action in developing and

emerging economy regions. It directly funds capacity-building projects, peer learning and secondments, and access to global climate events and forums in regional languages.

### **Impact highlight**

*The Future Fund supported the State of Acre, Brazil, in developing an online platform to monitor the impacts of extreme weather events - particularly floods - on vulnerable populations. Flooding is the most severe climate change impact in the region, with a March 2024 event affecting over 120,000 people and triggering emergency declarations in 19 of 22 municipalities.*

*The platform enables real-time data collection and analysis to support more effective, evidence-based decision-making. It will be continuously updated to enhance the state's climate resilience and emergency response capacity.*

### **Next year we will**

- Amplify the leadership and reinforce the importance of states and regions in the NDC development and implementation process through our subnational transition plan initiative. Key opportunities include the UN NDC Summit and COP30.
- Lead the Global States and Regions Summit, which will form part of the Local Leaders Forum (supported by Bloomberg Philanthropies and the COP30 Presidency) at COP30. This will bring together national, regional and global networks working with states and regions into a high-level summit focused on implementation.
- Further strengthen the Subnational Methane Action Coalition by growing the coalition and supporting members to drive down their methane emissions.
- Expand and deepen our work on climate finance, aimed at mobilising and incentivising investment for climate action; supporting states and regions to access climate finance and manage green budgets; and supporting multi-level action to speed up the transition.
- We will establish the Under2 Project Advisory Group throughout 2025/26 through which we'll track subnational government's needs, knowledge gaps and solutions on adaptation and resilience. This will be informed also by ongoing partnership review with Regions4.
- Grow the Future Fund to better support more governments in emerging economies to have a greater influence in key international climate processes.

## Goal 3: Convince decision-makers to take bolder, faster action

### Last year we said

- We'd deliver a crosscutting, activist annual campaign to spur hesitant governments and corporates into action.
- Build integrated, sector-leading (digital) strategic influencing campaigns targeting the relevant decision makers and policies in both international spheres and targeted geographies in line with Strategy, Systems and Governments & Policy priorities.
- Strengthen our presence in media and other platforms to drive relevant debates forward.

### What we achieved

We started this year with the aim to strengthen Climate Group's position at the forefront of relevant debates, in support of the growth of our networks and our influence.

That led to a comms and marketing strategy which focuses on campaigning with a clear narrative to support our membership growth and engagement, our influence on policy decisions, finding our way into media, and strengthening our relationships with external influentials.

Secondly, we're positioning Climate Group and its leaders as experts with key audiences of decision-makers, against a backdrop of geopolitical shifts. We did that by strengthening our existing flagship events such as Climate Week NYC, the Climate Group Asia Action Summit, and the US Leaders' Forum, the Under2 Coalition visibility at COP, and by driving events for specific systems.

### Climate Week NYC

Climate Week NYC 2024 was the biggest yet, bringing together climate leaders from across the globe to drive progress. We facilitated 900+ event across the city of New York, with well over 100 journalists at the event, and close to 1 billion impressions of the hashtag #climateweeknyc. Our video viewership increased by 130% and our engagement rate rose by 136%, meaning we reached more people who found our content more interesting.

To keep pushing for real-world action, we launched our Global To-Do List in a high production-value video during the Opening Ceremony: seven clear actions which governments and businesses can take immediately and that will drive change within a year. On the back of Climate Week NYC, we used the asks and the video to campaign for change.

#### **Impact**

*Climate Week NYC had more than 100,000 people joining to speed up climate action. The Opening Ceremony and The Hub Live alone drew 4,476 people from 88 countries, with an increased number of C-suites, governments, media and members – including Heads of State and others at the highest level of business and government. It increased our visibility, our network and by extension our ability to drive change.*

At the beginning of 2025 we evolved our focus due to geopolitical shifts. We showed flexibility by changing our narrative to reflect that Climate Group is a trusted partner for companies and governments in a fast-changing world. We focused on what unites us all: the need for cheap

energy on well-functioning grids, a healthy environment, innovative job markets, and insurable homes and companies.

To mitigate the possible impact on Climate Week NYC 2025, in the Spring of 2025 we launched a targeted campaign to update hundreds of our closest contacts about the event. To ensure we have the right level of decision makers at the event, we launched our campaign in the run up to Climate Week NYC 2025 under the banner Power On.

### Other events

The US Climate Acton Summit in April saw its largest **US Leaders' Forum** to date, with 275 attendees. Over 40% of them came from companies, including 49 of our corporate members. It demonstrated the energy and demand to come together. To emphasise the high level of speakers and amplify their voices, the marketing team oversaw the production and dissemination of two dozen partner interviews and strong pre-event videos.

With the **Climate Group Asia Action Summit** (May), we delivered a high-impact one-day summit with strong feedback from attendees and sponsors. We positioned the event to highlight Asia's climate leadership and its economic opportunities, and secured a very senior audience, with comms amplifying their regional leadership. To position ourselves for sponsors and audiences for next year, we launched social ads in Japan, South Korea, India, and Singapore.

### Impact

*The invite-only Climate Group Asia Action Summit had 328 attendees from 24 countries, that shared in-depth insights around IDZ's in China, the impact of Carbon Border Adjustment Mechanisms, and the role of India in the transition, among many other issues. One of the highlights was the official moment China's Green Energy Certificates (GECs) aligned with international (RE100) standards, which was picked up by media,*

### Our experts take centre stage

One of our aims is to strengthen the authority of our experts in media and international debates, with a focus on our CEO. Their external position is vital for our convening power and ability to push for change. Through a targeted strategy which especially paid off in the second half of the year, we landed our CEO major media moments (Reuters, AP, WSJ, The Energy Gang, Outrage+Optimism). We also strengthened her profile through high-level panels with the FT, the IEA Summit in Brussels, London Climate Action Week, and Newsweek.

Our Executive Director of Governments and Policy was interviewed by The Energy Gang as well, at COP30, and was quoted by AP, strengthening our position across media. Our energy experts were regularly leading the debate around renewables, especially in South Korea.

### Work with our membership

Comms and Marketing developed a new campaign to raise corporate awareness of the benefits of **24/7 carbon-free electricity** and recruit them into the pilot. A key moment was the development of messaging, branding and assets for the launch at Climate Week NYC.

Our **Energy** comms team worked hard on building a wider coalition of external experts, to drive the unleashing of renewables forward. They released a 'Time To Triple' report in the run up to COP29, with seven prominent experts building a case for renewables.

Later in the year, the Energy comms team focused on a variety of markets. We engaged with media around the alignment of Chinese Green Electricity Certificates with RE100 criteria. And when the new president of South Korea was sworn in, mentioning RE100 in his inaugural speech, the RE100 team sent him a letter with our policy asks. It went to media as well and was picked up on national TV. This positioned RE100 in the heart of the critical renewables debate.

In the second half of the year, most of the **Transport** comms focused on the repositioning of our EV100 initiative. To help grow the initiative, and with that our influence and impact, comms led on the external messaging.

### **Impact**

*To fight regression, the comms team for Transport adopted a vigorous campaigning-attitude, especially in Europe and the UK. It immediately jumped into action when carmakers started questioning the UK ZEV Mandate. Some of the members of our EV100 initiative publicly endorsed the mandate, which was picked up by media across the UK, making EV100 and its members key players in the debate.*

Our **Heavy Industry** comms team was able to lift the work and impact of our SteelZero and ConcreteZero initiatives, including in relatively new markets (Germany and Europe). Around Climate Week NYC it highlighted that companies are willing to pay extra for low carbon steel. That led to 35+ media pieces, countering the narrative that low carbon steel is too expensive.

### **Under2 Coalition**

Throughout the year, we highlighted the work of the Under2 Coalition and its Governments, to grow the recognition for their critical work on climate change, push their ambition, and work towards a more established role of subnational governments in international climate discussions.

At COP29 in Baku, we highlighted their work through video interviews, and coordinated their media appearances, focusing on their role in climate action. In the second half of the year, we used the coalition's 10-year anniversary to highlight their influence. We also took on the comms and marketing around the Subnational Methane Action Coalition, further strengthening its leading role on tackling methane emissions.

### **Marketing**

Besides working on our branding, positioning us as thought leaders and reaching the right level of decision makers around events, our marketing team got our work and impacts in front of the right (and new) audiences, keeping Climate Group and its work front of mind. Key to this was the launch of the Member hubs in August, sections of our website that are only accessible for our members, where we keep them informed and engaged. And to spotlight our experts externally, we created a space for their thought leadership on our site.

On socials, we started moving away from X, ignited our work on BlueSky and fully transitioned to LinkedIn to reach a more senior, B2B audience in specific regions. We increased our LinkedIn audience by 15,000, extending our online reach and influence, with an engagement well above the sector's average. Our Newsletter on LinkedIn gained tens of thousands of followers in just a few weeks.

We also launched a new video identity, to give our video work, which is becoming increasingly important, a more recognisable, well-branded look and feel.

## India

Top-tier news media amplified our thought leadership in India, through which we reached out to thousands with news about our programmes and expert insights. The publications include Hindustan Times, CNBC TV18, Outlook and Press Trust of India.

We also built up our social media presence in the region with 120,000+ impressions through 37 posts on LinkedIn. Most number of people following our LinkedIn page are from the country.

### Next year we will

- Strengthen our campaigning capacity, in coordination with our members and governments, to support the growth of our membership, highlight achievements and speed up the change we want to see.
- Strengthen the membership proposition through marketing.
- Support the increasing impact of the Under2 Coalition and our policy work.
- Further grow our media network, and our network of influential climate leaders.
- Further strengthen the visibility, impact and income of our events.

## Goal 4: Achieving organisational excellence

### What we said we'd do

We set out to continue to build on our targeted use of AI tools to improve productivity and organisational excellence. We also aimed to continue to strengthen our staff's climate knowledge and management skills, while focusing on inclusivity and diversity.

### What we achieved

This year we significantly strengthened our Learning and Development (L&D) offering. This was appreciated by our staff (eight percentage point improvement in the L&D score in the staff survey). We curated and delivered a rich internal learning programme covering technical and behavioural skills, including line management trainings, plus tailored development for Manager level roles and targeted public speaking training.

We strengthened line manager capability through trainings on coaching and managing difficult conversations as well as dedicated sessions on delegation and giving and receiving feedback effectively. We continued providing line manager surgeries as well as one-to-one coaching.

We expanded our online learning offer by introducing new learning platforms - focusing on technical learning. We further built staff climate knowledge through a series of "Meet & Learn" sessions, including deep dives on our new strategy, Carbon Border Adjustment Mechanism (CBAM), 24/7 carbon-free energy, subnational vocabulary, Renovation Revolution, Brazil UK PACT project, and election specials on South Africa and France.

We continued to embed EDI across our people practices, leadership development, and events. To strengthen fairness in recruitment we took actions to attract a more diverse pool of candidates and improve hiring outcomes.

Our Knowledge Club and Inclusiveness training focused on bias awareness, intercultural teaming and allyship. We promoted resources to inspire understanding and conversation and held events in our locations to celebrate the breadth of our cultural heritage. These learning opportunities were supported by reverse mentoring and a programme of mental health and wellbeing activities.

These efforts reflect our commitment to creating a workplace where everyone can thrive and ensuring our external impact aligns with our values

### Our supporters

We are deeply grateful to our philanthropic, government and corporate partners whose commitment and generosity have made our work possible. Their support empowers Climate Group to accelerate climate action across the global economy - driving corporate leadership, influencing policy, and fostering collaboration that turns ambition into tangible impact. Together, we are building the momentum needed for a net zero, resilient future.

*Our philanthropic supporters included:*

Bentley Environmental Foundation, Bloomberg Philanthropies, C40 Cities Climate Leadership Group, Climate Imperative Foundation, ClimateWorks Foundation, European Climate Foundation, Forum for the Future, Global Methane Hub, Google, International Sustainable Energy Foundation, John D. and Catherine T. MacArthur Foundation, Laudes Foundation, Pooled-Fund on International Energy, Rockefeller Philanthropy Advisors, Shakti Sustainable Energy Foundation, Stiftung Mercator, Stichting SED, Tara Climate Foundation, Tiina and Antti Herlin Foundation, Tilt Collective, We Mean Business Coalition and its philanthropic partners, William and Flora Hewlett Foundation, as well as a number of private individual donors.

*Our government supporters included:*

The Government of Baden-Wurttemberg

The Government of Navarra

The Government of Quebec

The Government of Scotland

UK PACT (Partnering for Accelerated Climate Transitions)

### **Next year**

- We will continue to give focus to compliance with the regulatory environment in which we and our international entities operate, monitoring changes to regulatory requirements and/or charity sector guidance.
- We have started a full review of all our system platforms from CRM to Web hosting to ensure that we are taking advantage of new technologies and that all our systems are cost effective.
- We will continue to support our people both in terms of their development and by providing our people with the right tools and guidance to be able to do their work effectively.
- We will continue to evolve our membership and event offering to maximise our impact and ensure financial stability.

### 3. Financial review

The Statement of Financial Activities (page 37) and accompanying notes present our full financial results for the year. Financial information in this report relates both to the UK charity (shown as “Charity” in the accounts) and to the consolidated position of the UK, US, Netherlands, and India entities (shown as “Group”). Figures in this section reflect the consolidated Group results.

In the 2024/25 financial year, we reported a deficit of £0.8m, including £0.4m of foreign exchange losses. The result also reflects ongoing deficits linked to our investments in developing operations in China and the Netherlands, as well as depreciation on our UK premises, funded by a designated reserve. Consequently, unrestricted reserves were reduced to £1.1m, which is below the Trustees’ target range of two to three months expenditure; however, we are actively working to return to the target reserves range over the coming financial years.

#### Income

Total income for the year was £16.8m (2023/24: £15.1m), and at 30 June 2025 we held £6.5m of deferred income (2023/24: £6.2m).

Income generation remained resilient, with year-on-year growth of 11%. The primary sources of income were:

- **Government and foundation grant funding:** £6.5m (2023/24: £6.0m). We navigated a challenging year in climate philanthropy, as new donors entered the field and collaborative funding platforms reshaped the landscape. These shifts, combined with the U.S. pullback on development funding, slowed some decisions and created uncertainty in the market. Even so, we achieved an 8% increase of our diversified income base on the previous year. We also strengthened our long-term growth prospects by launching a new programme to expand philanthropic partnerships and deepen engagement in Asia — focusing on driving impact and building new streams of support.
- **Sponsorship income:** £4.3m (2023/24: £4.2m). Climate Week NYC achieved strong revenue growth, while lower revenues for our smaller events moderated overall portfolio growth to 3%.
- **Membership and partnership income:** £5.7m (2023/24: £4.7m), reflecting 20% income growth, driven by the 24/7 Carbon Free Energy project and continued growth across our membership campaigns. As a more predictable income source, membership income provides confidence in our ability to progress critical work and mitigates volatility in other income streams.

We continued to expand our network of funding partners and collaborators to develop new projects that build on the success of existing programmes and support strategic growth into new areas. We have improved our innovation capacity and processes, resulting in accelerated development of new products and programmes, and the improvement of fundraising systems and structures. During the year, we continued to advance work in the food system through pilot grants exploring how corporates and subnational governments can leverage procurement to drive positive change. This has led to significant new relationships with funders that are expected to convert to new projects in 2025/26. We continued to build on the funding portfolio of regional grants in the Netherlands and China and deepened our work in climate finance.

Our Corporate Partnerships work is expanding rapidly, and this year has focused significantly on our Energy pillar. This includes leading our partnership with Google, developing our new 24/7

Carbon-Free Coalition and recruiting selected companies to join. We also worked on the development of an innovative new programme model with supply-side companies, a first for Climate Group, which interfaces with our 24/7 Coalition. We have run an Energy Transition programme in the US with Deloitte, collaborated with Signify around the importance of Energy Efficiency, and secured our first 1:1 partnership in the APAC region with CapitalLand, focused on low-carbon concrete.

## Expenditure

During the year, total expenditure was £17.6m (2023/24: £15.3m). Expenditure increased in line with growth in project and event delivery income and further investment in staffing capacity.

Staff costs rose by 10% to £10.2m, reflecting performance-related pay adjustments and limited additional headcount to deliver project work. The overall result included £0.4m of adverse foreign exchange movements, of which £0.3m were unrealised, primarily resulting from the year-end revaluation of net assets held in US Dollars.

Expenditure also included collaborative subgrants to partner organisations, including Institute For Essential Service Reform, I4CE – Institute for Climate Economics, Expertise France, Society For Technology And Action For Rural Advancement, Korea Sustainability Investing Forum and Responsible Steel. These subgrants align with our charitable objectives and support the delivery of our programmes.

## Financial position at year-end

Total funds as at 30 June 2025 were £1.1m (2023/24: £1.9m). The decrease in unrestricted reserves of £0.8m reflects the deficit for the year.

Across our global offices:

- **North America** achieved 5% income growth and continued to develop a project portfolio supporting both local and global goals, reducing dependence on global membership and events income. New work included initiatives linking climate and public health, grants enabling US states to access Inflation Reduction Act financing, and programmes expanding climate leadership among Latino stakeholders.
- **India** delivered strong growth, with income increasing by 22% year-on-year, supported primarily by restricted grants funding core local initiatives. While international philanthropy remains the main funding source, regulatory oversight continued to tighten following the 2024 Indian election. Portfolio growth was particularly strong in promoting zero-emission vehicles and industrial decarbonisation campaigns, with emerging areas of work including corporate action on food. We are expanding domestic membership contributions and engaging with Indian donor advisory networks and high-net-worth individuals.
- **Europe (Netherlands)** delivered 53% income growth through a mix of global programme delivery and locally sourced project work. The Netherlands office leads our food systems strategy, with new opportunities to expand this work. The office will also play a key role in deepening our work on climate finance for states and regions.
- **China** recorded 30% income growth (excluding pass-through grant expenses) as the team continued to build a portfolio aligned with our regional goals. Current grant funding focuses on industrial system decarbonisation. Future growth is expected to centre on

corporate access to renewable energy, supported by philanthropic and corporate partnerships.

## **Reserves policy**

Climate Group's objective is to maintain unrestricted reserves at a level that enable the charity to withstand short-term financial risks and safeguard its long-term viability.

In previous years, building reserves beyond the upper target range allowed us to invest in developing our operations in China and the Netherlands—investments that were essential to delivering our strategy. The impact of these investments on recent results, combined with a challenging external environment for income generation and foreign exchange losses arising from the weakening US Dollar during the period, has led the Trustees to review our target reserves range.

The Trustees take confidence from the strength of the balance sheet, which continues to demonstrate strong liquidity, with high levels of cash relative to unrestricted reserves. This position largely reflects deferred income within our portfolio, which includes annual membership fees and grant-funded projects, where cash is typically received in advance of delivery.

Given this position, the Trustees consider that adjusting the target range for unrestricted reserves to two to three months of unrestricted expenditure strikes an appropriate balance between investing in strategic delivery and maintaining sufficient liquidity to withstand potential income shocks.

Although we ended the year below the lower end of the revised target range, our short-term cash reserves of £5.4m at year end (30 June 2024: £5m) were sufficient to cover 3.7 months of average total monthly expenditure. The Trustees remain confident in the strength of the balance sheet, which continues to show a robust cash position alongside deferred income relating to ongoing membership programmes and project delivery.

As at 30 June 2025, unrestricted reserves totalled £1.1m (30 June 2024: £1.9m), representing approximately 1.3 months of unrestricted expenditure. The Trustees anticipate returning to the revised target range and rebuilding reserves through the consistent delivery of appropriate surpluses in future financial years.

## **Going concern**

Climate Group's strategic planning, annual budgeting, and ongoing financial performance review processes include detailed analysis of variances, alongside regular forecasts of income, expenditure, and cash flows. These processes consider the current economic climate, its potential impact on income streams, and planned expenditure.

Funders – particularly foundations and corporates – continue to demonstrate strong support for our sector. While we do not anticipate any material risk to income in the year to 30 June 2026, we remain alert to external developments and ready to implement mitigating actions as required.

Overall, given our level of reserves, absence of debt, strong cash flows, and robust relationships with partners, donors, and funders, the Trustees consider that Climate Group is well positioned to manage the business risks it faces.

The Trustees have a reasonable expectation that the charity has adequate resources to continue operating for the foreseeable future and are satisfied that there are no material uncertainties that cast doubt on Climate Group's ability to continue as a going concern.

## Managing principal risks and uncertainties

The Trustees are responsible for ensuring that major risks facing Climate Group are appropriately managed and that there are effective and adequate risk management and internal control systems in place to manage strategic and operational risks. Our risk management processes outline the approach we use to identify and manage risks. 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 to mitigate any residual level of risk where this is inevitable. The risk register, including reports from quarterly reviews, are reviewed by the Executive Management Team and Finance and Audit Committee. The Board of Trustees annually reviews the risk register, with a further mid-year review following Committee review.

The principal risks identified are:

### **Geopolitical environment**

The geopolitical environment continues to pose increased risk to our income portfolio. Funders and regional partners are being more cautious and processes to secure funding are taking longer than previously, while some funders review their strategies. However, we have a strong track record in project delivery, and our philanthropic income is now entering a growth phase. Corporate partnerships, which we expected to be one of our growth areas, have not developed as quickly as anticipated, but we are optimistic we can continue to build on our strong reputation in this space.

### **Income imbalance and vulnerability**

Our event portfolio has grown in size, complexity and as a proportion of our income as we work to increase our impact. As a result, the potential revenue impact from reputational, delivery or force majeure risks is increasing. We continue to work to drive new sponsorship opportunities and are now looking at new funding models. We are committed to expanding our event portfolio and the impact they drive but will proceed with caution given geopolitical headwinds?

### **Campaign relevance and financial stability**

We are actively working to ensure that our membership campaigns evolve in line with the latest climate knowledge and member needs which is critical in the current economic environment. This is a significant challenge as our campaigns are at different levels of maturity in different geographies. We rolled out a new transport membership offer this year and continue to work to ensure we are providing value to our members and maximising impact through all our campaigns.

## 4. Structure, governance and management

### Structure

The Climate Change Organisation, which is known as and trades as 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. Climate Group's statutory objects and powers are established in a Memorandum of Association, and the company is governed under its Articles of Association.

Climate Group is also represented by legal entities in the US, India and the Netherlands, with a Representative Office in China. 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.

### Board of 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 below.

The Climate Group Board of Trustees (Board) currently comprises eight 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 present and past Trustees who served during the year, and to the date of signing this report, are listed below. Trustees who form part of sub-committees and/or working groups are indicated as follows, Finance and Audit Committee (F&A), Global Nominations and Governance Committee (GN&G), Remunerations Committee (R) and Climate Week NYC Board Steering Group (BSG).

|                        |                                                   |
|------------------------|---------------------------------------------------|
| Zoë J. Ashcroft        | Deputy Chair of the Board; GN&G                   |
| Andrew Clark           | Trustee; Chair: F&A; R (all until January 2025)   |
| Emma Cox               | Trustee (from 6 January 2026)                     |
| James Hall-Smith       | Trustee; F&A                                      |
| Mayumi Omi             | Trustee                                           |
| Joanne Parker          | Trustee; BSG (until October 2025)                 |
| Michael Rann           | Chair of the Board; GN&G; R                       |
| Gov. Bill Ritter, Jnr. | Trustee; GN&G (until December 2025)               |
| Jonathan Williams      | Trustee; F&A                                      |
| Rachel Andrews         | Trustee; Chair: F&A (F&A Chair from January 2025) |
| Lutamyo Mtawali        | Trustee; F&A                                      |

## Trustee recruitment and induction

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 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.

## Board committees

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 **Remuneration Committee**, made up by the Board and Finance and Audit Committee Chairs, is tasked on behalf of the Board with ensuring fair and proportionate remuneration for C-suite employees (currently the CEO and COO).

The **Global Nominations and Governance Committee** is comprised of board members from both our UK and North American boards (from December 2025, the Committee is comprised of board members from our UK board only), and 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 Climate Group's boards and any advisory groups, and to consider specific organisational governance requirements.

## Executive Management Team and Scheme of Delegation

The Trustees have set out a scheme of delegation. While retaining overall responsibility for 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, member details of which can be found below.

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.

Helen Clarkson OBE  
Chris Ballard  
Luke Herbert

Chief Executive (CEO)  
Executive Director, Development (March 2025 - December 2025)  
Executive Director, Communications and External Affairs

Ana Mates  
David Mole  
Alex Moore  
Champa Patel  
Mike Peirce

Chief Operating Officer (COO)  
Executive Director, Development (until February 2025)  
Executive Director, Finance and IT  
Executive Director for Governments and Policy  
Executive Director, Systems Change

## 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 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**

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, Climate Group received no fundraising complaints from members of the public.

## **Remuneration policy**

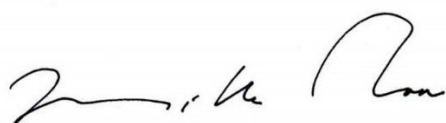
The salaries of Climate Group staff are periodically benchmarked against comparable organisations, including other charities. Climate Group aims to set salaries equivalent to the median for such organisations. All posts are evaluated based on agreed, organisation-wide criteria that determine the grade 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 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 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 **17 March 2026** and was signed on its behalf by:



**Hon. Mike Rann AC, CNZM**  
Chair of the Board of Trustees

## Key people and advisors

The information shown below pertains to the period between **1 July 2024 and 17 March 2026**, the date of the signing of the accounts.

### Registered office

The Clove Building  
4 Maguire Street  
London  
SE1 2NQ

### Directors of our Network Boards:

#### The Climate Group, Inc.

- Gov. Bill Ritter, Jnr. (Chair)
- Zoë J. Ashcroft (until December 2025)
- Ambassador Erica Barks Ruggles (from December 2024)
- Helen Clarkson (until April 2025)
- Mary Jo Cook
- David Davenport
- Ariane de Vienne (until June 2025)
- Gary Doer
- Charles Imohiosen
- Joseph M. Kinard
- Douglas Lawrence (Vice-Chair)

#### TCCO India Projects Pvt. Ltd

- Helen Clarkson
- Divya Sharma (Wholetime Director and Chair)

#### Stichting Climate Group Europe

- Maria Anna Van Keep (Chair)
- Helen Clarkson
- Jeroen Gerlag
- Jeffrey Prins

### Principal Professional Advisers

#### Bankers

HSBC Bank plc  
Church Street,  
Weybridge  
Surrey KT13 8DF

#### Auditors

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

## 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 2025 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 groups and the charitable company's affairs as at 30 June 2025 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 has 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 29, 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 based on 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](http://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.



Dipesh Chhatralia  
Senior Statutory Auditor  
For and on behalf of  
**Crowe U.K. LLP**  
Statutory Auditor  
London

18 March 2026

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

## Consolidated statement of financial activities

|                                                      | Notes | Restricted              | Unrestricted             | Year ended<br>30 June<br>2025 | Year ended<br>30 June<br>2024 |
|------------------------------------------------------|-------|-------------------------|--------------------------|-------------------------------|-------------------------------|
|                                                      |       | £                       | £                        | £                             | £                             |
| <b>Income from:</b>                                  |       |                         |                          |                               |                               |
| <i>Donations and legacies</i>                        |       |                         |                          |                               |                               |
| Donations & similar funding                          |       | -                       | 359,149                  | <b>359,149</b>                | 141,182                       |
| Grants                                               | 2     | 5,917,843               | 536,102                  | <b>6,453,945</b>              | 6,084,114                     |
|                                                      |       | <u>5,917,843</u>        | <u>895,251</u>           | <u><b>6,813,094</b></u>       | <u>6,225,296</u>              |
| <i>Charitable activities</i>                         |       |                         |                          |                               |                               |
| Membership and partnership income                    |       | -                       | 5,694,537                | <b>5,694,537</b>              | 4,733,436                     |
| Sponsorship and other                                |       | -                       | 4,283,276                | <b>4,283,276</b>              | 4,161,546                     |
|                                                      |       |                         | <u>9,977,813</u>         | <u><b>9,977,813</b></u>       | <u>8,894,982</u>              |
| <b>Total income</b>                                  |       | <u><b>5,917,843</b></u> | <u><b>10,873,064</b></u> | <u><b>16,790,907</b></u>      | <u>15,120,278</u>             |
| <b>Expenditure on:</b>                               |       |                         |                          |                               |                               |
| <i>Raising funds</i>                                 |       | -                       | 1,827,836                | <b>1,827,836</b>              | 1,652,468                     |
| <i>Charitable activities</i>                         |       | 5,917,843               | 9,862,440                | <b>15,780,283</b>             | 13,638,265                    |
| <b>Total expenditure</b>                             | 3     | <u><b>5,917,843</b></u> | <u><b>11,690,276</b></u> | <u><b>17,608,119</b></u>      | <u>15,290,733</u>             |
| <b>Net income</b>                                    |       | <u>-</u>                | <u><b>(817,212)</b></u>  | <u><b>(817,212)</b></u>       | <u>(170,455)</u>              |
| <b>Other recognised gains and losses</b>             |       |                         |                          |                               |                               |
| Gain / (Loss) on revaluation of foreign subsidiaries |       | -                       | (10,087)                 | (10,087)                      | (812)                         |
| <b>Net movement in funds</b>                         |       | <u>-</u>                | <u><b>(827,299)</b></u>  | <u><b>(827,299)</b></u>       | <u>(171,267)</u>              |
| Reconciliation of funds:                             |       |                         |                          |                               |                               |
| Total funds brought forward                          |       | -                       | 1,892,373                | <b>1,892,373</b>              | 2,063,640                     |
| <b>Total funds carried forward</b>                   | 11    | <u>-</u>                | <u><b>1,065,074</b></u>  | <u><b>1,065,074</b></u>       | <u>1,892,373</u>              |

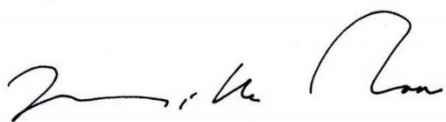
All the above results derive from continuing activities. There are no gains and losses other than those disclosed above.

## Balance sheet

|                                                       | Notes | Group<br>30 June<br>2025<br>£ | Group<br>30 June<br>2024<br>£ | Charity<br>30 June<br>2025<br>£ | Charity<br>30 June<br>2024<br>£ |
|-------------------------------------------------------|-------|-------------------------------|-------------------------------|---------------------------------|---------------------------------|
| <b>Fixed assets</b>                                   |       |                               |                               |                                 |                                 |
| Tangible fixed assets                                 | 7     | 143,447                       | 233,239                       | 99,580                          | 196,612                         |
| Investments                                           | 8     | -                             | -                             | 10,770                          | 10,770                          |
|                                                       |       | <b>143,447</b>                | <b>233,239</b>                | <b>110,350</b>                  | <b>207,382</b>                  |
| <b>Current assets</b>                                 |       |                               |                               |                                 |                                 |
| Debtors                                               | 9     | 3,960,121                     | 4,661,648                     | 4,003,405                       | 4,758,603                       |
| Cash at bank and in hand                              |       | 5,373,926                     | 5,036,780                     | 4,784,002                       | 4,451,232                       |
|                                                       |       | <b>9,334,047</b>              | <b>9,698,428</b>              | <b>8,787,407</b>                | <b>9,209,835</b>                |
| <b>Creditors:</b> amounts falling due within one year | 10    | <b>(8,412,420)</b>            | <b>(8,039,294)</b>            | <b>(7,529,989)</b>              | <b>(7,084,341)</b>              |
| <b>Net current assets</b>                             |       | <b>921,627</b>                | <b>1,659,134</b>              | <b>1,257,418</b>                | <b>2,125,494</b>                |
| <b>Net assets</b>                                     | 11    | <b>1,065,074</b>              | <b>1,892,373</b>              | <b>1,367,768</b>                | <b>2,332,876</b>                |
| <b>Represented by</b>                                 |       |                               |                               |                                 |                                 |
| Restricted funds                                      |       | -                             | -                             | -                               | -                               |
| Unrestricted funds – General                          |       | 1,065,074                     | 1,722,373                     | 1,367,768                       | 2,162,876                       |
| Unrestricted funds – Designated                       |       | -                             | 170,000                       | -                               | 170,000                         |
| <b>Total funds</b>                                    | 12    | <b>1,065,074</b>              | <b>1,892,373</b>              | <b>1,367,768</b>                | <b>2,332,876</b>                |

The net movement in funds for the charity only for the year was negative £965,108 (2024: negative £12,769).

The accounts on pages 37 to 55 were approved by the Board of Trustees and authorised for issue on **17 March 2026** and signed on its behalf by:



**Hon Mike Rann AC, CNZM**  
Chair of the Board of Trustees

## Consolidated cash flow statement

|                                                                    | Year ended<br>30 June<br>2025<br>£ | Year ended<br>30 June<br>2024<br>£ |
|--------------------------------------------------------------------|------------------------------------|------------------------------------|
| <b>Cash flows from operating activities:</b>                       |                                    |                                    |
| <b>Net cash provided by operating activities (Note a)</b>          | <b>397,126</b>                     | <b>(1,046,726)</b>                 |
| <b>Cash flows from investing activities:</b>                       |                                    |                                    |
| Payments to acquire tangible fixed assets                          | (59,980)                           | (145,507)                          |
| <b>Change in cash and cash equivalents in the reporting period</b> | <b>337,146</b>                     | <b>(1,192,233)</b>                 |
| <b>Cash and cash equivalents at the beginning of the year</b>      | <b>5,036,780</b>                   | <b>6,229,013</b>                   |
| <b>Cash and cash equivalents at the end of the year</b>            | <b>5,373,926</b>                   | <b>5,036,780</b>                   |

### Note to the cash flow statement

#### Reconciliation of net income to net cash provided by operating activities

|                                                                                      | Year ended<br>30 June<br>2025<br>£ | Year ended<br>30 June<br>2024<br>£ |
|--------------------------------------------------------------------------------------|------------------------------------|------------------------------------|
| <b>Net income for the year</b>                                                       | <b>(817,212)</b>                   | <b>(170,455)</b>                   |
| <b>Adjustments for:</b>                                                              |                                    |                                    |
| Depreciation charges                                                                 | 127,650                            | 177,804                            |
| Investment income                                                                    | -                                  | -                                  |
| Foreign exchange differences, excluding gains arising on revaluation of fixed assets | 12,034                             | 943                                |
| (Increase)/ Decrease in debtors                                                      | 701,527                            | (1,374,915)                        |
| Increase / (Decrease) in creditors                                                   | 373,127                            | 319,897                            |
| <b>Net cash provided by operating activities</b>                                     | <b>397,126</b>                     | <b>(1,046,726)</b>                 |

## 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. Dormant subsidiaries are excluded from consolidation in accordance with FRS 102 Section 15.

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*

Climate Group, like many charities, is dependent on voluntary contributions from funders and ongoing relationships with our partners to meet its future commitments. Climate Group's planning and performance review processes include financial projections of income, expenditure and cash flows that take into consideration the current economic climate and its potential impact on the various sources of income and planned expenditure. Climate Group is well placed to manage the business risks it faces given its level of reserves, no debt, 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 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** Grants and donations are recognised as income when the charity has entitlement to the funds, any performance conditions have been met, and it is probable that the income will be received, and the amount can be measured reliably. Where income is time-restricted or performance-related, it is deferred until the conditions are met.

**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.

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.

e) Fixed assets and depreciation

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

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

|                        |           |
|------------------------|-----------|
| Office equipment       | - 3 years |
| Furniture and fixtures | - 3 years |

f) Fund accounting

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

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

g) Pension costs

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

h) Operating leases

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

i) Foreign currencies

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

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE GROUP**  
**(INCLUDING AN INCOME & EXPENDITURE ACCOUNT)** For the year ended 30 June 2025

j) Debtors

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

k) Creditors and provisions

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

l) Financial instruments

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

## 2. Grants

|                    | Restricted       | Unrestricted   | Year ended<br>30 June<br>2025 | Year ended<br>30 June<br>2024 |
|--------------------|------------------|----------------|-------------------------------|-------------------------------|
|                    | £                | £              | £                             | £                             |
| Corporations       | -                | -              | -                             | 97,225                        |
| Governments        | 990,168          | -              | <b>990,168</b>                | 836,606                       |
| Foundations & NGOs | 4,927,675        | 536,102        | <b>5,463,777</b>              | 5,150,283                     |
|                    | <u>5,917,843</u> | <u>536,102</u> | <u><b>6,453,945</b></u>       | <u>6,084,114</u>              |

## 3. Analysis of total expenditure

|                       | Direct<br>staff<br>costs<br>£ | Other<br>direct<br>costs<br>£ | Total<br>direct<br>costs<br>£ | Support<br>staff<br>costs<br>£ | Other<br>support<br>costs<br>£ | Total<br>support<br>costs<br>£ | Year<br>ended 30<br>June 2025<br>£ | Year ended<br>30 June<br>2024<br>£ |
|-----------------------|-------------------------------|-------------------------------|-------------------------------|--------------------------------|--------------------------------|--------------------------------|------------------------------------|------------------------------------|
| Raising funds         | 1,169,553                     | 47,506                        | <b>1,217,059</b>              | 309,075                        | 301,702                        | <b>610,777</b>                 | <b>1,827,836</b>                   | 1,652,468                          |
| Charitable activities | 6,242,488                     | 4,596,049                     | <b>10,838,537</b>             | 2,500,701                      | 2,441,045                      | <b>4,941,746</b>               | <b>15,780,283</b>                  | 13,638,265                         |
| <b>Total 2025</b>     | <u>7,412,041</u>              | <u>4,643,555</u>              | <u><b>12,055,596</b></u>      | <u>2,809,776</u>               | <u>2,742,747</u>               | <u><b>5,552,523</b></u>        | <u><b>17,608,119</b></u>           | <u>15,290,733</u>                  |
| Total 2024            | <u>6,664,082</u>              | <u>4,274,140</u>              | <u><b>10,938,222</b></u>      | <u>2,617,568</u>               | <u>1,734,943</u>               | <u><b>4,352,511</b></u>        |                                    |                                    |

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE GROUP**  
**(INCLUDING AN INCOME & EXPENDITURE ACCOUNT)** For the year ended 30 June 2025

Other support costs comprise:

|                        | Year ended<br>30 June<br>2025<br>£ | Year ended<br>30 June<br>2024<br>£ |
|------------------------|------------------------------------|------------------------------------|
| Premises               | 663,292                            | 636,907                            |
| Other office costs     | 149,081                            | 116,100                            |
| IT                     | 418,742                            | 354,030                            |
| Audit                  | 57,961                             | 60,497                             |
| Legal and professional | 270,014                            | 185,928                            |
| Exchange differences   | 400,737                            | 30,210                             |
| Other                  | 782,920                            | 351,271                            |
|                        | <b>2,742,747</b>                   | <b>1,734,943</b>                   |

**4. Net income / (expenditure)**

is stated after charging:

|                                                                              | Year ended<br>30 June<br>2025<br>£ | Year ended<br>30 June<br>2024<br>£ |
|------------------------------------------------------------------------------|------------------------------------|------------------------------------|
| Operating lease rentals – buildings                                          | 550,789                            | 480,197                            |
| Depreciation                                                                 | 149,673                            | 177,805                            |
| Fees payable to charity auditors: audit of the charity's annual accounts     | 32,575                             | 29,400                             |
| Fees payable to other group auditors: statutory audit of subsidiary accounts | 25,386                             | 31,097                             |
| Other services                                                               | 26,334                             | 22,579                             |
|                                                                              | <b>784,757</b>                     | <b>741,078</b>                     |

**5. Staff costs**

Staff costs during the period amounted to:

|                                  | Year ended<br>30 June<br>2025<br>£ | Year ended<br>30 June<br>2024<br>£ |
|----------------------------------|------------------------------------|------------------------------------|
| Wages and salaries               | 7,579,083                          | 6,949,789                          |
| Social security costs            | 824,984                            | 717,959                            |
| Employer's pension contributions | 917,949                            | 775,371                            |
| Other staff costs                | 644,971                            | 567,128                            |
|                                  | <b>9,966,987</b>                   | <b>9,010,247</b>                   |
| Temporary staff                  | 254,827                            | 271,403                            |
|                                  | <b>10,221,814</b>                  | <b>9,281,650</b>                   |

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE GROUP

(INCLUDING AN INCOME & EXPENDITURE ACCOUNT) For the year ended 30 June 2025

Included within staff costs above is £69,192 (2024: £Nil) relating to termination costs. There were £Nil worth of ex-gratia payments made during the year (2024: £Nil).

The average number of employees in the year was 165 (2024:156).

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:

|                          | 2024/25 |                         | 2023/24 |                         |
|--------------------------|---------|-------------------------|---------|-------------------------|
|                          | UK      | Rest of World<br>Number | UK      | Rest of World<br>Number |
| £60,000 - £70,000 p.a.   | 8       | 3                       | 4       | 3                       |
| £70,001 - £80,000 p.a.   | 5       | 1                       | 3       | 4                       |
| £80,001 - £90,000 p.a.   | 4       | -                       | 3       | 2                       |
| £90,001 - £100,000 p.a.  | 1       | 2                       | -       | -                       |
| £100,001 - £110,000 p.a. | 1       | -                       | 3       | 1                       |
| £110,001 - £120,000 p.a. | -       | -                       | 2       | 1                       |
| £120,001 - £130,000 p.a. | -       | 1                       | 1       | 1                       |
| £130,001 - £140,000 p.a. | 2       | 1                       | -       | -                       |
| £140,001 - £150,000 p.a. | 3       | -                       | 1       | -                       |
| £170,001 - £180,000 p.a. | 1       | -                       | -       | -                       |
| £180,001 - £190,000 p.a. | -       | -                       | -       | 1                       |
| £190,001 - £200,000 p.a. | -       | 1                       | -       | -                       |

Retirement benefits are accruing to the higher paid staff under defined contribution schemes or equivalent overseas. Employer contributions of £125,414 (2024: £100,550) were made during the year.

The key management personnel of the group are the members of the Executive Management Team (EMT), as noted on pages 29-30. The total employee benefits for the EMT were £1,611,868 (2024: £1,445,105) inclusive of employer's pension and national insurance costs.

### 6. Trustees' remuneration and expenses

No Trustee received any remuneration during the year (2024: £Nil). Expenses incurred by Trustees during the year totalled to £83 (2024: £1,048).

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE GROUP**  
**(INCLUDING AN INCOME & EXPENDITURE ACCOUNT)** For the year ended 30 June 2025

**7. Tangible fixed assets**

| <b>Group</b>                 | Office<br>equipment | <b>Total</b>    |
|------------------------------|---------------------|-----------------|
| <b>Cost</b>                  | £                   | £               |
| At 1 July 2024               | 619,496             | <b>619,496</b>  |
| Foreign Exchange Revaluation | (14,077)            | <b>(14,077)</b> |
| Additions                    | 59,980              | <b>59,980</b>   |
| Disposals                    | (5,324)             | <b>(5,324)</b>  |
| <b>At 30 June 2025</b>       | <b>660,075</b>      | <b>660,075</b>  |
| <b>Depreciation</b>          |                     |                 |
| At 1 July 2024               | 386,257             | <b>386,257</b>  |
| Foreign Exchange Revaluation | 8,044               | <b>8,044</b>    |
| Charge for the period        | 127,650             | <b>127,650</b>  |
| Disposals                    | (5,324)             | <b>(5,324)</b>  |
| <b>At 30 June 2025</b>       | <b>516,627</b>      | <b>516,627</b>  |
| <b>Net book value</b>        |                     |                 |
| <b>At 30 June 2025</b>       | <b>143,447</b>      | <b>143,447</b>  |
| At 1 July 2024               | 233,239             | <b>233,239</b>  |
| <b>Charity</b>               | Office<br>equipment | <b>Total</b>    |
| <b>Cost</b>                  | £                   | £               |
| At 1 July 2024               | 562,858             | <b>562,858</b>  |
| Additions                    | 30,618              | <b>30,618</b>   |
| Disposals                    | (3,812)             | <b>(3,812)</b>  |
| <b>At 30 June 2025</b>       | <b>589,664</b>      | <b>589,664</b>  |
| <b>Depreciation</b>          |                     |                 |
| At 1 July 2024               | 366,246             | <b>366,246</b>  |
| Charge for the period        | 127,650             | <b>127,650</b>  |
| Disposals                    | (3,812)             | <b>(3,812)</b>  |
| <b>At 30 June 2025</b>       | <b>490,084</b>      | <b>490,084</b>  |
| <b>Net book value</b>        |                     |                 |
| <b>At 30 June 2025</b>       | <b>99,580</b>       | <b>99,580</b>   |
| At 1 July 2024               | 196,612             | <b>196,612</b>  |

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE GROUP**  
**(INCLUDING AN INCOME & EXPENDITURE ACCOUNT)** For the year ended 30 June 2025

**8. Investments**

|                              | <b>Group<br/>30 June<br/>2025<br/>£</b> | <b>Group<br/>30 June<br/>2024<br/>£</b> | <b>Charity<br/>30 June<br/>2025<br/>£</b> | <b>Charity<br/>30 June<br/>2024<br/>£</b> |
|------------------------------|-----------------------------------------|-----------------------------------------|-------------------------------------------|-------------------------------------------|
| Seed capital investment fund | -                                       | -                                       | -                                         | -                                         |
| Investment in subsidiaries   | -                                       | -                                       | <b>10,770</b>                             | 10,770                                    |
|                              | <hr/>                                   | <hr/>                                   | <hr/>                                     | <hr/>                                     |
|                              | -                                       | -                                       | <b>10,770</b>                             | 10,770                                    |
|                              | <hr/>                                   | <hr/>                                   | <hr/>                                     | <hr/>                                     |

**9. Debtors**

|                               | <b>Group<br/>30 June<br/>2025<br/>£</b> | <b>Group<br/>30 June<br/>2024<br/>£</b> | <b>Charity<br/>30 June<br/>2025<br/>£</b> | <b>Charity<br/>30 June<br/>2024<br/>£</b> |
|-------------------------------|-----------------------------------------|-----------------------------------------|-------------------------------------------|-------------------------------------------|
| Trade debtors                 | <b>2,397,574</b>                        | 3,282,932                               | <b>2,187,423</b>                          | 2,790,465                                 |
| Other debtors                 | <b>451,827</b>                          | 356,697                                 | <b>309,140</b>                            | 312,589                                   |
| Due from subsidiary companies | <b>(1)</b>                              | -                                       | <b>601,429</b>                            | 778,731                                   |
| Prepayments                   | <b>583,041</b>                          | 711,297                                 | <b>543,051</b>                            | 618,207                                   |
| Accrued income                | <b>527,680</b>                          | 310,722                                 | <b>362,362</b>                            | 258,611                                   |
|                               | <hr/>                                   | <hr/>                                   | <hr/>                                     | <hr/>                                     |
|                               | <b>3,960,121</b>                        | 4,661,648                               | <b>4,003,405</b>                          | 4,758,603                                 |
|                               | <hr/>                                   | <hr/>                                   | <hr/>                                     | <hr/>                                     |

There is an amount of £279,960 that is over a year included in Other Debtors for the London office rent deposit (2024: £279,960).

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE GROUP**  
**(INCLUDING AN INCOME & EXPENDITURE ACCOUNT)** For the year ended 30 June 2025

**10. Creditors: amounts falling due within one year**

|                              | <b>Group</b>     | <b>Group</b>   | <b>Charity</b>   | <b>Charity</b> |
|------------------------------|------------------|----------------|------------------|----------------|
|                              | <b>30 June</b>   | <b>30 June</b> | <b>30 June</b>   | <b>30 June</b> |
|                              | <b>2025</b>      | <b>2024</b>    | <b>2025</b>      | <b>2024</b>    |
|                              | <b>£</b>         | <b>£</b>       | <b>£</b>         | <b>£</b>       |
| Trade creditors              | 864,063          | 660,044        | 839,907          | 622,610        |
| Taxation and social security | 347,777          | 192,686        | 220,137          | 184,762        |
| Other creditors              | 121,506          | 122,624        | 103,888          | 113,141        |
| Accruals                     | 559,645          | 868,856        | 439,491          | 728,555        |
| Deferred income              | <b>6,519,429</b> | 6,195,084      | <b>5,926,566</b> | 5,435,273      |
|                              | <b>8,412,420</b> | 8,039,294      | <b>7,529,989</b> | 7,084,341      |

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

**Deferred income**

|                                  | <b>At 1 July</b> | <b>Released to</b> | <b>Deferred in the</b> | <b>At 30 June</b> |
|----------------------------------|------------------|--------------------|------------------------|-------------------|
|                                  | <b>2024</b>      | <b>income</b>      | <b>year</b>            | <b>2025</b>       |
|                                  | <b>£</b>         | <b>£</b>           | <b>£</b>               | <b>£</b>          |
| Membership                       | 1,905,275        | 96,128             | -                      | <b>2,001,403</b>  |
| Restricted grants                | 1,449,575        | (4,939,146)        | 6,678,175              | <b>3,188,604</b>  |
| Unrestricted grants              | 2,080,423        | (817,745)          | (526,119)              | <b>736,559</b>    |
|                                  | <b>5,435,273</b> | <b>(5,660,763)</b> | <b>6,152,056</b>       | <b>5,926,566</b>  |
| <b>Charity total</b>             |                  |                    |                        |                   |
|                                  |                  |                    |                        |                   |
| The Climate Group Inc/TCCO India | 759,811          | (1,613,649)        | 1,446,701              | <b>592,863</b>    |
|                                  | <b>6,195,084</b> | <b>(7,274,412)</b> | <b>7,598,757</b>       | <b>6,519,429</b>  |
| <b>Group total</b>               |                  |                    |                        |                   |

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE GROUP**  
**(INCLUDING AN INCOME & EXPENDITURE ACCOUNT)** For the year ended 30 June 2025

**11. Analysis of net assets between funds**

**Group**

|                                   | Restricted<br>funds<br>£ | Unrestricted<br>funds<br>£ | Total<br>funds<br>£ |
|-----------------------------------|--------------------------|----------------------------|---------------------|
| Tangible assets                   | -                        | 143,447                    | 143,447             |
| Investments                       | -                        | -                          | -                   |
| Net current assets/(liabilities)  | -                        | 921,627                    | 921,627             |
| <b>Net assets at 30 June 2025</b> | <b>-</b>                 | <b>1,065,074</b>           | <b>1,065,074</b>    |

**Charity**

|                                   | Restricted<br>funds<br>£ | Unrestricted<br>funds<br>£ | Total<br>funds<br>£ |
|-----------------------------------|--------------------------|----------------------------|---------------------|
| Tangible assets                   | -                        | 99,580                     | 99,580              |
| Investment in subsidiaries        | -                        | 10,770                     | 10,770              |
| Investments                       | -                        | -                          | -                   |
| Net current assets/(liabilities)  | -                        | 1,257,418                  | 1,257,418           |
| <b>Net assets at 30 June 2025</b> | <b>-</b>                 | <b>1,367,768</b>           | <b>1,367,768</b>    |

**Prior year analysis of net assets between funds**

**Group**

|                                   | Restricted<br>funds<br>£ | Unrestricted<br>funds<br>£ | Total<br>funds<br>£ |
|-----------------------------------|--------------------------|----------------------------|---------------------|
| Tangible assets                   | -                        | 233,239                    | <b>233,239</b>      |
| Investments                       | -                        | -                          | -                   |
| Net current assets/(liabilities)  | -                        | 1,659,134                  | <b>1,659,134</b>    |
| <b>Net assets at 30 June 2024</b> | <b>-</b>                 | <b>1,892,373</b>           | <b>1,892,373</b>    |

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE GROUP**  
**(INCLUDING AN INCOME & EXPENDITURE ACCOUNT)** For the year ended 30 June 2025

**Charity**

|                                   | Restricted<br>funds<br>£ | Unrestricted<br>funds<br>£ | Total<br>funds<br>£ |
|-----------------------------------|--------------------------|----------------------------|---------------------|
| Tangible assets                   | -                        | 196,612                    | <b>196,612</b>      |
| Investment in subsidiaries        | -                        | 10,770                     | <b>10,770</b>       |
| Investments                       | -                        | -                          | -                   |
| Net current assets/(liabilities)  | -                        | 2,125,494                  | <b>2,125,494</b>    |
| <b>Net assets at 30 June 2024</b> | <b>-</b>                 | <b>2,332,876</b>           | <b>2,332,876</b>    |

**12. Movement of funds of the Group**

|                                  | Balances<br>As at 1<br>July 2024<br>£ | Income<br>£       | Expenditure<br>£    | Adjustments<br>£ | Transfers<br>&<br>exchange<br>difference<br>£ | At 30<br>June<br>2025<br>£ |
|----------------------------------|---------------------------------------|-------------------|---------------------|------------------|-----------------------------------------------|----------------------------|
| <b>Restricted funds</b>          |                                       |                   |                     |                  |                                               |                            |
| Comms Central                    | -                                     | 96,310            | (96,310)            | -                | -                                             | -                          |
| Development Central              | -                                     | 95,042            | (95,042)            | -                | -                                             | -                          |
| Energy                           | -                                     | 555,610           | (555,610)           | -                | -                                             | -                          |
| Food                             | -                                     | 133,573           | (133,573)           | -                | -                                             | -                          |
| Global Implementation            | -                                     | 1,521,446         | (1,521,446)         | -                | -                                             | -                          |
| Industry                         | -                                     | 1,243,850         | (1,243,850)         | -                | -                                             | -                          |
| Operations Central               | -                                     | 79,688            | (79,688)            | -                | -                                             | -                          |
| Policy & Advocacy                | -                                     | 341,880           | (341,880)           | -                | -                                             | -                          |
| Subnational Governments & Under2 | -                                     | 677,627           | (677,627)           | -                | -                                             | -                          |
| Transport                        | -                                     | 1,172,817         | (1,172,817)         | -                | -                                             | -                          |
| <b>Total restricted funds</b>    | <b>-</b>                              | <b>5,917,843</b>  | <b>(5,917,843)</b>  | <b>-</b>         | <b>-</b>                                      | <b>-</b>                   |
| <b>Unrestricted Funds</b>        |                                       |                   |                     |                  |                                               |                            |
| General Funds                    | 1,722,373                             | 10,873,064        | (11,520,276)        | (10,087)         | -                                             | 1,065,074                  |
| Designated Funds                 | 170,000                               | -                 | (170,000)           | -                | -                                             | -                          |
| <b>Total unrestricted funds</b>  | <b>1,892,373</b>                      | <b>10,873,064</b> | <b>(11,690,276)</b> | <b>(10,087)</b>  | <b>-</b>                                      | <b>1,065,074</b>           |
| <b>Total funds</b>               | <b>1,892,373</b>                      | <b>16,790,907</b> | <b>(17,608,119)</b> | <b>(10,087)</b>  | <b>-</b>                                      | <b>1,065,074</b>           |

|                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|-------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Systems</b>          | Funding for our suite of complementary corporate commitment campaigns – namely RE100, EV100, EP100, EV100+, SteelZero and ConcreteZero. 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 energy efficiency retrofitting, EV policy in Japan and the European Union etc) are funded as part of wider ecosystems of work on renewables, energy productivity and clean transport. 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. |
| <b>Summits</b>          | 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, such as the US Climate Action Summit.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Solutions</b>        | <p>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 GHG emissions by 80% on 1990 levels or 2 tons per capita by 2050. Funding is received for our key sub-national government initiatives.</p> <p>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.</p>                                                                                                                                                                       |
| <b>Designated Funds</b> | Initially, a designated fund of £0.65m to support the costs of the UK office move relating to fixtures and fittings, furniture, and other costs relating to the move. The funds have been fully utilised.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE GROUP**  
**(INCLUDING AN INCOME & EXPENDITURE ACCOUNT)** For the year ended 30 June 2025

**Prior year movement in funds of the Group**

|                                  | Balances<br>As at 1<br>July 2023 | Income            | Expenditure         | Adjustments  | Transfers<br>&<br>exchange<br>difference | At 30<br>June<br>2024 |
|----------------------------------|----------------------------------|-------------------|---------------------|--------------|------------------------------------------|-----------------------|
|                                  | £                                | £                 | £                   | £            | £                                        | £                     |
| <b>Restricted funds</b>          |                                  |                   |                     |              |                                          |                       |
| Systems Central                  | -                                | 34,222            | (34,222)            | -            | -                                        | -                     |
| Events                           | -                                | 59,811            | (59,811)            | -            | -                                        | -                     |
| Energy                           | -                                | 1,514,933         | (1,514,933)         | -            | -                                        | -                     |
| Food                             | -                                | 15,711            | (15,711)            | -            | -                                        | -                     |
| Global Implementation            | -                                | 769,943           | (769,943)           | -            | -                                        | -                     |
| Industry                         | -                                | 1,191,244         | (1,191,244)         | -            | -                                        | -                     |
| Operations Central               | -                                | 91,312            | (91,312)            | -            | -                                        | -                     |
| Policy & Advocacy                | -                                | 184,104           | (184,104)           | -            | -                                        | -                     |
| Subnational Governments & Under2 | -                                | 590,706           | (590,706)           | -            | -                                        | -                     |
| Transport                        | -                                | 1,119,104         | (1,119,104)         | -            | -                                        | -                     |
| <b>Total restricted funds</b>    | -                                | 5,571,090         | (5,571,090)         | -            | -                                        | -                     |
| <b>Unrestricted Funds</b>        |                                  |                   |                     |              |                                          |                       |
| General Funds                    | 1,728,640                        | 9,549,188         | (9,554,643)         | (812)        | -                                        | 1,722,373             |
| Designated Funds                 | 335,000                          | -                 | (165,000)           | -            | -                                        | 170,000               |
| <b>Total unrestricted funds</b>  | <b>2,063,640</b>                 | <b>9,549,188</b>  | <b>(9,719,643)</b>  | <b>(812)</b> | -                                        | <b>1,892,373</b>      |
| <b>Total funds</b>               | <b>2,063,640</b>                 | <b>15,120,278</b> | <b>(15,290,733)</b> | <b>(812)</b> | -                                        | <b>1,892,373</b>      |

**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:

|                                | 2025                  | 2024                  |
|--------------------------------|-----------------------|-----------------------|
|                                | Land and<br>buildings | Land and<br>buildings |
|                                | £                     | £                     |
| Expiring within 1 year         | 631,299               | 541,331               |
| Expiring between 1 and 2 years | 279,971               | 496,709               |
| Expiring between 2 and 5 years |                       | 679,929               |
|                                | <b>911,270</b>        | <b>1,717,969</b>      |

## 15. Grant and other commitments

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 Climate Group, as they fall after the year end.

The amount of grant commitments falling within one year is £0.3m (2024: £0.1m).

The amount of grant commitments falling between one and five years is £Nil (2024: £Nil).

Major grant payments recognised in 2024/25 is set out below.

| Recipient            |                                  | 2025<br>£000s |
|----------------------|----------------------------------|---------------|
| ERM Brazil           | UK Pact Brazil                   | 173           |
| Governments          | Future Fund – Bentley Foundation | 29            |
| Governments          | Future Fund UK                   | 62            |
| ResponsibleSteel Ltd | TAH Steel Reporting Framework    | 24            |
|                      |                                  | <b>288</b>    |

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 5 March 2004), India (registered 21 May 2018), the Netherlands B.V. (registered 12 November 2019 and dissolved as of 27 January 2026), China (registered 1 January 2022) and the Netherlands Stichting (registered 25 August 2022). 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 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, and the China Representative Office has a 31 December year-end.

Both the Charity and the Netherlands Stichting have Dutch ANBI status as awarded by the Dutch Chamber of Commerce.

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE GROUP**  
**(INCLUDING AN INCOME & EXPENDITURE ACCOUNT)** For the year ended 30 June 2025

|                                   | Balance at<br>1 July 2024 | Subgrants<br>received | Expenses<br>incurred | Payments<br>made/<br>received | Exchange<br>differences | Provision<br>against<br>intercompany<br>balance | Balance as<br>at 30 June<br>2025 |
|-----------------------------------|---------------------------|-----------------------|----------------------|-------------------------------|-------------------------|-------------------------------------------------|----------------------------------|
|                                   | £                         | £                     | £                    | £                             | £                       | £                                               | £                                |
| <b>Organisation</b>               |                           |                       |                      |                               |                         |                                                 |                                  |
| The Climate Group, Inc.           | 440,043                   | 1,070,754             | (1,155,457)          | -                             | (53,835)                | -                                               | <b>301,032</b>                   |
| TCCO India Projects Pvt. Ltd      | 43,864                    | 694,118               | (734,309)            | -                             | (3,673)                 | -                                               | <b>(0)</b>                       |
| Climate Group (Europe) B.V.       | -                         | -                     | -                    | -                             | -                       | -                                               | <b>-</b>                         |
| Stichting Climate Group<br>Europe | 295,297                   | 385,602               | (175,796)            | -                             | (4,230)                 | -                                               | <b>500,873</b>                   |
|                                   | <b>779,204</b>            | <b>2,150,474</b>      | <b>(2,065,562)</b>   | <b>-</b>                      | <b>(61,738)</b>         | <b>-</b>                                        | <b>801,905</b>                   |

**Prior year transactions between the charity and related organisations**

|                                   | Balance at<br>1 July 2023 | Subgrants<br>received | Expenses<br>incurred | Payments<br>made/<br>received | Exchange<br>differences | Provision<br>against<br>intercompany<br>balance | Balance as<br>at 30 June<br>2024 |
|-----------------------------------|---------------------------|-----------------------|----------------------|-------------------------------|-------------------------|-------------------------------------------------|----------------------------------|
|                                   | £                         | £                     | £                    | £                             | £                       | £                                               | £                                |
| <b>Organisation</b>               |                           |                       |                      |                               |                         |                                                 |                                  |
| The Climate Group, Inc.           | 366,411                   | 2,548,525             | (2,470,115)          | -                             | (4,778)                 | -                                               | <b>440,043</b>                   |
| TCCO India Projects Pvt. Ltd      | 172,124                   | 694,118               | (818,705)            | -                             | (3,673)                 | -                                               | <b>43,864</b>                    |
| Climate Group (Europe) B.V.       | -                         | -                     | -                    | -                             | -                       | -                                               | <b>-</b>                         |
| Stichting Climate Group<br>Europe | 33,542                    | 385,602               | (119,617)            | -                             | (4,230)                 | -                                               | <b>295,297</b>                   |
|                                   | <b>572,077</b>            | <b>3,628,245</b>      | <b>(3,408,437)</b>   | <b>-</b>                      | <b>(12,681)</b>         | <b>-</b>                                        | <b>779,204</b>                   |

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE GROUP**  
**(INCLUDING AN INCOME & EXPENDITURE ACCOUNT)** For the year ended 30 June 2025

**United States – The Climate Group, Inc.**

|                                                    | <b>2025</b>      | <b>2024</b>      |
|----------------------------------------------------|------------------|------------------|
|                                                    | <b>£</b>         | <b>£</b>         |
| Net assets as at 1 July 2024                       | <b>(149,513)</b> | (252,179)        |
| Income for the year to 30 June 2025                | <b>2,533,316</b> | 4,659,860        |
| Net surplus/(Deficit) for the year to 30 June 2025 | (67,660)         | 102,666          |
| Net assets as at 30 June 2025                      | <b>(217,173)</b> | <b>(149,513)</b> |

**China – Climate Group (UK) Beijing Representative Office**

|                                                    | <b>2025</b>    | <b>2024</b>   |
|----------------------------------------------------|----------------|---------------|
|                                                    | <b>£</b>       | <b>£</b>      |
| Net assets as at 1 July 2024                       | <b>10,014</b>  | 56,528        |
| Income for the year to 30 June 2025                | <b>476,302</b> | 463,585       |
| Net surplus/(Deficit) for the year to 30 June 2025 | 102,821        | (46,514)      |
| Net assets as at 30 June 2025                      | <b>112,835</b> | <b>10,014</b> |

**India – TCCO India Projects Pvt. Ltd**

|                                          | <b>2025</b>    | <b>2024</b>    |
|------------------------------------------|----------------|----------------|
|                                          | <b>£</b>       | <b>£</b>       |
| Net assets as at 1 July 2024             | <b>178,114</b> | 100,483        |
| Income for the year to 30 June 2025      | <b>744,175</b> | 897,581        |
| Net surplus for the year to 30 June 2025 | 11,108         | 77,631         |
| Net assets as at 30 June 2025            | <b>189,222</b> | <b>178,114</b> |

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

|                                          | <b>2025</b> | <b>2024</b> |
|------------------------------------------|-------------|-------------|
|                                          | <b>£</b>    | <b>£</b>    |
| Net assets as at 1 July 2024             | -           | (11,487)    |
| Income for the year to 30 June 2025      | -           | -           |
| Net surplus for the year to 30 June 2025 | -           | 11,487      |
| Net assets as at 30 June 2025            | -           | -           |

**Netherlands – Stichting Climate Group Europe**

|                                          | <b>2025</b>      | <b>2024</b>      |
|------------------------------------------|------------------|------------------|
|                                          | <b>£</b>         | <b>£</b>         |
| Net assets as at 1 July 2024             | <b>(255,887)</b> | (42,933)         |
| Income for the year to 30 June 2025      | <b>269,115</b>   | 176,301          |
| Net Deficit for the year to 30 June 2025 | (183,026)        | (212,954)        |
| Net assets as at 30 June 2025            | <b>(438,913)</b> | <b>(255,887)</b> |

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE GROUP**  
**(INCLUDING AN INCOME & EXPENDITURE ACCOUNT)** For the year ended 30 June 2025

**17. Prior year Consolidated Statement of Financial Activities**

|                                                      | Notes | Restricted      | Unrestricted    | Year ended<br>30 June<br>2024<br>£ |
|------------------------------------------------------|-------|-----------------|-----------------|------------------------------------|
| <b>Income from:</b>                                  |       | £               | £               | £                                  |
| <i>Donations and legacies</i>                        |       |                 |                 |                                    |
| Donations & similar funding                          |       | -               | 141,182         | <b>141,182</b>                     |
| Grants                                               | 2     | 5,571,090       | 513,024         | <b>6,084,114</b>                   |
|                                                      |       | <hr/> 5,571,090 | <hr/> 654,206   | <hr/> <b>6,225,296</b>             |
| <i>Charitable Activities</i>                         |       |                 |                 |                                    |
| Membership and partnership income                    |       | -               | 4,733,436       | <b>4,733,436</b>                   |
| Sponsorship and other                                |       | -               | 4,161,546       | <b>4,161,546</b>                   |
|                                                      |       | <hr/> -         | <hr/> 8,894,982 | <hr/> <b>8,894,982</b>             |
| <b>Total income</b>                                  |       | <hr/> 5,571,090 | <hr/> 9,549,188 | <hr/> <b>15,120,278</b>            |
| <b>Expenditure on:</b>                               |       |                 |                 |                                    |
| <i>Raising funds</i>                                 |       | -               | 1,652,468       | <b>1,652,468</b>                   |
| <i>Charitable activities</i>                         |       | 5,571,090       | 8,067,175       | <b>13,638,265</b>                  |
| <b>Total expenditure</b>                             | 3     | <hr/> 5,571,090 | <hr/> 9,719,643 | <hr/> <b>15,290,733</b>            |
| <b>Net income</b>                                    | 4     | <hr/> -         | <hr/> (170,455) | <hr/> <b>(170,455)</b>             |
| <b>Other recognised gains and losses</b>             |       |                 |                 |                                    |
| Gain / (Loss) on revaluation of foreign subsidiaries |       | -               | (812)           | <b>(812)</b>                       |
| <b>Net movement in funds</b>                         |       | <hr/> -         | <hr/> (171,267) | <hr/> <b>(171,267)</b>             |
| Reconciliation of funds:                             |       |                 |                 |                                    |
| Total funds brought forward                          |       | -               | 2,063,640       | <b>2,063,640</b>                   |
| <b>Total funds carried forward</b>                   | 11    | <hr/> -         | <hr/> 1,892,373 | <hr/> <b>1,892,373</b>             |

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# Accounts

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**THE CLIMATE CHANGE ORGANISATION**

t/a  **CLIMATE GROUP**

**Annual Report and Accounts 2023/24**  
**12 months to 30 June 2024**

COMPANY NUMBER: 4964424  
CHARITY NUMBER: 1102909

# Board of Trustees' Report

|                                                                                                          |           |
|----------------------------------------------------------------------------------------------------------|-----------|
| <b>A message from our Chair.....</b>                                                                     | <b>3</b>  |
| <b>A message from our Chief Executive.....</b>                                                           | <b>5</b>  |
| <b>1. Objectives and activities .....</b>                                                                | <b>7</b>  |
| About us .....                                                                                           | 7         |
| What we do .....                                                                                         | 7         |
| How we do it.....                                                                                        | 7         |
| Our objectives and key initiatives.....                                                                  | 7         |
| <b>2. Achievements and performance .....</b>                                                             | <b>10</b> |
| Impacting systems - Making vital systems of the world economy compatible with a net zero future .....    | 10        |
| Impacting governments - Developing and leveraging solutions which create maximum, measurable impact..... | 13        |
| Impacting opinion - Be an inspiring climate influencer .....                                             | 17        |
| Achieving organisational excellence .....                                                                | 20        |
| <b>3. Financial review .....</b>                                                                         | <b>21</b> |
| Income.....                                                                                              | 21        |
| Expenditure .....                                                                                        | 22        |
| Financial position at year-end .....                                                                     | 23        |
| Managing principal risks and uncertainties.....                                                          | 24        |
| <b>4. Structure, governance and management.....</b>                                                      | <b>25</b> |
| Structure .....                                                                                          | 25        |
| Board of Trustees.....                                                                                   | 25        |
| Executive Management Team and Scheme of Delegation .....                                                 | 26        |
| Statement of Trustees' responsibilities .....                                                            | 27        |
| Key people and advisors.....                                                                             | 29        |
| <b>5. Audited accounts .....</b>                                                                         | <b>30</b> |
| Independent auditor's report to the members and trustees of The Climate Change Organisation .....        | 30        |
| Consolidated statement of financial activities.....                                                      | 34        |
| Balance sheet.....                                                                                       | 35        |
| Consolidated cash flow statement .....                                                                   | 36        |
| Notes to the accounts .....                                                                              | 37        |



Hon. Mike Rann AC,  
CNZM

## A message from our Chair

This year, we celebrated 20 years of Climate Group. To most people, 20 years may not seem like a long time but in the climate world, it is: especially if you look at the work we have been doing for those two decades.

We have brought hundreds of companies together, including some of the world's biggest corporations from every sector, convincing them to take concerted and measurable climate action and to decarbonise more quickly. We've been busy convening networks of corporates, governments and civil society on every continent with one ambition, to do more, often in the face of only incremental change internationally - we were one of the first to do that at scale and speed.

What a journey it has been. We launched in 2004, with former UK Prime Minister Tony Blair pledging his support, to catalyse business and government leadership on climate change and put the world on track for a low carbon economy.

In 2005, we played a foundational role in establishing the States and Regions Alliance, which is now known as the Under2 Coalition and of which we are the secretariat. This initiative, involving nearly 200 subnational governments, accounting for almost half the world's GDP, has been pivotal in scaling up climate action by leveraging the influence and capabilities of these subnational governments. There are so many examples of how our members, through their leadership, have prompted their national governments into action. The Under2 Coalition is now firmly established as a network for knowledge sharing globally.

And in 2009, we launched Climate Week NYC, which has since grown into the biggest climate event of its kind, second only to the annual COP. In 2023 we hosted 600 events in New York, held at the same time as the UN General Assembly. Through Climate Week NYC we have launched and profiled corporate initiatives on renewables, energy efficiency and carbon-free grids, as well as on transport and the decarbonisation of the steel and concrete industries.

These pivotal moments have brought us to where we are today, at the end of our Financial Year 2023/24. With a dedicated team of around 160 people across the world, from Mexico and the US via Europe to India, China and Japan, our global footprint enables us to expand our reach and impact.

Increased impact has been made possible by our financial growth – I'm very proud to say that Climate Group is a financially healthy organisation, with an income of £15.1 million, which is just over £2 million more than the year before. That growth was largely driven by our membership, partnership and sponsorship work, but also through growth in grant income.

It's not growth for the sake of growth, though. Over the past financial year, it has enabled us to invest in our staff and in our systems, our convening power (bringing decision makers together at events like Climate Week NYC), engagement with our members and key audiences, and driving impact across the board.

That convening power remains key to what we do – be it in New Delhi, Seoul, Singapore, Brussels, Washington, D.C., New York or in the Global South. It's hard work, but we are convinced that driving corporate and political demand for sustainable action remains a critical part of mitigating – and adapting to – the growing impacts of climate change. Over the past year we've seen sea temperatures rise, sea ice and glaciers hasten their retreat, and heat records

broken every month. We've seen people die in hurricanes, floods and heatwaves across the globe, and fires laying vast areas of forests into ashes.

It's true that financial investment in renewables and decarbonisation is now accelerating, but there is more to be done, and our world needs greater heavy lifting by the likes of the G7 and G20 as well as COP.

So, It's Time for solid, real-world action that will drive results even faster in the coming year - and I'm convinced that our team at Climate Group, with CEO Helen Clarkson at the helm, can spur companies and governments into much needed action. I would also like to thank our board for their support and invaluable input and highlight the close collaboration with our colleagues on the North American board.

With every best wish,

**Mike Rann AC, CNZM**  
**Chair of Board of Trustees at Climate Group**



Helen Clarkson, OBE

## A message from our Chief Executive

I write this intro to our Annual Report 2023-2024, with mixed feelings. We're looking back on a summer of climate disasters across the globe, rising sea temperatures and stark warnings that 2024 is on track to become the warmest year on record as global average temperatures breached the 1.5C threshold for 12 months straight – with emissions still rising or at best, plateauing.

At the same time, investment in the energy transition hit a record high over 2023, [rising to US \\$1.8 trillion](#), up 17% from the year before, with electrified transport and renewables as key sectors of investment. In that same year, investment in fossil fuels was just under US \$1.1 trillion. The IEA expected global investment in clean energy technology and infrastructure [to hit \\$2 trillion over 2024](#), twice the amount going into fossil fuels, and I firmly believe that the gap will only widen.

On a macro level, it feels very much like the outcome of the battle between worsening climate change and accelerating climate action, still hangs in the balance.

But zooming in, I'm very proud of the leading work our members have played in the journey to decarbonising key systems. This past financial year:

- RE100 members have been actively transitioning a combined electricity demand that is roughly twice the size of [California's annual electricity consumption](#) (2022) to be fully renewable – some have already achieved it. And in a report on eight of the biggest economies in the world, we laid bare the policy and regulatory barriers that stand in the way of a full roll out of corporate renewables.
- Our EV100 members have put 57% more electric cars on the road compared to the previous year, meaning a total of 620,000 EVs in 117 markets since the start of the initiative.
- Our EP100 members have to date saved enough energy to power Japan, Malaysia and Singapore for a year. Our Heavy Industry members are relentlessly working towards making net zero steel and net zero concrete a reality – and the new normal.
- Climate Week NYC has grown into a world-leading event that brings together decision makers at the highest level of business and government that pushed the messages of climate action under the rallying cry **We Can, We Will**.

There definitely is momentum, and this Annual Report reflects that – through the growth of our systems work, our real-world impact, our influence with and through the Under2 Coalition on governments at all levels, but also through the growth of income and our events work.

This did not happen in a vacuum – it's an outcome of a very deliberate strategic direction we set out in 2020. Now that period has come to an end, and a new three-year strategy is starting, we're taking stock not just of the past financial year, but of that entire four-year strategy period. When we set out the strategy, we could not foresee the COVID-19 pandemic locking down the world, nor the war in Ukraine or the Inflation Reduction Act in the US. But it showed the strength of our strategy that it coped with all those factors, and against the odds we opened a Europe office, built out our Government and Policy work, launched our SteelZero and ConcreteZero initiatives, and started EV100+ to tackle emissions in heavy duty vehicles.

Looking forward, our new strategy builds ambition across all our areas of work, taking our work to date and sharpening our theory of change and areas of focus. We will continue our work in the four key systems with large emissions where we have the ability to act – energy, transport, heavy industry, and food. In all of these systems, we are increasingly focused on the policy outcomes from our commitment campaigns. To deliver on this we have also strengthened our Governments

and Policy team and will continue to drive the impact of the Under2 Coalition, particularly through establishing a stronger voice in multilateral processes.

This report captures the evolution of our work over the last few years and how that leads into our new strategy. It lays out in detail how we further shaped our policy work, for example in Japan and South Korea, and at COP28. We strengthened the engagement with our key stakeholders through our Members hubs, convened networks across the globe, fostered an incredible and growing base of frontrunning companies that are acting on climate, and strengthened a coalition of subnational governments that increasingly claim their role on the international stage.

We're proud of that, but we're very aware that more needs to happen to push the transition into the mainstream, inspire others to act, and break down barriers to progress. We're on the right track, but it's time to go faster, at scale and speed.

**Helen Clarkson OBE**  
**Chief Executive of Climate Group**

# 1. Objectives and activities

## About us

Our mission is to drive climate action, fast. Our goal is a world of net zero carbon emissions by 2050, with greater prosperity for all. We do this by forming powerful networks of business and government, unlocking the power of collective action to move whole systems such as energy, transport, the built environment, industry, and food to a cleaner future. Together, we're helping to shift global markets and policies towards faster reductions in carbon emissions.

## What we do

Three factors make us unique:

- **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.

## How we do it

- **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.

We work with leaders and decision-makers from business and government because they shape the market frameworks that can help the world achieve net zero emissions by 2050 or earlier. They have the tools and influence to make it possible in the time we have left.

## Our objectives and key initiatives

This year was the fourth of our current four-year strategy – our four key strategic goals for this period are set out below. Our focus is on changing key systems of the world where we can drive the deepest emissions cuts, using our theory of change.

### 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.

### Develop and leverage solutions which create maximum, measurable impact

We will drive ambitious delivery to achieve net zero emissions whilst ensuring greater prosperity for all, through leveraging relationships with sub-national and national governments, and multilateral governmental organisations. We'll use the right tools to drive action and innovation, through our policy work, strong advocacy and deep government engagement (particularly with Under2 members).

### 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.

### Achieve Organisational Excellence

We will be highly effective across all our operations – providing value to funders, maintaining financial strength and ensuring 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 initiatives.

| Initiative                                   | Description                                                                                                                                                                                               |
|----------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Energy</b>                                |                                                                                                                                                                                                           |
| <b>RE100</b>                                 | A global initiative of influential businesses committed to 100% renewable electricity, working to massively increase demand for – and delivery of – renewable energy.                                     |
| <b>EP100</b>                                 | A global initiative of energy-smart companies committed to using energy more productively, to lower greenhouse gas emissions and accelerate a clean economy.                                              |
| <b>24/7 Carbon Free Coalition</b>            | A coalition of ambitious organisations that are moving towards powering their businesses using 24/7 carbon-free electricity – every hour, every day, sourced from the grids where they operate.           |
| <b>Industry</b>                              |                                                                                                                                                                                                           |
| <b>SteelZero</b>                             | A global initiative, in partnership with ResponsibleSteel, to build a group of leading companies committed to the responsible sourcing and production of net zero steel.                                  |
| <b>ConcreteZero</b>                          | A global initiative, in partnership with the World Green Building Council, to build a group of leading companies committed to the sourcing of net zero concrete.                                          |
| <b>Transport</b>                             |                                                                                                                                                                                                           |
| <b>EV100</b>                                 | 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.                                |
| <b>EV100+</b>                                | An initiative of companies committing to transition their fleet of vehicles over 7.5 tonnes, known as medium- and heavy-duty vehicles (MHDVs), to zero emission by 2040 in OECD markets, China and India. |
| <b>Zero Emission Vehicle (ZEV) Community</b> | Our ZEV Community initiative brings together all levels of governments to share and learn about exciting ZEV initiatives taking place around the world.                                                   |
| <b>Food</b>                                  |                                                                                                                                                                                                           |
| <b>Alliance for Regenerative</b>             | Introducing sustainable agriculture and livestock practices to recover and regenerate forests in the Peruvian Amazon and contribute to local                                                              |

| Initiative                                      | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|-------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Ranching in the Peruvian Amazon</b>          | economic development. A pilot project involving Under2 Coalition member, Madre de Dios, Peru.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Low carbon food procurement</b>              | Scoping project initiated to explore role of sub-national governments in influencing the food system by helping to shift demand, open markets and create tipping points through health and climate-focused food procurement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Governments and Policy</b>                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Under2 Secretariat</b>                       | 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.                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Net-Zero Futures Policy Forum</b>            | An initiative disseminating today's best climate policies and developing new policies to ensure full decarbonisation by Under2 governments.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Climate Finance</b>                          | <p>Funded by Brazil UK PACT, the Mobilising Green Investment in Brazilian states project aims to enhance climate finance capacities and planning across three Brazilian states – Mato Grosso, Pernambuco, and Sao Paulo. Through establishing a community of practice, the project's learnings will be scaled up to other states across Brazil.</p> <p>The Next Generation Budgets project aims to align public budgeting with climate neutrality goals in 11 European and North American states and regions through technical training and sharing of international best practice. The project is led by Climate Group with the Government of North Rhine Westphalia and funded by Stiftung Mercator.</p> |
| <b>Summits and events</b>                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Climate Week NYC</b>                         | Our flagship 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>US Climate Action Summit (USCAS)</b>         | <p>The US Climate Action Summit unites key leaders in business, politics and advocacy to drive US climate momentum during Earth Week.</p> <p>Our goal for the US Climate Action Summit is to create a participant-led platform that drives measurable outcomes on climate policy and business action, with attendees at the heart of the agenda.</p>                                                                                                                                                                                                                                                                                                                                                       |
| <b>Climate Group Asia Action Summit (CGAAS)</b> | Convening our powerful networks in the fastest growing economic region on earth to ask: how can Asia become the green economic powerhouse of the future?                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |

## 2. Achievements and performance

### Impacting systems - Making vital systems of the world economy compatible with a net zero future

#### What we said we'd do

We set out in 2023/24 with the goal of expanding our systems impact through new campaigns, including a leadership coalition on 24/7 carbon-free electricity. We also aimed to maintain the momentum of our existing corporate campaigns, informing the policy landscape to enable the uptake of electric cars, vans and heavy-duty vehicles, as well as driving the standardisation of low carbon concrete and steel.

#### What we achieved

In 2023/24, we continued to build on our strategic focus to drive climate action in systems where governments and leading businesses can have the highest impact: energy, transport, heavy industry, built environment and food.

We use the power of demand as a critical driver of change, inspiring businesses to set clear commitments to buy lower and zero carbon products and services and supporting them in turning this into action. In addition, we use the voice of business to advocate for policies and regulations that speed up investment in lower carbon solutions and encourage suppliers to accelerate their transition. Alongside our work with business, we are increasingly shaping this demand alongside the power of public procurement.

Throughout the year, we have fine-tuned our approach depending on the geography we are working in and the key barriers in each system. For example, the economics of buying lower carbon products can be challenging for highly emitting sectors such as steel and concrete, and there is insufficient awareness of the range of options and the emissions associated with these alternatives. In these sectors, any membership commitment, especially outside of European markets, requires an extensive period of trust and knowledge building with our partners. Despite this barrier, we've built strong relationships with new and potential members and other influential actors in key steel producing and consuming countries such as Japan, the Republic of Korea and China.

Once interest is secured, we nurture our highly active and engaged members to collectively address fundamental issues on the delivery of their commitment. To support them, we have encouraged alignment on topics such as the measurement and accounting of steel and concrete decarbonisation across key international forums and institutions. We have also worked hard to refine our own approach by fully updating the SteelZero commitment criteria, and we're concluding a similar extensive review for ConcreteZero. We've also identified knowledge gaps or disagreement around decarbonisation approaches and developed deep-dive research, for example on ground granulated blast furnace slag (GGBS).

#### **Impact highlight**

*Our Heavy Industry team has implemented new reporting frameworks for both steel and concrete. For SteelZero, 64% of members reported for the first time giving crucial insights into steel data availability and barriers to data collection. This marks the beginning of a standardised approach to holding members accountable and tracking progress. Similarly, ConcreteZero introduced a reporting framework for concrete carbon emissions. The frameworks not only enable members to monitor and benchmark their emissions but also extend its influence down the supply chain, driving industry-wide transparency and best practices in emissions reporting.*

Our more mature initiatives (RE100, EP100 and EV100) have primarily focused on influencing policy in markets where members face barriers to deliver on their commitments, as well as developing action-focused projects in specific sectors or geographies. Recruitment for these campaigns has focused on specific countries to enable effective policy advocacy, whilst ensuring that the overall community of members benefits from engagement and continues to support the goals of the initiative.

For example, through EP100 we have developed the Renovation Revolution action collaborative, targeting policy and market barriers to accelerate renovation rates in Europe, as well as growing membership in Asia. With RE100, we have targeted major economies with a relatively low share of renewables production such as the Republic of Korea and Japan, where we released tailored policy messages to influence key pieces of regulation. That has positioned us as a key player in debates about the future of the countries' energy systems. In 2023/24, we widened our geographic scope, with new RE100 partnerships in Indonesia and Argentina to boost engagement with business and government in those countries – and we prepared a new initiative which launched in late 2024: the 24/7 Carbon-Free Coalition.

#### **Impact highlight**

*With our membership base now exceeding the electricity usage of France, RE100 has the world's 10th largest electricity demand if it were a country – and it's transitioning to renewables. This has been used to emphasise the economic opportunities from members willing to invest in a country's renewables and associated infrastructure. Many members have recently revised their targets to earlier dates to reflect the progress they have made and to apply further pressure on governments. For example, TSMC and Sony have both moved their target years forward by a decade, to 2040.*

In the electric vehicle space, we have combined the strength of our EV100 and EV100+ networks to address policy barriers on light and medium & heavy-duty vehicles in Europe, North America and India, as well as new markets such as Japan. We've also created action-focused projects for zero emission trucking in India and developed research on the potential of cross-border infrastructure to support e-trucking in North America.

#### **Impact highlight**

*In India, we partnered with other organisations to run a stakeholder consultation for the Indian government's national electric truck roadmap, leveraging our EV100 and EV100+ networks to increase responses. This led to our invitation to the taskforce on electric trucks in India, led by the ICCT, which will see a roadmap to greater EV uptake in the Indian heavy-duty segment.*

As part of this policy engagement, we engage with governments at city, state & regional, and national level, working with NGO partners to facilitate engagement with local companies. In the Republic of Korea, for example, we have engaged with leading sub-national governments such as Chungcheongnam-do to secure the province's support for the principles of our SteelZero campaign. To drive renewables ambition, we hosted an Asia Renewables Growth Forum in the Republic of Korea and continued to support the Asia Clean Energy Coalition, of which we are a founding partner, to facilitate international discussions and to nurture leadership across the region.

#### **Next year**

In line with Climate Group's strategy for 2024-2027, we'll drive impact through each system by leveraging the strength of our business and government networks. We'll continue to focus on the role of demand alongside efforts to develop supportive regulation.

We recognise that businesses and governments don't function within a single system or use these systems to frame their strategies and policies. That's why we'll use the combined strength of our networks to accelerate change. For example, the strength of our corporate campaigns can be used to accelerate the growth of renewables, which will then act as an enabler of EV roll-out, support the transition towards lower-carbon steel production, and enable our RE100 members to achieve their ambitious goals.

**Key priorities for 2024/25 include the following**

- Convene business and governments to drive climate action, for example through connecting the work of the state and regional government transport network (ZEV Community) to our business-focused initiatives, EV100 and EV100+, and forming an Industrial Decarbonisation Enablement Alliance (IDEA) that will support heavy industry demand messaging and policy efforts in line with SteelZero and ConcreteZero commitments.
- Strengthen national policy engagement through a co-ordinated approach across transport, heavy industry and energy topics in key geographies such as Japan.
- Explore the role of “incubator” leadership communities to develop the next generation of our membership and impact in key geographies. We'll focus on markets with greater barriers to action, convening companies in these geographies to work together on the path to commitment.
- Inspire further progress on the energy transition through a narrative on the business leadership required on energy efficiency and renewables – in line with the COP28 call for tripling renewables and doubling energy efficiency improvement.
- Support the next generation of renewables leadership in more mature markets through the launch and piloting of a campaign that will drive 24/7 carbon free electricity.
- Complete the first series of our scoping grants on the food system, to identify the opportunity for government leadership on lower carbon food procurement and the implications for business through the value chain.

## Impacting governments - Developing and leveraging solutions which create maximum, measurable impact

### What we said we'd do

Our Governments and Policy team started the financial year with a focus on increasing our climate finance work and integrating adaptation and resilience work with our ongoing mitigation work – while strengthening the role of subnational governments in driving climate action, while ensuring the transition is a just one that leave no one behind.

### What we achieved

Time is running out, yet the ambition of national governments and the pace of international negotiations are failing to keep pace with the urgent action that is needed. This year we have already crossed the 1.5-degree threshold and it's clear we are living in a world exposed to hotter, dryer and wetter conditions.

If anything, this should strengthen our resolve and motivate us to intensify our efforts. Subnational governments can work at scale and speed to shift policies and markets (through procurement, for example), and they are the level of government closest to people to understand the social and community context.

### Raising ambition and leadership

Over this past year, we focused our work with the Under2 Coalition on four priorities: fossil fuel phaseout, addressing methane emissions, climate finance and formalising the role of subnationals in the international climate processes. These issues are the focus for our subnational advocacy (see impact highlight).

This year we continued to grow in strength and influence; we recruited our first ever member from Poland – Wielkopolska regions, and new members also joined from Gyeonggi province (South Korea) and Colorado (US). In addition, we hosted regional member meetings in Africa, LatAm and Europe which were successful in engaging greater participation of states.

Together with Governor Casagrande, from Espirito Santo, we also launched our formal partnership with the Green Brazil Consortium. Through this important network, we are well placed to influence Brazil's COP Presidency.

Throughout the year, we increasingly responded to key political events such as elections to reinforce the importance of climate and position ourselves in relevant debates. For example, around the EU Elections we published a manifesto, and a political communique aimed at the incoming leadership of the European Union. In this communique, states and regions urged the incoming leadership to a) support 90% emission reduction by 2040; b) work with states and regions to implement strong action and c) finance mechanisms that prioritise local needs.

#### **Impact highlight**

*During 2023, the Under2 Coalition was instrumental in securing strong presence of subnational leaders at first ever Local Climate Action Summit at COP, facilitated by Bloomberg Philanthropies. The summit hosted over 450 attendees from more than 60 countries. Under2 Coalition governments used the opportunity to highlight their particular climate concerns as well as share their success stories. We were able to widen the scope of the summit to focus on "local" instead of "urban" or "cities".*

*Additionally, through our leadership in the UN's Local Governments and Municipal Authorities (LGMA) constituency, we helped develop key messages for our COP28 advocacy. Our interventions resulted in more than 15 paragraphs in the COP28 UAE Consensus that contain specific references to local and subnational*

*governments, multilevel action, and urbanisation, significantly elevating the concept of multilevel action to a new level.*

### **The importance of multilevel action**

No one group of stakeholders can bring about the change needed without multilevel action. Cities, states and regions, and national governments all have a critical role to play to reinforce climate action and ensure effective climate governance. This is why we have championed multilevel climate governance through this year, resulting in the CHAMP (Coalition for Higher Ambition Multilevel Partnership) through which national governments agree to work with cities, states and regions on their NDCs.

#### ***Impact highlight***

*Climate Group was significantly involved in the development of Coalition for High Ambition Multilevel Partnership (CHAMP) for climate action, adopted at COP28 in Dubai. CHAMP has been endorsed by over 70 governments, including three states which were specifically invited by Climate Group and partners (Morocco, South Korea, and Colombia). Since then, Climate Group was subsequently asked to lead engagement on implementation of CHAMP in South Korea. Through this work we have championed the creation and adoption of ambitious NDC strategies that bring together all levels of government.*

### **Supporting climate action**

Our work to support governments in implementing climate action grows from strength to strength, delivering real economy impact. Following an event at the US Climate Action Summit (USCAS), the Ministry of Agriculture and Irrigation in Peru released a 'declaration of interest' on sustainable livestock to incentivise and formulate projects. This drew directly from our findings from our regenerative farming project in Peru.

We also continued to bring together Under2 Coalition governments to learn from each other and promote positive competition. Through our Net Zero Policy Forum and the ZEV Community we brought together members to discuss barriers and opportunities for action as well as sharing and learning from what has worked.

#### ***Impact highlight***

*At COP 28, we supported the California government's Subnational Methane Action Coalition, which brings together states and regions setting high levels of ambition on methane emissions reduction. Through peer-to-peer learning and positive competition, this initiative aims to mobilise greater action on this short-lived pollutant. Over the next year, we will aim to operationalise this work to provide further capacity building support to governments on tackling this important pollutant.*

### **Financing the change**

The biggest barrier for many governments to take climate action is finance. To address the need for governments to be better able to access, manage and mobilise funds, we have successfully initiated several projects. For example, the Next Generation Budgets project works with 13 European and North American subnational governments within Under2 for mainstreaming green budgeting practices and in making their regions fit for climate investments.

Additionally, during this year we secured funding for a new project to support Brazilian states to understand the climate financing landscape and support them to develop fundable projects. This initiative, supported by UKPACT Brazil, will materially support governments to be able to turn their project ideas into financeable ventures and also familiarise them with the international

climate finance landscape. This is critical as Brazil aims to showcase its climate leadership, at all levels of government, in the run up to COP30.

### **Impact highlight**

*With our Green Recovery Alliance project, focused on US states and regions, we worked closely with the US Department of Treasury. This session was exclusively tailored for our Under2 and Midwest network, focusing on Tax Credits and direct pay initiatives within the Inflation Reduction Act. We supported 35 state and local governments from locations across the country to better understand how to access climate financing incentives that can help drive their climate action.*

### **Supporting governments from emerging economies – the role of the Future Fund**

The role of developing and emerging regions is fundamental to make a difference to the world's climate system. Not only can these regions contribute to a decarbonised world, but implementing mitigation measures can carry significant and much-needed health and socioeconomic benefits to local populations.

However, due to a lack of resources these regions have traditionally struggled to join international climate networks, be in key meetings, develop mitigation capacities or share lessons learned. The Future Fund is working to change that.

The Future Fund is a powerful source of climate funding from contributing governments and corporate foundations to support climate action in developing and emerging economy regions. It does this through directly funded capacity-building projects, peer learning and secondments, and access to global climate events and forums in regional languages.

### **Impact highlight**

*The Government of Rio Grande do Sul, Brazil, has developed a climate roadmap in the shape of a digital tool that outlines short and medium-term initiatives for the municipalities of Rio Grande do Sul. The project is set up to maintain alignment between the actions advocated by the State and the efforts made at the municipal level to tackle climate change. By creating a more cohesive approach, this project aims to guide municipalities in their decarbonisation process. With this roadmap, the State hopes to set a clear and unified direction towards a more sustainable future for Rio Grande do Sul.*

### **Next year**

- Deepen subnational engagement in international climate processes in the run up to COP30, with a particular focus on their engagement and involvement in the NDC process and enabling access to climate finance.
- Continue to champion multi-level action and strengthen climate cooperation and action across differing levels of government.
- Develop and implement new work on climate finance, aimed at mobilising and incentivising investment for climate action; supporting states and regions to access and manage climate finance; and supporting multi-level action to speed up the transition.
- Scope and design interventions that address the synergies between climate mitigation and adaptation, recognising that for many of our governments these are not distinct policy agendas but deeply inter-related issues.
- Deliver new work on addressing methane emissions reductions, in recognition that decarbonisation alone is insufficient to keep global temperatures to less than 2 degrees change.

- Continue to support governments in emerging economies to have a stronger voice and greater influence in key international climate processes and forums through the Future Fund.

## Impacting opinion - Be an inspiring climate influencer

### What we said we'd do

Communications have always played a key role at Climate Group – at the start of the financial year we ventured into a more campaigning way of working to drive bolder climate action internally and externally and aimed to strengthen our position as key climate influencers of businesses and governments. We wanted to ensure that at the same time we'd strengthen our engagement with our members, support the growth and impact of our flagship events and increase our income.

### What we achieved

Over the past fiscal year, we have worked hard to strengthen our impact, thought leadership and influence through our comms, marketing and media work.

We aimed to further build the profile of our organisation and our experts, we've strengthened the engagement and energy around our membership networks and Under2 Coalition partners, highlighted the strength of our events and projects and invested in our media work. We also strengthened the structure of our Marketing team, and we've taken the first step towards becoming a more activist, campaign focused team to help speed up the change that is so urgently needed. In addition, we have started working on several high-profile comms campaigns that put us at the forefront of public and political discussions.

This has laid a strong foundation on which we'll keep building in the years ahead.

### Our key events

Our events speed up climate action by bringing people together who have the power to decide, finance and drive such action.

Climate Week NYC in September 2023 was bigger than ever with some 600 events, indicating that we have truly established it as a key global climate event. We not only brought together heads of governments, CEOs of some of the biggest corporates in the world, leading figureheads of civil society and over 200 speakers, we also created space for artists, local communities, activists and others, all bound by the same battle cry: **'We Can, We Will'**. That means we help drive change at the very top of business and government, and at community level alike.

#### **Impact highlight**

*Climate Week NYC drew more than 2100 attendees from 96 countries, showing the reach, impact and convening power of the event – some 70% of the attendees to the Opening Ceremony were from business or government, with well over 40% at the executive level.*

*Our digital campaign around Climate Week NYC had some 42 million impressions, our hashtag was seen half a billion times, and the media reach of the event was around 6.9 billion.*

The launch of our short film, "Facing the New Reality", during the Opening Ceremony of Climate Week NYC is testament to the increased quality of the marketing and comms around our events – the film went on to win the Most Empowering Corporate Climate Change Activists at the Non-Profit Organisation Awards.

In April 2024, we convened 260 delegates for the fourth high-level US Climate Action Summit in Washington, D.C., with the theme 'Making It Real'. No less than 21 states were represented, and 167 businesses, to discuss the most pressing climate issues facing the US in sectors including food, industry and transport.

In May, we convened close to 140 RE100 members at the Asia Renewables Growth Forum in Seoul, South Korea, to push the renewable energy transition in Asia forward. The event was well

covered by media, which allowed us to highlight some of the policy changes that are needed to break down policy barriers and siting issues in South Korea.

Our events team supported a significant growth of our COP28 events programme in December, ensuring we convened corporates and governments to tackle climate challenges together.

### **Boosting the impact of our Systems work**

Our comms at System level is transitioning toward a more campaign-led approach, through which we accelerate change in policies, targets and regulations in close alignment with other teams in the organisation, whilst highlighting our own work and expertise (Thought Leadership).

To establish Climate Group as key commentator on the COP28 commitment to triple renewables by 2030, the Energy comms team successfully launched at COP28 the report *Financing the Energy Transition: How Governments Can Maximise Corporate Investment*. The report highlighted policy barriers for corporate renewables roll-out in eight of the biggest economies in the world.

To reach decision makers at the heart of international discussions, with the G20 taking place in New Delhi in India, the Comms team in India gave voice to some of the largest businesses in the country. They urged the G20 governments to align their economies with a 1.5C° just, clean transition, reaching key audiences through our media work.

Ahead of the European elections, we launched the Renovation Revolution project with eight corporate members, to highlight the importance of energy efficiency. As our Energy work is expected to grow, we strengthened the structure of the energy comms team, boosting our campaigning capacity.

In line with our push for more data transparency in concrete and steel, ultimately driving emissions down in the Heavy Industry sectors, we developed a strong narrative around that transparency. We highlighted the work of our members, helped increase the membership numbers and thereby our collective influence on the decarbonisation of steel and concrete. For Transport, we focused on our work in India and the US, electric heavy-duty vehicles in Europe and the ZEV mandate in the UK, together with the Electric Fleet Coalition.

As accountability is an important part of our theory of change, we publicly highlighted the great progress made by members of our initiatives and the Under2 Coalition, using the release of our annual reports for RE100, EP100, EV100(+) and the Under2 Coalition as a hook.

### **Our government work and being reactive**

We've increased the ambition of our Governments and Policy work to ensure states and regions play a bigger and more official role in the development of NDCs and the multilateral process more broadly. Their recognition and our comms around it, including through the CHAMP initiative with national governments, will help states and regions better represent their communities and demonstrate climate solutions that are compatible with a just transition.

Our comms this year focused on amplifying and elevating the voice of our Under2 Coalition regions, which was most evident at the Local Climate Action Summit and Under2 General Assembly at COP28. We also strengthened our connections with organisations such as Bloomberg Philanthropies, Regions4 and C40 to collaborate in the comms around joint climate action.

During this election-filled year, we have increasingly reacted to public debates to ensure that the climate isn't forgotten when new governments are formed, and Climate Group is part of relevant debates. We've released statements, op-eds and press releases around elections in India, Europe, the UK, South Korea and other moments, such as in the lead up to G7 meetings. We worked with policy colleagues to draft a manifesto ahead of the EU elections in June, laying out our key asks and pushing the EU to stay on its ambitious course on climate. Our priorities were amplified throughout the period: building our voice and influence at a time of widespread change.

## Impact through Marketing

Marketing is one of the key pillars through which we build engagement amongst our vast network of decision makers, the Under2 Coalition, and around events. We further strengthened the impact and quality of our Marketing team, and took initial steps to build our influencer marketing, for example through short videos around the launch of Climate Week NYC, to harness the online influence of some of our key contacts.

### **Impact highlight**

*We continued to strengthen our engagement with key external stakeholders in FY 2023/24. Our Climate Insights newsletter now has some 10,000 recipients (from just over 3,000 in 2022) and achieves open rates of up to 61% - it shows our newsletters are resonating with our audience, a critical part of positioning ourselves as go-to thought leader and influencer of key decision makers.*

To ensure we keep delivering the quality, impact and materials our members have come to expect of us, we surveyed our members in business and governments earlier this year. The results: 93% of the respondents are proud to be a member of Climate Group and 83% said it's helping their organisation reach its climate goals. This shows the value we have built through high-quality engagement, ensuring our member income, build a strong reputation and secure retention.

To increase the impact and quality of our engagement with our key audiences even further and strengthen our profile as a go-to climate influencer, we continued to strengthen our website, our (paid and organic) social work, our newsletters and other forms of digital engagement.

We also worked hard to build out our newsletters, update the Members Hubs where we communicate directly with our members and provide them with the relevant info, learnings and feedback, and launched our new Social Media Strategy, which will help us focus across different platforms to different key audiences.

An important part of the Marketing Team's role is highlighting the impact and engagement around events such as Climate Week NYC, COP28 and the US Climate Action Summit, and delivering on the agreements with our partners. Video plays an important role in that field - to boost the quality of our video work around events and throughout the year, thereby improving our visibility and influence, we onboarded an external video agency.

### **Next year**

- Deliver a crosscutting, activist annual campaign to spur hesitant governments and corporates into action.
- Build integrated, sector-leading (digital) strategic influencing campaigns targeting the relevant decision makers and policies in both international spheres and targeted geographies in line with strategy, system and Government and Policy priorities.
- Strategic comms and marketing support around flagship events such as Climate Week NYC, USCAS, Asia, Steel / Concretes, focusing on convening power and action focused thought leadership around these events.
- Strengthen our presence in the media to ensure inclusion in relevant debates.

## Achieving organisational excellence

### What we said we'd do

We set out to continue to grow our staff's climate knowledge and management skills, while focusing on inclusivity and diversity. We also aimed to strengthen our Global Research Innovation and Impact team to develop viable programmes and bids and expanded our membership income by launching SteelZero and ConcreteZero memberships.

### What we achieved

We implemented a mentoring programme, with our Trustees mentoring some of our senior staff across a wide array of skillsets from corporate communications campaigns to strategic relationship management. We also had a lot of success with our reverse-mentoring programme building skills and creating new connections across locations, teams and levels. We further implemented new tools and line manager training to support our focus on staff engagement, performance, and wellbeing.

We delivered the EDI Annual Report in August and agreed the action plan with the EDI Governance Committee. With insights from the UK staff demographic survey one priority was to address under-representation through targeted action during recruitment. We continued to build an inclusive culture through our Knowledge Club, and focused on creating conversations on culture, neurodivergence and mental health.

We focused on equipping teams with the reporting and insights to be more accountable for their bottom-line financial performance. This includes a regular series of monthly business partnering meetings, and significant improvements to our utilisation reporting to support our drive to manage and improve productivity.

We have been focused on improving our data quality and are making great progress with our quarterly data audits. We revamped our contact tagging system in Salesforce to ensure we can segment our data in much more detail and so that all teams are using the same tags to ensure marketing and events have consistent access to our data. We have also revamped the training process for Salesforce to focus on both organisational level and team level training.

We restructured the Development Team to enable the creation of a new Leadership Giving workstream focused on creating opportunities for: i) innovative income from new income sources such as donor advisories, family offices and HNWI; ii) enhanced cross-organisation thought leadership and cultivation process to unlock opportunities for grants at levels previously inaccessible to Climate Group (7-8 figure multi-year partnerships). Whilst this new function is being created, we are consolidating our current Grants Team to continue to maintain and grow our grants pipeline as our largest long-term income stream.

We launched paid membership plans for SteelZero and ConcreteZero, with tiered pricing for large corporates and MSMEs.

### Our supporters

*Our philanthropic supporters included:*

Bentley Environmental Foundation, Bloomberg Philanthropies, Climate Imperative Foundation, ClimateWorks Foundation, ClimatePower, the European Climate Foundation, Global Methane Hub, John D. and Catherine T. MacArthur Foundation, Laudes Foundation, McKnight Foundation, the New York Community Trust, Pooled-Fund on International Energy, Shakti Sustainable Energy Foundation, Stiftung Mercator, Stichting SED, Tara Climate Foundation, Tiina and Antti Herlin Foundation, the Urban Mobility Innovation Fund, VoLo Foundation, the We Mean Business coalition and its philanthropic partners, Wellcome Trust, as well as a number of private donors.

*Our government supporters included:*

The Government of Baden-Wurttemberg

The Government of Navarra

The Government of Quebec

The Government of Scotland

The Government of Wales

UK PACT (Partnering for Accelerated Climate Transitions)

US Department of State

US Department of Energy

### Next year

- We will research opportunities to improve our productivity through the targeted use of AI tools. Solutions will be guided by our AI Policy, to ensure considered and controlled implementation and ongoing usage.
- In alignment with the new strategy, Learning & Development investment will deepen technical knowledge in cross-cutting topics like Climate Finance and Adaptation & Resilience, set the context through our Election Specials series and continue to develop our line managers to lead teams to sustainable high performance.
- We will continue to deliver an EDI programme that brings diverse perspectives and skills to the organisation and enables a fair and inclusive culture.

## 3. Financial review

The Statement of Financial Activities (page 34) 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, the Netherlands and India (indicated by “Group”). Figures in this section reflect the consolidated Group figures.

In the 2023/24 financial year, we have reported a £171,237 deficit. This position was anticipated and resulted from our investment in developing operations in China and the Netherlands, as well as the depreciation of our new UK premises, which is funded by a designated reserve. As a result, our unrestricted reserves have reduced to £1.9m, falling below the target range set by the Trustees, but we are targeting returning to the target range over the forthcoming financial years.

### Income

Our total income for the 2023/24 financial year was £15.1m (2022/23: £12.9m) and as at 30 June 2024 we held £6.2m of deferred income (30 June 2023: £5.9m).

Our income generation continued to prove resilient, with significant year on year growth. The primary sources of income were as follows:

- Government and foundation grant making of £6.0m (2022/23: £6.3m). Growth opportunities in the year were limited due to a significant period of re-alignment in climate philanthropy which has led to a slow-down in funding approvals. This has been the result of the entrance of new donors into the climate space, and efforts to organise new collaborative platforms capable of responding to the growing urgency of the climate crisis. However, our diversified portfolio ensured that income levels remained at a similar level to the prior year.
- Sponsorship income for our events including Climate Week NYC plus other smaller events grew to £4.2m (2022/23: £3.2m). Climate Week NYC showed significant growth, which was complemented by the US Climate Action Summit.

- Membership and partnership income also showed very significant growth reaching £4.7m (2022/23: £3.2m) as the membership campaigns continued to grow. As a forecastable source of income, this enabled us to progress critical work with confidence in our ability to withstand external factors.

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 continued to develop work in the food system with pilot grants researching the powers of corporates and sub-national governments to utilise their procurement powers to create positive change. We have also delivered the first portfolio of regional grants managed by the Netherlands and China offices, and secured Climate Group's first grants on climate finance topics.

## Expenditure

During the accounting period our expenditure totalled £15.3m (2021/22: £13.9m).

Expenditure increased as we invested in our staffing, together with growth in line with project and event delivery income. In addition, we incurred the first full year of depreciation on the new UK premises.

The expenditure includes collaborative subgrants to other organisations which included CDP Global, ResponsibleSteel, and the Center for Climate Strategies. These subgrants, which meet our charitable objectives, support the delivery of our programmes.

## Financial position at year-end

The balance of total funds as at 30 June 2024 is £1.9m (2022/23: £2.1m). The decrease in unrestricted reserves by £0.2m to £1.9m was driven by the deficit in the year. The reserves include an element designated for the new premises, which will reduce as the relevant assets are depreciated. As at 30 June 2024, the remaining designated reserve balance is £0.2m.

Across our global offices, our North America operations remained dependent on events income as we continue to build momentum in establishing a portfolio of project work to progress our local and global goals. Progress on developing a regional portfolio has included new work on the intersection of climate and public health, as well as grants to support US states to access Inflation Reduction Act financing and to broaden climate leadership amongst Latino stakeholders.

Our Indian operations continued to deliver core initiatives locally, primarily supported by restricted grant income. International grant-makers are the primary source of income, though the conditions for international philanthropic investment have tightened in terms of oversight from the Government of India and may continue to do so with the outcome of the 2024 Indian election. Portfolio growth has been strong, especially in promoting conditions for the uptake of zero-emission vehicles, and across Climate Group's industrial decarbonisation campaigns. To diversify funding we are continuing to drive domestic membership payments for our corporate campaigns, as well as driving engagement with Indian donor advisory networks and high net worth individuals.

To support our plans for global growth, we have a growing portfolio of work planned for our EU office based in the Netherlands, which will contribute to global programmes in addition to locally sourced and delivered project work. In particular, the Netherlands is leading our strategy on growing our food system portfolio and will also play a prominent role in our work on supporting states and regions' deployment of climate finance.

The income pipeline for our Representative Office in China has gathered momentum through 2023/24 and we are building a team to deliver our goals for the region. The focus of grant funding is concentrated in our industry and transport system areas – looking at the decarbonisation of the auto-manufacture and steel production value chain, and well as opportunities for decarbonisation of steel in the shipping industry. We expect future growth in China to be focused around our renewable energy work, with both philanthropic grant-making and corporate partnership activations being key sources of income.

### Reserves policy

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 at 3-6 months of unrestricted expenditure. Whilst we ended the year below the lower end of this range, previously growing our reserves beyond the upper target range enabled us to invest in developing our operations in China and the Netherlands, and we remain confident in the strength of our balance sheet that shows a strong cash position, together with deferred income relating to ongoing membership programmes and project delivery.

As at 30 June 2024, the unrestricted reserves of £1.9m (2022/23: £2.1m), including designated reserves of £0.2m (2022/23: £0.3m), represents approximately 2.3 months of unrestricted expenditure. The Trustees anticipate that we will return to the target range and build our reserves position through consistently achieving appropriate surpluses in future financial years.

### Going concern

Climate Group's strategic planning, annual budgeting and ongoing financial performance review processes include a thorough review of variances, plus forecasts of income, expenditure and cash flows, which take into consideration the current economic climate and its potential impact on our income streams alongside our planned expenditure.

Funders (especially foundations and corporates) continue to support our sector and, whilst we do not foresee any material risk to income in the year to 30 June 2025, we remain vigilant to the need to deploy mitigating actions.

Overall, given the level of reserves, no debt, strong cash flows and robust relationships with partners, donors and funders, we consider Climate Group is well placed to manage the business risks it faces.

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 Climate Group to continue as a going concern.

## **Managing principal risks and uncertainties**

The Trustees are responsible for ensuring that major risks facing Climate Group are appropriately managed and that there are effective and adequate risk management and internal control systems in place to manage strategic and operational risks. Our risk management processes outline the approach we use to identify and manage risks. 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 risk register, including reports from quarterly reviews, are reviewed by the Executive Management Team and Finance and Audit Committee. The Board of Trustees annually reviews the risk register, with a further mid-year review following Committee review.

The principal risks identified are:

### **Increasing ambition puts pressure on consistent delivery that maximises impact**

We made further operational progress in embedding teams in China and the European Union and have reduced our global operational risks by working with or hiring local experts to address the respective legal, HR and compliance risks. We are still collaborating to establish secure funding streams for the international offices and have seen progress this year.

As we continue to grow Climate Group's programmatic work we need to ensure this does not affect the effectiveness of project delivery which could reduce our impact to accelerate emission reductions. Looking forward we are looking to grow our programmatic work in Indonesia, Brazil, Mexico, South Africa, Nigeria, South Korea, and Japan so we are watching this space very carefully.

### **Event Portfolio growth has increased the complexity of delivery and income risk**

Our event portfolio has grown in size, complexity and as a proportion of our income as we work to increase our impact. As a result, the revenue impact from reputational, delivery or force majeure risks is increasing. We have conducted reviews of all our insurance opportunities and approaches to payments and contracting and made some changes to mitigate our risks. We continue to annually review and strengthen as needed our due diligence processes for all our members, partners and sponsors to mitigate risk.

### **People and delivery cost pressures continued despite lower global inflation**

The decline in inflation and pay pressures has helped ease some pressure on our cost base, however, we still faced a highly competitive labour market. We continued to focus on strengthening our employee value proposition and updated our recruitment and onboarding processes to be able to attract top talent.

Delivery and partner costs pressures were also present and were not fully offset by higher funding, so we continued to focus on efficiency and strengthening our project management across the organisation.

## 4. Structure, governance and management

### Structure

The Climate Change Organisation, which is known as and trades as 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. Climate Group's statutory objects and powers are established in a Memorandum of Association, and the company is governed under its Articles of Association.

Climate Group is also represented by legal entities in the US, India and the Netherlands, with a Representative Office in China. 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.

### Board of 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 below.

The Climate Group Board of Trustees currently comprises 10 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 present and past Trustees who served during the year, and to the date of signing this report, are listed below. Trustees who form part of sub-committees and/or working groups are indicated as follows, Finance and Audit Committee (F&A), Global Nominations and Governance Committee (GN&G), Remunerations Committee (R) and Climate Week NYC Board Steering Group (BSG).

|                       |                                        |
|-----------------------|----------------------------------------|
| Zoë Ashcroft          | Deputy Chair; GN&G                     |
| Andrew Clark          | Trustee; F&A; R                        |
| Jeffrey B. Gracer     | Trustee; GN&G (resigned December 2023) |
| James Hall-Smith      | Trustee; F&A                           |
| Victoria Keilthy      | Trustee; F&A (resigned July 2023)      |
| Mayumi Omi            | Trustee                                |
| Joanne Parker         | Trustee; BSG                           |
| Michael Rann          | Chair; GN&G; R                         |
| Gov. Bill Ritter, Jr. | Trustee; GN&G (appointed March 2024)   |
| Amber Rudd            | Trustee; (resigned March 2024)         |
| Jonathan Williams     | Trustee; F&A (appointed July 2023)     |
| Rachel Andrews        | Trustee; F&A (appointed May 2024)      |
| Lutamy Mtwali         | Trustee; F&A (appointed May 2024)      |

## Trustee recruitment and induction

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 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.

## Board committees

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 **Remuneration Committee**, made up by the Board and Finance and Audit Committee Chairs, is tasked on behalf of the Board with ensuring fair and proportionate remuneration for c-suite employees (currently CEO and COO).

The **Global Nominations and Governance Committee** is comprised of board members from both our UK and US boards, and 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 Climate Group's boards and any advisory groups, and to consider specific organisational governance requirements.

## Executive Management Team and Scheme of Delegation

The Trustees have set out a scheme of delegation. While retaining overall responsibility for 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, member details of which can be found below.

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.

|                    |                                                         |
|--------------------|---------------------------------------------------------|
| Helen Clarkson OBE | Chief Executive                                         |
| Luke Herbert       | Executive Director, Communications and External Affairs |
| Ana Mates          | Chief Operating Officer                                 |
| David Mole         | Executive Director, Development                         |
| Alex Moore         | Executive Director, Finance and IT                      |
| Champa Patel       | Executive Director for Governments and Policy           |
| Mike Peirce        | Executive Director, Systems Change                      |

## 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

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, Climate Group received no fundraising complaints from members of the public.

## **Remuneration policy**

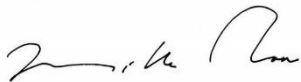
The salaries of Climate Group staff are periodically benchmarked against comparable organisations, including other charities. Climate Group aims to set salaries equivalent to the median for such organisations. All posts are evaluated based on agreed, organisation-wide criteria that determine the grade 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 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 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 16 December 2024 and was signed on its behalf by:



**Hon. Mike Rann AC, CNZM**  
Chair of the Board of Trustees

## Key people and advisors

The information shown below pertains to the period between 1 July 2023 and 16 December 2024, the date of the signing of the accounts.

### Registered office

The Clove Building  
4 Maguire Street  
London  
SE1 2NQ

### Directors of our Regional Boards

#### The Climate Group, Inc.

- Zoë J. Ashcroft
- Helen Clarkson
- Gary Doer
- Ariane de Vienne
- Joseph M. Kinard
- Douglas P. Lawrence
- Gov. Bill Ritter, Jnr. (Chair)

#### TCCO India Projects Pvt. Ltd

- Helen Clarkson
- Divya Sharma (Wholetime Director and Chair)

#### Stichting Climate Group Europe

- Helen Clarkson
- Jeroen Gerlag
- Maria Anna Van Keep (Chair)
- Jeffrey Prins

### Principal Professional Advisers

#### Bankers

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

#### Auditors

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

## 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 2024 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 groups and the charitable company's affairs as at 30 June 2024 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 has 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 25, 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 based on 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](http://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.



Dipesh Chhatralia  
Senior Statutory Auditor  
For and on behalf of  
**Crowe U.K. LLP**  
Statutory Auditor  
London

20 December 2024

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 2024

## Consolidated statement of financial activities

|                                                      | Notes | Restricted       | Unrestricted     | Year ended<br>30 June<br>2024 | Year ended<br>30 June<br>2023 |
|------------------------------------------------------|-------|------------------|------------------|-------------------------------|-------------------------------|
|                                                      |       | £                | £                | £                             | £                             |
| <b>Income from:</b>                                  |       |                  |                  |                               |                               |
| <i>Donations and legacies</i>                        |       |                  |                  |                               |                               |
| Donations & similar funding                          |       | -                | 141,182          | <b>141,182</b>                | 142,067                       |
| Grants                                               | 2     | 5,571,090        | 513,024          | <b>6,084,114</b>              | 6,367,454                     |
|                                                      |       | <u>5,571,090</u> | <u>654,206</u>   | <u><b>6,225,296</b></u>       | <u>6,509,521</u>              |
| <i>Charitable activities</i>                         |       |                  |                  |                               |                               |
| Membership and partnership income                    |       | -                | 4,733,436        | <b>4,733,436</b>              | 3,175,693                     |
| Sponsorship and other                                |       | -                | 4,161,546        | <b>4,161,546</b>              | 3,179,906                     |
|                                                      |       | <u>-</u>         | <u>8,894,982</u> | <u><b>8,894,982</b></u>       | <u>6,355,599</u>              |
| <b>Total income</b>                                  |       | <u>5,571,090</u> | <u>9,549,188</u> | <u><b>15,120,278</b></u>      | <u>12,865,120</u>             |
| <b>Expenditure on:</b>                               |       |                  |                  |                               |                               |
| <i>Raising funds</i>                                 |       | -                | 1,652,468        | <b>1,652,468</b>              | 1,706,104                     |
| <i>Charitable activities</i>                         |       | 5,571,090        | 8,067,175        | <b>13,638,265</b>             | 12,218,813                    |
| <b>Total expenditure</b>                             | 3     | <u>5,571,090</u> | <u>9,719,643</u> | <u><b>15,290,733</b></u>      | <u>13,924,917</u>             |
| <b>Net income</b>                                    |       | <u>-</u>         | <u>(170,455)</u> | <u><b>(170,455)</b></u>       | <u>(1,059,797)</u>            |
| <b>Other recognised gains and losses</b>             |       |                  |                  |                               |                               |
| Gain / (Loss) on revaluation of foreign subsidiaries |       | -                | (812)            | <b>(812)</b>                  | (280)                         |
| <b>Net movement in funds</b>                         |       | <u>-</u>         | <u>(171,267)</u> | <u><b>(171,267)</b></u>       | <u>(1,060,077)</u>            |
| Reconciliation of funds:                             |       |                  |                  |                               |                               |
| Total funds brought forward                          |       | -                | 2,063,640        | <b>2,063,640</b>              | 3,123,717                     |
| <b>Total funds carried forward</b>                   | 11    | <u>-</u>         | <u>1,892,373</u> | <u><b>1,892,373</b></u>       | <u>2,063,640</u>              |

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

**BALANCE SHEETS****COMPANY NUMBER: 4964424**

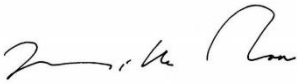
As at 30 June 2024

**Balance sheet**

|                                                       | Notes | Group<br>30 June<br>2024<br>£ | Group<br>30 June<br>2023<br>£ | Charity<br>30 June<br>2024<br>£ | Charity<br>30 June<br>2023<br>£ |
|-------------------------------------------------------|-------|-------------------------------|-------------------------------|---------------------------------|---------------------------------|
| <b>Fixed assets</b>                                   |       |                               |                               |                                 |                                 |
| Tangible fixed assets                                 | 7     | 233,239                       | 267,293                       | 196,612                         | 251,096                         |
| Investments                                           | 8     | -                             | -                             | 10,770                          | 10,770                          |
|                                                       |       | <b>233,239</b>                | 267,293                       | <b>207,382</b>                  | 261,866                         |
| <b>Current assets</b>                                 |       |                               |                               |                                 |                                 |
| Debtors                                               | 9     | 4,661,648                     | 3,286,733                     | 4,758,603                       | 2,871,730                       |
| Cash at bank and in hand                              |       | 5,036,780                     | 6,229,011                     | 4,451,232                       | 5,693,305                       |
|                                                       |       | <b>9,698,428</b>              | 9,515,744                     | <b>9,209,835</b>                | 8,565,035                       |
| <b>Creditors:</b> amounts falling due within one year | 10    | <b>(8,039,294)</b>            | (7,719,397)                   | <b>(7,084,341)</b>              | (6,481,256)                     |
| <b>Net current assets</b>                             |       | <b>1,659,134</b>              | 1,796,347                     | <b>2,125,494</b>                | 2,083,779                       |
| <b>Net assets</b>                                     | 11    | <b>1,892,373</b>              | 2,063,640                     | <b>2,332,876</b>                | 2,345,645                       |
| <b>Represented by</b>                                 |       |                               |                               |                                 |                                 |
| Restricted funds                                      |       | -                             | -                             | -                               | -                               |
| Unrestricted funds – General                          |       | 1,722,373                     | 1,728,640                     | 2,162,876                       | 2,010,645                       |
| Unrestricted funds – Designated                       |       | 170,000                       | 335,000                       | 170,000                         | 335,000                         |
| <b>Total funds</b>                                    | 12    | <b>1,892,373</b>              | 2,063,640                     | <b>2,332,876</b>                | 2,345,645                       |

The net movement in funds for the charity only for the year was negative £12,769 (2023: £952,371).

The accounts on pages 34 to 52 were approved by the Board of Trustees and authorised for issue on 16 December 2024 and signed on its behalf by:



**Hon Mike Rann AC, CNZM**  
Chair of the Board of Trustees

## CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 June 2024

### Consolidated cash flow statement

|                                                                    | Year ended<br>30 June<br>2024<br>£ | Year ended<br>30 June<br>2023<br>£ |
|--------------------------------------------------------------------|------------------------------------|------------------------------------|
| <b>Cash flows from operating activities:</b>                       |                                    |                                    |
| <i>Net cash provided by operating activities (Note a)</i>          | <b>(1,046,726)</b>                 | 677,165                            |
| <b>Cash flows from investing activities:</b>                       |                                    |                                    |
| Payments to acquire tangible fixed assets                          | <b>(145,507)</b>                   | (32,421)                           |
| <b>Change in cash and cash equivalents in the reporting period</b> | <b>(1,192,233)</b>                 | 644,744                            |
| <b>Cash and cash equivalents at the beginning of the year</b>      | <b>6,229,013</b>                   | 5,584,269                          |
| <b>Cash and cash equivalents at the end of the year</b>            | <b>5,036,780</b>                   | 6,229,013                          |

### Note to the cash flow statement

#### Reconciliation of net income to net cash provided by operating activities

|                                                                                      | Year ended<br>30 June<br>2024<br>£ | Year ended<br>30 June<br>2023<br>£ |
|--------------------------------------------------------------------------------------|------------------------------------|------------------------------------|
| <i>Net income for the year</i>                                                       | <b>(170,455)</b>                   | (1,059,797)                        |
| <b>Adjustments for:</b>                                                              |                                    |                                    |
| Depreciation charges                                                                 | <b>177,804</b>                     | 150,721                            |
| Investment income                                                                    | -                                  | 86,277                             |
| Foreign exchange differences, excluding gains arising on revaluation of fixed assets | <b>943</b>                         | 5,187                              |
| (Increase)/ Decrease in debtors                                                      | <b>(1,374,915)</b>                 | (824,094)                          |
| Increase / (Decrease) in creditors                                                   | <b>319,897</b>                     | 2,318,871                          |
| <i>Net cash provided by operating activities</i>                                     | <b>(1,046,726)</b>                 | 677,165                            |

### 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 2019 - (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*

Climate Group, like many charities, is dependent on voluntary contributions from funders and ongoing relationships with our partners to meet its future commitments. Climate Group's planning and performance review processes include financial projections of income, expenditure and cash flows that take into consideration the current economic climate and its potential impact on the various sources of income and planned expenditure. Climate Group is well placed to manage the business risks it faces given its level of reserves, no debt, 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 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** from grants is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received, and the amount can be measured reliably.

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

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

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

## Notes to the accounts

### c) Expenditure

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

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

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

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

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

### d) Investments

Investments are a form of basic financial instruments and are recognised at their transaction value.

### e) Fixed assets and depreciation

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

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

|                        |           |
|------------------------|-----------|
| Office equipment       | - 3 years |
| Furniture and fixtures | - 3 years |

### f) Fund accounting

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

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

### g) Pension costs

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

### h) Operating leases

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

### i) Foreign currencies

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

## Notes to the accounts

### j) Debtors

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

### k) Creditors and provisions

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

### l) Financial instruments

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

## 2. Grants

|                    | Restricted       | Unrestricted   | Year ended<br>30 June<br>2024 | Year ended<br>30 June<br>2023 |
|--------------------|------------------|----------------|-------------------------------|-------------------------------|
|                    | £                | £              | £                             | £                             |
| Corporations       | -                | 97,225         | <b>97,225</b>                 | 95,083                        |
| Governments        | 602,925          | 233,681        | <b>836,606</b>                | 921,422                       |
| Foundations & NGOs | 4,968,165        | 182,118        | <b>5,150,283</b>              | 5,350,949                     |
|                    | <u>5,571,090</u> | <u>513,024</u> | <u><b>6,084,114</b></u>       | <u>6,367,454</u>              |

## 3. Analysis of total expenditure

|                       | Direct<br>staff<br>costs<br>£ | Other<br>direct<br>costs<br>£ | Total<br>direct<br>costs<br>£ | Support<br>staff<br>costs<br>£ | Other<br>support<br>costs<br>£ | Total<br>support<br>costs<br>£ | Year<br>ended 30<br>June 2024<br>£ | Year ended<br>30 June<br>2023<br>£ |
|-----------------------|-------------------------------|-------------------------------|-------------------------------|--------------------------------|--------------------------------|--------------------------------|------------------------------------|------------------------------------|
| Raising funds         | 1,081,793                     | 91,899                        | <b>1,172,692</b>              | 287,932                        | 190,844                        | <b>478,776</b>                 | <b>1,652,468</b>                   | 1,533,083                          |
| Charitable activities | 5,582,289                     | 4,182,241                     | <b>9,764,530</b>              | 2,329,636                      | 1,544,099                      | <b>3,873,735</b>               | <b>13,638,265</b>                  | 12,391,834                         |
| <b>Total 2024</b>     | <u>6,664,082</u>              | <u>4,274,140</u>              | <u><b>10,938,222</b></u>      | <u>2,617,568</u>               | <u>1,734,943</u>               | <u><b>4,352,511</b></u>        | <u><b>15,290,733</b></u>           | <u>13,924,917</u>                  |
| Total 2023            | <u>5,626,955</u>              | <u>3,972,443</u>              | <u><b>9,599,398</b></u>       | <u>2,663,752</u>               | <u>1,661,767</u>               | <u><b>4,325,519</b></u>        |                                    |                                    |

## Notes to the accounts

Other support costs comprise:

|                        | Year ended<br>30 June<br>2024<br>£ | Year ended<br>30 June<br>2023<br>£ |
|------------------------|------------------------------------|------------------------------------|
| Premises               | 636,907                            | 620,935                            |
| Other office costs     | 116,100                            | 109,047                            |
| IT                     | 354,030                            | 269,850                            |
| Audit                  | 60,497                             | 60,580                             |
| Legal and professional | 185,928                            | 163,013                            |
| Exchange differences   | 30,210                             | 102,103                            |
| Other                  | 351,271                            | 336,239                            |
|                        | <b>1,734,943</b>                   | <b>1,661,767</b>                   |

### 4. Net income / (expenditure)

is stated after charging:

|                                                                              | Year ended<br>30 June<br>2024<br>£ | Year ended<br>30 June<br>2023<br>£ |
|------------------------------------------------------------------------------|------------------------------------|------------------------------------|
| Operating lease rentals – buildings                                          | 480,197                            | 467,015                            |
| Depreciation                                                                 | 177,805                            | 150,719                            |
| Fees payable to charity auditors: audit of the charity's annual accounts     | 29,400                             | 28,000                             |
| Fees payable to other group auditors: statutory audit of subsidiary accounts | 31,097                             | 27,829                             |
| Other services                                                               | 22,579                             | 30,720                             |
|                                                                              | <b>741,078</b>                     | <b>704,283</b>                     |

### 5. Staff costs

Staff costs during the period amounted to:

|                                  | Year ended<br>30 June<br>2024<br>£ | Year ended<br>30 June<br>2023<br>£ |
|----------------------------------|------------------------------------|------------------------------------|
| Wages and salaries               | 6,949,789                          | 6,154,081                          |
| Social security costs            | 717,959                            | 660,891                            |
| Employer's pension contributions | 775,371                            | 620,792                            |
| Other staff costs                | 567,128                            | 531,862                            |
|                                  | <b>9,010,247</b>                   | <b>7,967,626</b>                   |
| Temporary staff                  | 271,403                            | 323,080                            |
|                                  | <b>9,281,650</b>                   | <b>8,290,706</b>                   |

## Notes to the accounts

Included within staff costs above is £Nil (2023: £Nil) relating to termination costs. There were £Nil worth of ex-gratia payments made during the year (2023: £Nil).

The average number of employees in the year was 156 (2023:146).

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:

|                          | 2023/24 |                         | 2022/23 |                         |
|--------------------------|---------|-------------------------|---------|-------------------------|
|                          | UK      | Rest of World<br>Number | UK      | Rest of World<br>Number |
| £60,000 - £70,000 p.a.   | 4       | 3                       | 3       | 4                       |
| £70,001 - £80,000 p.a.   | 3       | 4                       | 2       | 1                       |
| £80,001 - £90,000 p.a.   | 3       | 2                       | -       | 2                       |
| £90,001 - £100,000 p.a.  | -       | -                       | 1       | 1                       |
| £100,001 - £110,000 p.a. | 3       | 1                       | 4       | 1                       |
| £110,001 - £120,000 p.a. | 2       | 1                       | -       | -                       |
| £120,001 - £130,000 p.a. | 1       | 1                       | -       | -                       |
| £130,001 - £140,000 p.a. | -       | -                       | 1       | -                       |
| £140,001 - £150,000 p.a. | 1       | -                       | -       | -                       |
| £180,001 - £190,000 p.a. | -       | 1                       | -       | 1                       |

Retirement benefits are accruing to the higher paid staff under defined contribution schemes or equivalent overseas. Employer contributions of £100,550 (2023: £66,837) 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 26. The total employee benefits for the EMT were £1,445,105 (2023: £1,204,319) inclusive of employer's pension and national insurance costs.

### 6. Trustees' remuneration and expenses

No Trustee received any remuneration during the year (2023: nil). Expenses incurred by Trustees during the year totalled to £1,048 (2023: £1,484).

## Notes to the accounts

### 7. Tangible fixed assets

| <b>Group</b>                 | Office<br>equipment | <b>Total</b>   |
|------------------------------|---------------------|----------------|
| <b>Cost</b>                  | £                   | £              |
| At 1 July 2023               | 483,413             | <b>483,413</b> |
| Foreign Exchange Revaluation | (410)               | <b>(410)</b>   |
| Additions                    | 145,507             | <b>145,507</b> |
| Disposals                    | (9,014)             | <b>(9,014)</b> |
| <b>At 30 June 2024</b>       | <b>619,496</b>      | <b>619,496</b> |
| <b>Depreciation</b>          |                     |                |
| At 1 July 2023               | 216,120             | <b>216,120</b> |
| Foreign Exchange Revaluation | 1,347               | <b>1,347</b>   |
| Charge for the period        | 177,804             | <b>177,804</b> |
| Disposals                    | (9,014)             | <b>(9,014)</b> |
| <b>At 30 June 2024</b>       | <b>386,257</b>      | <b>386,257</b> |
| <b>Net book value</b>        |                     |                |
| <b>At 30 June 2024</b>       | <b>233,239</b>      | <b>233,239</b> |
| At 1 July 2023               | 267,293             | <b>267,293</b> |
| <b>Charity</b>               | Office<br>equipment | <b>Total</b>   |
| <b>Cost</b>                  | £                   | £              |
| At 1 July 2023               | 455,050             | 455,050        |
| Additions                    | 115,310             | <b>115,310</b> |
| Disposals                    | (7,502)             | (7,502)        |
| <b>At 30 June 2024</b>       | <b>562,858</b>      | <b>562,858</b> |
| <b>Depreciation</b>          |                     |                |
| At 1 July 2023               | 203,954             | <b>203,954</b> |
| Charge for the period        | 169,794             | <b>169,794</b> |
| Disposals                    | (7,502)             | <b>(7,502)</b> |
| <b>At 30 June 2024</b>       | <b>366,246</b>      | <b>366,246</b> |
| <b>Net book value</b>        |                     |                |
| <b>At 30 June 2024</b>       | <b>196,612</b>      | <b>196,612</b> |
| At 1 July 2023               | 251,096             | <b>251,096</b> |

## Notes to the accounts

### 8. Investments

|                              | <b>Group<br/>30 June<br/>2024<br/>£</b> | <b>Group<br/>30 June<br/>2023<br/>£</b> | <b>Charity<br/>30 June<br/>2024<br/>£</b> | <b>Charity<br/>30 June<br/>2023<br/>£</b> |
|------------------------------|-----------------------------------------|-----------------------------------------|-------------------------------------------|-------------------------------------------|
| Seed capital investment fund | -                                       | -                                       | -                                         | -                                         |
| Investment in subsidiaries   | -                                       | -                                       | <b>10,770</b>                             | 10,770                                    |
|                              | <hr/>                                   | <hr/>                                   | <hr/>                                     | <hr/>                                     |
|                              | -                                       | -                                       | <b>10,770</b>                             | 10,770                                    |
|                              | <hr/>                                   | <hr/>                                   | <hr/>                                     | <hr/>                                     |

### 9. Debtors

|                               | <b>Group<br/>30 June<br/>2024<br/>£</b> | <b>Group<br/>30 June<br/>2023<br/>£</b> | <b>Charity<br/>30 June<br/>2024<br/>£</b> | <b>Charity<br/>30 June<br/>2023<br/>£</b> |
|-------------------------------|-----------------------------------------|-----------------------------------------|-------------------------------------------|-------------------------------------------|
| Trade debtors                 | <b>3,282,932</b>                        | 2,134,654                               | <b>2,790,465</b>                          | 1,406,833                                 |
| Other debtors                 | <b>356,697</b>                          | 323,818                                 | <b>312,589</b>                            | 304,642                                   |
| Due from subsidiary companies | -                                       | -                                       | <b>778,731</b>                            | 572,077                                   |
| Prepayments                   | <b>711,297</b>                          | 580,425                                 | <b>618,207</b>                            | 356,506                                   |
| Accrued income                | <b>310,722</b>                          | 247,836                                 | <b>258,611</b>                            | 231,672                                   |
|                               | <hr/>                                   | <hr/>                                   | <hr/>                                     | <hr/>                                     |
|                               | <b>4,661,648</b>                        | 3,286,733                               | <b>4,758,603</b>                          | 2,871,730                                 |
|                               | <hr/>                                   | <hr/>                                   | <hr/>                                     | <hr/>                                     |

There is an amount of £279,960 that is over a year included in Other Debtors for the London office rent deposit (2023: £279,960).

## Notes to the accounts

### 10. Creditors: amounts falling due within one year

|                              | <b>Group<br/>30 June<br/>2024<br/>£</b> | <b>Group<br/>30 June<br/>2023<br/>£</b> | <b>Charity<br/>30 June<br/>2024<br/>£</b> | <b>Charity<br/>30 June<br/>2023<br/>£</b> |
|------------------------------|-----------------------------------------|-----------------------------------------|-------------------------------------------|-------------------------------------------|
| Trade creditors              | <b>660,044</b>                          | 916,906                                 | <b>622,610</b>                            | 879,692                                   |
| Taxation and social security | <b>192,686</b>                          | 265,850                                 | <b>184,762</b>                            | 290,137                                   |
| Other creditors              | <b>122,624</b>                          | 34,375                                  | <b>113,141</b>                            | 22,937                                    |
| Accruals                     | <b>868,856</b>                          | 636,801                                 | <b>728,555</b>                            | 554,942                                   |
| Deferred income              | <b>6,195,084</b>                        | 5,865,465                               | <b>5,435,273</b>                          | 4,733,548                                 |
|                              | <b>8,039,294</b>                        | 7,719,397                               | <b>7,084,341</b>                          | 6,481,256                                 |

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

#### Deferred income

|                                      | <b>At 1 July<br/>2023<br/>£</b> | <b>Released to<br/>income<br/>£</b> | <b>Deferred in the<br/>year<br/>£</b> | <b>At 30 June<br/>2024<br/>£</b> |
|--------------------------------------|---------------------------------|-------------------------------------|---------------------------------------|----------------------------------|
| Membership                           | 1,715,849                       | (1,715,849)                         | 1,905,275                             | <b>1,905,275</b>                 |
| Restricted grants                    | 2,394,121                       | (4,939,146)                         | 3,994,600                             | <b>1,449,575</b>                 |
| Unrestricted grants                  | 623,578                         | (817,745)                           | 2,274,590                             | <b>2,080,423</b>                 |
| <b>Charity total</b>                 | 4,733,548                       | (7,472,740)                         | 8,174,465                             | <b>5,435,273</b>                 |
| <br>The Climate Group Inc/TCCO India | <br>1,131,917                   | <br>(1,613,649)                     | <br>1,241,543                         | <br><b>759,811</b>               |
| <b>Group total</b>                   | <b>5,865,465</b>                | <b>(9,086,389)</b>                  | <b>9,416,008</b>                      | <b>6,195,084</b>                 |

## Notes to the accounts

### 11. Analysis of net assets between funds

#### Group

|                                   | Restricted<br>funds<br>£ | Unrestricted<br>funds<br>£ | Total<br>funds<br>£ |
|-----------------------------------|--------------------------|----------------------------|---------------------|
| Tangible assets                   | -                        | 233,239                    | <b>233,239</b>      |
| Investments                       | -                        | -                          | -                   |
| Net current assets/(liabilities)  | -                        | 1,659,134                  | <b>1,659,134</b>    |
| <b>Net assets at 30 June 2024</b> | <b>-</b>                 | <b>1,892,373</b>           | <b>1,892,373</b>    |

#### Charity

|                                   | Restricted<br>funds<br>£ | Unrestricted<br>funds<br>£ | Total<br>funds<br>£ |
|-----------------------------------|--------------------------|----------------------------|---------------------|
| Tangible assets                   | -                        | 196,612                    | <b>196,612</b>      |
| Investment in subsidiaries        | -                        | 10,770                     | <b>10,770</b>       |
| Investments                       | -                        | -                          | -                   |
| Net current assets/(liabilities)  | -                        | 2,125,494                  | <b>2,125,494</b>    |
| <b>Net assets at 30 June 2024</b> | <b>-</b>                 | <b>2,332,876</b>           | <b>2,332,876</b>    |

### Prior year analysis of net assets between funds

#### Group

|                                   | Restricted<br>funds<br>£ | Unrestricted<br>funds<br>£ | Total<br>funds<br>£ |
|-----------------------------------|--------------------------|----------------------------|---------------------|
| Tangible assets                   | -                        | 267,293                    | <b>267,293</b>      |
| Investments                       | -                        | -                          | -                   |
| Net current assets/(liabilities)  | -                        | 1,796,347                  | <b>1,796,347</b>    |
| <b>Net assets at 30 June 2023</b> | <b>-</b>                 | <b>2,063,640</b>           | <b>2,063,640</b>    |

## Notes to the accounts

### Charity

|                                   | Restricted<br>funds<br>£ | Unrestricted<br>funds<br>£ | Total<br>funds<br>£ |
|-----------------------------------|--------------------------|----------------------------|---------------------|
| Tangible assets                   | -                        | 251,094                    | <b>251,094</b>      |
| Investment in subsidiaries        | -                        | 10,770                     | <b>10,770</b>       |
| Investments                       | -                        | -                          | -                   |
| Net current assets/(liabilities)  | -                        | 2,083,779                  | <b>2,083,779</b>    |
| <b>Net assets at 30 June 2023</b> | -                        | 2,345,643                  | <b>2,345,643</b>    |

### 12. Movement in funds of the Group

|                                 | Balances<br>at 1 July<br>2023<br>£ | Income<br>£ | Expenditure<br>£ | Adjustments<br>£ | Transfers<br>&<br>exchange<br>differences<br>£ | At<br>30 June<br>2024<br>£ |
|---------------------------------|------------------------------------|-------------|------------------|------------------|------------------------------------------------|----------------------------|
| <b>Restricted funds</b>         |                                    |             |                  |                  |                                                |                            |
| Systems Energy                  |                                    | 1,222,554   | (1,222,554)      | -                | -                                              | -                          |
| Systems Built Environment       |                                    | 292,379     | (292,379)        | -                | -                                              | -                          |
| Systems Industry                |                                    | 1,191,244   | (1,191,244)      | -                | -                                              | -                          |
| Systems Transport               |                                    | 1,119,104   | (1,119,104)      | -                | -                                              | -                          |
| Systems Food                    |                                    | 15,711      | (15,711)         |                  |                                                |                            |
| Systems Central                 |                                    | 34,222      | (34,222)         | -                | -                                              | -                          |
| Summits & Events                |                                    | 59,811      | (59,811)         | -                | -                                              | -                          |
| Operations Central              |                                    | 91,312      | (91,312)         | -                | -                                              | -                          |
| Solutions Subnational           |                                    |             |                  | -                | -                                              | -                          |
| Governments & Under2            |                                    | 590,706     | (590,706)        |                  |                                                |                            |
| Solutions Global Implementation |                                    | 769,943     | (769,943)        | -                | -                                              | -                          |
| Solutions Policy & Advocacy     |                                    | 184,104     | (184,104)        | -                | -                                              | -                          |
| <b>Total restricted funds</b>   | -                                  | 5,571,090   | (5,571,090)      | -                | -                                              | -                          |
| <b>Unrestricted funds</b>       |                                    |             |                  |                  |                                                |                            |
| General funds                   | 1,728,640                          | 9,549,188   | (9,554,643)      | (812)            | -                                              | <b>1,722,373</b>           |
| Designated funds                | 335,000                            | -           | (165,000)        | -                | -                                              | <b>170,000</b>             |
| <b>Total unrestricted funds</b> | 2,063,640                          | 9,549,188   | (9,719,643)      | (812)            | -                                              | <b>1,892,373</b>           |
| <b>Total funds</b>              | 2,063,640                          | 15,120,278  | (15,290,733)     | (812)            | -                                              | <b>1,892,373</b>           |

|                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Systems</b>              | <p>Funding for our suite of complementary corporate commitment campaigns – namely RE100, EV100, EP100, EV100+, SteelZero and ConcreteZero. 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 energy efficiency retrofitting, EV policy in Japan and the European Union etc) are funded as part of wider ecosystems of work on renewables, energy productivity and clean transport. 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.</p> |
| <b>Summits &amp; Events</b> | <p>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, such as the US Climate Action Summit.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Solutions</b>            | <p>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 GHG emissions by 80% on 1990 levels or 2 tons per capita by 2050. Funding is received for our key sub-national government initiatives.</p> <p>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.</p>                                                                                                                                                                              |
| <b>Designated Funds</b>     | <p>Initially a designated fund of £0.65m to support the costs of the UK office move relating to fixtures and fittings, furniture, and other costs relating to the move. As costs were expensed, and assets are depreciated, the fund will be amortised appropriately. The fund now stands at £175k.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |

## Notes to the accounts

### Prior year movement in funds of the Group

|                                 | Balances<br>at 1 July<br>2022 | Income            | Expenditure         | Adjustments  | Transfers<br>&<br>exchange<br>differences | At<br>30 June<br>2023 |
|---------------------------------|-------------------------------|-------------------|---------------------|--------------|-------------------------------------------|-----------------------|
|                                 | £                             | £                 | £                   | £            | £                                         | £                     |
| <b>Restricted funds</b>         |                               |                   |                     |              |                                           |                       |
| Systems Energy                  |                               | 540,693           | (540,693)           | -            | -                                         | -                     |
| Systems Built Environment       |                               | 317,811           | (317,811)           | -            | -                                         | -                     |
| Systems Industry                |                               | 1,574,042         | (1,574,042)         | -            | -                                         | -                     |
| Systems Transport               |                               | 1,167,155         | (1,167,155)         | -            | -                                         | -                     |
| Systems Central                 |                               | 51,687            | (51,687)            | -            | -                                         | -                     |
| Solutions Under2 Core           |                               | 383,057           | (383,057)           | -            | -                                         | -                     |
| Solutions Under2 Projects       |                               | 1,309,400         | (1,309,400)         | -            | -                                         | -                     |
| Operations Central              |                               | 135,225           | (135,225)           | -            | -                                         | -                     |
| Seed Capital Investment Fund    | 86,277                        | -                 | -                   | -            | (86,277)                                  | -                     |
| <b>Total restricted funds</b>   | <b>86,277</b>                 | <b>5,479,070</b>  | <b>(5,479,070)</b>  | <b>-</b>     | <b>(86,277)</b>                           | <b>-</b>              |
| <b>Unrestricted funds</b>       |                               |                   |                     |              |                                           |                       |
| General funds                   | 2,537,440                     | 7,386,050         | (8,280,847)         | (280)        | 86,277                                    | <b>1,728,640</b>      |
| Designated funds                | 500,000                       | -                 | (165,000)           | -            | -                                         | <b>335,000</b>        |
| <b>Total unrestricted funds</b> | <b>3,037,440</b>              | <b>7,386,050</b>  | <b>(8,445,847)</b>  | <b>(280)</b> | <b>86,277</b>                             | <b>2,063,640</b>      |
| <b>Total funds</b>              | <b>3,123,717</b>              | <b>12,865,120</b> | <b>(13,924,917)</b> | <b>(280)</b> |                                           | <b>2,063,640</b>      |

### 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:

|                                | 2024                  | 2023                  |
|--------------------------------|-----------------------|-----------------------|
|                                | Land and<br>buildings | Land and<br>buildings |
|                                | £                     | £                     |
| Expiring within 1 year         | <b>541,331</b>        | 520,335               |
| Expiring between 1 and 2 years | <b>496,709</b>        | 479,950               |
| Expiring between 2 and 5 years | <b>679,929</b>        | 1,159,879             |
|                                | <b>1,717,969</b>      | 2,160,164             |

## Notes to the accounts

### 15. Grant and other commitments

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 has not yet been approved or recognised by Climate Group, as they fall after the year end.

The amount of grant commitments falling within one year is £0.1m (2023: £0.5m).

The amount of grant commitments falling between one and five years is Nil (2023: nil).

Major grant payments recognised in 2023/24 are set out below.

| Recipient   |                                  | 2024<br>£000s  |
|-------------|----------------------------------|----------------|
| Governments | Future Fund UK                   | 57             |
| Governments | Future Fund – Bentley Foundation | 30             |
|             |                                  | <hr/> 87 <hr/> |

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 5 March 2004), India (registered 21 May 2018), the Netherlands B.V. (registered 12 November 2019), China (registered 1 January 2022) and the Netherlands Stichting (registered 25 August 2022). 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 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, and the China Representative Office has a 31 December year end.

Both the Charity and the Netherlands Stichting have Dutch ANBI status as awarded by the Dutch Chamber of Commerce.

## Notes to the accounts

|                                    | Balance at<br>1 July 2023 | Subgrants<br>received | Expenses<br>incurred | Payments<br>made/<br>received | Exchange<br>differences | Provision<br>against<br>intercompany<br>balance | Balance as<br>at 30 June<br>2024 |
|------------------------------------|---------------------------|-----------------------|----------------------|-------------------------------|-------------------------|-------------------------------------------------|----------------------------------|
|                                    | £                         | £                     | £                    | £                             | £                       | £                                               | £                                |
| <b>Organisation</b>                |                           |                       |                      |                               |                         |                                                 |                                  |
| The Climate Group, Inc.            | 366,411                   | 2,548,525             | (2,470,115)          | ()                            | (4,778)                 | -                                               | <b>440,043</b>                   |
| TCCO India Projects Pvt. Ltd       | 172,124                   | 694,118               | (818,705)            | ()                            | (3,673)                 |                                                 | <b>43,864</b>                    |
| The Climate Group (Europe)<br>B.V. | -                         | -                     | -                    | ()                            | ()                      | ()                                              | -                                |
| Stichting Climate Group<br>Europe  | 33,542                    | 385,602               | (119,617)            |                               | (4,230)                 |                                                 | <b>295,297</b>                   |
|                                    | <b>572,077</b>            | <b>3,628,245</b>      | <b>(3,408,437)</b>   | <b>()</b>                     | <b>(12,681)</b>         | <b>()</b>                                       | <b>779,204</b>                   |

### Prior year transactions between the charity and related organisations

|                                    | Balance at<br>1 July 2022 | Subgrants<br>received | Subgrants<br>made | Expenses<br>incurred | Payments<br>made/<br>received | Exchange<br>differences | Provision<br>against<br>intercompany<br>balance | Balance as<br>at 30 June<br>2023 |
|------------------------------------|---------------------------|-----------------------|-------------------|----------------------|-------------------------------|-------------------------|-------------------------------------------------|----------------------------------|
|                                    | £                         | £                     | £                 | £                    | £                             | £                       | £                                               | £                                |
| <b>Organisation</b>                |                           |                       |                   |                      |                               |                         |                                                 |                                  |
| The Climate Group, Inc.            | 387,934                   | 2,013,447             |                   | -                    | (1,994,707)                   | (40,264)                | -                                               | <b>366,411</b>                   |
| TCCO India Projects Pvt. Ltd       | 89,165                    | 808,745               | -                 |                      | (719,459)                     | (6,327)                 |                                                 | <b>172,124</b>                   |
| The Climate Group (Europe)<br>B.V. | 14,365                    | 335,706               |                   |                      | (109,849)                     | (5,682)                 | (234,539)                                       | -                                |
| Stichting Climate Group<br>Europe  | -                         | 33,972                |                   |                      |                               | (430)                   |                                                 | <b>33,542</b>                    |
|                                    | <b>491,464</b>            | <b>3,191,870</b>      | <b>-</b>          | <b>-</b>             | <b>(2,824,015)</b>            | <b>(52,703)</b>         | <b>(234,539)</b>                                | <b>572,077</b>                   |

## Notes to the accounts

### United States – The Climate Group, Inc.

|                                          | 2024      | 2023      |
|------------------------------------------|-----------|-----------|
|                                          | £         | £         |
| Net assets as at 1 July 2023             | (252,179) | 155,933   |
| Income for the year to 30 June 2024      | 4,659,860 | 4,020,922 |
| Net surplus for the year to 30 June 2024 | 102,666   | (408,112) |
| Net assets as at 30 June 2024            | (149,513) | (252,179) |

### China – Climate Group (UK) Beijing Representative Office

|                                          | 2024     | 2023     |
|------------------------------------------|----------|----------|
|                                          | £        | £        |
| Net assets as at 1 July 2023             | 56,528   | (19,109) |
| Income for the year to 30 June 2024      | 463,585  | 373,354  |
| Net surplus for the year to 30 June 2024 | (46,514) | 75,637   |
| Net assets as at 30 June 2024            | 10,014   | 56,528   |

### India – TCCO India Projects Pvt. Ltd

|                                          | 2024    | 2023     |
|------------------------------------------|---------|----------|
|                                          | £       | £        |
| Net assets as at 1 July 2023             | 100,483 | (33,473) |
| Income for the year to 30 June 2024      | 897,581 | 949,562  |
| Net surplus for the year to 30 June 2024 | 77,631  | 133,956  |
| Net assets as at 30 June 2024            | 178,114 | 100,483  |

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

|                                          | 2024     | 2023     |
|------------------------------------------|----------|----------|
|                                          | £        | £        |
| Net assets as at 1 July 2023             | (11,487) | (21,339) |
| Income for the year to 30 June 2024      | -        | 323,896  |
| Net surplus for the year to 30 June 2024 | 11,487   | 9,852    |
| Net assets as at 30 June 2024            | -        | (11,487) |

### Netherlands – Stichting Climate Group Europe

|                                          | 2024      | 2023     |
|------------------------------------------|-----------|----------|
|                                          | £         | £        |
| Net assets as at 1 July 2023             | (42,933)  | -        |
| Income for the year to 30 June 2024      | 176,301   | -        |
| Net surplus for the year to 30 June 2024 | (212,954) | (42,933) |
| Net assets as at 30 June 2024            | (255,887) | (42,933) |

## Notes to the accounts

### 17. Prior year Consolidated Statement of Financial Activities

|                                                      | Notes | Restricted      | Unrestricted    | Year ended<br>30 June<br>2023<br>£ |
|------------------------------------------------------|-------|-----------------|-----------------|------------------------------------|
| <b>Income from:</b>                                  |       | £               | £               | £                                  |
| <i>Donations and legacies</i>                        |       |                 |                 |                                    |
| Donations & similar funding                          |       | -               | 142,067         | <b>142,067</b>                     |
| Grants                                               | 2     | 5,479,070       | 888,384         | <b>6,367,454</b>                   |
|                                                      |       | <hr/>           | <hr/>           | <hr/>                              |
|                                                      |       | 5,479,070       | 1,030,451       | <b>6,509,521</b>                   |
| <i>Charitable Activities</i>                         |       |                 |                 |                                    |
| Membership and partnership income                    |       | -               | 3,175,693       | <b>3,175,693</b>                   |
| Sponsorship and other                                |       | -               | 3,179,906       | <b>3,179,906</b>                   |
|                                                      |       | <hr/>           | <hr/>           | <hr/>                              |
|                                                      |       | -               | 6,355,599       | <b>6,355,599</b>                   |
| <b>Total income</b>                                  |       | <hr/> 5,479,070 | <hr/> 7,386,050 | <hr/> <b>12,865,120</b>            |
| <b>Expenditure on:</b>                               |       |                 |                 |                                    |
| <i>Raising funds</i>                                 |       | -               | 1,706,104       | <b>1,706,104</b>                   |
| <i>Charitable activities</i>                         |       | 5,479,070       | 6,739,743       | <b>12,218,813</b>                  |
|                                                      |       | <hr/>           | <hr/>           | <hr/>                              |
| <b>Total expenditure</b>                             | 3     | 5,479,070       | 8,445,847       | <b>13,924,917</b>                  |
|                                                      |       | <hr/>           | <hr/>           | <hr/>                              |
| <b>Net income</b>                                    | 4     | -               | (1,059,797)     | <b>(1,059,797)</b>                 |
|                                                      |       | <hr/>           | <hr/>           | <hr/>                              |
| Transfer between funds                               |       | (86,277)        | 86,277          |                                    |
| <b>Other recognised gains and losses</b>             |       |                 |                 |                                    |
| Gain / (Loss) on revaluation of foreign subsidiaries |       | -               | (280)           | <b>(280)</b>                       |
|                                                      |       | <hr/>           | <hr/>           | <hr/>                              |
| <b>Net movement in funds</b>                         |       | (86,277)        | (973,800)       | <b>(1,060,077)</b>                 |
| <i>Reconciliation of funds:</i>                      |       |                 |                 |                                    |
| Total funds brought forward                          |       | 86,277          | 3,037,440       | <b>3,123,717</b>                   |
|                                                      |       | <hr/>           | <hr/>           | <hr/>                              |
| <b>Total funds carried forward</b>                   | 11    |                 | 2,063,640       | <b>2,063,640</b>                   |
|                                                      |       | <hr/>           | <hr/>           | <hr/>                              |

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# Accounts

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**THE CLIMATE CHANGE ORGANISATION**

t/a  **CLIMATE GROUP**

**Annual Report and Accounts 2022/23**  
**12 months to 30 June 2023**

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

# Board of Trustees' Report

|                                                                                                          |           |
|----------------------------------------------------------------------------------------------------------|-----------|
| <b>A message from our Chair.....</b>                                                                     | <b>3</b>  |
| <b>A message from our Chief Executive.....</b>                                                           | <b>5</b>  |
| <b>1. Objectives and activities .....</b>                                                                | <b>6</b>  |
| About us .....                                                                                           | 6         |
| What we do .....                                                                                         | 6         |
| How we do it.....                                                                                        | 6         |
| Our objectives and key initiatives.....                                                                  | 6         |
| <b>2. Achievements and performance .....</b>                                                             | <b>9</b>  |
| Impacting systems - Making vital systems of the world economy compatible with a net zero future .....    | 9         |
| Impacting governments - Developing and leveraging solutions which create maximum, measurable impact..... | 12        |
| Impacting opinion - Be an inspiring climate influencer .....                                             | 15        |
| Achieving organisational excellence .....                                                                | 18        |
| <b>3. Financial review and strategy.....</b>                                                             | <b>20</b> |
| Income.....                                                                                              | 20        |
| Expenditure .....                                                                                        | 20        |
| Financial position at year-end .....                                                                     | 21        |
| Managing principal risks and uncertainties.....                                                          | 22        |
| <b>4. Structure, governance and management.....</b>                                                      | <b>23</b> |
| Structure .....                                                                                          | 23        |
| Board of Trustees.....                                                                                   | 23        |
| Executive Management Team and Scheme of Delegation .....                                                 | 24        |
| Statement of Trustees' responsibilities .....                                                            | 25        |
| Key people and advisors.....                                                                             | 27        |
| <b>5. Audited accounts .....</b>                                                                         | <b>28</b> |
| Independent auditor's report to the members and trustees of The Climate Change Organisation .....        | 28        |
| Consolidated statement of financial activities.....                                                      | 32        |
| Balance sheet.....                                                                                       | 33        |
| Consolidated cash flow statement .....                                                                   | 34        |
| Notes to the accounts .....                                                                              | 35        |



Hon. Mike Rann AC, CNZM

## A message from our Chair

Around the world people are experiencing in real-life the impacts of climate change for which scientists have been warning us for years. The experts, for so long derided, are now repeatedly vindicated. Around the world, temperature-records are being broken with increasing regularity.

Prolonged droughts are causing deadly famines in countries such as Ethiopia and Somalia. Latin America is facing the serious consequences of water shortages, and ferocious wildfires have caused devastation in Canada, the US and Europe - while in the Southern Hemisphere, Australia is again bracing for a perilous, hot dry summer. The world has been shocked by tragic floods in countries ranging from Pakistan to Greece and Australia, and by the increasing regularity of hurricanes and other extreme weather events.

“Once in a hundred-year events” have become far too familiar and far too frequent to us all. The human and economic cost are devastating and will get worse. Meanwhile glaciers and arctic ice are receding at record rates, with giant chunks of ice shelf shearing off. We are in dangerous territory.

Yet whilst climate deniers have lost any credibility and are on the run, like the tobacco industry before them, the fossil fuel industry has switched from denial to delaying tactics.

It's true that there have been significant advances. Clean investment is overtaking investment in fossil fuels. The US, China and the EU are investing hundreds of billions in green technology, renewables and energy security, and emissions in the US and Europe are trending downward. And we have seen great achievements by sub national governments and committed businesses, many of them our Climate Group members and associates.

But the window of opportunity is closing, and climate action is not moving anywhere near fast enough. Last year's COP27 in Egypt was a huge disappointment and some governments, including the UK's, are now backing away from their own key commitments, and are approving new fossil fuel exploration. And too many companies are also still not fully committed to their clean energy transition.

That's where the Climate Group comes in. 2024 will be our 20th anniversary. Headquartered in London we operate around the world, with offices in New York, Amsterdam, New Delhi and Beijing. We work with engaged governments and hundreds of committed corporations to drive greater ambition and faster results.

We encourage active collaboration and accountability, we drive policy change, we support governments, and we work with businesses to achieve net zero energy, steel, concrete, buildings and infrastructure, and electric vehicle rollout. I'm proud that our members have cut their emissions by 380 million metric tonnes of CO<sub>2</sub>, more than all GHG emissions of California in 2020.

And we drive impact and engagement with climate leaders through our events. Not just through Climate Week NYC, the biggest annual event of its kind with some 585 events this September, but also in Singapore and Washington. With COP28 in Dubai coming up, at the halfway point between the Paris Agreement and the 2030 emissions targets, the stakes could not be higher, as the fossil fuel industry will no doubt once again flood the UN talks with lobbyists pressing for more delays.

As Climate Group grows in scope and impact globally, it can continue to be proud of its impact, but also its commitment to the highest standards of governance, financial probity and accountability. We are a bridge between government and business – collaboration and transparency are at the core of our credentials. They have to be. We are redoubling our

commitment to assist our partners to raise their climate ambitions with results that make a difference to our world.

As Climate Group Chair I would like to congratulate our CEO Helen Clarkson and her team on their tireless advocacy for our great cause. Building diverse and active networks of collaboration is both complex and hard work. I would also like to thank our board for their support and wise counsel, and acknowledge the great collaboration with our North American board and operations, chaired by Governor Bill Ritter, in helping to make Climate Week NYC the most important climate event of the year after COP.

We can. We will drive climate action, and we are doubling down on our commitment to doing so.



**Helen Clarkson**  
Chief Executive Officer

## A message from our Chief Executive

This summer, deadly wildfires, heatwaves and rising sea temperatures reminded us that the impacts of climate change are upon us, and that there is no time to waste in taking action. Parts of Hawaii, Greece and Canada burned, heatwaves and smoke kept people indoors, and marine life suffered.

As that reality hit home, fossil fuel companies eagerly banked record profits, partly as a continued fallout of the war in Ukraine and countries scrambling for energy security. The profits went to their shareholders instead of being invested in renewables.

It wasn't pretty.

You would hope that the grim reality of climate change, and the science behind it, would speed up action across the globe, yet many governments are moving slowly.

We're in what I call the 'messy middle' – a phase where the low-hanging fruit has been picked, and now we need to push through to tackle sticky regulations, urge slow-to-respond governments and companies to move faster, and go head-to-head with companies and people that are protecting vested interests.

It's against that backdrop that our work, and our impact, has become more important than ever. We must be relentless, and I'm proud to say we have been just that, over the past year. Our 100 and Zero initiatives, and our work with states and regions through the Under2 Coalition have continued to grow. We've restructured our Government and Policy work to drive even more international impact with governments, and we built on three key events throughout the year to do what we do best – bring relevant decision makers from the world of business and politics together to drive action and impact.

September 2022 saw the first in-person Climate Week NYC since the pandemic, and I felt the energy buzzing across the rooms in New York. 2023 brought on our first fully face-to-face US Climate Action Summit in Washington, and our inaugural Climate Group Asia Action summit in June. In Singapore, we brought Asian leaders together, to drive change in the Industry and Energy sectors across the region.

The atmosphere during those summits, and the eagerness to go from commitment to action, was palpable. The fact that we welcomed our first Chinese company into our SteelZero initiative to demand net zero steel from suppliers was a huge win, and a reminder that there is simply no scenario in which we can tackle climate change without China on board.

Our work is about driving impact, and in this report, we highlight where and how we did that, over the past year. Our members put hundreds of thousands of EVs on the road. We landed policy messaging around corporate access to renewable energy with the South Korean government, and many of our RE100 members are bringing their targets to go 100 percent renewable forward by years. And then we had the STARRS project, tracking emissions at ground level through satellite data, other sources and AI, helping 6 pilot regions to plug the gaps in their emission data.

I'm convinced that this impact, achieved by collaborating with our innovating members, the decision makers that come to our events, our sponsors, and our funders, will shift the needle in accelerating the transition to net zero. Together, we can, and we will push through this messy middle we're in.

# 1. Objectives and activities

## About us

Climate Group is an international non-profit, publicly launched in 2004, with offices in London, Amsterdam, Beijing, New Delhi, and New York. Our mission is to drive climate action, fast. Our goal is a world of net zero carbon emissions by 2050, with greater prosperity for all. We do this by forming powerful networks of business and government, unlocking the power of collective action to move whole systems such as energy, transport, the built environment, industry, and food to a cleaner future. Together, we're helping to shift global markets and policies towards faster reductions in carbon emissions.

## What we do

Three factors make us unique:

- **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.

## How we do it

- **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.

We work with leaders and decision-makers from business and government because they shape the market frameworks that can help the world achieve net zero emissions by 2050 or earlier. They have the tools and influence to make it possible in the time we have left.

## Our objectives and key initiatives

This year was the third of our current four-year strategy – our four key strategic goals for this period are set out below. Our focus is on changing key systems of the world where we can drive the deepest emissions cuts, using our theory of change. We are also continuing to build our organisation in order to be able to deliver our ambitions.

### 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.

### Develop and leverage solutions which create maximum, measurable impact

We will drive ambitious delivery to achieve net zero emissions whilst ensuring greater prosperity for all, through leveraging relationships with sub-national and national governments, and multilateral governmental organisations. We'll use the right tools to drive action and innovation, through our policy work, strong advocacy and deep government engagement (particularly with Under2 members).

## 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.

## Achieve Organisational Excellence

We will be highly effective across all our operations – providing value to funders, maintaining financial strength and ensuring 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 initiatives.

| Initiative                                   | Description                                                                                                                                                                                               |
|----------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Energy</b>                                |                                                                                                                                                                                                           |
| <b>RE100</b>                                 | A global initiative of influential businesses committed to 100% renewable electricity, working to massively increase demand for – and delivery of – renewable energy.                                     |
| <b>Industry</b>                              |                                                                                                                                                                                                           |
| <b>SteelZero</b>                             | A global initiative, in partnership with ResponsibleSteel, to build a group of leading companies committed to the responsible sourcing and production of steel.                                           |
| <b>ConcreteZero</b>                          | A global initiative, in partnership with the World Green Building Council to build a group of leading companies committed to the sourcing of net zero concrete.                                           |
| <b>Transport</b>                             |                                                                                                                                                                                                           |
| <b>EV100</b>                                 | 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.                                |
| <b>EV100+</b>                                | An initiative of companies committing to transition their fleet of vehicles over 7.5 tonnes, known as medium- and heavy-duty vehicles (MHDVs), to zero emission by 2040 in OECD markets, China and India. |
| <b>Zero Emission Vehicle (ZEV) Community</b> | Our ZEV Community initiative brings together all levels of governments to share and learn about exciting ZEV initiatives taking place around the world.                                                   |
| <b>Built environment</b>                     |                                                                                                                                                                                                           |
| <b>EP100</b>                                 | A global initiative of energy-smart companies committed to using energy more productively, to lower greenhouse gas emissions and accelerate a clean economy.                                              |
| <b>Food</b>                                  |                                                                                                                                                                                                           |
| <b>Alliance for Regenerative</b>             | Introducing sustainable agriculture and livestock practices to recover and regenerate forests in the Peruvian Amazon and                                                                                  |

| Initiative                              | Description                                                                                                                                                                                                                                                                                                                                          |
|-----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Ranching in the Peruvian Amazon</b>  | contribute to local economic development. A pilot project involving Under2 Coalition member, Madre de Dios, Peru.                                                                                                                                                                                                                                    |
| <b>Cross-cutting projects</b>           |                                                                                                                                                                                                                                                                                                                                                      |
| <b>Net-Zero Futures Policy Forum</b>    | An initiative disseminating today's best climate policies and developing new policies to ensure full decarbonisation by Under2 governments.                                                                                                                                                                                                          |
| <b>Under2 Secretariat</b>               | 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.                                                             |
| <b>Climate Week NYC</b>                 | 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.                                                                                                          |
| <b>US Climate Action Summit (USCAS)</b> | <p>The US Climate Action Summit unites key leaders in business, politics and advocacy to drive US climate momentum during Earth Week.</p> <p>Our goal for the US Climate Action Summit is to create a participant-led platform that drives measurable outcomes on climate policy and business action, with attendees at the heart of the agenda.</p> |
| <b>Climate Group Asia Action Summit</b> | Convening our powerful networks in the fastest growing economic region on earth to ask: how can Asia become the green economic powerhouse of the future?                                                                                                                                                                                             |

## 2. Achievements and performance

### Impacting systems - Making vital systems of the world economy compatible with a net zero future

At Climate Group, we pride ourselves on accelerating action and impact. We push state and regional governments to rapidly cut emissions across key systems, and to unlock climate finance that will help build resilient communities now and in the future. With our corporate members, often frontrunners in their sectors, we drive action in systems where together we can have the highest impact: energy, transport, industry, built environment and food.

In each of these systems we use the power of **demand** as a primary driver of change. We inspire and support businesses to set clear targets and commitments to buy zero carbon products and services, and aggregate this with the power of public procurement. The message to suppliers: “If you make it, we’ll buy it”.

And we keep our members to their commitments – they are required to report on their progress annually. That is why 2023 saw the publication of progress and insight reports for our initiatives RE100, EP100 and EV100, with major progress in the delivery against corporate commitments in each of these areas. And while the decarbonisation of steel is complex, members of our SteelZero initiative have nonetheless publicly committed to transitioning to low carbon steel, taking a leadership role in driving change.

These commitment initiatives directly impact **emissions reductions**, as companies turn their commitments into action at scale and speed. For example, the corporate members of our RE100 initiative members reported consuming 376 TWh of electricity – that’s more than the electricity consumption of the United Kingdom, or around 1.5% of global electricity consumption. And by the close of 2021 these companies were buying 49% of their electricity from renewable sources.

We urge our members to continue to build their ambition, and with success. Through RE100’s Increasing Ambition project, 15 new and prospective members of RE100, with a total annual electricity consumption over 14 TWh, answered our call by bringing forward their target years for 100% renewable electricity from 2050 to 2040. Some nine existing members have brought their target years forward by an average of eight years demonstrating strong momentum on renewable ambition.

Our 125 EP100 members have been delivering on their energy efficiency promises as well, as they reported \$1.2 USD billion in cumulative cost savings to date – since the implementation of energy efficiency measures. In 2022, three of our members achieved their energy efficiency targets and 81% of members are ahead of schedule. Together, they reduced their energy consumption by 380 million metric tonnes of CO<sub>2</sub>e – more than the current annual emissions of Denmark, Italy and Portugal combined.

#### [Impact highlight]

*When it comes to Transport, the fastest-growing contributor to climate change, accounting for around one-fifth (21%) of global carbon dioxide emissions, Climate Group and its EV100-initiative have pushed impact to new levels. Around 130 members across 100 markets have committed to use a combined 5.75 million electric vehicles, with well over 400,000 of these EVs already on the road. In addition, they have installed 30,000 individual charging units across 72 markets worldwide, with commitments to install infrastructure at over 6,000 sites globally by the end of the decade.*

In the second half of 2022 we proudly added two new initiatives to our portfolio: in July 2022 we launched ConcreteZero, which drives the demand for low carbon concrete. And at Climate Week NYC 2022, we launched EV100+, an initiative that focuses on the electrification of company fleets of medium and heavy-duty vehicles, which make an outsize contribution to global emissions. New joiners to EV100+ included Geopost/DPD Group, Maersk, JSW Steel, Ikea and Unilever.

The market-demand generated by Climate Group's initiatives has further ripple effects, which we seek to accelerate in priority sectors and geographies. By publicly communicating the scale of ambitious business demand, Climate Group and its members define and shape what counts as **leadership across systems and geographies**.

This sets benchmarks for approaches to net zero procurement, which are then reinforced through standards and guidelines. The confidence in this established and trusted way of working was exemplified by US \$900,000 worth of funding we secured from Climate Imperative Foundation in FY 2022/23, to drive the transition to net zero steel in the Korean and US markets, and help drive the acceptance of ResponsibleSteel standards.

**[Impact – highlight]**

*SteelZero has around 36 members. As our initiative grew and shifted its strategic focus, South Korea came into view as a key market. It's the sixth largest steel producer in the world, the top 15 carmakers globally buy South Korean steel, and it's the number one shipbuilding economy. The choices of this country truly can tip the scales in Asia, a key continent for steel decarbonization, and across the globe. Our CEO Helen Clarkson contributed a keynote speech at the fifth international seminar on carbon neutrality and energy policy of the Korea Chamber of Commerce & Industry (KCCI) in March 2023. This accelerated ongoing SteelZero recruitment conversations with Korean businesses, and placed Climate Group at the centre of high-level policy debates on issues including the role of nuclear power in the renewable energy transition.*

Demand also influences the direction and pace of **supplier innovation** by encouraging the development and scale-up of zero carbon solutions – for example, accelerating auto companies' investment in EV platforms and bringing forward the end-date for manufacturing fossil fuel powered vehicles. And demand motivates **finance** – ramping up investment in zero carbon technologies of the future as well financial innovations that support the procurement of low carbon solutions today.

**[Impact - highlight]**

*In October 2021, British Steel announced that it would be adopting science-based targets, in large part due to the demand from its customers: UK construction companies that had recently become members of SteelZero. Since that announcement, British Steel has been part of a study that helped identify ways to cut carbon emissions by improving waste heat recovery from furnaces. In 2022, in the UK it welcomed plans for green hydrogen production and it entered into a partnership to supply steel and skills for the world's largest project for bioenergy with carbon capture and storage.*

Perhaps most significantly for our work, the aggregated demand from business can drive **policy changes and so help break down barriers to action**. We engage in markets in which by changing the rules of the game, we can accelerate further action across demand, supply and finance actors. Our work on ZEV Mandates and CO2 standards as two policy tools for setting increasingly stringent targets for car makers ahead of a complete ban on the sale of petrol and diesel cars, is just one example.

### **[Impact-Highlight]**

*Earlier this year, RE100 saw the need to accelerate progress in South Korea. We worked with experts and RE100 members to develop a set of localised policy messages for the Korean government, to increase corporate access to renewable electricity. These messages helped to drive policy changes, enabling South Korean businesses to buy renewable electricity from providers directly, without going through the country's utility company (KEPCO).*

### **Theory of change**

The power of our membership lies in its numbers – in the scale and visibility of the hundreds of household names involved across multiple sectors and geographies. And the power also lies in the calibre of our members' ambition – the depth of engagement we have with them and their goals to accelerate the transition through private sector demand and action. That gives us the scale and gravitas to drive climate action, fast, and it gives our members access to peer-to-peer learning, additional insight and knowledge via our online members' hubs, as well as being part of a large network of frontrunners – large private sector companies that have committed to the transition.

These successes are part of our theory of change – the credibility and impact of our members drives other companies to join, and themselves commit to ambitious targets on renewable energy, electric transport, energy efficiency or low carbon steel and concrete. Between July 2022 and June 2023, we welcomed more than 80 new corporate members, including our first member from China to join SteelZero: CIMC TCREA, which officially signed up during our Climate Group Asia Action Summit.

### **For 2023/2024, we aim to:**

- Develop a campaign focused on moving corporate procurement towards the principles of location and hourly matched clean electricity procurement in order to accelerate the path to a 24/7 carbon-free global electricity system.
- Engage with governments to accelerate development of an ASEAN super-grid, through the Asia Clean Energy Coalition (of which Climate Group is a member).
- Influence international, national and subnational Green Public Procurement through our ConcreteZero and SteelZero procurement principles.
- Launch regional SteelZero taskforces across China, South Korea, Japan and India – to support Asia's leadership role in shaping a cleaner and competitive future for the sector.
- Showcase groundbreaking, innovative use of low carbon concrete across major projects.
- Catalyse a step-change within the global shipping sector's use of steel.
- Drive the uptake of light and heavy-duty electric vehicles through our advocacy work with members of our EV100 and EV100+ initiatives.
- Roll out our roadmap for medium and heavy-duty electric vehicle uptake in India, through corporate pilots and by building dialogue at Federal and state level about the policy frameworks required to enable the transition.
- Increase our activation of EV100 members in Japan and build dialogue with local governments, to engage on policy frameworks required for corporate fleets.
- Launch our Renovation Revolution project to accelerate the retrofitting of buildings in Europe, making them far more energy efficient.

## Impacting governments - Developing and leveraging solutions which create maximum, measurable impact

Time is running out, yet the ambition of national governments and the pace of international negotiations are simply **failing to keep pace** with the urgent action that is needed. There is a gap between what countries say they will do in their NDCs (Nationally Determined Contributions) and the action needed to achieve 1.5°C.

To speed up the impact of governments, we work with subnational states and regions – they have a vital role to play in increasing climate action and meeting national commitments. Around 77% of the world's countries have subnational regional governments, and countries with these regional governments are responsible for over 90% of all greenhouse gas emissions. Action at this level and scale can have a positive impact on most of the world.

It's not just for the sheer potential impact that states and regions are important. They can also work at **scale and speed** to shift policies and markets (through procurement, for example), and they are the **level of government closest to people** to understand the social and community context.

In addition, we see a growing demand for multilevel climate governance to deliver net zero emissions, bringing together states and regions with national governments to drive climate ambition and impact in a coordinated way.

However, the financial means of states and regions within countries are often lacking. When talking to members of the Under2 Coalition, of which Climate Group is the secretariat, accessing and utilising of climate finance is often raised as a priority.

### [Impact - highlight]

*To tackle the finance challenge, one of our pilot projects in 2022-23 was [Finance Fit for Change](#), funded by Stiftung Mercator - it looked at understanding more about the issue and find useful ways to tackle it. Among the report's key recommendations was a need to focus more on greener procurement systems, as this is where subnational governments spend proportionately more than national governments. It also highlighted the importance of aligning incentives and regulations for government and business action, and the need for better support for subnational governments in accessing and understanding the full range of climate finance mechanisms.*

As a result of *Finance Fit for Change*, our Governments and Policy team has made climate finance a major priority for the coming year and is working on a further project to help states and regions in this area.

### Raising ambition and leadership

Over this past year, state and regional governments have continued to step in and step up, leading the way on climate action. Since our last annual report, many more members have signed the [net zero Under2 MOU](#), and 27 new states and regions joined the Under2 Coalition. New states in India and the US have joined us in initiatives such as [State Climate Fellows](#) and the [Green Recovery Alliance](#). In doing so, they have pledged to reach net zero emissions by 2050 - or earlier - with clear pathways to get there, and are building climate knowledge and capacity along the way. This is vital to our aim of becoming a net zero coalition.

### Implementation

We have kept up the focus on capacity building, knowledge sharing and peer learning through the second phase of our multi-year, multi-million [Climate Footprint Project](#) (delivered across four

developing countries: Brazil, Mexico, India and South Africa – supported by the German government's International Climate Initiative), the [ZEV Community](#), the [Just Transition Taskforce](#), and by exploring new satellite technology to provide states and regions with a recent and detailed readout of GHG emissions data. Importantly, 2022 marked the fifth anniversary of the [Future Fund](#), which continues to support states and regions from emerging and developing countries.

**[Impact - highlight]**

*The ZEV Community project is increasing awareness of the benefits of zero emission vehicles globally and emerging economies, creating spaces for discussion with governments globally on various policy priorities and mobilising the Latin America region to put transport at the top of the agenda.*

**Filling in the blanks - transparency**

It's incredibly difficult to reduce emissions without a clear picture of where they come from. Without accurate data, states and regions can't plan, deliver and track targeted action to cut emissions – and often, regions have gaps in their knowledge, or their knowledge isn't up to date.

To address that, we piloted the innovative States and Regions Remote Sensing (STARRS) project, in partnership with Climate TRACE, to provide six state and regional governments with a recent timeseries of GHG emissions using satellite and other remote sensing data with artificial intelligence.

Before joining the project, four of these governments had no official inventory of their GHG emissions after 2017. They had no tangible record of their climate impact over the last six years and they had to base their plans to reduce emissions on out-of-date data. Through the project, the regions were able to fill in gaps in their data and update their climate plans.

**[Impact - highlight]**

*The organisation Climate TRACE, with six members of the Under2 Coalition, has sought to change the gaps in emission data at subnational level. By using publicly and commercially available satellite data, ground- and sea-based physical emissions sensors, government datasets, artificial intelligence and other sources, we could draw a clearer, more up-to-date picture about how and where greenhouse gas is emitted.*

Climate Group and Climate TRACE published a report highlighting the urgent need for accurate and timely GHG emissions tracking to help states and regional governments reach net zero by 2050: [A view from space: Tracking emissions state by state](#). We are looking to scale up the project through new funding opportunities.

**Future Fund**

As mentioned, we celebrated five years of the *Future Fund* this year. The fund ensures state and regional governments of developing and emerging economies can join international climate discussions, share their ideas and insights on a world stage, and take climate action where it matters.

Since 2017, the project has raised US \$1million from Under2 Coalition members and delivered 15 directly funded capacity building projects; supported 21 secondments; welcomed 88 regions from developing and emerging economies to the Under2 Coalition; and enabled 65 regional representatives to join international climate events (e.g. COPs, Climate Week NYC).

The *Future Fund* has helped to level the playing field in international climate discussions by ensuring participation of some of the most overlooked states and regions in the world. Going forward, we are looking to diversify the work and funding streams of this flagship project to scale up its impact and reach.

## Policy

Our *Just Transition Taskforce* fostered peer learning for a group of eleven state and regional governments in early stages of planning domestic policies to support a just transition across major emitting sectors.

And in India, we are building climate knowledge at state level through our initiative with [State Climate Fellows](#) is a powerful way to increase the technical capacity, climate knowledge and strategic positioning of Indian states. The young fellows deployed in several Indian states are playing a pivotal role in championing state climate strategies and ambition via technical and policy inputs.

The initiative is also critical in strengthening the position of the Under2 Coalition in the region, increasing the coalition's impact and footprint, and moving the needle on subnational leadership of the target states.

## Accountability

On the back of the UN High-level Expert Group recommendations report *Integrity Matters: Net Zero Commitments by Businesses, Financial Institutions, Cities and Regions*, the UN Climate Action Team (UNCAT) is working to ensure implementation of the report's recommendations across non-party stakeholder initiatives. The Under2 Coalition Secretariat at Climate Group is working closely with UNCAT to better align subnational net zero goals with key leadership practices, globally.

### For 2023/2024, we aim to:

- Roll out our new strategy with a focus on increasing climate finance and integrating adaptation and resilience into our mitigation work with governments.
- Develop and deepening our work with national governments, in particular multi-level governance between subnational and national governments, to increase ambition and accelerate climate action.
- Ensure prosperity for all by developing new work on green jobs/reskilling as part of a just transition.

## Impacting opinion - Be an inspiring climate influencer

An important part of our theory of change is to convene, and influence, our key audiences. We do this by engaging with our vast network of corporate and government members, by bringing them together at strategic moments and by leveraging their influence – and our own expertise.

### Flagship events

Our flagship events play a key role in that – 2022 marked the year we successfully held our first in person Climate Week NYC since the pandemic. Our agenda focused on interconnected energy, economic and climate crises, the need for accountability from businesses and governments to deliver their commitments, and ensuring equity in the opportunities created. It was the 14th edition, and over the years Climate Week NYC has grown into the biggest annual climate event of its kind.

#### [Impact - highlight]

*In 2022, Climate Week NYC convened 650 leaders from business, government and civil society joining for the Opening Ceremony, 1,070 attendees for the interactive programme The Hub Live, hundreds of events across New York City and thousands following the live streams. We improved on diversity and inclusion measures with around 55% female speakers, and nearly 25% non-white speakers.*

Climate Week NYC was the first – and largest – of our own three flagship events that we held in FY22/23. The other two are US Climate Action Summit in Washington DC – for the first time in-person – and Climate Group Asia Action Summit in Singapore.

The first brought together some 289 leaders in April 2023, with more than 70 percent of C-Suite or senior level, to share ideas on the most pressing climate issue in the US: the implementation of the historic US climate investments.

The first ever Climate Group Asia Action Summit in June 2023, which included the SteelZero Summit and the Green Energy Forum, convened close to 300 leaders from 183 in business, politics and civil society, from 23 countries in the Asia-Pacific region, to talk about barriers and solutions in the Energy and Industry sectors. With the summit, we created a platform for future climate action in Asia, supporting the region in becoming a green powerhouse of the future.

### Influencing systems

Our comms team drove significant progress towards increasing the influence of our programmes particularly in the energy, transport and industry systems. We raised RE100's and Industry's public policy profile in South Korea, a target market where the government is rolling back renewable targets and one of the biggest steel producers and suppliers in the world. A broadcast interview with our Executive Director of Systems Change Mike Peirce secured over 1.8 million hits on YouTube, we've also seen a significant step-up in our media coverage our built environment/EP100 work in Asia and through commenting on EU regulations.

Our EV and EV100+ comms work to influence EU decision-making, and advocating for all new freight trucks to be zero emission from 2035, featured in the FT, The Daily Mail, the Daily Express, and Euractiv – to name a few.

### Marketing change

This year saw the delivery of several significant marketing projects, that are helping us to make the most of our network, engage with our members, and grow out impact. We developed new members hubs, where our members can find updates in their fields of interest, learnings, videos and reports to help them develop in their journey toward net zero. The Hubs saw a major spike in visitor metrics across September.

We delivered and audience-tested a significant infographics campaign on our 100s programmes which proved to be highly effective with prospective new members. We have also refreshed our careers page and developed a new LinkedIn Life page to enhance our employer brand and recruitment. In total, Climate Group now has well over 110K LinkedIn followers, growing by over 40K over the past year.

By continuing to integrate digital marketing into wider campaigns, the engagement with our existing and potential members keeps growing. LinkedIn targeting of prospective company members and the driving of traffic to a recruitment focused webpage is resulting in increased and trackable leads. We have used this approach to target South African companies for RE100, with our new 'What is RE100' video cutting through.

**[Impact - highlight]**

*An integrated comms and engagement campaign asked RE100 members with 2050 target dates to move faster. Five companies have brought their target dates forward, by several decades in some cases, with others considering.*

**Highlighting our government work**

For the Under2 Coalition, of which Climate Group is the secretariat, we continued to drive our work with Regions4 through our #WhatsAtState campaign and responded to the Brazilian election results. In July, the team also supported the launch of ConcreteZero, hosted by Canary Wharf Group. The event attracted large numbers of senior figures from the world of UK built environment, reaching across the supply chain from property investor to cement supplier.

We highlighted our work with states and regions at COP27, where over 40 state and regional governments took part, representing all global regions. As Secretariat of the Under2 Coalition, we organised and showcased a Ministerial meeting discussing the need for greater exposure of state and regional governments in international climate discussions. It concluded states and regions of the Under2 Coalition are an important part of future COPs. The Under2 Coalition joined Committee of Regions, C40, Regions4 and others to call for a greater role for subnational governments so that they are empowered to deliver the aims of the Paris Agreement. State-level political leaders and senior civil servants can more easily make the case to travel to a COP.

We also highlighted the results of two major programmes (more details on the programmes outlined above). The STARRS satellite project was highlighted in a video from Al Gore. Our Finance Fit for Change report was also covered in Business Green and promoted by the UN Climate Champions team.

**New Comms Approach**

At the end of June, we launched a new Corporate Comms Approach – aimed at strengthening our position in the climate space and being bolder to increase influence with our key audiences of decision takers in business and politics. We will achieve that by being 'always on', more of a thought leader and influencer of key audiences and driving a more pro-active, integrated campaign way of working. Aligned to this, we've introduced new, quarterly media performance monitoring and are developing a balanced scorecard for our objectives for next year to account for amount, quality and footprint of our coverage with key audiences.

**For 2023/2024, we aim to:**

- Roll out our new comms approach to drive change across our programmes and influence our key stakeholders in a more integrated and bold way, throughout the year – including through our international offices.
- Further develop Climate Group's unique position in the climate sphere as an always on influencer on the cusp of government and business.

- Further develop our membership proposition and our membership engagement, driving their involvement in our work.
- Build on the strength of Climate Week NYC and further strengthen other owned key events, ensuring they are strategic moments for our work and on the international climate agenda.
- Work on new comms and marketing driven propositions and projects that will help drive new income streams.

## Achieving organisational excellence

### **We have invested to ensure we have the diverse talent required to deliver our goals**

Our people are at the heart of our organisation and we strive to create an inclusive, vibrant and supportive environment. We were pleased to see the actions taken to support staff wellbeing and mental health were positively reflected in the staff survey results.

In response to the continuing cost of living pressures and the highly competitive market for specialist skills we have invested in our reward offering to attract and retain talent. We have continued to upgrade our recruitment brand, broaden our recruitment channels and train our hiring managers to increase reach and success in hiring diverse talent.

### **Expanding our footprint globally to maximise our impact and optimise our strategy delivery**

Our global footprint is enabling us to expand our reach and impact. The operationalisation of our Europe and China offices remained a key focus for us this year and with growing regional teams there we are well-placed to again fully engage in these regions to accelerate climate action.

## **Income**

### *Fundraising*

In Financial Year 22-23 we consolidated recovery from the shocks of the COVID-19 pandemic and the subsequent inflationary spiral which has caused significant budget tightening even in the context of income growth. We have focused on three areas of work to enable long-term planning and growth opportunities as the organisation moves into a new strategy period from 2024-2027. These are:

1. To complete the creation of a corporate business development team capable of activating the full spectrum of options for income generation from our corporate network.
2. To consolidate and streamline the management of our grant income and develop specific approaches for cultivating and stewardship of leadership grantmaking for larger scale and multi-year donations.
3. To develop achievable strategies for ensuring financial sustainability in our regional markets by tailoring fundraising approaches to the individual resource plans and programmatic specialisms of regional teams.

The reorganisation and growth of corporate business development continued to generate positive results. Climate Week NYC 2022 generated record sponsorship, and we were able to grow two other global flagship sponsored events during the financial year – a first fully -in-person US Climate Action Summit in Washington DC in April 2023, and a first summit in Singapore (Climate Group Asia Action Summit) in June. These events both generated excellent revenue results.

In early 2022 we created a new Client Experience division within our business development team, which has supported the continued growth of membership income from our corporate leadership campaigns. In 2023, we created a New Business division as well, and have begun to successfully generate income from corporate foundations as well as for pay-to-play Action Collaborative projects and are developing new corporate leadership products and exploring brand licensing income. These three pillars (Sponsorship, Client Experience, New Business) form the basis from which to grow corporate income in the new Climate Group 2024-27 strategy period.

Grant income has remained Climate Group's largest source of income despite financial pressure on many of our long-standing funding partners. Philanthropic foundation income has remained strong, and particular success has been concentrated in our work on industrial decarbonisation

and in our programs in India. Government grant funding has remained challenging to secure. In the absence of granting opportunities from national governments, we have focused on delivering a successful re-launch of the Under2 Coalition membership scheme, which delivered a 30% increase in membership subscriptions by the end of the financial year, as well as developing a new pay-to-play Net Zero Policy Forum in partnership with the Government of New South Wales and other subnationals.

In support of regional income growth, we secured starter income for our new offices in the Netherlands and China and delivered record grant income in India. Income in North America remained close to historic highs, whilst income in Latin America declined as a result of falling government grant income.

*Our philanthropic supporters included:*

Bloomberg Philanthropies, Climate Catalyst, Climate Emergency Collaboration Group, Climate Imperative Foundation, ClimateWorks Foundation, the Dutch Postcode Lottery, the European Climate Foundation, India Climate Collaborative, Katz Family Foundation, Lloyd's Register Foundation, John D. and Catherine T. MacArthur Foundation, McKnight Foundation, the New York Community Trust, Pooled-Fund on International Energy, Rockefeller Brothers Fund, Shakti Sustainable Energy Foundation, Stiftung Mercator, Stichting SED, Tara Climate Foundation, Tiina and Antti Herlin Foundation, the Urban Mobility Innovation Fund, VoLo Foundation, WattTime Corporation, the We Mean Business coalition and its philanthropic partners, as well as a number of private donors.

*Our government supporters included:*

The Government of Scotland  
The Government of Navarra  
The Government of Wales  
The Government of Baden-Wurttemberg  
The Government of Quebec  
UK PACT (Partnering for Accelerated Climate Transitions)  
The International Climate Initiative (IKI) of the Federal Republic of Germany  
US Department of State  
US Department of Energy  
The Government of New South Wales

**Future plans for the year 2023-24**

- We will continue to deepen climate knowledge and grow management skills through a curriculum of training and curated online content. Our EDI work will focus on a broadening of diversity through recruitment, developing an inclusiveness mindset through facilitated conversations and addressing just transition through our programmatic work.
- Developing and embedding a new Global Research Innovation and Impact team within the fundraising directorate to more efficiently and systematically develop program ideas into propositions for philanthropic or corporate fundraising.
- Consolidating and expanding membership income growth with the launch of membership programmes for SteelZero and ConcreteZero.
- Investing in Climate Group marketing and thought leadership to drive leadership grantmaking opportunities.

### 3. Financial review and strategy

The Statement of Financial Activities (page 32) 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.

In the 2022/23 financial year, we have reported a £1.1m deficit. This was partly anticipated and driven by our investment in developing our operations in China and the Netherlands, and supporting the renewal of our strategy under new leadership in the US. The result was subsequently impacted by a combination of the delayed confirmation of a major new projects, and higher staffing costs. As a result, our unrestricted reserves have reduced to £2.1m, falling to the lower end of the target range set by the trustees.

#### Income

Our total income for the 2022/23 financial year was £12.9m (2021/22: £11.2m) and as at 30 June 2023 we held £5.9m of deferred income (30 June 2022: £4m).

Our income generation continued to prove resilient through a challenging period for fundraising. The primary sources of income were as follows:

- Government and foundation grant making of £6.3m (2021/22: £6.2m). Some significant long term grant funding agreements ended during the year and securing similar new funding streams proved demanding. However, our diversified portfolio ensured that income levels remained at a similar level to the prior year.
- Sponsorship income for our events including Climate Week NYC plus other smaller events grew to £3.2m (2021/22: £2.3m). Climate Week NYC showed meaningful growth, which was complemented by the successful launch of the US Climate Action Summit.
- Membership and partnership income also showed significant growth reaching £3.2m (2021/22: £2.4m) as the membership campaigns continued to grow. As a more forecastable source of income, this enabled us to progress critical work with confidence in our ability to withstand the impact of external factors.

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 continued to develop work in the food and agriculture space, as well as growing funding partnerships that explore just transition, climate resilience, climate finance and state capacity building for state and regional governments. We will also be seeking to grow regional programme work in the European Union and China, exploiting novel approaches to renovation retrofitting finance in Europe and leveraging auto-makers' net-zero commitments to decarbonise the steel value chain in China.

#### Expenditure

During the accounting period our expenditure totalled £13.9m (2021/22: £11.4m).

Expenditure increased as we invested in our staffing, which was partly offset by a slight reduction in other operating costs. However, these operational savings were masked by a significant and adverse year on year movement in foreign exchange differences, following significant gains in 2021/22, with £0.1m losses in the year (2021/22: £0.5m gains).

The expenditure includes collaborative subgrants to other organisations which included CDP Global, World Green Building Council (WGBC), ResponsibleSteel, World Business Council for Sustainable Development (WBCSD) and the Center for Climate Strategies. These subgrants, which meet our charitable objectives, support the delivery of our programmes.

## Financial position at year-end

The balance of total funds as at 30 June 2023 is at £2.1m (2021/22: £3.1m). The decrease in unrestricted reserves by £1.1m to £2.1m was driven by the deficit in the year. The reserves include an element designated for the new premises, which will reduce as the relevant assets are depreciated. As at 30 June 2023, the remaining designated reserve balance is £0.3m.

Across our global offices, our North America operations have benefitted from increasingly successful income generation from corporate sponsorship at Climate Week NYC since 2015 and the growth of the US Climate Action Summit to become our second largest annual flagship event.

Our Indian operations have continued to expand through restricted grant income supporting delivery of our core initiatives locally. International grant-makers are the primary source of income, though the conditions for international philanthropic investment have tightened in terms of bureaucratic oversight from the Government of India in recent months. Rising transaction costs mean we are looking to grow domestic membership payments, as well as domestic grant-making opportunities.

To support our plans for global growth, we have a growing portfolio of work planned for our EU office based in the Netherlands, which will contribute to global programmes in addition to locally sourced and delivered project work. In particular, the Netherlands is leading our new Renovation Revolution project aimed at supporting companies in access EU financing for energy efficiency retrofits, and will also play a prominent role in our forthcoming work on supporting states and regions with developing smart budgeting and deployment of climate finance.

Following opening our Representative Office in the previous financial year, China forms part of our ambitious plans. Our income pipeline has gathered momentum through 2022/23 and we are building a team to deliver our goals for the region. The focus of grant funding is concentrated in our energy, industry and transport system areas – looking at the decarbonisation of the auto-manufacture / steel production value chain, and well as opportunities for decarbonization of steel in the shipping industry.

### Reserves policy

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 at 3-6 months of unrestricted expenditure. Whilst we are at the lower end of this range, previously growing our reserves beyond the upper target range enabled us to invest in developing our operations in China and the Netherlands.

As at 30 June 2023, the unrestricted reserves of £2.1m (2021/22: £3.0m), including designated reserves of £0.3m (2021/22: £0.5m), represents approximately 3 months of unrestricted expenditure. The trustees anticipate that we will remain within the target range through achieving a break-even financial result in the forthcoming and subsequent years.

### Going concern

Climate Group, like many charities, is dependent on voluntary contributions from funders and ongoing relationships with our partners to meet its future commitments. Climate Group's strategic planning, annual financial plan and ongoing financial performance review processes include forecasts of income, expenditure and cash flows, which take into consideration the current economic climate and its potential impact on our income streams alongside our planned expenditure.

Global economic uncertainty continues but funders (especially foundations and corporates) continue to support our sector and, whilst we do not foresee any material risk to income in the year to 30 June 2024, we remain vigilant for the need to deploy mitigating actions.

Overall, given the level of reserves, no debt, strong cash flows and robust relationships with partners, donors and funders, we consider Climate Group is well placed to manage the business risks it faces.

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 Climate Group to continue as a going concern.

## **Managing principal risks and uncertainties**

The Trustees are responsible for ensuring that major risks facing Climate Group are appropriately managed and that there are effective and adequate risk management and internal control systems in place to manage strategic and operational risks. Our risk management processes outline the approach we use to identify and manage risks. 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 risk register, including reports from quarterly reviews, are reviewed by the Executive Management Team and Finance and Audit Committee. The Board of Trustees annually reviews the risk register, with a further mid-year review following Committee review.

The principal risks identified are:

### **Global Expansion**

We made strong operational progress in embedding our teams in China and the European Union and have reduced our operational risks by working with or hiring local experts to manage the respective legal, HR and compliance risks. We are still working to establish secure funding streams for the regional offices and this is taking longer than expected which has put pressure on our financial position this year. This will continue to be a focus for the leadership team next year.

### **Programme Delivery**

We have refreshed our Under2 strategy and are currently working to align our business development plans to support our new Governments & Policy strategy. As part of the strategy refresh, we have designed a new Under2 Coalition membership offer. We have also increased our ambition in our pledged to reach net zero emissions by 2050 - or earlier - with clear pathways to get there and are building climate knowledge and capacity along the way.

We continue to work to ensure that the increase in the scale and scope of Climate Group's programmatic work does not affect the effectiveness of project delivery which could reduce our impact to accelerate emission reductions.

### **Reputation and Event Portfolio**

Our event portfolio has grown in size, complexity and proportion of our income. As a result, the revenue impact from reputational, delivery or force majeure risks is increasing. We have conducted reviews of all our insurance opportunities and approaches to payments and contracting to mitigate our risks. We are also driving the growth of diverse range of events across our regions to moderate risk to income.

We continue to strengthen our processes and due diligence processes for all our members, partners and sponsorship.

### **People**

We conducted a pay benchmarking review and consequently adjusted the pay bands across our offices to ensure we remain competitive in the current inflationary labour market. We continued to focus on strengthening our employee value proposition and updated our recruitment and onboarding process to be able to attract top talent.

## 4. Structure, governance and management

### Structure

The Climate Change Organisation, which is known as and trades as 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. Climate Group's statutory objects and powers are established in a Memorandum of Association, and the company is governed under its Articles of Association.

Climate Group is also represented by legal entities in the US, India and the Netherlands, with a Representative Office in China, 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.

### Board of 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 below.

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

#### Chair

Michael Rann (Global Nominations and Governance Committee - Chair)

#### Members

Zoë Ashcroft (Deputy Chair) (Global Nominations and Governance Committee - Member)

Andrew Clark (Finance and Audit Committee - Chair)

Jeffrey B. Gracer

James Hall-Smith – appointed February 2023 (Finance & Audit Committee - Member)

Mayumi Omi

Joanne Parker – appointed February 2023

Amber Rudd (Board EDI sponsor)

Jonathan Williams – appointed July 2023

#### *Retired during the year*

Viki Cooke (March 2023)

#### *Retired post year-end*

Victoria Keilthy (July 2023)

#### Trustee recruitment and induction

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 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.

### **Board committees and working groups**

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 and Governance Committee** is comprised of board members from both our UK and US boards, and 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 Climate Group's boards and any advisory groups, and to consider specific organisational governance requirements.

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 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.

## **Executive Management Team and Scheme of Delegation**

The Trustees have set out a scheme of delegation. While retaining overall responsibility for 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, member details of which can be found below.

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.

Chief Executive – Helen Clarkson, OBE

Chief Operating Officer – Ana Mates

Executive Director, Under2 and Solutions – Tim Ash Vie (to October 2022)

Executive Director for Governments and Policy – Champa Patel (appointed January 2023)

Executive Director, Development – David Mole

Executive Director, Communications – Luke Herbert

Executive Director, Finance and IT – Alex Moore

Executive Director, Systems Change – Mike Peirce

## 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

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, Climate Group received no fundraising complaints from members of the public.

## **Remuneration policy**

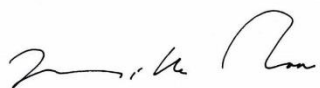
The salaries of Climate Group staff are periodically benchmarked against comparable organisations, including other charities. Climate Group aims to set salaries equivalent to the median for such organisations. All posts are evaluated based on agreed, organisation-wide criteria that determine the grade 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 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 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 11 December 2023 and was signed on its behalf by:



**Hon. Mike Rann AC, CNZM**  
Chair of the Board of Trustees

## Key people and advisors

The information shown below pertains to the period between 1 July 2022 and 11 December 2023, the date of the signing of the accounts.

### Registered office

The Clove Building  
4 Maguire Street  
London  
SE1 2NQ

### Executive Directors, regional offices

- Angela Barranco, Executive Director, NA (The Climate Group, Inc.)
- Divya Sharma, Executive Director, India (TCCO India Projects Pvt Ltd)
- Yuming Hui, Executive Director, China (Representative Office Beijing)

### Directors of our Regional Boards

#### The Climate Group, Inc.

- Zoë J. Ashcroft
- Helen Clarkson
- Gary Doer
- Ariane de Vienne
- Jeffrey B. Gracer
- Joseph M. Kinard
- Douglas P. Lawrence
- Mary Nichols
- Bill Ritter (Chair)

#### TCCO India Projects Pvt. Ltd

- Helen Clarkson
- Divya Sharma (Wholetime Director and Chair)

#### Stichting Climate Group Europe

- Helen Clarkson
- Jeroen Gerlag
- Maria Anna Van Keep - Chair (March 2023)

### Principal Professional Advisers

#### Bankers

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

#### Auditors

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

## 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 2023 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 2023 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 has 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 25, 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 based on 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](http://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.

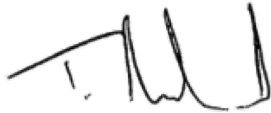
Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

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

21 December 2023

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 2023

## Consolidated statement of financial activities

|                                                      | Notes | Restricted       | Unrestricted       | Year ended<br>30 June<br>2023 | Year ended<br>30 June<br>2022 |
|------------------------------------------------------|-------|------------------|--------------------|-------------------------------|-------------------------------|
|                                                      |       | £                | £                  | £                             | £                             |
| <b>Income from:</b>                                  |       |                  |                    |                               |                               |
| <i>Donations and legacies</i>                        |       |                  |                    |                               |                               |
| Donations & similar funding                          |       | -                | 142,067            | <b>142,067</b>                | 254,828                       |
| Grants                                               | 2     | 5,479,070        | 888,384            | <b>6,367,454</b>              | 6,303,894                     |
|                                                      |       | <u>5,479,070</u> | <u>1,030,451</u>   | <u><b>6,509,521</b></u>       | <u>6,558,722</u>              |
| <i>Charitable activities</i>                         |       |                  |                    |                               |                               |
| Membership and partnership income                    |       | -                | 3,175,693          | <b>3,175,693</b>              | 2,375,697                     |
| Sponsorship and other                                |       | -                | 3,179,906          | <b>3,179,906</b>              | 2,301,746                     |
|                                                      |       | <u>-</u>         | <u>6,355,599</u>   | <u><b>6,355,599</b></u>       | <u>4,677,443</u>              |
| <b>Total income</b>                                  |       | <u>5,479,070</u> | <u>7,386,050</u>   | <u><b>12,865,120</b></u>      | <u>11,236,165</u>             |
| <b>Expenditure on:</b>                               |       |                  |                    |                               |                               |
| <i>Raising funds</i>                                 |       | -                | 1,706,104          | <b>1,706,104</b>              | 1,260,953                     |
| <i>Charitable activities</i>                         |       | 5,479,070        | 6,739,743          | <b>12,218,813</b>             | 10,182,755                    |
| <b>Total expenditure</b>                             | 3     | <u>5,479,070</u> | <u>8,445,847</u>   | <u><b>13,924,917</b></u>      | <u>11,443,708</u>             |
| <b>Net income</b>                                    |       | <u>-</u>         | <u>(1,059,797)</u> | <u><b>(1,059,797)</b></u>     | <u>(207,543)</u>              |
| Transfer between funds                               |       | (86,277)         | 86,277             | -                             | -                             |
| <b>Other recognised gains and losses</b>             |       |                  |                    |                               |                               |
| Gain / (Loss) on revaluation of foreign subsidiaries |       |                  | (280)              | <b>(280)</b>                  | 10,057                        |
| <b>Net movement in funds</b>                         |       | <u>(86,277)</u>  | <u>(973,800)</u>   | <u><b>(1,060,077)</b></u>     | <u>(197,486)</u>              |
| Reconciliation of funds:                             |       |                  |                    |                               |                               |
| Total funds brought forward                          |       | 86,277           | 3,037,440          | <b>3,123,717</b>              | 3,321,203                     |
| <b>Total funds carried forward</b>                   | 11    | <u>-</u>         | <u>2,063,640</u>   | <u><b>2,063,640</b></u>       | <u>3,123,717</u>              |

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

**BALANCE SHEETS**

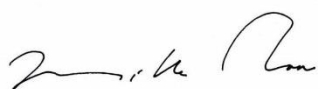
As at 30 June 2023

**COMPANY NUMBER: 4964424****Balance sheet**

|                                                       | Notes | Group<br>30 June<br>2023<br>£ | Group<br>30 June<br>2022<br>£ | Charity<br>30 June<br>2023<br>£ | Charity<br>30 June<br>2022<br>£ |
|-------------------------------------------------------|-------|-------------------------------|-------------------------------|---------------------------------|---------------------------------|
| <b>Fixed assets</b>                                   |       |                               |                               |                                 |                                 |
| Tangible fixed assets                                 | 7     | 267,293                       | 391,059                       | 251,096                         | 375,334                         |
| Investments                                           | 8     | -                             | 86,277                        | 10,770                          | 97,047                          |
|                                                       |       | <b>267,293</b>                | <b>477,336</b>                | <b>261,866</b>                  | <b>472,381</b>                  |
| <b>Current assets</b>                                 |       |                               |                               |                                 |                                 |
| Debtors                                               | 9     | 3,286,733                     | 2,462,639                     | 2,871,730                       | 1,933,631                       |
| Cash at bank and in hand                              |       | 6,229,011                     | 5,584,268                     | 5,693,305                       | 5,075,188                       |
|                                                       |       | <b>9,515,744</b>              | <b>8,046,907</b>              | <b>8,565,035</b>                | <b>7,008,819</b>                |
| <b>Creditors:</b> amounts falling due within one year | 10    | <b>(7,719,397)</b>            | <b>(5,400,526)</b>            | <b>(6,481,256)</b>              | <b>(4,183,184)</b>              |
| <b>Net current assets</b>                             |       | <b>1,796,347</b>              | <b>2,646,381</b>              | <b>2,083,779</b>                | <b>2,825,635</b>                |
| <b>Net assets</b>                                     | 11    | <b>2,063,640</b>              | <b>3,123,717</b>              | <b>2,345,645</b>                | <b>3,298,016</b>                |
| <b>Represented by</b>                                 |       |                               |                               |                                 |                                 |
| Restricted funds                                      |       | -                             | 86,277                        | -                               | 86,277                          |
| Unrestricted funds – General                          |       | 1,728,640                     | 2,537,440                     | 2,010,645                       | 2,711,739                       |
| Unrestricted funds – Designated                       |       | 335,000                       | 500,000                       | 335,000                         | 500,000                         |
| <b>Total funds</b>                                    | 12    | <b>2,063,640</b>              | <b>3,123,717</b>              | <b>2,345,645</b>                | <b>3,298,016</b>                |

The net movement in funds for the charity only for the year was negative £952,371 (2022: £6,063).

The accounts on pages 32 to 50 were approved by the Board of Trustees and authorised for issue on 11 December 2023 and signed on its behalf by:



**Hon Mike Rann AC, CNZM**  
Chair of the Board of Trustees

## CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 June 2023

### Consolidated cash flow statement

|                                                                    | Year ended<br>30 June<br>2023<br>£ | Year ended<br>30 June<br>2022<br>£ |
|--------------------------------------------------------------------|------------------------------------|------------------------------------|
| <b>Cash flows from operating activities:</b>                       |                                    |                                    |
| <i>Net cash provided by operating activities (Note a)</i>          | <b>677,165</b>                     | 76,257                             |
| <b>Cash flows from investing activities:</b>                       |                                    |                                    |
| Payments to acquire tangible fixed assets                          | <b>(32,421)</b>                    | (418,052)                          |
| <b>Change in cash and cash equivalents in the reporting period</b> | <b>644,744</b>                     | (341,795)                          |
| <b>Cash and cash equivalents at the beginning of the year</b>      | <b>5,584,269</b>                   | 5,926,064                          |
| <b>Cash and cash equivalents at the end of the year</b>            | <b>6,229,013</b>                   | 5,584,269                          |

### Note to the cash flow statement

#### Reconciliation of net income to net cash provided by operating activities

|                                                                                      | Year ended<br>30 June<br>2023<br>£ | Year ended<br>30 June<br>2022<br>£ |
|--------------------------------------------------------------------------------------|------------------------------------|------------------------------------|
| <i>Net income for the year</i>                                                       | <b>(1,059,797)</b>                 | (207,543)                          |
| <b>Adjustments for:</b>                                                              |                                    |                                    |
| Depreciation charges                                                                 | <b>150,721</b>                     | 45,270                             |
| Investment income                                                                    | <b>86,277</b>                      | -                                  |
| Foreign exchange differences, excluding gains arising on revaluation of fixed assets | <b>5,187</b>                       | 8,200                              |
| (Increase)/ Decrease in debtors                                                      | <b>(824,094)</b>                   | (562,045)                          |
| Increase / (Decrease) in creditors                                                   | <b>2,318,871</b>                   | 792,376                            |
| <i>Net cash provided by operating activities</i>                                     | <b>677,165</b>                     | 76,258                             |

## 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*

Climate Group, like many charities, is dependent on voluntary contributions from funders and ongoing relationships with our partners to meet its future commitments. Climate Group's planning and performance review processes include financial projections of income, expenditure and cash flows that take into consideration the current economic climate and its potential impact on the various sources of income and planned expenditure. Climate Group is well placed to manage the business risks it faces given its level of reserves, no debt, 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 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** from grants is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received, and the amount can be measured reliably.

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

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

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

## Notes to the accounts

### c) Expenditure

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

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

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

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

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

### d) Investments

Investments are a form of basic financial instruments and are recognised at their transaction value.

### e) Fixed assets and depreciation

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

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

|                        |           |
|------------------------|-----------|
| Office equipment       | - 3 years |
| Furniture and fixtures | - 3 years |

### f) Fund accounting

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

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

### g) Pension costs

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

### h) Operating leases

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

### i) Foreign currencies

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

## Notes to the accounts

### j) Debtors

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

### k) Creditors and provisions

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

### l) Financial instruments

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

## 2. Grants

|                    | Restricted       | Unrestricted   | Year ended<br>30 June<br>2023 | Year ended<br>30 June<br>2022 |
|--------------------|------------------|----------------|-------------------------------|-------------------------------|
|                    | £                | £              | £                             | £                             |
| Corporations       | -                | 95,083         | <b>95,083</b>                 | 82,482                        |
| Governments        | 921,422          | -              | <b>921,422</b>                | 1,179,325                     |
| Foundations & NGOs | 4,557,648        | 793,301        | <b>5,350,949</b>              | 5,042,087                     |
|                    | <u>5,479,070</u> | <u>888,384</u> | <u><b>6,367,454</b></u>       | <u>6,303,894</u>              |

## 3. Analysis of total expenditure

|                       | Direct<br>staff<br>costs<br>£ | Other<br>direct<br>costs<br>£ | Total<br>direct<br>costs<br>£ | Support<br>staff<br>costs<br>£ | Other<br>support<br>costs<br>£ | Total<br>support<br>costs<br>£ | Year<br>ended 30<br>June 2023<br>£ | Year ended<br>30 June<br>2022<br>£ |
|-----------------------|-------------------------------|-------------------------------|-------------------------------|--------------------------------|--------------------------------|--------------------------------|------------------------------------|------------------------------------|
| Cost of raising funds | 991,745                       | 65,531                        | <b>1,057,276</b>              | 293,013                        | 182,794                        | <b>475,807</b>                 | <b>1,533,083</b>                   | 1,260,953                          |
| Charitable activities | 4,635,210                     | 3,906,912                     | <b>8,542,122</b>              | 2,370,739                      | 1,478,973                      | <b>3,849,712</b>               | <b>12,391,834</b>                  | 10,182,755                         |
| <b>Total 2023</b>     | <u>5,626,955</u>              | <u>3,972,443</u>              | <u><b>9,599,398</b></u>       | <u>2,663,752</u>               | <u>1,661,767</u>               | <u><b>4,325,519</b></u>        | <u><b>13,924,917</b></u>           | <u>11,443,708</u>                  |
| Total 2022            | <u>4,908,765</u>              | <u>3,313,505</u>              | <u><b>8,222,270</b></u>       | <u>2,010,389</u>               | <u>1,211,049</u>               | <u><b>3,221,438</b></u>        |                                    |                                    |

## Notes to the accounts

Other support costs comprise:

|                        | Year ended<br>30 June<br>2023<br>£ | Year ended<br>30 June<br>2022<br>£ |
|------------------------|------------------------------------|------------------------------------|
| Premises               | 620,935                            | 634,827                            |
| Other office costs     | 109,047                            | 227,341                            |
| IT                     | 269,850                            | 226,156                            |
| Audit                  | 60,580                             | 75,339                             |
| Legal and professional | 163,013                            | 304,580                            |
| Exchange differences   | 102,103                            | (513,925)                          |
| Other                  | 336,239                            | 255,079                            |
|                        | <b>1,661,767</b>                   | <b>1,209,397</b>                   |

### 4. Net income / (expenditure)

is stated after charging:

|                                                                              | Year ended<br>30 June<br>2023<br>£ | Year ended<br>30 June<br>2022<br>£ |
|------------------------------------------------------------------------------|------------------------------------|------------------------------------|
| Operating lease rentals – buildings                                          | 467,015                            | 609,476                            |
| Depreciation                                                                 | 150,719                            | 45,270                             |
| Fees payable to charity auditors: audit of the charity's annual accounts     | 28,000                             | 23,625                             |
| Fees payable to other group auditors: statutory audit of subsidiary accounts | 27,829                             | 40,214                             |
| Other services                                                               | 30,720                             | 48,116                             |
|                                                                              | <b>709,034</b>                     | <b>766,701</b>                     |

### 5. Staff costs

Staff costs during the period amounted to:

|                                  | Year ended<br>30 June<br>2023<br>£ | Year ended<br>30 June<br>2022<br>£ |
|----------------------------------|------------------------------------|------------------------------------|
| Wages and salaries               | 6,340,968                          | 5,161,785                          |
| Social security costs            | 660,891                            | 540,876                            |
| Employer's pension contributions | 620,792                            | 485,176                            |
| Other staff costs                | 344,975                            | 386,167                            |
|                                  | <b>7,967,626</b>                   | <b>6,574,004</b>                   |
| Temporary staff                  | 323,080                            | 345,151                            |
|                                  | <b>8,290,706</b>                   | <b>6,919,155</b>                   |

## Notes to the accounts

Included within staff costs above is £25,228 (2022: £nil) relating to termination costs. There were £Nil worth of ex-gratia payments made during the year (2022: £nil).

The average number of employees in the year was 146 (2022:128).

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:

|                          | 2022/23 |                         | 2021/22 |                         |
|--------------------------|---------|-------------------------|---------|-------------------------|
|                          | UK      | Rest of World<br>Number | UK      | Rest of World<br>Number |
| £60,000 - £70,000 p.a.   | 3       | 4                       | 4       | -                       |
| £70,001 - £80,000 p.a.   | 2       | 1                       | -       | -                       |
| £80,001 - £90,000 p.a.   | -       | 2                       | 1       | 1                       |
| £90,001 - £100,000 p.a.  | 1       | 1                       | 5       | 1                       |
| £100,001 - £110,000 p.a. | 4       | 1                       | -       | -                       |
| £110,001 - £120,000 p.a. | -       | -                       | 1       | -                       |
| £130,001 - £140,000 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 £66,837 (2022: £68,350) 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 £1,204,319 (2022: £1,054,334) inclusive of employer's pension and national insurance costs.

### 6. Trustees' remuneration and expenses

No Trustee received any remuneration during the year (2022: nil). Expenses incurred by Trustees during the year totalled to £1,484 (2022: £328).

## Notes to the accounts

### 7. Tangible fixed assets

| <b>Group</b>                 | Office<br>equipment | <b>Total</b>    |
|------------------------------|---------------------|-----------------|
| <b>Cost</b>                  | £                   | £               |
| At 1 July 2022               | 468,787             | <b>468,787</b>  |
| Foreign Exchange Revaluation | (2,013)             | <b>(2,013)</b>  |
| Additions                    | 32,421              | <b>32,421</b>   |
| Disposals                    | (15,782)            | <b>(15,782)</b> |
| <b>At 30 June 2023</b>       | <b>483,413</b>      | <b>483,413</b>  |
| <b>Depreciation</b>          |                     |                 |
| At 1 July 2022               | 77,728              | <b>77,728</b>   |
| Foreign Exchange Revaluation | 3,453               | <b>3,453</b>    |
| Charge for the period        | 150,721             | <b>150,721</b>  |
| Disposals                    | (15,782)            | <b>(15,782)</b> |
| <b>At 30 June 2023</b>       | <b>216,120</b>      | <b>216,120</b>  |
| <b>Net book value</b>        |                     |                 |
| <b>At 30 June 2023</b>       | <b>267,293</b>      | <b>267,293</b>  |
| At 1 July 2022               | 391,059             | <b>391,059</b>  |
| <b>Charity</b>               | Office<br>equipment | <b>Total</b>    |
| <b>Cost</b>                  | £                   | £               |
| At 1 July 2022               | 442,442             | 442,442         |
| Additions                    | 20,945              | 20,945          |
| Disposals                    | (8,337)             | (8,337)         |
| <b>At 30 June 2023</b>       | <b>455,050</b>      | <b>455,050</b>  |
| <b>Depreciation</b>          |                     |                 |
| At 1 July 2022               | 67,108              | <b>67,108</b>   |
| Charge for the period        | 145,183             | <b>145,183</b>  |
| Disposals                    | (8,337)             | <b>(8,337)</b>  |
| <b>At 30 June 2023</b>       | <b>203,954</b>      | <b>203,954</b>  |

## Notes to the accounts

### Net book value

At 30 June 2023 251,096 **251,096**

At 1 July 2022 375,334 **375,334**

### 8. Investments

|                              | Group<br>30 June<br>2023<br>£ | Group<br>30 June<br>2022<br>£ | Charity<br>30 June<br>2023<br>£ | Charity<br>30 June<br>2022<br>£ |
|------------------------------|-------------------------------|-------------------------------|---------------------------------|---------------------------------|
| Seed capital investment fund | -                             | 86,277                        | -                               | 86,277                          |
| Investment in subsidiaries   | -                             | -                             | <b>10,770</b>                   | 10,770                          |
|                              | -                             | 86,277                        | <b>10,770</b>                   | 97,047                          |

### 9. Debtors

|                               | Group<br>30 June<br>2023<br>£ | Group<br>30 June<br>2022<br>£ | Charity<br>30 June<br>2023<br>£ | Charity<br>30 June<br>2022<br>£ |
|-------------------------------|-------------------------------|-------------------------------|---------------------------------|---------------------------------|
| Trade debtors                 | <b>2,134,654</b>              | 1,406,862                     | <b>1,406,833</b>                | 755,895                         |
| Other debtors                 | <b>323,818</b>                | 327,024                       | <b>304,642</b>                  | 305,787                         |
| Due from subsidiary companies | -                             | 4                             | <b>572,077</b>                  | 491,464                         |
| Prepayments                   | <b>580,425</b>                | 488,197                       | <b>356,506</b>                  | 139,933                         |
| Accrued income                | <b>247,836</b>                | 240,552                       | <b>231,672</b>                  | 240,552                         |
|                               | <b>3,286,733</b>              | 2,462,639                     | <b>2,871,730</b>                | 1,933,631                       |

There is an amount of £279,960 that is over a year included in Other Debtors for the London office rent deposit (2022: £279,960).

## Notes to the accounts

### 10. Creditors: amounts falling due within one year

|                              | <b>Group</b><br><b>30 June</b><br><b>2023</b><br>£ | Group<br>30 June<br>2022<br>£ | <b>Charity</b><br><b>30 June</b><br><b>2023</b><br>£ | Charity<br>30 June<br>2022<br>£ |
|------------------------------|----------------------------------------------------|-------------------------------|------------------------------------------------------|---------------------------------|
| Trade creditors              | <b>916,906</b>                                     | 545,556                       | <b>879,692</b>                                       | 502,072                         |
| Taxation and social security | <b>265,850</b>                                     | 247,877                       | <b>290,137</b>                                       | 228,105                         |
| Other creditors              | <b>34,375</b>                                      | 33,894                        | <b>22,937</b>                                        | 30,326                          |
| Accruals                     | <b>636,801</b>                                     | 576,821                       | <b>554,942</b>                                       | 461,329                         |
| Short term loans             | -                                                  | -                             | -                                                    | -                               |
| Deferred income              | <b>5,865,465</b>                                   | 3,996,379                     | <b>4,733,548</b>                                     | 2,961,352                       |
|                              | <b>7,719,397</b>                                   | 5,400,527                     | <b>6,481,256</b>                                     | 4,183,184                       |

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

#### Deferred income

|                                      | At 1 July<br>2022<br>£ | Released to<br>income<br>£ | Deferred in the<br>year<br>£ | <b>At 30 June</b><br><b>2023</b><br>£ |
|--------------------------------------|------------------------|----------------------------|------------------------------|---------------------------------------|
| Membership                           | 1,274,257              | (1,274,257)                | 1,715,849                    | <b>1,715,849</b>                      |
| Restricted grants                    | 1,302,770              | (4,939,146)                | 6,030,497                    | <b>2,394,121</b>                      |
| Unrestricted grants                  | 384,325                | (817,745)                  | 1,056,998                    | <b>623,578</b>                        |
| <b>Charity total</b>                 | 2,961,352              | (7,031,148)                | 8,803,344                    | <b>4,733,548</b>                      |
| <br>The Climate Group Inc/TCCO India | <br>1,035,027          | <br>(1,613,649)            | <br>1,710,539                | <br><b>1,131,917</b>                  |
| <b>Group total</b>                   | <b>3,996,379</b>       | <b>(8,644,797)</b>         | <b>10,513,883</b>            | <b>5,865,465</b>                      |

## Notes to the accounts

### 11. Analysis of net assets between funds

#### Group

|                                   | Restricted<br>funds<br>£ | Unrestricted<br>funds<br>£ | Total<br>funds<br>£ |
|-----------------------------------|--------------------------|----------------------------|---------------------|
| Tangible assets                   | -                        | 267,293                    | <b>267,293</b>      |
| Investments                       | -                        | -                          | -                   |
| Net current assets/(liabilities)  | -                        | 1,796,347                  | <b>1,796,347</b>    |
| <b>Net assets at 30 June 2023</b> |                          | <b>2,063,640</b>           | <b>2,063,640</b>    |

#### Charity

|                                   | Restricted<br>funds<br>£ | Unrestricted<br>funds<br>£ | Total<br>funds<br>£ |
|-----------------------------------|--------------------------|----------------------------|---------------------|
| Tangible assets                   | -                        | 251,094                    | <b>251,094</b>      |
| Investment in subsidiaries        | -                        | 10,770                     | <b>10,770</b>       |
| Investments                       | -                        | -                          | -                   |
| Net current assets/(liabilities)  | -                        | 2,083,779                  | <b>2,083,779</b>    |
| <b>Net assets at 30 June 2023</b> |                          | <b>2,345,643</b>           | <b>2,345,643</b>    |

### Prior year analysis of net assets between funds

#### Group

|                                   | Restricted<br>funds<br>£ | Unrestricted<br>funds<br>£ | Total<br>funds<br>£ |
|-----------------------------------|--------------------------|----------------------------|---------------------|
| Tangible assets                   | -                        | 391,059                    | <b>391,059</b>      |
| Investments                       | 86,277                   | -                          | <b>86,277</b>       |
| Net current assets/(liabilities)  | -                        | 2,646,381                  | <b>2,646,381</b>    |
| <b>Net assets at 30 June 2022</b> | <b>86,277</b>            | <b>3,037,440</b>           | <b>3,123,717</b>    |

## Notes to the accounts

### Charity

|                                   | Restricted funds<br>£ | Unrestricted funds<br>£ | Total funds<br>£ |
|-----------------------------------|-----------------------|-------------------------|------------------|
| Tangible assets                   | -                     | 375,334                 | 375,334          |
| Investment in subsidiaries        | -                     | 10,770                  | 10,770           |
| Investments                       | 86,277                | -                       | 86,277           |
| Net current assets/(liabilities)  | -                     | 2,825,635               | 2,825,635        |
| <b>Net assets at 30 June 2022</b> | <b>86,277</b>         | <b>3,211,739</b>        | <b>3,298,016</b> |

### 12. Movement in funds of the Group

|                                 | Balances<br>at 1 July<br>2022 | Income            | Expenditure         | Adjustments  | Transfers<br>&<br>exchange<br>differences | At<br>30 June<br>2023 |
|---------------------------------|-------------------------------|-------------------|---------------------|--------------|-------------------------------------------|-----------------------|
|                                 | £                             | £                 | £                   | £            | £                                         | £                     |
| <b>Restricted funds</b>         |                               |                   |                     |              |                                           |                       |
| Systems Energy                  |                               | 540,693           | (540,693)           | -            | -                                         | -                     |
| Systems Built Environment       |                               | 317,811           | (317,811)           | -            | -                                         | -                     |
| Systems Industry                |                               | 1,574,042         | (1,574,042)         | -            | -                                         | -                     |
| Systems Transport               |                               | 1,167,155         | (1,167,155)         | -            | -                                         | -                     |
| Systems Central                 |                               | 51,687            | (51,687)            | -            | -                                         | -                     |
| Solutions Under2 Core           |                               | 383,057           | (383,057)           | -            | -                                         | -                     |
| Solutions Under2 Projects       |                               | 1,309,400         | (1,309,400)         | -            | -                                         | -                     |
| Operations Central              |                               | 135,225           | (135,225)           | -            | -                                         | -                     |
| Seed Capital Investment Fund    | 86,277                        | -                 | -                   | -            | (86,277)                                  | -                     |
| <b>Total restricted funds</b>   | <b>86,277</b>                 | <b>5,479,070</b>  | <b>(5,479,070)</b>  | <b>-</b>     | <b>(86,277)</b>                           | <b>-</b>              |
| <b>Unrestricted funds</b>       |                               |                   |                     |              |                                           |                       |
| General funds                   | 2,537,440                     | 7,386,050         | (8,280,847)         | (280)        | 86,277                                    | 1,728,640             |
| Designated funds                | 500,000                       | -                 | (165,000)           | -            | -                                         | 335,000               |
| <b>Total unrestricted funds</b> | <b>3,037,440</b>              | <b>7,386,050</b>  | <b>(8,445,847)</b>  | <b>(280)</b> | <b>86,277</b>                             | <b>2,063,640</b>      |
| <b>Total funds</b>              | <b>3,123,717</b>              | <b>12,865,120</b> | <b>(13,924,917)</b> | <b>(280)</b> |                                           | <b>2,063,640</b>      |

|                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|-------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Systems</b>                      | Funding for our suite of complementary corporate commitment campaigns – namely RE100, EV100, EP100, EV100+, SteelZero and ConcreteZero. 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 energy efficiency retrofitting, EV policy in Japan and the European Union etc) are funded as part of wider ecosystems of work on renewables, energy productivity and clean transport. 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. |
| <b>Summits</b>                      | 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, such as the US Climate Action Summit.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Solutions</b>                    | <p>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 GHG emissions by 80% on 1990 levels or 2 tons per capita by 2050. Funding is received for our key sub-national government initiatives.</p> <p>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.</p>                                                                                                                                                                       |
| <b>Seed Capital Investment Fund</b> | The investment in Oikocredit International Share Foundation was liquidated during the year and is part of unrestricted reserves.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Designated Funds</b>             | Initially a designated fund of £0.65m to support the costs of the UK office move relating to fixtures and fittings, furniture, and other costs relating to the move. As costs were expensed, and assets are depreciated, the fund will be amortised appropriately. The fund now stands at £0.3m.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |

## Notes to the accounts

### Prior year movement in funds of the Group

|                                 | Balances at<br>1 July<br>2021<br>£ | Income<br>£       | Expenditure<br>£    | Adjustments<br>£ | Transfers &<br>exchange<br>differences<br>£ | At<br>30 June<br>2022<br>£ |
|---------------------------------|------------------------------------|-------------------|---------------------|------------------|---------------------------------------------|----------------------------|
| <b>Restricted funds</b>         |                                    |                   |                     |                  |                                             |                            |
| Business Action                 | -                                  | 3,173,227         | (3,173,227)         |                  | -                                           | -                          |
| Summits                         | -                                  |                   |                     | -                | -                                           | -                          |
| Under2                          | -                                  | 2,218,075         | (2,218,075)         | -                | -                                           | -                          |
| Operations                      | -                                  | -                 | -                   | -                |                                             | -                          |
| Seed capital investment fund    | 86,277                             | -                 | -                   | -                | -                                           | <b>86,277</b>              |
| <b>Total restricted funds</b>   | <b>86,277</b>                      | <b>5,391,302</b>  | <b>(5,391,302)</b>  | <b>-</b>         | <b>-</b>                                    | <b>86,277</b>              |
| <b>Unrestricted funds</b>       |                                    |                   |                     |                  |                                             |                            |
| General funds                   | 2,584,926                          | 5,844,863         | (5,902,406)         | -                | 10,057                                      | <b>2,537,440</b>           |
| Designated Funds                | 650,000                            | -                 | (150,000)           | -                | -                                           | <b>500,000</b>             |
| <b>Total unrestricted funds</b> | <b>3,234,926</b>                   | <b>5,844,863</b>  | <b>(6,052,406)</b>  | <b>-</b>         | <b>10,057</b>                               | <b>3,037,440</b>           |
| <b>Total funds</b>              | <b>3,321,203</b>                   | <b>11,236,165</b> | <b>(11,443,708)</b> | <b>-</b>         | <b>10,057</b>                               | <b>3,123,717</b>           |

### 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:

|                                | 2023                       | 2022                       |
|--------------------------------|----------------------------|----------------------------|
|                                | Land and<br>buildings<br>£ | Land and<br>buildings<br>£ |
| Expiring within 1 year         | <b>520,335</b>             | 257,952                    |
| Expiring between 1 and 2 years | <b>479,950</b>             | 459,952                    |
| Expiring between 2 and 5 years | <b>1,159,879</b>           | 1,639,829                  |
|                                | <b>2,160,164</b>           | 2,357,733                  |

## Notes to the accounts

### 15. Grant and other commitments

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 Climate Group, as they fall after the year end.

The amount of grant commitments falling within one year is £0.5m (2022: £0.3m).

The amount of grant commitments falling between one and five years is nil (2022: nil).

Major grant payments recognised in 2022/23 is set out below.

| Recipient                    |               | 2023<br>£000s   |
|------------------------------|---------------|-----------------|
| CDP Worldwide                | RE100 UK      | 315             |
| World Green Building Council | EP100 UK      | 101             |
| Responsible Steel Ltd        | Steel Zero UK | 70              |
|                              |               | <hr/> 486 <hr/> |

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 5 March 2004), India (registered 21 May 2018), the Netherlands B.V. (registered 12 November 2019), China (registered 1 January 2022) and the Netherlands Stichting (registered 25 August 2022). 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 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, and the China Representative Office has a 31 December year end.

## Notes to the accounts

|                                    | Balance at<br>1 July 2022 | Subgrants<br>received | Subgrants<br>made | Expenses<br>incurred | Payments<br>made/<br>received | Exchange<br>differences | Provision<br>against<br>intercompany<br>balance | Balance as<br>at 30 June<br>2023 |
|------------------------------------|---------------------------|-----------------------|-------------------|----------------------|-------------------------------|-------------------------|-------------------------------------------------|----------------------------------|
|                                    | £                         | £                     | £                 | £                    | £                             | £                       | £                                               | £                                |
| <b>Organisation</b>                |                           |                       |                   |                      |                               |                         |                                                 |                                  |
| The Climate Group, Inc.            | 387,934                   | 2,013,447             |                   | -                    | (1,994,707)                   | (40,264)                | -                                               | <b>366,411</b>                   |
| TCCO India Projects Pvt. Ltd       | 89,165                    | 808,745               | -                 |                      | (719,459)                     | (6,327)                 |                                                 | <b>172,124</b>                   |
| The Climate Group (Europe)<br>B.V. | 14,365                    | 335,706               |                   |                      | (109,849)                     | (5,682)                 | (234,539)                                       | -                                |
| Stichting Climate Group<br>Europe  | -                         | 33,972                |                   |                      |                               | (430)                   |                                                 | <b>33,542</b>                    |
|                                    | <b>491,464</b>            | <b>3,191,870</b>      | <b>-</b>          | <b>-</b>             | <b>(2,824,015)</b>            | <b>(52,703)</b>         | <b>(234,539)</b>                                | <b>572,077</b>                   |

### Prior year transactions between the charity and related organisations

|                                    | Balance<br>at 1 July<br>2021 | Subgrants<br>received | Subgrants<br>made | Expenses<br>incurred | Payments<br>made/<br>received | Exchange<br>differences | Provision<br>against<br>intercompany<br>balance | Balance<br>as at 30<br>June<br>2022 |
|------------------------------------|------------------------------|-----------------------|-------------------|----------------------|-------------------------------|-------------------------|-------------------------------------------------|-------------------------------------|
|                                    | £                            | £                     | £                 | £                    | £                             | £                       | £                                               | £                                   |
| <b>Organisation</b>                |                              |                       |                   |                      |                               |                         |                                                 |                                     |
| The Climate Group, Inc.            | 342,339                      | 909,439               | 7,395             | -                    | (977,944)                     | 106,706                 | -                                               | <b>387,934</b>                      |
| TCCO India Projects Pvt. Ltd       | 69,894                       | -                     | -                 | (240,119)            | 266,571                       | (7,181)                 | -                                               | <b>89,165</b>                       |
| The Climate Group (Europe)<br>B.V. | 4,016                        | (180,329)             |                   | 189,461              |                               | 1,217                   |                                                 | <b>14,365</b>                       |
|                                    | <b>416,249</b>               | <b>729,110</b>        | <b>7,395</b>      | <b>(50,658)</b>      | <b>(711,373)</b>              | <b>100,742</b>          | <b>-</b>                                        | <b>491,464</b>                      |

## Notes to the accounts

### United States – The Climate Group, Inc.

|                                          | 2023      | 2022      |
|------------------------------------------|-----------|-----------|
|                                          | £         | £         |
| Net assets as at 1 July 2022             | 155,933   | 186,226   |
| Income for the year to 30 June 2023      | 4,020,922 | 3,387,151 |
| Net surplus for the year to 30 June 2023 | (408,112) | (24,131)  |
| Net assets as at 30 June 2023            | (252,179) | 161,846   |

### China – Climate Group (UK) Beijing Representative Office

|                                          | 2023     | 2022     |
|------------------------------------------|----------|----------|
|                                          | £        | £        |
| Net assets as at 1 July 2022             | (19,109) |          |
| Income for the year to 30 June 2023      | 373,354  | 100,927  |
| Net surplus for the year to 30 June 2023 | 75,637   | (21,461) |
| Net assets as at 30 June 2023            | 56,528   | (21,461) |

### India – TCCO India Projects Pvt. Ltd

|                                          | 2023     | 2022     |
|------------------------------------------|----------|----------|
|                                          | £        | £        |
| Net assets as at 1 July 2022             | (33,473) | (10,333) |
| Income for the year to 30 June 2023      | 949,562  | 403,568  |
| Net surplus for the year to 30 June 2023 | 133,956  | (24,776) |
| Net assets as at 30 June 2023            | 100,483  | (36,764) |

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

|                                          | 2023     | 2022     |
|------------------------------------------|----------|----------|
|                                          | £        | £        |
| Net assets as at 1 July 2022             | (21,339) | (6,959)  |
| Income for the year to 30 June 2023      | 323,896  | 180,293  |
| Net surplus for the year to 30 June 2023 | 9,852    | (14,354) |
| Net assets as at 30 June 2023            | (11,487) | (21,337) |

### Netherlands – Stichting Climate Group Europe

|                                          | 2023     | 2022 |
|------------------------------------------|----------|------|
|                                          | £        | £    |
| Net assets as at 1 July 2022             |          |      |
| Income for the year to 30 June 2023      | -        | -    |
| Net surplus for the year to 30 June 2023 | (42,933) | -    |
| Net assets as at 30 June 2023            | (42,933) | -    |

## Notes to the accounts

### 17. Prior year Consolidated Statement of Financial Activities

|                                                      | Notes | Restricted      | Unrestricted    | Year ended<br>30 June<br>2022<br>£ |
|------------------------------------------------------|-------|-----------------|-----------------|------------------------------------|
| <b>Income from:</b>                                  |       | £               | £               | £                                  |
| <i>Donations and legacies</i>                        |       |                 |                 |                                    |
| Donations & similar funding                          |       | -               | 254,828         | <b>254,828</b>                     |
| Grants                                               | 2     | 5,391,302       | 912,592         | <b>6,303,894</b>                   |
|                                                      |       | <hr/>           | <hr/>           | <hr/>                              |
|                                                      |       | 5,391,302       | 1,167,420       | <b>6,558,722</b>                   |
| <i>Charitable Activities</i>                         |       |                 |                 |                                    |
| Membership and partnership income                    |       | -               | 2,375,697       | <b>2,375,697</b>                   |
| Sponsorship and other                                |       | -               | 2,301,746       | <b>2,301,746</b>                   |
|                                                      |       | <hr/>           | <hr/>           | <hr/>                              |
|                                                      |       | -               | 4,677,443       | <b>4,677,443</b>                   |
| <b>Total income</b>                                  |       | <hr/> 5,391,302 | <hr/> 5,844,863 | <hr/> <b>11,236,165</b>            |
| <b>Expenditure on:</b>                               |       |                 |                 |                                    |
| <i>Raising funds</i>                                 |       | -               | 1,260,953       | <b>1,260,953</b>                   |
| <i>Charitable activities</i>                         |       | 5,391,302       | 4,791,453       | <b>10,182,755</b>                  |
|                                                      |       | <hr/>           | <hr/>           | <hr/>                              |
| <b>Total expenditure</b>                             | 3     | 5,391,302       | 6,052,406       | <b>11,443,708</b>                  |
| <b>Net income</b>                                    | 4     | <hr/> -         | <hr/> (207,543) | <hr/> <b>(207,543)</b>             |
| <b>Other recognised gains and losses</b>             |       |                 |                 |                                    |
| Gain / (Loss) on revaluation of foreign subsidiaries |       | -               | 10,057          | <b>10,057</b>                      |
|                                                      |       | <hr/>           | <hr/>           | <hr/>                              |
| <b>Net movement in funds</b>                         |       | -               | (197,486)       | <b>(197,486)</b>                   |
| Reconciliation of funds:                             |       |                 |                 |                                    |
| Total funds brought forward                          |       | 1,714,681       | 3,234,926       | <b>4,949,607</b>                   |
| Prior Year Adjustment                                |       | (1,628,404)     |                 | <b>(1,628,404)</b>                 |
| Total funds brought forward as Restated              | 18    | 86,277          | 3,234,926       | <b>3,321,203</b>                   |
|                                                      |       | <hr/>           | <hr/>           | <hr/>                              |
| <b>Total funds carried forward</b>                   | 11    | 86,277          | 3,037,440       | <b>3,123,717</b>                   |
|                                                      |       | <hr/>           | <hr/>           | <hr/>                              |

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# Accounts

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**THE CLIMATE CHANGE ORGANISATION**

t/a  **CLIMATE GROUP**

**Annual Report and Accounts 2021/22**  
**12 months to 30 June 2022**

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

# Board of Trustees' Report

|                                                                                                     |           |
|-----------------------------------------------------------------------------------------------------|-----------|
| <b>A message from our Chair.....</b>                                                                | <b>3</b>  |
| <b>A message from our Chief Executive .....</b>                                                     | <b>4</b>  |
| <b>1. Objectives and activities .....</b>                                                           | <b>5</b>  |
| About us .....                                                                                      | 5         |
| What we do .....                                                                                    | 5         |
| How we do it .....                                                                                  | 5         |
| Our objectives and key initiatives .....                                                            | 6         |
| <b>2. Achievements and performance .....</b>                                                        | <b>8</b>  |
| Making vital systems of the world economy compatible with a net-zero future.....                    | 8         |
| Developing and leveraging solutions which create maximum, measurable impact .....                   | 10        |
| Being an inspiring climate influencer .....                                                         | 12        |
| Achieving organisational excellence.....                                                            | 14        |
| <b>3. Financial review and strategy.....</b>                                                        | <b>16</b> |
| Income .....                                                                                        | 16        |
| Expenditure .....                                                                                   | 16        |
| Financial position at year-end .....                                                                | 17        |
| Managing principal risks and uncertainties.....                                                     | 18        |
| <b>4. Structure, governance and management.....</b>                                                 | <b>20</b> |
| Structure .....                                                                                     | 20        |
| Board of Trustees .....                                                                             | 20        |
| Executive Management Team and Scheme of Delegation .....                                            | 21        |
| Statement of Trustees' responsibilities .....                                                       | 22        |
| Key people and advisors .....                                                                       | 24        |
| <b>5. Audited Accounts .....</b>                                                                    | <b>25</b> |
| Independent Auditor's Report to the Members and Trustees of The Climate Change<br>Organisation..... | 25        |
| Consolidated statement of financial activities .....                                                | 29        |
| Balance sheets .....                                                                                | 30        |
| Consolidated cash flow statement .....                                                              | 31        |
| Notes to the accounts .....                                                                         | 32        |



*Hon. Mike Rann AC CNZM  
Chair of the Board of  
Trustees*

## A message from our Chair

It has been a challenging few year for all of us committed to Net Zero but Climate Group has risen to the challenge despite the extraordinary difficulties of working through a pandemic and, more recently the impact of a war in the Ukraine which has seen the energy sector in Europe weaponised by Russia.

So often geopolitical crises have intervened to divert attention away from the greatest threat to humanity, but we do have grounds for optimism. People's real-life experiences of climate change are reinforcing the message from the science. Record temperatures, crippling droughts, ferocious wildfires, devastating floods, and hurricanes have seen climate denying governments lose office and critically important legislation and climate funding approved by governments and legislatures. Private sector investment is also now flowing much faster into renewable energy and sustainable products

Climate Group's business membership through RE100 continues to grow and includes many of the world's biggest corporations. Our already established clout in EV policy continues to grow and we are forging new ground with our SteelZero and ConcreteZero initiatives. Meanwhile, the number of sub national governments in the "Under 2" coalition is also growing. Located in every continent, they cover around half the world's GDP, and so often have led their nations in climate action.

Since the start of the pandemic, we have seen Climate Group expand its staff and its international network. We have established an EU office in Amsterdam, which is working closely with our other offices in London, New York, New Delhi and Beijing.

I want to congratulate our hard-working CEO Helen Clarkson and all her team on their extraordinary success during the most difficult of circumstances. I also want to congratulate Helen for being awarded an OBE for services to tackling climate change by the late Queen Elizabeth in her Jubilee Honours List in June.

It was a great privilege to be elected as Chair of Climate Group earlier this year. I am honoured to follow in the footsteps of Joan McNaughton who steered Climate Group globally on a course of sustained growth. During Joan's tenure as Chair Climate Group has also grown in the diversity of both our programmes and our geographic spread. I am delighted that long term board member Zoë Ashcroft is our new Deputy Chair.

Across the Atlantic there have also been changes with the retirement of prominent environmentalist Bill Moomaw, the long-term Chair of our North American board. We thank Bill for his leadership and wisdom. We welcome former Colorado Governor Bill Ritter to the role, supported by long time board member Doug Lawrence as his Deputy. We also welcome Angela Barranco as the Executive Director for North America.

I am writing this message after returning from Climate Week in New York. Once again Climate Group, hosting some 400 events, is setting the pace and the ambition in "getting it done" with growing international influence.



**Helen Clarkson**  
Chief Executive Officer

## A message from our Chief Executive

In May 2021 and then July 2021 Climate Group held two significant events – our first SteelZero summit and the launch of our ConcreteZero campaign. Both were important from the point of view of our mission and, I think, told an important story about what's happening in the world of climate action.

Our mission is all about accelerating climate action, and a couple of years ago it might have seemed crazy to take our theory of change into the so-called 'hard-to-abate' sectors. Historically, Climate Group has tended to act to move things rapidly to scale, whether that is renewable electricity procurement or sub-national climate commitments. But in our new 'Zero' campaigns, we're working at a different part of the innovation curve: sending demand signals into the market for products that either don't yet exist (zero carbon concrete) or at least not at scale and at the right price point (zero carbon steel).

The mood in both these rooms was certainly not one of NGOs in one corner pleading companies to do more, with big business in the other sucking its teeth and saying "I wouldn't start from here". Instead, there was deep engagement from all and a real willingness to get stuck into the hard work of change. The energy and enthusiasm in both rooms, and the sense that industry is really willing to roll up its sleeves and work this out, was really a cause for a lot of optimism.

For Climate Group it also reinforced that we're moving in the right strategic direction and the foundations that we've laid (with apologies for the construction puns now I'm thinking about concrete) for using our campaigns to drive wider systemic change, are paying off.

This also links to the theme that we've used for Climate Week New York City (NYC) in both 2021 and 2022, "Getting It Done". We think that commitments continue to be important, and we ensure that companies and governments we work with make ambitious commitments and we follow-up on those. But the critical piece is moving from commitment into action. So, the commitment is the first step you take, not the last. That's why events such as these are so important – where practitioners can come together and learn from one another, in order to continue to accelerate action.

The external world has got notably harder in the period this annual report covers – with the world trying to recover from the economic impacts of the pandemic and the global energy crisis brought on by the illegal invasion of Ukraine. These complex geopolitics are being exploited by many who do not want to tackle the climate crisis with the requisite urgency, and instead want to maintain the fossil fuel status quo.

In the face of those countervailing forces, and with the climate reminding us weekly that it is in a process of profound change, it can be hard to remain optimistic. But the amount of activity we're seeing and commitment to action from even the parts of the economy that will be most difficult to change, are a cause of hope. I hope this report shows that we're continuing to play our part in Getting It Done.

# 1. Objectives and activities

## About us

Climate Group is an international non-profit, publicly launched in 2004, with offices in London, Amsterdam, Beijing, New Delhi, and New York. Our mission is to drive climate action, fast. Our goal is a world of net zero carbon emissions by 2050, with greater prosperity for all. We do this by forming powerful networks of business and government, unlocking the power of collective action to move whole systems such as energy, transport, the built environment, industry, and food to a cleaner future. Together, we're helping to shift global markets and policies towards faster reductions in carbon emissions.

## What we do

Three factors make us unique:

- **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.

## How we do it

- **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.

We work with leaders and decision-makers from business and government because they shape the market frameworks that can help the world achieve net zero emissions by 2050 or earlier. They have the tools and influence to make it possible in the time we have left.

We work in the following areas to help drive change fast across our systems.

- **Ambition and accountability:** We report annually on progress towards core climate commitments to keep businesses and governments on track. Many are delivering faster than their competitors and are inspiring and challenging others to speed up as well.
- **Knowledge and learning:** We facilitate peer learning and best practice sharing between businesses and governments; and we connect decision-makers to essential information and resources.
- **Engagement (across sectors and value chains):** We drive engagement and dialogue between business, government and other stakeholders to address the barriers to action.
- **Policy influencing:** We use the actions and collective voice of our large networks to influence and shift global markets and policies toward faster reductions in carbon emissions.

## Our objectives and key initiatives

This year was the second of our current four-year strategy – our four key strategic goals for this period are set out below. Our focus is on changing key systems of the world where we can drive the deepest emissions cuts, using our theory of change. We are also continuing to build our organisation in order to be able to deliver our ambitions.

### **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.

### **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.

### **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.

### **Achieve Organisational Excellence**

We will be highly effective across all our operations – providing value to funders, maintaining financial strength and ensuring 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 initiatives.

| Initiative                                     | Description                                                                                                                                                                                                                                                                                                                                           |
|------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Energy</b>                                  |                                                                                                                                                                                                                                                                                                                                                       |
| <b>RE100</b>                                   | 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.                                                                                                                                                       |
| <b>Industry</b>                                |                                                                                                                                                                                                                                                                                                                                                       |
| <b>SteelZero</b>                               | A global initiative, in partnership with ResponsibleSteel, to build a group of leading companies committed to the responsible sourcing and production of steel.                                                                                                                                                                                       |
| <b>ConcreteZero</b>                            | 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.                                                                                                                    |
| <b>Transport</b>                               |                                                                                                                                                                                                                                                                                                                                                       |
| <b>EV100</b>                                   | 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.                                                                                                                                                                            |
| <b>Zero Emission Vehicle (ZEV) Initiatives</b> | 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. |

|                                                                  |                                                                                                                                                                                                                                                                                                     |
|------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Fast-tracking e-mobility and clean electrification</b>        | 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.                                                                                                              |
| <b>RouteZero</b>                                                 | 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.                                                                                 |
| <b>Built environment</b>                                         |                                                                                                                                                                                                                                                                                                     |
| <b>EP100</b>                                                     | A global initiative of energy-smart companies committed to using energy more productively, to lower greenhouse gas emissions and accelerate a clean economy.                                                                                                                                        |
| <b>LED Programme</b>                                             | Our long-running programme to help cities and businesses switch to highly energy efficient LED lighting.                                                                                                                                                                                            |
| <b>Food</b>                                                      |                                                                                                                                                                                                                                                                                                     |
| <b>Alliance for Regenerative Ranching in the Peruvian Amazon</b> | Introducing sustainable agriculture and livestock practices to recover and regenerate forests in the Peruvian Amazon and contribute to local economic development. A pilot project involving Under2 Coalition member, Madre de Dios, Peru.                                                          |
| <b>Cross-cutting projects</b>                                    |                                                                                                                                                                                                                                                                                                     |
| <b>Climate Footprint Project</b>                                 | 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.                                                                                                                                |
| <b>Climate Pathways Project</b>                                  | 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. |
| <b>State and Regional Government Policy Programme</b>            | An initiative disseminating today's best climate policies and developing new policies to ensure full decarbonisation by Under2 governments.                                                                                                                                                         |
| <b>Under2 Secretariat</b>                                        | 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.            |
| <b>Climate Week NYC</b>                                          | 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

### **Making vital systems of the world economy compatible with a net-zero future**

The science is clear: we need to rapidly and radically decarbonise the world's economy. Climate Group aims to act as a catalyst within key systems to accelerate the pace of change.

To that end, we focus on systems where we think we can have the most impact and which have the highest potential for emissions reductions. In each of these we use our commitment campaigns as a basis for action and then increasingly we are targeting both specific geographies and sectors where we think there is opportunity for impact: for example, the UK government's ambition to be a climate leader in the run up to COP26, led us to target our transport policy work towards bringing forward the end date of the combustion engine in the UK. We are seeing this strategy lead to increased impact as follows:

#### **In the energy system, the depth of our relationship with local partners has enabled a suite of tangible policy changes.**

For example, we published the RE100 India Policy Asks in 2022 and are now using them as an engagement tool to further policy work in India with key stakeholders including the Ministry of New and Renewable Energy, and Ministry of Power.

Similarly in Japan, RE100 was cited in background materials for the proposal for change to Energy Efficiency Act, approved 1 March 2022; the Japanese Government is now seeking to enhance its renewables tracking scheme following recommendations from an RE100 consultation in 2021; and RE100 was mentioned by METI in their new measure to support solar Power Purchase Agreements.

#### **In the transport system, we led policy interventions in the UK, EU, USA, India and Japan, culminating with a series of RouteZero announcements at COP26 in Glasgow.**

We worked closely with the UK and Netherlands' governments and other RouteZero partners to ensure that on COP26 Transport Day we were able to launch both the "COP26 declaration on accelerating the transition to 100% zero emission cars & vans" and the "Global memorandum of understanding on zero emission medium and heavy duty vehicles," bringing together organisations representing global markets with over 2 billion people and automakers producing one in four passenger cars, including Mercedes-Benz, General Motors, and Ford.

RouteZero continued to drive policy action in the aftermath of COP26. Following the launch of the ZEV Pledge for public fleets at COP, the Governor of Washington State issued Executive Order 21-04, mandating state government fleets to be 100% zero emission for light-duty fleets by 2035 and for medium duty and heavy-duty vehicle fleets by 2040.

Alongside our transport policy work, the ZEV Community continued to deliver a range of peer learning forums and webinars, as well as showcase action and progress of leading governments through media materials, such as the "Talking ZEVs" social media video series launched in February 2022.

#### **In the industry system we continued to drive the innovation of net zero industrial materials.**

We held the first SteelZero summit in May 2022 in Copenhagen, at which we announced four new members of the campaign: Vattenfall, Siemens Gamesa, Iberdrola and Volvo Cars. Together with another recent joiner, Maersk, these companies highlight the shift in the SteelZero membership base to a wider range of sectors as well as an enhanced international reach. We

are starting to see how the campaign can have an impact, as British Steel recently cited SteelZero as a critical factor in making its decision to set a science-based target (one of the 2030 requirements of the SteelZero buyers' commitment).

Members have highlighted policy issues as a key topic and in advance of the SteelZero summit we launched the SteelZero global policy paper. This sets out six policy principles that governments must adopt to support the global decarbonisation of the steel industry and is intended to enable business to advocate for the essential changes needed across sectors, regions, supply chains and partnerships.

Alongside our work on steel, we launched ConcreteZero in July 2022. Building on a year-long process to curate an active community of corporate buyers and wider stakeholders, we developed a commitment framework and announced the first 17 corporate members of the campaign.

**In the built environment system, we supported a call to action on product efficiency, led by the International Energy Agency (IEA) and UK Government in the run-up to COP26.**

We leveraged our EP100 initiative to bring a business voice to the call for the doubling of efficiency of four types of electrical appliances which are responsible for 40% of total final electricity use in buildings: lighting, refrigeration, air conditioning and electrical industrial motors. In the run-up to Buildings Day at COP26, we worked closely with the World Green Business Council, our partner for the EP100 Net Zero Carbon Building Commitment, including the relaunch of this commitment to include embodied carbon.

**In the food system we worked alongside governments, businesses, and farmers to introduce sustainable agriculture and livestock.**

The Under2 team's work on mitigation actions identified through the Climate Pathways Project has led to 10 farmer field schools being established in Madre de Dios, Peru, and over 150 farmers received training in deforestation-free livestock practices as part of the Alliance for regenerative ranching in the Peruvian Amazon (AGRAP) project funded by UK PACT.

**Future plans for the year 2022-23**

- Roll-out of the RE100 strategy to address policy barriers to corporate sourcing of renewables in key markets.
- Extension of our transport work to medium and heavy-duty vehicles with the launch of the EV100+ commitment.
- Internationalisation of our SteelZero work, with targeted initiatives in the US, India and South Korea.
- Focused workstreams as part of our ConcreteZero initiative to drive change across the wider supplier and policy making community: 1) Measurement of carbon intensity in concrete; 2) Reporting; 3) Definitions and benchmarks; and 4) Standards and specifications.
- Action collaborative projects developed in partnership with business to drive action on energy efficiency in the built environment.
- Further scoping of our food system work to address methane emissions from agriculture and food waste through Under2 and business interventions.

## Developing and leveraging solutions which create maximum, measurable impact

### Governments affirmed their commitment ahead of COP26

In the run up to COP26 68 state, regional and city governments affirmed their urgent commitment to addressing the climate crisis by signing up to a range of cross-sector actions ahead of 2030. This was part of a global call from non-state actors in recognition of the increased impacts of climate change and their critical role in addressing it.

This process was led by Governor Jay Inslee of Washington State, supported by First Minister Sturgeon of Scotland, and Governor Yang of Chungnam, other governments from the Under2 Coalition, the U.S. Climate Alliance, and C40. It highlighted the need to move beyond 2050 targets and focus on the actions in the coming decade needed in order to keep global temperature rises no higher than 1.5°C.

Members of Under2 have increasingly sought support from Climate Group in the area of finance to implement their climate goals. This is particularly the case among our developing country members and at COP26, 50 Latin American state and regional governments of the Under2 Coalition put out a statement calling on donors, investors, funders, banks and other institutions to close the financing gap needed to accelerate climate action here and boost global efforts in the fight against climate change.

### Our knowledge hub enhances peer learning

This year, Climate Group [Knowledge Hub](#) was established as part of an ongoing process to enhance our member engagement and peer learning goals for both Under2 and Business Action campaign members.

### New Under2 MoU enhances ambition

During the year we diversified and innovated our accountability workstream to reflect the enhanced ambition of the new Under2 MoU that was agreed in the run up to COP26. Since its launch, 80 governments in the Under2 Coalition have signed the commitment in the new MoU to be net zero by 2050 as a Coalition. The team is pushing the whole Coalition to sign the new commitment by COP27.

Following discussions with CDP we set out a new transparency process to monitor the actions of Under2 Coalition that is more in line with leading practice. This includes aligning to net zero as an ambition marker and the exploration of machine learning, AI, and remote sensing as means to gather more accurate and live-time data on climate action and impacts. We have secured funding to run a pilot project to use satellite imaging and machine learning technology to provide states and regions with up-to-date greenhouse gas (GHG) emissions data – in partnership with Climate TRACE and seed funding from ClimateWorks Foundation. This project started in spring 2022.

Accountability and the integrity of climate pledges was a headline issue at COP26 and the UN Secretary General announced the creation of a Group of Experts to propose clear standards to measure and analyse net zero commitments from non-state actors – both business and governments. We prepared submissions to that process and were invited to give feedback directly to them in May 2022.

### Future plans for the year 2022-23

- We will roll out a new member offer for the Under2 Coalition in late 2022 following the Under2 General Assembly at Climate Week NYC in September.

- We will focus on the next phase of our Climate Pathways Project with the support of the Norwegian International Climate and Forest Initiative (NICFI).
- We are looking to develop a States and Regions leaders' group from within the Under2 Coalition co-Chairs and Steering Group to drive even greater ambition.
- We will further develop our impact framework and utilise our knowledge hub in a more systematic manner to ensure that learning and accountability are tied into our programmatic work with both governments and corporates.

## Being an inspiring climate influencer

### **Climate Week NYC delivered on accelerating climate action and ‘Getting it Done’**

Climate Week NYC 2021 was held in September 2021 and was a hybrid event, held against the backdrop of a covid-19 surge in New York city itself. Despite the complexity this posed, our achievements across the week included:

- Eight out of ten US federal officials leading on climate change took part in the week.
- Other firsts for speakers included - EU Commission President, NY Governor, Bill Gates and Jeff Bezos, and leaders of their related philanthropic funds.
- US late-night talk shows hosted a ‘climate takeover’ to mark the week.
- Over 30 Climate Group hosted events.
- Over 500 events in total, across Climate Week NYC.

### **At COP26 we focused on social and environmental justice, corporate and financial sector collaboration and increasing the ambition of the Under2 commitments**

Across five roundtables we convened 70 business and policy leaders on issues such as embedding social and environmental justice, and a discussion on how corporates might better coordinate influence on scope 3 emissions. A ‘Banking on Systems Change’ event brought together 13 major banks; at the event, we discussed the importance of demand side signals, building on a strategic Climate Week NYC partnership with Oliver Wyman. We hosted a significant evening reception, bringing together over 150 key sub-national actor stakeholders as well as running events operations to support the Under2 General Assembly and RouteZero.

Events across the rest of the year are also increasing in number and influence, including the inaugural US Climate Action Summit that took place in April with nearly 400 virtual attendees and speakers including Gina McCarthy, US National Climate Advisor. In India, our events focused on the country’s strategy for net zero.

### **We are sharing successes and solutions to barriers to show what is possible**

In Southeast Asia we have built a continuous dialogue on the issue of policy barriers to corporate sourcing of renewables. RE100 coverage of Korea’s export sector vulnerability to clean energy demands was followed-up through events at Climate Week NYC and COP26 on policy barriers to renewables in Asia. This continues through a new focus on G20 countries’ performance on renewables. In support of this work, we have targeted global energy influencers in our external communications, increasingly through digital marketing techniques.

We used RouteZero thought leadership, media and events to attract significant actors to the agenda. Similarly, we worked hard to ensure that the COP26 declaration on transport and the commitments towards it received widespread media coverage, including in the Financial Times.

For the Under2 Coalition, we focused on significant moments during the year to raise profile and ambition. We celebrated that the Coalition had reached 50% of global GDP in scale and its intention to become a net zero coalition. We worked with high-profile advocates, including the UN, Michael Bloomberg and Nigel Topping and leaders such as First Minister Sturgeon to enhance the commitment to the new, net zero level of climate ambition. In India, Maharashtra’s joining and encouragement of net zero actions in its cities also successfully raised the profile of Under2. The Under2’s presence and announcements at COP saw 400 media articles, and over the year it was featured in The Times, BBC, The Times of India, and many more.

We are continuing to work on building our events to support the growth and impact of our work, with events on SteelZero and ConcreteZero playing a key role in increasing external stakeholder

visibility and commitment to these campaigns. We are also increasingly using digital media to support our campaign growth objectives.

### **Future plans for the year 2022-23**

- Delivering a stand-out, back in-person Climate Week NYC for the week of 19 September 2022. We want to deliver renewed global focus on speeding-up action and address the interconnected, global, energy, economic and climate crises.
- Ensuring the overall positioning of Climate Group reflects the current climate situation, where the world is well off-track to reach the 2030 50% emissions reduction target.
- Continued roll-out of communications strategies for our main systems of work, increasing their influence and international reach.
- Further building our digital marketing operation in support of our largest membership operations, including Under2 membership, RE100 and EV100.
- Utilising strategic and targeting communications and digital marketing to support the continued member growth of our newest initiatives, EV100+, ConcreteZero and SteelZero.
- Utilising communications to drive as many states as possible to up their commitment to a Net Zero trajectory.

## Achieving organisational excellence

### **We continue to focus on upskilling our people and staff wellbeing.**

Our staff is at the heart of our organisation and our biggest asset. We are prioritising upskilling of our staff to support our ambitious growth strategy by developing learning maps and expanding our mentoring and coaching programmes.

We recognise that all individuals are unique and should be treated equitably. We embrace and value the diversity of thoughts, ideas, and ways of working that people from different backgrounds, experiences, and identities bring, we create a richer environment in which to succeed. As such, we strive to increase diversity in our staff and to address representation and justice issues in our work.

### **We have been expanding our footprint globally to maximise our impact and optimise our strategy delivery.**

Our registration of a Representative Office in China, in line with the iNGO regulations, was finalised in January 2022. With a growing team based in our Beijing office we are well-placed to again fully engage in the country to accelerate climate action. We have been focused on setting up the required operation infrastructure and ensure post-registration compliance requirements are met in full.

The operationalisation of our Europe office in The Netherlands was a key focus for us this year and we will be looking to build out our local work there.

### **In the Financial Year 2021-22 we focused on diversifying our income sources to mitigate the large fluctuations in donor behaviour and outlook which have characterised the COVID-19 period.**

Some of our most innovative areas of work have included our growing portfolio of industrial decarbonisation projects like SteelZero and ConcreteZero. These projects, together with our new operations in Europe and China and strong programme growth in India, are bringing Climate Group into dialogue with a new cohort of funding partners. We expect the current trend of growth in institutional climate philanthropy to continue as the pandemic impact recedes and we are optimistic about continued growth of foundation grant-making for our programmes in future.

Corporate income continues to perform well. A 'hybrid' (in-person/digital) Climate Week NYC in 2021 attracted excellent sponsorship, though other planned events throughout the year saw lower than expected income. Corporate membership income growth has remained strong, and we expect this to continue. We are also focusing on new corporate product development including new membership products, and corporate-funded Action Collaboratives in preparation for launch in early 2023.

As with the FY 2020-21, the most difficult area for income generation was government and statutory funding, meaning once more, a challenging income position for the Under2 Coalition. Most of the national government donors to the Under2 Coalition remained unable to commit new support due to budget freezes and cuts. We expect to be able to begin developing new donor partnerships next financial year, though will still face significant headwinds due to the newly emerging threats of inflation, recession and supply chain crises which are greatly impacting climate budgets. A relaunch of the Under2 Coalition membership system is planned for Autumn 2022, to start to rebalance the income model for the Coalition more in favour of unrestricted support – this should help to insulate against future project funding downturns.

*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.*



Our philanthropic and government supporters included:

Bloomberg Philanthropies, ClimateWorks Foundation, the Dutch Postcode Lottery, the European Climate Foundation, India Climate Collaborative, the International Climate Initiative (IKI) of the Federal Republic of Germany, John D. and Catherine T. MacArthur Foundation, McKnight Foundation, the Government of Navarra, New York Community Trust, the Norwegian Ministry of Climate and Environment via Norway's International Climate and Forest Initiative (NICFI), Quadrature Capital Foundation, the Government of Quebec, Rockefeller Brothers Fund, Shakti Sustainable Energy Foundation, the Scottish Government, Stiftung Mercator, Stichting SED, Transport Scotland, UK PACT (Partnering for Accelerated Climate Transitions), the Urban Mobility Innovation Fund, the Government of Wales, WattTime Corporation, the We Mean Business coalition and its philanthropic partners, as well as a number of private donors.

### **Future plans for the year 2022-23**

- We will invest to ensure we have the diverse talent required to deliver our goals. As the market for talent tightens and cost of living pressures factor into career choices we will benchmark our offering, upgrade our recruitment brand and broaden our recruitment channels to attract diverse talent. We will focus learning and development on our skills gaps, on enabling greater flexibility of resourcing and growing our own talent. Our Equity, Diversity and Inclusion (EDI) actions will support a broadening of diversity within the organisation, deepening of our inclusive culture and the extension of EDI into our programmes of work.
- We will support our international offices in further developing and setting ambitious business plans to ensure we are maximising our impact.
- We will continue to diversify income streams to support our expanded global presence and mitigate the difficult economic circumstances in most major markets. This includes re-launching the Under2 Coalition membership programme, adding membership programmes for EV100+, SteelZero and ConcreteZero, and developing new types of corporate-financed partnerships. The central driver for these developments is the creation of a new Client Experience team focusing on maximising revenue and climate impact from our government and corporate networks.

### 3. Financial review and strategy

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

#### Income

Our total income for the 2021/22 financial year was £11.2m (2020/21: £11.5m) and as at 30 June 2022 we held £4m of deferred income (30 June 2021: £3.5m).

Our diverse income generation portfolio continued to prove resilient through a challenging period for fundraising. The primary sources of income were as follows:

- Government and foundation grant making of £6.2m (2020/21: £8m). Some significant long term grant funding agreements ended during the year and securing similar new funding streams proved demanding in a challenging fundraising environment where government expenditure was impacted by the competing priorities arising from the pandemic response.
- Sponsorship income for our events including Climate Week NYC plus other smaller events grew to £2.3m (2020/21: £1.6m). As Climate Week NYC returned to a largely ‘in-person’ event, income generation returned to its pre-pandemic growth path.
- Membership and partnership income showed significant growth reaching £2.4m (2020/21: £1.6m) as the membership strategy continued to build momentum. This invaluable source of more predictable income enabled us to progress critical work with confidence in our ability to withstand the impact of external factors.

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 grow regional programme work in the European Union, China and Latin America, and exploiting novel approaches to emissions tracking and mitigation (including remote sensing and AI) through the Under2 Coalition.

To reinforce our ability to respond flexibly to continuing global economic disruption, we endeavour to protect and increase our unrestricted income. We have implemented the first two years 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 as well as taking steps to unlock corporate employee giving. We expect additional investment in individual giving infrastructure and resourcing to drive growth in the coming years, whilst The Dutch Postcode Lottery, where we are in the final year of five-year funding cycle, remains a vital and significant source of unrestricted funding.

#### Expenditure

During the accounting period our expenditure totalled £11.4m (2020/21: £10.2m).

Expenditure increased as we invested in our staffing, which was partly offset by decreased third party contractor, consultancy and other grant expense costs. Other operating costs increased as we returned to post pandemic working and event norms, with the delivery of an in-person Climate Week NYC event, the return to office working in a new premises, and the resumption of business travel.

The expenditure includes collaborative subgrants to other organisations which included CDP Global, World Green Building Council (WGBC), ResponsibleSteel, World Business Council for

Sustainable Development (WBCSD), PManifold and the Center for Climate Strategies. These subgrants, which meet our charitable objectives support the delivery of our programmes.

## Financial position at year-end

The balance of total funds as at 30 June 2022 remained largely unchanged at £3.1m (2020/21: £3.3m). The decrease in unrestricted reserves by £0.2m to £3.0m was driven by the small deficit in the year. The reserves include an element designated for expenditure on the new premises, which will thus reduce as the relevant assets are depreciated. As at 30 June 2022, the designated reserve balance is £0.5m, the reduction from the initial value of £0.65m reflecting the up-front operating expenditure relating to the move and office set up and depreciation incurred during the year.

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 membership income.

Our Indian operations have continued to expand through restricted grant income supporting delivery of our core initiatives locally. International grant-makers are the primary source of income and we expect this to continue as funders continue to prioritise India as a key emerging region for climate investment.

As stated in previous years, China forms part of our ambitious plans, and we have completed the process of opening a new Representative Office. We have begun to build a team that can deliver our goals for the region as our activity gathers pace.

Finally, to further support our plans for global growth, we have delivered on our plans to open an office in the Netherlands to optimise programmatic funding and delivery opportunities within the EU.

## Reserves policy

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 at 3-6 months of unrestricted expenditure. However, given the 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 continue to invest in developing our operations in China and the Netherlands.

As at 30 June 2022, the unrestricted reserves of £2.5m (2020/21: £2.6m), excluding designated reserves of £0.5m (2020/21: £0.65m), represents approximately 6 months of unrestricted expenditure.

## Going concern

Climate Group, like many charities, is dependent on voluntary contributions from funders and ongoing relationships with our partners to meet its future commitments. Climate Group's strategic planning, annual financial plan and ongoing financial performance review processes include forecasts of income, expenditure and cash flows, which take into consideration the current economic climate and its potential impact on our income streams alongside our planned expenditure.

Economic uncertainty continues as the world recovers from the impact of COVID-19, and now responds to the war in Ukraine, and the related global energy crises. Major markets (especially the US) continue to unlock, and funders (especially foundations and corporates) appear to be responding with increasing urgency to make up for the time lost in 2020 and 2021. We therefore do not foresee any material risk to income in the year to 30 June 2023 but remain vigilant for the need to deploy mitigating actions.

Overall, given the level of reserves, no debt, strong cash flows and robust relationships with partners, donors and funders, we consider Climate Group is well placed to manage the business risks it faces.

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 Climate Group to continue as a going concern.

## **Managing principal risks and uncertainties**

The Trustees are responsible for ensuring that major risks facing Climate Group are appropriately managed and that there are effective and adequate risk management and internal control systems in place to manage strategic and operational risks. Our risk management processes outline the approach we use to identify and manage risks. 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 risk register, including reports from quarterly reviews, are reviewed by the Executive Management Team and Finance and Audit Committee. The Board of Trustees annually reviews the risk register, with a further mid-year review following Committee review.

The principal risks identified are:

### **Global Expansion**

As we expand our teams in China, Latin America and the European Union, and work with local partners in Australia, South Korea and Japan, our cost base is growing and so is the complexity of managing our global operations. The global UK based team works closely with local leadership and local experts to manage the respective legal, HR and compliance risks. Raising funds in regions where we work with partners, can often impose high transaction costs on the process of income generation. To mitigate the risk of such transaction costs becoming a barrier to overall fundraising success we are deepening our collaboration between regional teams and central fundraising staff on developing robust partner directories to enable greater bidding opportunities as a sub-grantee/sub-contractor and working across global management to tightly prioritise the most promising options for thematic regional growth. We are also reviewing our expansion model and developing impact indicators that will enable us to prioritise areas for expansion to maximise impact.

### **Programme Delivery**

The increased scale and scope of Climate Group's programmatic work and complexity of delivery across multiple systems and geographic markets requires close monitoring to ensure we do not see any decline in the effectiveness of project delivery which could reduce our impact to accelerate emission reductions. Strong system strategies should mitigate against this, and we are also developing impact measures for each of our systems to ensure our delivery is not impacted and to enable us to mitigate any potential impact. We are further continuing with our cross-team and cross-office forums to ensure best practices across all our offices.

We face continuing challenges in income generation for the Under2 Coalition and our Under2 programmes. We plan to relaunch our Under2 Coalition membership in the first quarter of 2023, which will increase our unrestricted income. We are also planning new donor partnerships next financial year. The risks to the global economy, however, are significant and as we have seen in the last 2 years government funding is the most impacted, so we are watching this very closely.

### **Reputation**

There is increasing international scrutiny of the extent to which climate commitments from businesses and governments are being delivered. As Climate Group increases its footprint with these actors, through our programmes, partnerships and sponsorship, the risk of challenge to our organisation on the suitability of those relationships also grows.

We have put in place strong processes to assess the potential risks of both new members and partnerships. For our programmes, we regularly review our criteria for membership. In the minority of cases, where members have not reported against their commitments or undertaken activity which is not in-line with the principle of their commitments, we have addressed that with them. We have also further strengthened our due diligence process for sponsorship.

We believe this will be an area of continuing challenge and so we're reviewing how we might further strengthen our approach to accountability. We are also mindful of who we need to engage with to fulfil our mission. To have real world impact, we must work with organisations who still have a great deal to do in taking climate action, rather than just those who've already done the most.

## **People**

The tight employment markets in the US and UK are impacting our recruitment timelines which may impact our project delivery. We are focusing on strengthening our employee value proposition including reviewing our recruitment and onboarding process, our Learning & Development offering and our brand.

## 4. Structure, governance and management

### Structure

The Climate Change Organisation, which is known as and trades as 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. Climate Group's statutory objects and powers are established in a Memorandum of Association, and the company is governed under its Articles of Association.

Climate Group is also represented by legal entities in the US, India and the Netherlands, with a Representative Office in China, 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.

### Board of 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 below.

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

### Chair

Mike Rann (Global Nominations and Governance Committee - Chair)

### Members

Zoë Ashcroft (Deputy Chair) (Global Nominations and Governance Committee - Member)

Andrew Clark (Finance and Audit Committee - Chair)

Viki Cooke

Jeffrey B. Gracer

Victoria Keilthy (Finance and Audit Committee - Member)

Meryam Omi

Amber Rudd (Board EDI sponsor)

### *Retired during the year*

Abyd Karmali (December 2021)

Joan MacNaughton (March 2022)

### *Retired post year-end*

Sumant Sinha (October 2022)

## **Trustee recruitment and induction**

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 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.

## **Board committees and working groups**

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 and Governance Committee is comprised of board members from both our UK and US boards, and 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 Climate Group's boards and any advisory groups, and to consider specific organisational governance requirements. 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 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.

## **Executive Management Team and Scheme of Delegation**

The Trustees have set out a scheme of delegation. While retaining overall responsibility for 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, member details of which can be found below.

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.

Chief Executive - Helen Clarkson, OBE

Chief Operating Officer - Ana Mates

Executive Director, Under2 and Solutions - Tim Ash Vie (to October 2022)

Executive Director, Development - David Mole

Executive Director, Communications - Luke Herbert

Executive Director, Finance and IT - Alex Moore

Executive Director, Systems Change - Mike Peirce

## 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.

## 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

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, 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. 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 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 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 including the Strategic Report, was approved by the Board of Trustees on 28 November 2022 and was signed on its behalf by:



**Hon. Mike Rann AC, CNZM**  
Chair of the Board of Trustees

## Key people and advisors

The information shown below pertains to the period between 1 July 2021 and 28 November 2022, the date of the signing of the accounts.

### Registered office

The Clove Building  
4 Maguire Street  
London  
SE1 2NQ

### Executive Directors, regional offices

- Angela Barranco, Executive Director, NA (The Climate Group, Inc.) (from February 2022)
- Divya Sharma, Executive Director, India (TCCO India Projects Pvt Ltd)
- Yuming Hui, Executive Director, China (Representative Office Beijing) (from January 2022)

### *Retired during the year*

- Amy Davidsen, Executive Director NA (The Climate Group, Inc.) (October 2021)

### Directors of our Regional Boards

#### The Climate Group, Inc.

- Helen Clarkson
- David Crane (to September 2022)
- Gary Doer
- Ariane de Vienne
- Jeffrey B. Gracer
- Joseph M. Kinard
- Douglas P. Lawrence
- Professor Bill Moomaw (to June 2022)
- Mary Nichols (from March 2022)
- Mike Rann (to July 2022)
- Bill Ritter (Chair)

#### TCCO India Projects Pvt. Ltd

- Helen Clarkson
- Divya Sharma (Wholetime Director and Chair)

#### The Climate Group (Europe) B.V.

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

### Principal Professional Advisers

#### Solicitors

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

#### Bankers

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

#### Auditors

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

## 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 2022 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 2022 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 and the strategic 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 strategic report 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 strategic report or 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 based on 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](http://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.

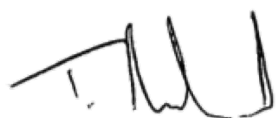
Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

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

24 January 2023

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 2022

## Consolidated statement of financial activities

|                                                      | Notes | Restricted       | Unrestricted     | Year ended<br>30 June<br>2022 | Year ended<br>30 June<br>2021 |
|------------------------------------------------------|-------|------------------|------------------|-------------------------------|-------------------------------|
|                                                      |       | £                | £                | £                             | £                             |
| <b>Income from:</b>                                  |       |                  |                  |                               |                               |
| <i>Donations and legacies</i>                        |       |                  |                  |                               |                               |
| Donations & similar funding                          |       | -                | 254,828          | <b>254,828</b>                | 260,840                       |
| Grants                                               | 2     | 5,391,302        | 912,592          | <b>6,303,894</b>              | 8,032,365                     |
|                                                      |       | <u>5,391,302</u> | <u>1,167,420</u> | <u><b>6,558,722</b></u>       | <u>8,293,205</u>              |
| <i>Charitable activities</i>                         |       |                  |                  |                               |                               |
| Membership and partnership income                    |       | -                | 2,375,697        | <b>2,375,697</b>              | 1,627,259                     |
| Sponsorship and other                                |       | -                | 2,301,746        | <b>2,301,746</b>              | 1,598,211                     |
|                                                      |       | <u>-</u>         | <u>4,677,443</u> | <u><b>4,677,443</b></u>       | <u>3,225,470</u>              |
| <b>Total income</b>                                  |       | <u>5,391,302</u> | <u>5,844,863</u> | <u><b>11,236,165</b></u>      | <u>11,518,675</u>             |
| <b>Expenditure on:</b>                               |       |                  |                  |                               |                               |
| <i>Raising funds</i>                                 |       | -                | 1,260,953        | <b>1,260,953</b>              | 1,015,354                     |
| <i>Charitable activities</i>                         |       | 5,391,302        | 4,791,453        | <b>10,182,755</b>             | 9,149,484                     |
| <b>Total expenditure</b>                             | 3     | <u>5,391,302</u> | <u>6,052,406</u> | <u><b>11,443,708</b></u>      | <u>10,164,838</u>             |
| <b>Net income</b>                                    |       | <u>-</u>         | <u>(207,543)</u> | <u><b>(207,543)</b></u>       | <u>1,353,837</u>              |
| <b>Other recognised gains and losses</b>             |       |                  |                  |                               |                               |
| Gain / (Loss) on revaluation of foreign subsidiaries |       | -                | 10,057           | <b>10,057</b>                 | (50,564)                      |
| <b>Net movement in funds</b>                         |       | <u>-</u>         | <u>(197,486)</u> | <u><b>(197,486)</b></u>       | <u>1,303,273</u>              |
| Reconciliation of funds:                             |       |                  |                  |                               |                               |
| Total Funds brought forward (as previously stated)   |       | 1,714,681        | 3,234,926        | <b>4,949,607</b>              | 4,949,607                     |
| Prior Year Adjustment                                | 18    | (1,628,404)      |                  | <b>(1,628,404)</b>            | (1,628,404)                   |
| Total funds brought forward                          |       | <u>86,277</u>    | <u>3,234,926</u> | <u><b>3,321,203</b></u>       | <u>2,017,931</u>              |
| <b>Total funds carried forward</b>                   | 11    | <u>86,277</u>    | <u>3,037,440</u> | <u><b>3,123,717</b></u>       | <u>3,321,204</u>              |

All the above results derive from continuing activities. There are no gains and losses other than those disclosed above. The 2021 income from grants has been restated following a change in accounting policy for grant income recognition as described in note 18.

**BALANCE SHEETS****COMPANY NUMBER: 4964424**

As at 30 June 2022

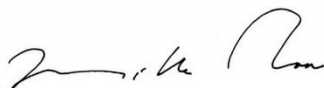
**Balance sheet**

|                                                       | Notes | Group<br>30 June<br>2022<br>£ | Group<br>30 June<br>2021<br>£ | Charity<br>30 June<br>2022<br>£ | Charity<br>30 June<br>2021<br>£ |
|-------------------------------------------------------|-------|-------------------------------|-------------------------------|---------------------------------|---------------------------------|
| <b>Fixed assets</b>                                   |       |                               |                               |                                 |                                 |
| Tangible fixed assets                                 | 7     | 391,059                       | 16,420                        | 375,334                         | 10,196                          |
| Investments                                           | 8     | 86,277                        | 86,277                        | 97,047                          | 97,047                          |
|                                                       |       | <b>477,336</b>                | 102,697                       | <b>472,381</b>                  | 107,243                         |
| <b>Current assets</b>                                 |       |                               |                               |                                 |                                 |
| Debtors                                               | 9     | 2,462,639                     | 1,900,594                     | 1,933,631                       | 1,945,837                       |
| Cash at bank and in hand                              |       | 5,584,268                     | 5,926,064                     | 5,075,188                       | 5,030,478                       |
|                                                       |       | <b>8,046,907</b>              | 7,826,658                     | <b>7,008,819</b>                | 6,976,315                       |
| <b>Creditors:</b> amounts falling due within one year | 10    | <b>(5,400,526)</b>            | (4,608,151)                   | <b>(4,183,184)</b>              | (3,791,605)                     |
| <b>Net current assets</b>                             |       | <b>2,646,381</b>              | 3,218,507                     | <b>2,825,635</b>                | 3,184,710                       |
| <b>Net assets</b>                                     | 11    | <b>3,123,717</b>              | 3,321,204                     | <b>3,298,016</b>                | 3,291,953                       |
| <b>Represented by</b>                                 |       |                               |                               |                                 |                                 |
| Restricted funds                                      |       | 86,277                        | 86,277                        | 86,277                          | 86,277                          |
| Unrestricted funds – General                          |       | 2,537,440                     | 2,584,927                     | 2,711,739                       | 2,555,676                       |
| Unrestricted funds – Designated                       |       | 500,000                       | 650,000                       | 500,000                         | 650,000                         |
| <b>Total funds</b>                                    | 12    | <b>3,123,717</b>              | 3,321,204                     | <b>3,298,016</b>                | 3,291,953                       |

The net movement in funds for the charity only for the year was positive £6,063 (2021: £1,190,872).

The 2021 creditors and restricted funds have been restated following a change in accounting policy for grant income recognition as described in note 18.

The accounts on pages 29 to 47 were approved by the Board of Trustees and authorised for issue on 28 November 2022 and signed on its behalf by:



**Hon Mike Rann AC, CNZM**  
Chair of the Board of Trustees

## CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 June 2022

### Consolidated cash flow statement

|                                                                    | Year ended<br>30 June<br>2022<br>£ | Year ended<br>30 June<br>2021<br>£ |
|--------------------------------------------------------------------|------------------------------------|------------------------------------|
| <b>Cash flows from operating activities:</b>                       |                                    |                                    |
| <b><i>Net cash provided by operating activities (Note a)</i></b>   | <b>76,257</b>                      | 121,417                            |
| <b>Cash flows from investing activities:</b>                       |                                    |                                    |
| Payments to acquire tangible fixed assets                          | (418,052)                          | -                                  |
| <b>Change in cash and cash equivalents in the reporting period</b> | <b>(341,795)</b>                   | 121,417                            |
| <b>Cash and cash equivalents at the beginning of the year</b>      | <b>5,926,064</b>                   | 5,804,647                          |
| <b>Cash and cash equivalents at the end of the year</b>            | <b>5,584,269</b>                   | 5,926,064                          |

### Note to the cash flow statement

#### Reconciliation of net income to net cash provided by operating activities

|                                                                                      | Year ended<br>30 June<br>2022<br>£ | Year ended<br>30 June<br>2021<br>£ |
|--------------------------------------------------------------------------------------|------------------------------------|------------------------------------|
| <b><i>Net income for the year</i></b>                                                | <b>(207,543)</b>                   | 364,355                            |
| <b>Adjustments for:</b>                                                              |                                    |                                    |
| Depreciation charges                                                                 | 45,270                             | 13,188                             |
| Investment income                                                                    | -                                  | -                                  |
| Foreign exchange differences, excluding gains arising on revaluation of fixed assets | 8,200                              | (49,882)                           |
| Loss on sale of fixed asset                                                          | -                                  | -                                  |
| (Increase)/ Decrease in debtors                                                      | (562,045)                          | (980,614)                          |
| Increase / (Decrease) in creditors                                                   | 792,376                            | 774,370                            |
| <b><i>Net cash provided by operating activities</i></b>                              | <b>76,258</b>                      | 121,417                            |

## 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.

#### *Accounting policy change and prior period adjustment*

Historically Climate Group recognised income aligned with the earlier of the signing of grant agreements, or receipt of cash, at which point Climate Group were deemed to have entitlement to that funding, it was certain, and could be reliably measured. However, over recent years, the requirements of funders providing Climate Group's restricted grants have evolved towards being more prescriptive regarding the deliverables required from the work they are funding. The trustees now believe that a change of accounting policy for the treatment of these grants is appropriate and better reflects the substance of the agreements, Climate Group's funders' requirements, and the nature of Climate Group's activity.

During the year, an assessment of the portfolio of restricted funding agreements has been undertaken to determine the extent to which the terms in the agreements could be assessed as performance related conditions. Where this review identified that entitlement to grant income was conditional on the delivery of the agreed project outcomes then the trustees have concluded that it would be appropriate to change the accounting treatment so that these agreements are treated as performance related grants. All restricted funding agreements continue to be accounted for as restricted income.

It was decided that recognition of income in line with related expenditure, as the best proxy for recognition in line with performance obligations, is now a more appropriate method to reflect the substance of Climate Group's grant agreements.

The trustees believe that this approach will allow for a more informative Trustees' Annual Report and Accounts, better enabling the readers to appreciate and understand Climate Group's activities delivered throughout the financial year and the resulting financial performance. In turn, the reserves position will be clearer and more informative regarding the financial health of the organisation.

This change in policy has been applied retrospectively from 2020 and has been reflected in the 2021 comparatives shown in the accounts.

The effect of this change in policy has been a reduction in the value of restricted grant income and restricted reserves with a corresponding increase in deferred income.

The adjustments in detail are included in note 18.

#### *Going concern*

Climate Group, like many charities, is dependent on voluntary contributions from funders and ongoing relationships with our partners to meet its future commitments. Climate Group's planning and performance review processes include financial projections of income, expenditure and

## Notes to the accounts

cash flows that take into consideration the current economic climate and its potential impact on the various sources of income and planned expenditure. Climate Group is well placed to manage the business risks it faces given its level of reserves, no debt, 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 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** from grants is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that 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

## Notes to the accounts

### e) Fixed assets and depreciation

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

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

Office equipment - 3 years  
Furniture and fixtures - 3 years

### f) Fund accounting

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

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

### g) Pension costs

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

### h) Operating leases

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

### i) Foreign currencies

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

### j) Debtors

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

### k) Creditors and provisions

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

### l) Financial instruments

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

## Notes to the accounts

### 2. Grants

|                    | Restricted       | Unrestricted   | Year ended<br>30 June<br>2022 | Year ended<br>30 June<br>2021 |
|--------------------|------------------|----------------|-------------------------------|-------------------------------|
|                    | £                | £              | £                             | £                             |
| Corporations       | -                | 82,482         | <b>82,482</b>                 | 22,103                        |
| Governments        | 1,179,325        | -              | <b>1,179,325</b>              | 3,294,799                     |
| Foundations & NGOs | 4,211,977        | 830,110        | <b>5,042,087</b>              | 4,715,463                     |
|                    | <u>5,391,302</u> | <u>912,592</u> | <u><b>6,303,894</b></u>       | <u>8,032,365</u>              |

### 3. Analysis of total expenditure

|                       | Direct<br>staff<br>costs<br>£ | Other<br>direct<br>costs<br>£ | Total<br>direct<br>costs<br>£ | Support<br>staff<br>costs<br>£ | Other<br>support<br>costs<br>£ | Total<br>support<br>costs<br>£ | Year<br>ended 30<br>June 2022<br>£ | Year ended<br>30 June<br>2021<br>£ |
|-----------------------|-------------------------------|-------------------------------|-------------------------------|--------------------------------|--------------------------------|--------------------------------|------------------------------------|------------------------------------|
| Cost of raising funds | 723,760                       | 53,978                        | <b>777,738</b>                | 301,558                        | 181,657                        | <b>483,215</b>                 | <b>1,260,953</b>                   | 1,015,354                          |
| Charitable activities | 4,185,005                     | 3,259,527                     | <b>7,444,532</b>              | 1,708,831                      | 1,029,392                      | <b>2,738,223</b>               | <b>10,182,755</b>                  | 9,149,484                          |
| <b>Total 2022</b>     | <u>4,908,765</u>              | <u>3,313,505</u>              | <u><b>8,222,270</b></u>       | <u>2,010,389</u>               | <u>1,211,049</u>               | <u><b>3,221,438</b></u>        | <u><b>11,443,708</b></u>           | <u>10,164,838</u>                  |
| Total 2021            | <u>4,581,989</u>              | <u>3,085,045</u>              | <u><b>7,667,034</b></u>       | <u>1,357,378</u>               | <u>1,140,426</u>               | <u><b>2,497,804</b></u>        |                                    |                                    |

Other support costs comprise:

|                        | Year ended<br>30 June<br>2022<br>£ | Year ended<br>30 June<br>2021<br>£ |
|------------------------|------------------------------------|------------------------------------|
| Premises               | <b>634,827</b>                     | 168,154                            |
| Other office costs     | <b>227,341</b>                     | 47,759                             |
| IT                     | <b>226,156</b>                     | 198,892                            |
| Audit                  | <b>75,339</b>                      | 55,701                             |
| Legal and professional | <b>304,580</b>                     | 268,915                            |
| Exchange differences   | <b>(513,925)</b>                   | 288,674                            |
| Other                  | <b>255,079</b>                     | 112,331                            |
|                        | <u><b>1,209,397</b></u>            | <u>1,140,426</u>                   |

## Notes to the accounts

### 4. Net income / (expenditure)

is stated after charging:

|                                                                              | Year ended<br>30 June<br>2022<br>£ | Year ended<br>30 June<br>2021<br>£ |
|------------------------------------------------------------------------------|------------------------------------|------------------------------------|
| Operating lease rentals – buildings                                          | 609,476                            | 161,844                            |
| Depreciation                                                                 | 45,270                             | 13,188                             |
| Fees payable to charity auditors: audit of the charity's annual accounts     | 23,625                             | 22,500                             |
| Fees payable to other group auditors: statutory audit of subsidiary accounts | 40,214                             | 19,000                             |
| Other services                                                               | 48,116                             | 14,201                             |
|                                                                              | <b>766,701</b>                     | <b>230,733</b>                     |

### 5. Staff costs

Staff costs during the period amounted to:

|                                  | Year ended<br>30 June<br>2022<br>£ | Year ended<br>30 June<br>2021<br>£ |
|----------------------------------|------------------------------------|------------------------------------|
| Wages and salaries               | 5,161,785                          | 4,528,855                          |
| Social security costs            | 540,876                            | 461,825                            |
| Employer's pension contributions | 485,176                            | 409,314                            |
| Other staff costs                | 386,167                            | 225,411                            |
|                                  | <b>6,574,004</b>                   | <b>5,625,405</b>                   |
| Temporary staff                  | 345,151                            | 313,962                            |
|                                  | <b>6,919,155</b>                   | <b>5,939,367</b>                   |

Included within staff costs above is £nil (2021: £nil) relating to termination costs. There were £nil worth of ex-gratia payments made during the year (2021: £23,880).

The average number of employees in the year was 128 (2021:106).

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

## Notes to the accounts

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

|                          | 2021/22 |                         | 2020/21 |                         |
|--------------------------|---------|-------------------------|---------|-------------------------|
|                          | UK      | Rest of World<br>Number | UK      | Rest of World<br>Number |
| £60,000 - £70,000 p.a.   | 4       | -                       | 6       | -                       |
| £70,001 - £80,000 p.a.   | -       | -                       | -       | -                       |
| £80,001 - £90,000 p.a.   | 1       | 1                       | 2       | 2                       |
| £90,001 - £100,000 p.a.  | 5       | 1                       | 3       | -                       |
| £100,001 - £110,000 p.a. | -       | -                       | 1       | -                       |
| £110,001 - £120,000 p.a. | 1       | -                       | -       | -                       |
| £160,001 - £170,000 p.a. | -       | -                       | -       | 1                       |

Retirement benefits are accruing to the higher paid staff under defined contribution schemes or equivalent overseas. Employer contributions of £68,350 (2021: £67,223) 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 21. The total employee benefits for the EMT were £1,054,334 (2021: £1,046,853) inclusive of employer's pension and national insurance costs.

### 6. Trustees' remuneration and expenses

No Trustee received any remuneration during the year (2021: nil). Expenses incurred by Trustees during the year totalled to £327.90 (2021: nil).

## Notes to the accounts

### 7. Tangible fixed assets

| <b>Group</b>           | Office<br>equipment | <b>Total</b>   |
|------------------------|---------------------|----------------|
| <b>Cost</b>            | £                   | £              |
| At 1 July 2021         | 55,329              | <b>55,329</b>  |
| FX Revaluation         | 2,892               | <b>2,892</b>   |
| Additions              | 418,052             | <b>418,052</b> |
| Disposals              | (7,486)             | <b>(7,486)</b> |
| <b>At 30 June 2022</b> | <b>468,787</b>      | <b>468,787</b> |
| <b>Depreciation</b>    |                     |                |
| At 1 July 2021         | 38,909              | <b>38,909</b>  |
| FX Revaluation         | 1,035               | <b>1,035</b>   |
| Charge for the period  | 45,270              | <b>45,270</b>  |
| Disposals              | (7,486)             | <b>(7,486)</b> |
| <b>At 30 June 2022</b> | <b>77,728</b>       | <b>77,728</b>  |
| <b>Net book value</b>  |                     |                |
| <b>At 30 June 2022</b> | <b>391,059</b>      | <b>391,059</b> |
| At 1 July 2021         | 16,420              | <b>16,420</b>  |
| <b>Charity</b>         | Office<br>equipment | <b>Total</b>   |
| <b>Cost</b>            | £                   | £              |
| At 1 July 2021         | 42,336              | <b>42,336</b>  |
| Additions              | 406,876             | <b>406,876</b> |
| Disposals              | (6,770)             | <b>(6,770)</b> |
| <b>At 30 June 2022</b> | <b>442,442</b>      | <b>442,442</b> |
| <b>Depreciation</b>    |                     |                |
| At 1 July 2021         | 32,140              | <b>32,140</b>  |
| Charge for the period  | 41,738              | <b>41,738</b>  |
| Disposals              | (6,770)             | <b>(6,770)</b> |
| <b>At 30 June 2022</b> | <b>67,108</b>       | <b>67,108</b>  |
| <b>Net book value</b>  |                     |                |
| <b>At 30 June 2022</b> | <b>375,334</b>      | <b>375,334</b> |
| At 1 July 2021         | 10,196              | <b>10,196</b>  |

## Notes to the accounts

### 8. Investments

|                              | <b>Group</b><br><b>30 June</b><br><b>2022</b><br>£ | Group<br>30 June<br>2021<br>£ | <b>Charity</b><br><b>30 June</b><br><b>2022</b><br>£ | Charity<br>30 June<br>2021<br>£ |
|------------------------------|----------------------------------------------------|-------------------------------|------------------------------------------------------|---------------------------------|
| Seed capital investment fund | <b>86,277</b>                                      | 86,277                        | <b>86,277</b>                                        | 86,277                          |
| Investment in subsidiaries   | -                                                  | -                             | <b>10,770</b>                                        | 10,770                          |
|                              | <b>86,277</b>                                      | 86,277                        | <b>97,047</b>                                        | 97,047                          |

### 9. Debtors

|                               | <b>Group</b><br><b>30 June</b><br><b>2022</b><br>£ | Group<br>30 June<br>2021<br>£ | <b>Charity</b><br><b>30 June</b><br><b>2022</b><br>£ | Charity<br>30 June<br>2021<br>£ |
|-------------------------------|----------------------------------------------------|-------------------------------|------------------------------------------------------|---------------------------------|
| Trade debtors                 | <b>1,406,862</b>                                   | 805,533                       | <b>755,895</b>                                       | 518,956                         |
| Other debtors                 | <b>327,024</b>                                     | 37,366                        | <b>305,787</b>                                       | 25,382                          |
| Due from subsidiary companies | <b>4</b>                                           | -                             | <b>491,464</b>                                       | 416,249                         |
| Prepayments                   | <b>488,197</b>                                     | 233,390                       | <b>139,933</b>                                       | 174,443                         |
| Accrued income                | <b>240,552</b>                                     | 824,305                       | <b>240,552</b>                                       | 810,807                         |
|                               | <b>2,462,639</b>                                   | 1,900,594                     | <b>1,933,631</b>                                     | 1,945,837                       |

There is an amount that is over a year included in Other Debtors (2021: nil)

### 10. Creditors: amounts falling due within one year

|                              | <b>Group</b><br><b>30 June</b><br><b>2022</b><br>£ | Group<br>30 June<br>2021<br>£ | <b>Charity</b><br><b>30 June</b><br><b>2022</b><br>£ | Charity<br>30 June<br>2021<br>£ |
|------------------------------|----------------------------------------------------|-------------------------------|------------------------------------------------------|---------------------------------|
| Trade creditors              | <b>545,556</b>                                     | 369,546                       | <b>502,072</b>                                       | 358,916                         |
| Taxation and social security | <b>247,877</b>                                     | 265,447                       | <b>228,105</b>                                       | 227,462                         |
| Other creditors              | <b>33,894</b>                                      | 10,710                        | <b>30,326</b>                                        | 8,525                           |
| Accruals                     | <b>576,821</b>                                     | 480,903                       | <b>461,329</b>                                       | 418,163                         |
| Short term loans             | -                                                  | -                             | -                                                    | -                               |
| Deferred income              | <b>3,996,379</b>                                   | 3,481,545                     | <b>2,961,352</b>                                     | 2,778,539                       |
|                              | <b>5,400,527</b>                                   | 4,608,151                     | <b>4,183,184</b>                                     | 3,791,605                       |

## Notes to the accounts

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

#### Deferred income

|                                  | At 1 July<br>2021<br>£ | Released to<br>income<br>£ | Deferred in<br>the year<br>£ | At 30 June<br>2022<br>£ |
|----------------------------------|------------------------|----------------------------|------------------------------|-------------------------|
| Membership                       | 983,054                | (983,054)                  | 1,274,257                    | <b>1,274,257</b>        |
| Restricted grants                | 1,514,979              | (4,939,146)                | 4,726,937                    | <b>1,302,770</b>        |
| Unrestricted grants              | 283,489                | (283,489)                  | 384,325                      | <b>384,325</b>          |
| <b>Charity total</b>             | <b>2,781,522</b>       | <b>(6,205,689)</b>         | <b>6,385,519</b>             | <b>2,961,352</b>        |
| The Climate Group Inc/TCCO India | 700,024                | (700,024)                  | 1,035,027                    | 1,035,027               |
| <b>Group total</b>               | <b>3,481,546</b>       | <b>(6,905,713)</b>         | <b>7,420,546</b>             | <b>3,996,379</b>        |

The 2021 income from grants has been restated following a change in accounting policy for grant income recognition as described in note 18

### 11. Analysis of net assets between funds

#### Group

|                                   | Restricted<br>funds<br>£ | Unrestricted<br>funds<br>£ | Total<br>funds<br>£ |
|-----------------------------------|--------------------------|----------------------------|---------------------|
| Tangible assets                   | -                        | 391,059                    | <b>391,059</b>      |
| Investments                       | 86,277                   | -                          | <b>86,277</b>       |
| Net current assets/(liabilities)  | -                        | 2,646,381                  | <b>2,646,381</b>    |
| <b>Net assets at 30 June 2022</b> | <b>86,277</b>            | <b>3,037,440</b>           | <b>3,123,717</b>    |

#### Charity

|                                   | Restricted<br>funds<br>£ | Unrestricted<br>funds<br>£ | Total<br>funds<br>£ |
|-----------------------------------|--------------------------|----------------------------|---------------------|
| Tangible assets                   | -                        | 375,334                    | <b>375,334</b>      |
| Investment in subsidiaries        | -                        | 10,770                     | <b>10,770</b>       |
| Investments                       | 86,277                   | -                          | <b>86,277</b>       |
| Net current assets/(liabilities)  | -                        | 2,825,635                  | <b>2,825,635</b>    |
| <b>Net assets at 30 June 2022</b> | <b>86,277</b>            | <b>3,211,739</b>           | <b>3,298,016</b>    |

## Notes to the accounts

### Prior year analysis of net assets between funds

#### Group

|                                   | Restricted<br>funds<br>£ | Unrestricted<br>funds<br>£ | Total<br>funds<br>£ |
|-----------------------------------|--------------------------|----------------------------|---------------------|
| Tangible assets                   | -                        | 16,420                     | 16,420              |
| Investments                       | 86,277                   | -                          | 86,277              |
| Net current assets/(liabilities)  | -                        | 3,218,506                  | 3,218,506           |
| <b>Net assets at 30 June 2021</b> | <b>86,277</b>            | <b>3,234,926</b>           | <b>3,321,203</b>    |

#### Charity

|                                   | Restricted<br>funds<br>£ | Unrestricted<br>funds<br>£ | Total<br>funds<br>£ |
|-----------------------------------|--------------------------|----------------------------|---------------------|
| Tangible assets                   | -                        | 10,196                     | 10,196              |
| Investment in subsidiaries        | -                        | 10,770                     | 10,770              |
| Investments                       | 86,277                   | -                          | 86,277              |
| Net current assets/(liabilities)  | -                        | 3,184,710                  | 3,184,710           |
| <b>Net assets at 30 June 2021</b> | <b>86,277</b>            | <b>3,205,676</b>           | <b>3,291,953</b>    |

### 12. Movement in funds of the Group

|                                 | Balances<br>at 1 July<br>2021<br>£ | Income<br>£       | Expenditure<br>£    | Adjustments<br>£ | Transfers &<br>exchange<br>differences<br>£ | At<br>30 June<br>2022<br>£ |
|---------------------------------|------------------------------------|-------------------|---------------------|------------------|---------------------------------------------|----------------------------|
| <b>Restricted funds</b>         |                                    |                   |                     |                  |                                             |                            |
| Business Action                 |                                    | 3,173,227         | (3,173,227)         | -                | -                                           | -                          |
| Summits                         |                                    | -                 | -                   | -                | -                                           | -                          |
| Under2                          |                                    | 2,218,075         | (2,218,075)         | -                | -                                           | -                          |
| Operations                      | -                                  | -                 | -                   | -                | -                                           | -                          |
| Seed Capital Investment Fund    | 86,277                             | -                 | -                   | -                | -                                           | 86,277                     |
| <b>Total restricted funds</b>   | <b>86,277</b>                      | <b>5,391,302</b>  | <b>(5,391,302)</b>  | <b>-</b>         | <b>-</b>                                    | <b>86,277</b>              |
| <b>Unrestricted funds</b>       |                                    |                   |                     |                  |                                             |                            |
| General funds                   | 2,584,926                          | 5,844,863         | (5,902,406)         | -                | 10,057                                      | 2,537,440                  |
| Designated funds                | 650,000                            | -                 | (150,000)           | -                | -                                           | 500,000                    |
| <b>Total unrestricted funds</b> | <b>3,234,926</b>                   | <b>5,844,863</b>  | <b>(6,052,406)</b>  | <b>-</b>         | <b>10,057</b>                               | <b>3,037,440</b>           |
| <b>Total funds</b>              | <b>3,321,203</b>                   | <b>11,236,165</b> | <b>(11,443,708)</b> | <b>-</b>         | <b>10,057</b>                               | <b>3,123,717</b>           |

The 2021 creditors and restricted funds have been restated following a change in accounting policy for grant income recognition as described in note 18

## Notes to the accounts

|                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|-------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Business Action</b>              | 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. |
| <b>Summits</b>                      | 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Under2 Coalition</b>             | 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 GHG emissions by 80% on 1990 levels or 2 tons per capita by 2050. Funding is received for our key sub-national government initiatives.<br>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.                                                                                                                                                                                                                                                    |
| <b>Seed Capital Investment Fund</b> | This is an investment in Oikocredit International Share Foundation.<br>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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Designated Funds</b>             | Initially a designated fund of £0.65m to support the costs of the UK office move relating to fixtures and fittings, furniture, and other costs relating to the move. As costs were expensed, and assets are depreciated, the fund will be amortised appropriately. The fund now stands at £0.5m.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |

### Prior year movement in funds of the Group

|                                 | Balances at<br>1 July<br>2020<br>£ | Income<br>£       | Expenditure<br>£    | Adjustment<br>s<br>£ | Transfers &<br>exchange<br>differences<br>£ | At<br>30 June<br>2021<br>£ |
|---------------------------------|------------------------------------|-------------------|---------------------|----------------------|---------------------------------------------|----------------------------|
| <b>Restricted funds</b>         |                                    |                   |                     |                      |                                             |                            |
| Business Action                 | -                                  | 3,019,157         | (3,019,157)         | -                    | -                                           | -                          |
| Summits                         | -                                  | 28,675            | (28,675)            | -                    | -                                           | -                          |
| Under2                          | -                                  | 4,106,078         | (4,106,078)         | -                    | -                                           | -                          |
| Operations                      | -                                  | -                 | -                   | -                    | -                                           | -                          |
| Seed capital investment fund    | 86,277                             | -                 | -                   | -                    | -                                           | <b>86,277</b>              |
| <b>Total restricted funds</b>   | <b>86,277</b>                      | <b>7,153,910</b>  | <b>(7,153,910)</b>  | <b>-</b>             | <b>-</b>                                    | <b>86,277</b>              |
| <b>Unrestricted funds</b>       |                                    |                   |                     |                      |                                             |                            |
| General funds                   | 1,631,653                          | 4,364,765         | (3,010,928)         | (350,000)            | (50,564)                                    | <b>2,584,926</b>           |
| Designated Funds                | 300,000                            | -                 | -                   | 350,000              | -                                           | <b>650,000</b>             |
| <b>Total unrestricted funds</b> | <b>1,931,653</b>                   | <b>4,364,765</b>  | <b>(3,010,928)</b>  | <b>-</b>             | <b>(50,564)</b>                             | <b>3,234,926</b>           |
| <b>Total funds</b>              | <b>2,017,930</b>                   | <b>11,518,675</b> | <b>(10,164,838)</b> | <b>-</b>             | <b>(50,564)</b>                             | <b>3,321,203</b>           |

## Notes to the accounts

### 13. Taxation

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

### 14. Leasing commitments

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

|                                | 2021/22            | 2020/21            |
|--------------------------------|--------------------|--------------------|
|                                | Land and buildings | Land and buildings |
|                                | £                  | £                  |
| Expiring within 1 year         | 257,952            | 345,025            |
| Expiring between 1 and 2 years | 459,952            | 5,383              |
| Expiring between 2 and 5 years | 1,639,829          | -                  |
|                                | <b>2,357,733</b>   | <b>350,408</b>     |

### 15. Grant and other commitments

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 Climate Group, as they fall after the year end.

The amount of grant commitments falling within one year is £0.3m (2021: £0.6m).

The amount of grant commitments falling between one and five years is nil (2021: nil).

Major grant payments recognised in 2021/22 is set out below.

| Recipient                    |               | 2022       |
|------------------------------|---------------|------------|
|                              |               | £'000      |
| CDP Worldwide                | RE100 UK      | 343        |
| World Green Building Council | EP100 UK      | 139        |
| ResponsibleSteel Ltd         | Steel Zero UK | 69         |
|                              |               | <b>551</b> |

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

## Notes to the accounts

### 16. Subsidiaries

The Charity is represented by legal entities incorporated in the United States (registered 5 March 2004), India (registered 21 May 2018), the Netherlands (registered 12 November 2019) and China (registered 1 January 2022). 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 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 and the China Representative Office has a 31 December year end.

|                                    | Balance<br>at 1 July<br>2021 | Subgrants<br>received | Subgrants<br>made | Expenses<br>incurred | Payments<br>made/<br>received | Exchange<br>differences | Provision<br>against<br>intercompany<br>balance | Balance<br>as at 30<br>June<br>2022 |
|------------------------------------|------------------------------|-----------------------|-------------------|----------------------|-------------------------------|-------------------------|-------------------------------------------------|-------------------------------------|
|                                    | £                            | £                     | £                 | £                    | £                             | £                       | £                                               | £                                   |
| <b>Organisation</b>                |                              |                       |                   |                      |                               |                         |                                                 |                                     |
| The Climate Group, Inc.            | 342,339                      | 909,439               | 7,395             | -                    | (977,944)                     | 106,706                 | -                                               | <b>387,935</b>                      |
| TCCO India Projects Pvt.<br>Ltd    | 69,894                       | -                     | -                 | (240,119)            | 266,571                       | (7,181)                 | -                                               | <b>89,165</b>                       |
| The Climate Group (Europe)<br>B.V. | 4,016                        | (180,329)             |                   | 189,490              |                               | 1,217                   |                                                 | <b>14,394</b>                       |
|                                    | <b>416,249</b>               | <b>729,110</b>        | <b>7,395</b>      | <b>(50,629)</b>      | <b>(711,373)</b>              | <b>100,742</b>          | <b>-</b>                                        | <b>491,494</b>                      |

### Prior year transactions between the charity and related organisations

|                                    | Balance<br>at 1 July<br>2020 | Subgrants<br>received | Subgrants<br>made | Expenses<br>incurred | Payments<br>made/<br>received | Exchange<br>differences | Provision<br>against<br>intercompany<br>balance | Balance<br>as at 30<br>June<br>2021 |
|------------------------------------|------------------------------|-----------------------|-------------------|----------------------|-------------------------------|-------------------------|-------------------------------------------------|-------------------------------------|
|                                    | £                            | £                     | £                 | £                    | £                             | £                       | £                                               | £                                   |
| <b>Organisation</b>                |                              |                       |                   |                      |                               |                         |                                                 |                                     |
| The Climate Group, Inc.            | 428,894                      | 1,098,523             | (219,947)         | -                    | (886,310)                     | (78,810)                | -                                               | 342,339                             |
| TCCO India Projects Pvt.<br>Ltd    | 29,138                       | -                     |                   | (283,131)            | 323,887                       |                         | -                                               | 69,894                              |
| The Climate Group (Europe)<br>B.V. |                              |                       |                   | 4016                 |                               |                         |                                                 | 4016                                |
|                                    | <b>458,032</b>               | <b>1,098,523</b>      | <b>(219,947)</b>  | <b>(279,115)</b>     | <b>(562,423)</b>              | <b>(78,810)</b>         | <b>-</b>                                        | <b>416,249</b>                      |

## Notes to the accounts

### United States – The Climate Group, Inc.

|                                          | 2021/22<br>£ | 2020/21<br>£ |
|------------------------------------------|--------------|--------------|
| Net assets as at 1 July 2021             | 186,226      | 383,771      |
| Income for the year to 30 June 2022      | 3,387,151    | 2,563,147    |
| Net surplus for the year to 30 June 2022 | (24,132)     | (197,5450)   |
| Net assets as at 30 June 2022            | 161,845      | 186,226      |

### China – Climate Group (UK) Beijing Representative Office

|                                          | 2021/22<br>£ | 2020/21<br>£ |
|------------------------------------------|--------------|--------------|
| Net assets as at 1 July 2021             |              | -            |
| Income for the year to 30 June 2022      | 100,927      | -            |
| Net surplus for the year to 30 June 2022 | (21,461)     | -            |
| Net assets as at 30 June 2022            | (21,461)     | -            |

### India – TCCO India Projects Pvt. Ltd

|                                          | 2021/22<br>£ | 2020/21<br>£ |
|------------------------------------------|--------------|--------------|
| Net assets as at 1 July 2021             | (10,333)     | 28,580       |
| Income for the year to 30 June 2022      | 403,568      | 292,212      |
| Net surplus for the year to 30 June 2022 | (24,776)     | (51,475)     |
| Net assets as at 30 June 2022            | (36,764)     | (22,895)     |

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

|                                          | 2021/22<br>£ | 2020/21<br>£ |
|------------------------------------------|--------------|--------------|
| Net assets as at 1 July 2021             | (6,959)      | -            |
| Income for the year to 30 June 2022      | 180,293      | -            |
| Net surplus for the year to 30 June 2022 | (14,354)     | (6,959)      |
| Net assets as at 30 June 2022            | (21,337)     | (6,959)      |

## Notes to the accounts

### 17. Prior year Consolidated Statement of Financial Activities

|                                                      | Notes | Restricted           | Unrestricted            | Year ended<br>30 June<br>2021 |
|------------------------------------------------------|-------|----------------------|-------------------------|-------------------------------|
| <b>Income from:</b>                                  |       | £                    | £                       | £                             |
| <i>Donations and legacies</i>                        |       |                      |                         |                               |
| Donations & similar funding                          |       |                      |                         |                               |
| Grants                                               | 2     | -                    | 260,840                 | <b>260,840</b>                |
|                                                      |       | 7,153,910            | 878,455                 | <b>8,032,365</b>              |
|                                                      |       | <u>7,153,910</u>     | <u>1,139,295</u>        | <u><b>8,293,205</b></u>       |
| <i>Charitable Activities</i>                         |       |                      |                         |                               |
| Membership and partnership income                    |       | -                    | 1,627,259               | <b>1,627,259</b>              |
| Sponsorship and other                                |       | -                    | 1,598,211               | <b>1,598,211</b>              |
|                                                      |       | <u>-</u>             | <u>3,225,470</u>        | <u><b>3,225,470</b></u>       |
| <b>Total income</b>                                  |       | <u>7,153,910</u>     | <u>4,364,765</u>        | <u><b>11,518,675</b></u>      |
| <b>Expenditure on:</b>                               |       |                      |                         |                               |
| <i>Raising funds</i>                                 |       | -                    | 1,015,354               | <b>1,015,354</b>              |
| <i>Charitable activities</i>                         |       | 7,153,910            | 1,995,574               | <b>9,149,484</b>              |
|                                                      |       | <u>7,153,910</u>     | <u>3,010,928</u>        | <u><b>10,164,838</b></u>      |
| <b>Total expenditure</b>                             | 3     | <u>7,153,910</u>     | <u>3,010,928</u>        | <u><b>10,164,838</b></u>      |
| <b>Net income</b>                                    | 4     | <u>-</u>             | <u><b>1,353,837</b></u> | <u><b>1,353,837</b></u>       |
| <b>Other recognised gains and losses</b>             |       |                      |                         |                               |
| Gain / (Loss) on revaluation of foreign subsidiaries |       | -                    | (50,564)                | <b>(50,564)</b>               |
|                                                      |       | <u>-</u>             | <u><b>1,303,273</b></u> | <u><b>1,303,273</b></u>       |
| <b>Net movement in funds</b>                         |       | <u>-</u>             | <u><b>1,303,273</b></u> | <u><b>1,303,273</b></u>       |
| Reconciliation of funds:                             |       |                      |                         |                               |
| Total funds brought forward                          |       | 1,714,681            | 3,234,926               | <b>4,949,607</b>              |
| Prior Year Adjustment                                |       | (1,628,404)          |                         |                               |
| <b>Total funds carried forward</b>                   | 11    | <u><b>86,277</b></u> | <u><b>3,234,926</b></u> | <u><b>3,321,203</b></u>       |

The 2021 income from grants has been restated following a change in accounting policy for grant income recognition as described below

### 18. Accounting policy change

The change as explained in note 1 (a) results in a prior year adjustment, requiring a retrospective restatement by:

- Restating the comparative amounts for the prior period (financial year 2020/2021)
- Restating the opening balances for the prior year (2020/2021) of liabilities, and reserves

The effect of this change is a reduction in the value of restricted grant income and corresponding restricted reserves and creditors.

## Notes to the accounts

Please see the below table for the effect of the changes on the consolidated statement of financial activities and the balance sheet.

|                                                             | Restricted       | Unrestricted     | Total             |
|-------------------------------------------------------------|------------------|------------------|-------------------|
| June 2020 (start of comparative period)                     |                  |                  |                   |
| Funds as previously reported                                | 2,704,162        | 1,931,654        | 4,635,816         |
| Accounting policy change                                    | (2,617,885)      | -                | (2,617,885)       |
| <b>Restated reserves at 30 June 2020</b>                    | <b>86,277</b>    | <b>1,931,654</b> | <b>2,017,931</b>  |
| June 2021 (comparative period)                              |                  |                  |                   |
| Total income as previously reported                         | 6,164,428        | 4,364,765        | 10,529,193        |
| Accounting policy change                                    | 989,482          | -                | 989,482           |
| <b>Restated income at 30 June 2021</b>                      | <b>7,153,910</b> | <b>4,364,765</b> | <b>11,518,675</b> |
| Total expenditure as previously reported                    | 7,153,909        | 3,010,929        | 10,164,838        |
| Accounting policy change                                    | -                | -                | -                 |
| <b>Restated expenditure at 30 June 2021</b>                 | <b>7,153,909</b> | <b>3,010,929</b> | <b>10,164,838</b> |
| Closing reserves as previously reported                     | 1,714,681        | 3,234,926        | 4,949,607         |
| Accounting policy change                                    | (1,628,404)      | -                | (1,628,404)       |
| <b>Restated reserves at 30 June 2021</b>                    | <b>86,277</b>    | <b>3,234,926</b> | <b>3,321,203</b>  |
| Total debtors as previously reported at 30th of June 2020   | 919,980          |                  | 919,980           |
| Accounting policy change                                    | -                |                  | -                 |
| <b>Restated debtors at 30 June 2020</b>                     | <b>919,980</b>   |                  | <b>919,980</b>    |
| Total debtors as previously reported at 30th of June 2021   | 1,900,594        |                  | 1,900,594         |
| Accounting policy change                                    | -                |                  | -                 |
| <b>Restated debtors at 30 June 2021</b>                     | <b>1,900,594</b> |                  | <b>1,900,594</b>  |
| Total creditors as previously reported at 30th of June 2020 | 2,205,378        |                  | 2,205,378         |
| Accounting policy change                                    | 2,617,885        |                  | 2,617,885         |
| <b>Restated creditors at 30 June 2020</b>                   | <b>4,823,263</b> |                  | <b>4,823,263</b>  |
| Total creditors as previously reported at 30th of June 2021 | 2,979,748        |                  | 2,979,748         |
| Accounting policy change                                    | 1,628,404        |                  | 1,628,404         |
| <b>Restated creditors at 30 June 2021</b>                   | <b>4,608,152</b> |                  | <b>4,608,152</b>  |

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# Accounts

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**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

|                                                                                                   |           |
|---------------------------------------------------------------------------------------------------|-----------|
| <b>A message from our Chair .....</b>                                                             | <b>3</b>  |
| <b>A message from our Chief Executive.....</b>                                                    | <b>4</b>  |
| <b>1. Objectives &amp; activities.....</b>                                                        | <b>5</b>  |
| About us .....                                                                                    | 5         |
| The context for our work.....                                                                     | 5         |
| Creating impact .....                                                                             | 5         |
| Our objectives and key initiatives .....                                                          | 6         |
| <b>2. Achievements and performance .....</b>                                                      | <b>9</b>  |
| Goal 1: Make vital systems of the world economy compatible with a net-zero future .....           | 9         |
| Goal 2: Develop and leverage solutions which create maximum, measurable impact.....               | 11        |
| Goal 3: Be an inspiring climate influencer .....                                                  | 13        |
| Goal 4: Achieve organisational excellence .....                                                   | 15        |
| <b>3. Financial review and strategy.....</b>                                                      | <b>17</b> |
| Income.....                                                                                       | 17        |
| Expenditure .....                                                                                 | 17        |
| Financial position at year-end .....                                                              | 18        |
| Managing principal risks and uncertainties.....                                                   | 19        |
| <b>4. Structure, governance and management .....</b>                                              | <b>21</b> |
| Governance statement of Trustees' responsibilities.....                                           | 21        |
| Key people and advisors.....                                                                      | 24        |
| <b>5. Audited Accounts.....</b>                                                                   | <b>26</b> |
| Independent Auditor's Report to the Members and Trustees of The Climate Change Organisation ..... | 26        |
| Consolidated statement of financial activities .....                                              | 30        |
| Balance sheets.....                                                                               | 31        |
| Consolidated cash flow statement.....                                                             | 32        |
| Notes to the accounts .....                                                                       | 33        |

## 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 CO<sub>2</sub>e<sup>1</sup> 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.

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<sup>1</sup> 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<sub>2</sub> 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.

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.

*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.*

## 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 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**

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

#### **Bankers**

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

#### **Auditors**

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

### **Directors of our Group Boards**

#### **The Climate Group, Inc.**

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

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

**BALANCE SHEETS****COMPANY NUMBER: 4964424**

As at 30 June 2021

**Balance sheets**

|                                                       | Notes | Group<br>30 June<br>2021<br>£ | Group<br>30 June<br>2020<br>£ | Charity<br>30 June<br>2021<br>£ | Charity<br>30 June<br>2020<br>£ |
|-------------------------------------------------------|-------|-------------------------------|-------------------------------|---------------------------------|---------------------------------|
| <b>Fixed assets</b>                                   |       |                               |                               |                                 |                                 |
| Tangible fixed assets                                 | 7     | 16,420                        | 30,290                        | 10,196                          | 20,057                          |
| Investments                                           | 8     | 86,277                        | 86,277                        | 97,047                          | 97,047                          |
|                                                       |       | <b>102,697</b>                | 116,567                       | <b>107,243</b>                  | 117,104                         |
| <b>Current assets</b>                                 |       |                               |                               |                                 |                                 |
| 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                       |
|                                                       |       | <b>7,826,658</b>              | 6,724,627                     | <b>6,976,315</b>                | 5,867,021                       |
| <b>Creditors:</b> amounts falling due within one year | 10    | <b>(2,979,748)</b>            | (2,205,378)                   | <b>(2,279,609)</b>              | (1,749,924)                     |
| <b>Net current assets</b>                             |       | <b>4,846,910</b>              | 4,519,249                     | <b>4,696,706</b>                | 4,117,097                       |
| <b>Net assets</b>                                     | 11    | <b>4,949,607</b>              | 4,635,816                     | <b>4,803,949</b>                | 4,234,201                       |
| <b>Represented by</b>                                 |       |                               |                               |                                 |                                 |
| 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                         |
| <b>Total funds</b>                                    | 12    | <b>4,949,607</b>              | 4,635,816                     | <b>4,803,949</b>                | 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 CB HonFEI**  
Chair of the Board of Trustees

## CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 June 2021

### Consolidated cash flow statement

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

### Note to the cash flow statement

#### Reconciliation of net income to net cash provided by operating activities

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

## Notes to the accounts

### c) Expenditure

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

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

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

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

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

### d) Investments

Investments are a form of basic financial instruments and are 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<br>30 June<br>2021 | Year ended<br>30 June<br>2020 |
|--------------------|------------------|----------------|-------------------------------|-------------------------------|
|                    | £                | £              | £                             | £                             |
| Corporations       | -                | 22,103         | <b>22,103</b>                 | 29,827                        |
| Governments        | 2,303,305        | -              | <b>2,303,305</b>              | 3,535,892                     |
| Foundations & NGOs | 3,861,123        | 856,352        | <b>4,717,475</b>              | 4,541,757                     |
|                    | <u>6,164,428</u> | <u>878,455</u> | <u><b>7,042,883</b></u>       | <u>8,107,476</u>              |

## 3. Analysis of total expenditure

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

## Notes to the accounts

Other support costs comprise:

|                        | Year ended<br>30 June<br>2021<br>£ | Year ended<br>30 June<br>2020<br>£ |
|------------------------|------------------------------------|------------------------------------|
| 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                            |
|                        | <b>1,140,426</b>                   | <b>1,134,765</b>                   |

### 4. Net income / (expenditure)

is stated after charging:

|                                                                              | Year ended<br>30 June<br>2021<br>£ | Year ended<br>30 June<br>2020<br>£ |
|------------------------------------------------------------------------------|------------------------------------|------------------------------------|
| 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                             |

## Notes to the accounts

### 5. Staff costs

Staff costs during the period amounted to:

|                                  | Year ended<br>30 June<br>2021<br>£ | Year ended<br>30 June<br>2020<br>£ |
|----------------------------------|------------------------------------|------------------------------------|
| 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                            |
|                                  | <b>5,625,405</b>                   | 4,698,879                          |
| Temporary staff                  | 313,962                            | 228,326                            |
|                                  | <b>5,939,367</b>                   | 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<br>Number | UK      | Rest of World<br>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

| <b>Group</b>                 | Office<br>equipment | <b>Total</b>    |
|------------------------------|---------------------|-----------------|
| <b>Cost</b>                  | £                   | £               |
| At 1 July 2020               | 91,602              | <b>91,602</b>   |
| Revaluation on consolidation | (1,273)             | <b>(1,273)</b>  |
| Additions                    |                     |                 |
| Disposals                    | (35,000)            | <b>(35,000)</b> |
| <b>At 30 June 2021</b>       | <b>55,329</b>       | <b>55,329</b>   |
| <b>Depreciation</b>          |                     |                 |
| At 1 July 2020               | 61,312              | <b>61,312</b>   |
| Revaluation on consolidation | (591)               | <b>(591)</b>    |
| Charge for the period        | 13,188              | <b>13,188</b>   |
| Disposals                    | (35,000)            | <b>(35,000)</b> |
| <b>At 30 June 2021</b>       | <b>38,909</b>       | <b>38,909</b>   |
| <b>Net book value</b>        |                     |                 |
| <b>At 30 June 2021</b>       | <b>16,420</b>       | <b>16,420</b>   |
| At 1 July 2020               | 30,290              | <b>30,290</b>   |
| <b>Charity</b>               | Office<br>equipment | <b>Total</b>    |
| <b>Cost</b>                  | £                   | £               |
| At 1 July 2020               | 77,336              | <b>77,336</b>   |
| Additions                    |                     |                 |
| Disposals                    | (35,000)            | <b>(35,000)</b> |
| <b>At 30 June 2021</b>       | <b>42,336</b>       | <b>42,336</b>   |
| <b>Depreciation</b>          |                     |                 |
| At 1 July 2020               | 57,279              | <b>57,279</b>   |
| Charge for the period        | 9,861               | <b>9,861</b>    |
| Disposals                    | (35,000)            | <b>(35,000)</b> |
| <b>At 30 June 2021</b>       | <b>32,140</b>       | <b>32,140</b>   |
| <b>Net book value</b>        |                     |                 |
| <b>At 30 June 2021</b>       | <b>10,196</b>       | <b>10,196</b>   |
| At 1 July 2020               | 20,057              | <b>20,057</b>   |

## Notes to the accounts

### 8. Investments

|                              | <b>Group<br/>30 June<br/>2021<br/>£</b> | <b>Group<br/>30 June<br/>2020<br/>£</b> | <b>Charity<br/>30 June<br/>2021<br/>£</b> | <b>Charity<br/>30 June<br/>2020<br/>£</b> |
|------------------------------|-----------------------------------------|-----------------------------------------|-------------------------------------------|-------------------------------------------|
| Seed capital investment fund | <b>86,277</b>                           | 86,277                                  | <b>86,277</b>                             | 86,277                                    |
| Investment in subsidiaries   | -                                       | -                                       | <b>10,770</b>                             | 10,770                                    |
|                              | <b>86,277</b>                           | 86,277                                  | <b>97,047</b>                             | 97,047                                    |

### 9. Debtors

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

### 10. Creditors: amounts falling due within one year

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

## Notes to the accounts

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

#### Deferred income

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

### 11. Analysis of net assets between funds

#### Group

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

#### Charity

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

## Notes to the accounts

### Prior year analysis of net assets between funds Group

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

### Charity

|                                   | Restricted funds<br>£ | Unrestricted funds<br>£ | Total funds<br>£ |
|-----------------------------------|-----------------------|-------------------------|------------------|
| 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        |
| <b>Net assets at 30 June 2020</b> | <b>2,388,375</b>      | <b>1,845,826</b>        | <b>4,234,201</b> |

## 12. Movement in funds of the Group

|                                 | Balances<br>at 1 July<br>2020<br>£ | Income<br>£       | Expenditure<br>£    | Adjustments<br>£ | Transfers &<br>exchange<br>differences<br>£ | At<br>30 June<br>2021<br>£ |
|---------------------------------|------------------------------------|-------------------|---------------------|------------------|---------------------------------------------|----------------------------|
| <b>Restricted funds</b>         |                                    |                   |                     |                  |                                             |                            |
| 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                     |
| <b>Total restricted funds</b>   | <b>2,704,162</b>                   | <b>6,164,428</b>  | <b>(7,153,909)</b>  | <b>-</b>         | <b>-</b>                                    | <b>1,714,681</b>           |
| <b>Unrestricted funds</b>       |                                    |                   |                     |                  |                                             |                            |
| 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                    |
| <b>Total unrestricted funds</b> | <b>1,931,654</b>                   | <b>4,364,765</b>  | <b>(3,010,929)</b>  | <b>-</b>         | <b>(50,564)</b>                             | <b>3,234,926</b>           |
| <b>Total funds</b>              | <b>4,635,816</b>                   | <b>10,529,193</b> | <b>(10,164,838)</b> | <b>-</b>         | <b>(50,564)</b>                             | <b>4,949,607</b>           |

## Notes to the accounts

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

## Notes to the accounts

### 13. . Taxation

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

### 14. Leasing commitments

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

|                                | 2020/21            | 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 | -                  | -                  |
|                                | <b>350,408</b>     | <b>20,545</b>      |

### 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.

| <u>Recipient</u>                                  | <u>Project</u> | <u>2021</u> |
|---------------------------------------------------|----------------|-------------|
|                                                   |                | £'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.

## Notes to the accounts

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

### Prior year transactions between the charity and related organisations

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

## Notes to the accounts

### United States – The Climate Group, Inc.

|                                          | <b>2020/21</b> | 2019/20   |
|------------------------------------------|----------------|-----------|
|                                          | <b>£</b>       | <b>£</b>  |
| 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

|                                                    | <b>2020/21</b> | 2019/20  |
|----------------------------------------------------|----------------|----------|
|                                                    | <b>£</b>       | <b>£</b> |
| 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

|                                                    | <b>2020/21</b> | 2019/20  |
|----------------------------------------------------|----------------|----------|
|                                                    | <b>£</b>       | <b>£</b> |
| 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

|                                                    | <b>2020/21</b> | 2019/20  |
|----------------------------------------------------|----------------|----------|
|                                                    | <b>£</b>       | <b>£</b> |
| 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

|                                                    | <b>2020/21</b> | 2019/20  |
|----------------------------------------------------|----------------|----------|
|                                                    | <b>£</b>       | <b>£</b> |
| 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.

|                                                    | <b>2020/21</b> | 2019/20  |
|----------------------------------------------------|----------------|----------|
|                                                    | <b>£</b>       | <b>£</b> |
| 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)        | -        |

## Notes to the accounts

### 17. Prior year Consolidated Statement of Financial Activities

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