

THE GENERATION FOUNDATION

England & Wales · Charity number 1113061

Details

Status	Registered
Legal form	Charitable company
Company number	05536312
Registered	2006-02-22
Register	View on the Charity Commission register

Contact

Address	20 Air Street London W1B 5AN
Phone	0207 534 4700
Email	Genfound@generationim.com
Website	www.genfound.org/

Activities

Objects: (1) TO ADVANCE THE EDUCATION OF THE PUBLIC AND ORGANISATIONS (PROFIT AND NON-PROFIT) IN SUBJECTS RELATED TO SUSTAINABLE DEVELOPMENT AND THE PROTECTION ENHANCEMENT AND REHABILITATION OF THE ENVIRONMENT AND TO PROMOTE STUDY AND RESEARCH IN SUCH SUBJECTS PROVIDED THAT THE USEFUL RESULTS OF SUCH STUDY ARE DISSEMINATED TO THE PUBLIC AT LARGE.(2) TO PROMOTE SUSTAINABLE DEVELOPMENT FOR THE BENEFIT OF THE PUBLIC BY (I) THE PRESERVATION CONSERVATION AND THE PROTECTION OF THE ENVIRONMENT AND THE PRUDENT USE OF NATURAL RESOURCES. (II) THE RELIEF OF POVERTY AND THE IMPROVEMENT OF THE CONDITIONS OF LIFE IN SOCIALLY AND ECONOMICALLY DISADVANTAGED COMMUNITIES. (III) THE PROMOTION OF SUSTAINABLE MEANS OF ACHIEVING ECONOMIC GROWTH AND REGENERATION.(3) TO ADVANCE THE EDUCATION OF THE PUBLIC IN BUSINESS ETHICS AND RELATED SUBJECTS WITH PARTICULAR REFERENCE TO THE STUDY AND APPLICATION OF ETHICAL STANDARDS AND THE MANAGEMENT AND CONDUCT OF INDUSTRY AND BUSINESS GENERALLY IN THE UK AND ELSEWHERE AND TO THE DEVELOPMENT OF CORPORATE SOCIAL RESPONSIBILITY AND COMMUNITY INVOLVEMENT IN THE PRACTICES OF INDUSTRY AND COMMERCE BOTH NATIONALLY AND INTERNATIONALLY.(4) TO MAKE DONATIONS TO SUCH CHARITABLE INSTITUTION OR INSTITUTIONS AT SUCH TIME OR TIMES AND IN SUCH MANNER AS THE TRUSTEES MAY IN THEIR ABSOLUTE DISCRETION THINK FIT.AND FOR THE PURPOSES OF THESE OBJECTS "SUSTAINABLE DEVELOPMENT" MEANS DEVELOPMENT THAT MEETS THE NEEDS OF THE PRESENT WITHOUT COMPROMISING THE ABILITY OF FUTURE GENERATIONS TO MEET THEIR OWN NEEDS.

Activities: The Generation Foundation seeks to accelerate the transition to a more sustainable economic system; one that is aligned with a low-carbon, prosperous, healthy, safe and fair society. The Foundation executes this mission through research, major partnerships, grant-making, and through the matched giving programme for Generation employees.

Classification

- **How:** Makes Grants To Individuals, Makes Grants To Organisations, Provides Human Resources, Provides Services, Provides Advocacy/advice/information, Sponsors Or Undertakes Research, Other Charitable Activities
- **What:** General Charitable Purposes, Education/training, The Advancement Of Health Or Saving Of Lives, The Prevention Or Relief Of Poverty, Overseas Aid/famine Relief, Accommodation/housing, Arts/culture/heritage/science, Environment/conservation/heritage, Economic/community Development/employment
- **Who:** Other Charities Or Voluntary Bodies, The General Public/mankind

Geography

- **Area of benefit:** NATIONAL AND OVERSEAS
- Australia
- Netherlands
- Scotland
- United States
- Throughout England

Finances

Period end	Income	Expenditure	Assets	Employees
2024-12-31	£11,477,568	£11,089,321	£30,414,893	5
2023-12-31	£18,260,751	£5,945,608	£30,025,162	4
2022-12-31	£5,617,665	£11,406,713	£17,841,212	5
2021-12-31	£16,471,491	£11,536,220	£23,066,614	3
2020-12-31	£7,524,322	£11,703,992	£18,063,954	2

Trustees

Name	Role	Appointed
Audrey Choi	Chair	2025-03-27
Anthony Woolf		2020-08-01
Colin Le Duc		2026-03-19
David Blood		2019-02-13
Edward Mason		2025-03-27
Ghessycka Alexandria Lucien Bennett		2020-08-01
Henry Alejandro Gonzalez Gutierrez		2026-03-19
Miheala-Alina Manolache		2023-02-09
Rema Rajeswaran		2018-06-28
Sinisa Krnic		2025-03-27
Valerie Blanchette Rockefeller		2026-03-19

THE GENERATION FOUNDATION

England & Wales - Charity number 1113061

Accounts

The Generation Foundation

(a company limited by guarantee)

Annual report and financial statements

31 December 2024

Company registration number: 05536312

Charity registration number: 1113061

Contents

Foundation details	3
Trustees' annual report	4
Independent auditor's report to the trustees of The Generation Foundation	11
Statement of financial activities	14
Balance sheet	15
Cash flow statement	16
Notes to the financial statements	17

Foundation details

Bankers	Independent Auditor
Royal Bank of Scotland	Sayer Vincent LLP
62/63 Threadneedle Street	Chartered Accountants and Statutory Auditors
London	110 Golden Lane
EC2R 8LN	London
	EC1Y 0TG
Registered office	Lawyers
20 Air Street	Bates Wells & Braithwaite London LLP
London	10 Queen Street Place
W1B 5AN	London
	EC4R 1BE

Board of trustees

Trustees:	G A L Bennett
	D W Blood
	A Choi (appointed 27 March 2025)
	P Coates (resigned 28 March 2025)
	S Krnic (appointed 27 March 2025)
	M-A Manolache
	E C Mason (appointed 27 March 2025)
	R Rajeswaran
	A C Woolf

Trustees' annual report

The trustees present their report and audited financial statements of The Generation Foundation for the year ended 31 December 2024. This trustees' report is also the directors' report.

The financial statements have been prepared in accordance with the accounting policies set out in Note 1 to the financial statements and comply with the Charities Act 2011, the Financial Reporting Standard applicable in the UK and the Republic of Ireland (FRS 102), "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)" (the "Charities SORP") and UK Generally Accepted Accounting Practice.

Governance

The Generation Foundation (the "Company" or "Foundation") is a company limited by guarantee (no. 05536312), incorporated on 15 August 2005 and registered with the Charity Commission (no. 1113061) on 22 February 2006. The Company was established under a Memorandum of Association, which established the objects and powers of the Company and is governed by the Articles of Association.

The Foundation is administered and managed on a regular basis by the Board of Trustees. The Board of Trustees is responsible for appointing new trustees who possess the required expertise.

Details of the Foundation's advisors and other administrative details can be found on page 3.

Trustees

The members of the Board of Trustees (the "trustees") who were in office during the year and up to the date of signing financial statements are set out on page 3. For the purposes of company law, the individuals listed are both trustees and directors of the Company and are appointed in accordance with the Company's Articles of Association.

Objectives

The objectives of the Foundation as set out in the governing documents are:

1. To advance the education of the public and organisations (profit and non-profit) in subjects related to sustainable development and the protection, enhancement and rehabilitation of the environment and to promote study and research in topics, provided that the useful results of such studies are disseminated to the public at large.
2. To promote sustainable development for the benefit of the public by: the preservation, conservation and the protection of the environment and the prudent use of natural resources; the relief of poverty and the improvement of the conditions of life in socially and economically disadvantaged communities; and the promotion of sustainable means of achieving economic growth and regeneration.
3. To advance the education of the public in business ethics and related subjects, with particular reference to the study and application of ethical standards; and the management and conduct of industry and business generally in the UK and elsewhere and to the development of corporate social responsibility and community involvement in the practices of industry and commerce both nationally and internationally.
4. To advance any other purposes that are charitable under the laws of England and Wales and for the purposes of these objectives, "sustainable development" means development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

Trustees' annual report (continued)

About The Generation Foundation

The Foundation's mission is to use strategic research, grant-making and advocacy to unlock the power of capital markets to drive a more sustainable economic system. We share a vision with our sister organisations, Generation Investment Management ("Generation") and Just Climate: a sustainable world in which prosperity is shared broadly, in a society that achieves wellbeing for all, protects nature and preserves a habitable climate.

Since 2020, the Foundation has funded more than 100 organisations, deploying more than £50 million in pursuit of our mission and vision. In that time we have contributed to significantly improved understanding of the investment sector's legal obligations with regards to impact; created tools and research enabling investors to prioritise sustainability; and provided emergency support to charities during the COVID epidemic.

2024 marked the first year working under a refreshed strategy grounded in our flagship research on fiduciary duties, "A Legal Framework for Impact" (LFI). Our strategy seeks to support and mobilise investors to address systemic risks and opportunities – like climate change, biodiversity-loss and deepening inequality – across all their activities as part of their fiduciary duties. This involves developing a specific workstream dedicated to implementing legal duties. This work focuses on the enabling environment for investors to better understand why and how to prioritise sustainable investing to increase long term investment value as required by legal duties.

More information on our values, impact and portfolio can be found on our website at www.genfound.org.

Research

The Generation Foundation's grant-making is grounded in a commitment to rigorous research. In 2024, we strengthened this commitment by welcoming four new team members to deepen our capabilities across both research and grant-making. At the heart of our research process is a central question: how can the Generation Foundation most effectively drive impact within the economic system? This process culminates in the development of a strategic asset we call a "Roadmap," which serves as a foundation for further research, as well as for our sourcing, advocacy, and communications efforts.

In 2024, the team produced five Roadmaps on: voluntary carbon markets, avoided emissions, harmonising systemic social data, real economy policy advocacy, and nature stewardship. Figure 2 provides an overview of the Foundation's research and grant-making process.

Advocacy and convenings

Advocacy is a critical part of the Foundation's theory of change. Participating in and hosting convenings helps inform our work and disseminate important analysis. In 2024, the Foundation took part in six major convenings (including some hosted by the Foundation team) and spoke publicly at 15 events. Some examples of our advocacy include:

- Hosting a forum of funders and non-profits on LFI during New York Climate Week to find consensus on civil society's approaches to fiduciary duty. Approximately 40 NGOs joined the convening.
- Also during New York Climate Week, the team hosted a working dinner for institutional investors to discuss the findings of LFI. More than 20 investors joined the session, hosted by the Executive Director, Grace Eddy and the Foundation's Chair, David Blood.
- Members of the team also participated in several funder forums including the Corporate Political Responsibility group, Funders Table and the Nature Finance Funders group.

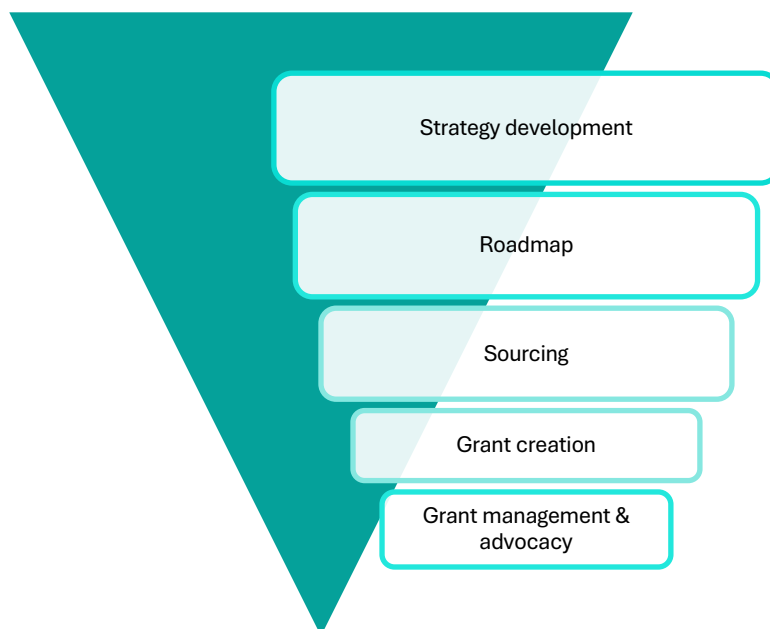
Figure 1: What is "A Legal Framework for Impact"?

LFI is the groundbreaking legal analysis published by Freshfields in 2021, commissioned by the Generation Foundation alongside the Principles for Responsible Investment and the United Nations Environment Programme Finance Initiative. This analysis sought to answer "to what extent can investors pursue impact?" across 11 jurisdictions.

Contrary to expectations, Freshfields found that under existing law it is already part of investors' fiduciary duties to manage systemic risk through the pursuit of impact. In other words, all investors must consider investing sustainably.

Trustees' annual report (continued)

Figure 2. The Foundation's grant-making process (simplified)



Advocacy and convenings

Advocacy is a critical part of the Foundation's theory of change. Participating in and hosting convenings helps inform our work and disseminate important analysis. In 2024, the Foundation took part in six major convenings (including some hosted by the Foundation team) and spoke publicly at 15 events. Some examples of our advocacy include:

- Hosting a forum of funders and non-profits on LFI during New York Climate Week to find consensus on civil society's approaches to fiduciary duty. Approximately 40 NGOs joined the convening.
- Also during New York Climate Week, the team hosted a working dinner for institutional investors to discuss the findings of LFI. More than 20 investors joined the session, hosted by the Executive Director, Grace Eddy and the Foundation's Chair, David Blood.
- Members of the team also participated in several funder forums including the Corporate Political Responsibility group, Funders Table and the Nature Finance Funders group.

Grant-making

During 2024, the Foundation managed a portfolio of 29 strategic partnerships, convened many investors and non-profits around our work on fiduciary duties, launched a new workstream focused on LFI and deployed over £9.5 million to charitable partners.

STRATEGIC GRANTS IN 2024: CLIMATE

We added four new partners to our climate portfolio. One such partnership was a research project with Volans Ventures that seeks to understand how institutional investors carry out advocacy on real economy policy issues, and how they can better use this tool to address climate change. This aligns to our Roadmap on "Real Economy Policy Advocacy" and seeks to mobilise investors to address systemic risk using policy engagement.

Please refer to Note 7 for a full list of Climate grants during 2024.

Trustees' annual report (continued)

STRATEGIC GRANTS IN 2024: NATURE

In 2024, we added three grants to the newly established Nature workstream within our portfolio, including the Institutional Investor Group on Climate Change (IIGCC) as part of our "Nature Stewardship" Roadmap. This grant aims to convene and mobilise investors to use collaborative stewardship to meaningfully engage with companies on systemic nature issues.

Please refer to Note 7 for a full list of Nature grants during 2024.

STRATEGIC GRANTS IN 2024: PEOPLE

Four new grantees were added to the People stream of our portfolio in 2024, including the IFRS Foundation. This grant seeks to support the International Sustainability Standards Board's (ISSB) work to harmonise social-related company disclosures, particularly where such data can support investors to address market-wide and systemic social risks. This aligns to the "Harmonising Systemic Social Data" Roadmap.

Please refer to Note 7 for a full list of People grants during 2024.

EMPLOYEE GIVING

In addition to strategic grant-making, the Generation Foundation encourages the philanthropy of colleagues and partners at Generation and Just Climate. This helps us execute our mission by building a culture of philanthropy across the Foundation's sister organisations.

The Foundation runs two programmes as part of employee giving: employee-led grant-making and Matched Giving enable individuals to apply their expertise and passion for sustainability in support of community and society organisations. It can also help the Foundation identify high impact organisations aligned to our mission and vision.

- **Matched Giving donations:** the Foundation matches charitable gifts and volunteer hours donated by Generation and Just Climate partners and employees. In 2024, donations were matched at a rate of 200% up to a total of £40,000¹ per person. Volunteer hours were matched at a rate of £200 per hour volunteered up to £10,000.² This resulted in over £1.2 million directed to local and international charities in 2024.
- **Employee-led grant-making:** in 2024 the Foundation ran a "Sustainable Community Grant" programme where employees and partners of Generation and Just Climate are encouraged to bring a grant proposal for organisations to which they can demonstrate a commitment either through personal donations or volunteering. Five Sustainable Community Grants were brought in 2024, resulting in expenditure of approximately £127,000.

See Note 7 for more detail on employee giving in 2024.

Trustee induction and training

When recruiting new trustees, the Foundation seeks individuals with relevant experience on the objectives of the Foundation. A new trustee is provided with an induction that includes information explaining the legal obligations of trustees, the Foundation's governing document, the most recent annual report and financial statements and any relevant Charity Commission guidance notes.

Responsibilities of trustees

The trustees are responsible for preparing the trustees' annual report and the financial statements in accordance with applicable law, including the Companies Act 2006, and United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice).

¹ Or currency equivalent

² Or currency equivalent

Trustees' annual report (continued)

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure of the charitable company 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 judgments and estimates that are reasonable and prudent;
- state whether applicable UK 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 presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy, at any time, the financial position of the Company. They are also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each trustee in office at the date the trustees' report is approved confirms that:

- a. so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware; and
- b. the directors have taken all necessary steps to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of such information.

Financial review

The Foundation's total income for 2024 was £11.5m (2023: £18.3m). Total income for the year ended 2024 includes donations of £5.6m (2023: £4.9m) and investment income of £5.9m (2023: £13.4m). The reduction in total income for the year is due to the crystallisation in 2023 of a sizeable distribution from the investment the Foundation holds in GIM Marvel (Deferred) LP. The reduction in income for the year did not impact the activities of the Foundation. As forecast in the 2023 accounts, the Foundation expenditure in 2024 was higher than the prior year at £11.1m (2023: £5.9m). Naturally in 2023, while working on the strategy, grant-making was lower, however, activity picked up with new hires and a refreshed strategy in 2024.

Principal risks and uncertainties

The trustees have assessed the major risks to which the Foundation is exposed, including those relating to financial, operational, compliance, reputational and governance issues. These risks are captured in a Risk Register reviewed annually by trustees, and the trustees are satisfied that systems are in place to mitigate exposure to those risks.

The most critical risk to the Foundation is the loss of funding from the members of Generation, which supports the Foundation's objectives. If Generation's members are unable or unwilling to provide funding, this would restrict the Foundation's ability to grow further or mean that grants and research activities may need to be scaled back. However, the trustees consider this risk unlikely.

Trustees' annual report (continued)

Donations policy

The donations are made on a voluntary basis and at the discretion of the members of Generation. The Foundation does not consider it appropriate at the current time to seek donations from the general public, nor has the Foundation engaged any professional fundraiser or commercial participator. Consequently, the Foundation has not joined any voluntary fundraising regulation scheme. The Foundation has not recorded any complaint regarding fundraising since inception.

Principal funding source

The Foundation's principal funding source is donations received annually from the members of Generation.

During the year to 31 December 2024 the Foundation recognised income from donations and associated Gift Aid of £5.6m (2023: £4.9m).

Reserves policy

The trustees recognise the urgency of achieving the Foundation's charitable objectives. All multi-year commitments without significant performance conditions attached are accounted for in full on an accruals basis. This ensures that the Foundation can meet its commitments to grant partners as they fall due.

The Foundation holds unrestricted funds of £30.4m (2023: £30.0m) at the end of the accounting period. All of the funds held are unrestricted and available for the general purposes of the charity. Within the unrestricted funds at the end of 2024, an amount of £13.0m (2023: £12.4m) was set aside as designated funds (for more detail, see Note 18), these designated funds are held in line with trustee expectations of grant-making during the course of 2025 and there is an expectation that these designated funds will be fully committed by the end of 2025.

Over time the trustees intend to maintain the ongoing reserves of the Foundation at a level that would enable it to continue a scaled-down grant-making programme for one calendar year should the Foundation face a year of significantly reduced income. The remaining funds of £17.4m (2023: £12.6m) exceed the anticipated minimum annual expenditure of £3m.

People and remuneration policy

The average number of employees during the year was 5 (2023: 4).

The Generation Foundation has a committee of trustees ("Remuneration Committee") with delegated power and functions to consider and set remuneration for the Foundation's employees on behalf of the full Board of Trustees, in accordance with the Articles of the Foundation.

People and remuneration policy (continued)

Salaries are reviewed annually in line with performance, subject to a calibration process with regard to the skills and attributes required for particular roles. The trustees also have reference to the compensation paid within large grant-making foundations and those associated with asset managers and financial institutions.

Other matters

The trustees consider that the funding sources and expenditure in the year have supported the key objectives of the Foundation. In setting the Foundation's objectives and planning its activities, the Foundation's trustees have considered section four of the Charities Act 2011. In doing so they are satisfied that they have complied with their duty to 'have regard' to the public benefit guidance published by the Charity Commission.

Trustees' annual report (continued)

Related parties

Generation Investment Management LLP is a related party as it is the sole member of the Foundation. During the reporting period, the Foundation's trustees were also members and employees of the LLP (see Note 19 for further details of the Foundation's connection with this related party).

Going concern

The trustees believe that the Foundation is well-placed to manage its business risks successfully. The trustees have a reasonable expectation that the Foundation has adequate resources to continue in operational existence and meet its liabilities as they fall due for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

Approved by the Board of Trustees on 23 June 2025 and signed on their behalf.



Audrey Choi

Chair, Board of Trustees

Independent auditor's report to the trustees of The Generation Foundation

Opinion

We have audited the financial statements of The Generation Foundation (the 'charitable company') for the year ended 31 December 2024, which comprise the statement of financial activities, balance sheet, statement of cash flows 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 FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (UK Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as of 31 December 2024 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis of 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 company 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 Foundation'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 other information comprises the information included in the trustees' annual report, other than the financial statements and our auditors' report thereon. The trustees are responsible for the other information contained within the annual report. 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 course of 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 the audit:

- the information given in the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' annual report has been prepared in accordance with applicable legal requirements.

Independent auditor's report to the trustees of The Generation Foundation (continued)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual 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 accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the trustees' annual report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, 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.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Capability of the audit in detecting irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- we enquired of management and the board of trustees, which included obtaining and reviewing supporting documentation, concerning the Foundation's policies and procedures relating to:
 - Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
 - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- we inspected the minutes of meetings of those charged with governance;

Independent auditor's report to the trustees of The Generation Foundation (continued)

Auditors' responsibilities for the audit of the financial statements (continued)

- we obtained an understanding of the legal and regulatory framework that the Foundation operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the Foundation from our professional and sector experience;
- we communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit;
- we reviewed any reports made to regulators;
- we reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations;
- we performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- in addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at:

www.frc.org.uk/auditorsresponsibilities.

This description forms part of our auditors' report.

Use of our report

This report is made solely to the charitable company's member 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 member those matters we are required to state to the member in an auditors' 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 member as a body, for our audit work, for this report, or for the opinions we have formed.

Judith Miller, Senior Statutory Auditor
for and on behalf of Sayer Vincent LLP, Statutory Auditor
110 Golden Lane, London, EC1Y 0TG

23 July 2025

Statement of financial activities

(Including income and expenditure accounts)

		Year ended 31 December 2024 GBP	Year ended 31 December 2023 GBP
Unrestricted total funds	Note		
Income from			
Donations	4	5,558,632	4,909,514
Investments	5	5,918,936	13,351,237
Total		11,477,568	18,260,751
Expenditure on			
Charitable activities	6	(11,089,321)	(5,945,608)
Total		(11,089,321)	(5,945,608)
Net income before gain/(loss) on foreign exchange on investments		388,247	12,315,143
Gain/(loss) on foreign exchange		1,484	(131,193)
Net movement in funds		389,731	12,183,950
Reconciliation of funds			
Total funds brought forward		30,025,162	17,841,212
Total funds carried forward		30,414,893	30,025,162

All recognised gains and losses have been included in the statement of financial activities and the amounts included are derived from the continuing activities of the Foundation.

Balance sheet

	Note	As of 31 December 2024 GBP	As of 31 December 2023 GBP
Fixed assets			
Investments	10	9,588	7,663
Total fixed assets		9,588	7,663
Long term debtor	11	-	5,018,562
Current assets			
Debtors	12	12,296,676	10,861,016
Investments	13	26,328,583	19,874,248
Cash at bank		1,026,183	1,068,577
Total current assets		39,651,442	31,803,841
Liabilities			
Creditors: amounts falling due within one year	14	(5,060,182)	(5,754,325)
Net current assets		34,591,260	26,049,516
Total assets less current liabilities		34,600,848	31,075,741
Creditors: amounts falling due after one year	15	(3,879,060)	(840,219)
Provision for liabilities	16	(306,895)	(210,360)
Total net assets		30,414,893	30,025,162
The funds of the charity			
Designated funds		13,000,000	17,425,562
General funds		17,414,893	12,599,600
Total foundation funds	17,18	30,414,893	30,025,162

Approved by the Board of Trustees on 23 June 2025 and signed on their behalf:



A Choi (Chair, Board of Trustees)

23 June 2025

The Generation Foundation (Company No: 05536312)

Cash flow statement

	Note	Year ended 31 December 2024 GBP	Year ended 31 December 2023 GBP
Net income for the reporting year (as per the statement of financial activities)		389,731	12,183,950
Adjustments for			
Dividends, interest and income from cash at bank, deposits and investments		(5,918,936)	(13,351,237)
Decrease/(increase) in debtors	11,12	3,582,902	(10,397,541)
Increase/(decrease) in creditors	14,15	2,344,698	(4,215,191)
Increase/(decrease) in provisions	16	96,535	(144,800)
Net cash provided by /(used in) operating activities		494,930	(15,924,819)
Dividends, interest and income from cash at bank, deposits and investments		5,918,936	13,351,237
Purchase of investments		(1,925)	-
Net cash provided by investing activities		5,917,011	13,351,237
Change in cash and cash equivalents in the year		6,411,941	(2,573,582)
Cash and cash equivalent at 1 January		20,942,825	23,516,407
Cash and cash equivalent at 31 December		27,354,766	20,942,825

Reconciliation of cash at bank to cash and cash equivalents:

	Note	Year ended 31 December 2024 GBP	Year ended 31 December 2023 GBP
Cash at bank		1,026,183	1,068,577
Short-term deposits (included in current asset investments)	13	26,328,583	19,874,248
Net cash		27,354,766	20,942,825

Notes to the financial statements

1. Accounting policies

- a) The Generation Foundation is a charitable company limited by guarantee and is incorporated in the United Kingdom. The Charity meets the definition of public benefit entity under FRS 102.

The registered address and principal place of business is 20 Air Street, London, W1B 5AN.

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) – (Charities SORP FRS 102), The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The financial statements have been prepared on a going concern basis.

The other principal accounting policies, which have been applied consistently throughout the year, are set out below.

- b) Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, and it is probable that the income will be received and that the amount can be measured reliably. Income is accounted for on an accruals basis such that the planned donation by the members of Generation in respect of the 2024 profits of Generation are recognised as of 31 December 2024.

Donated professional services and donated facilities are recognised as income when the charity has control over the item or received the service, any conditions associated with the donation have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), the value of volunteer time is not recognised.

- c) Investment income is recognised in the statement of financial activities and measured at the fair value of the consideration received and represents the Foundation's allocated portion of receipts from its investments in Generation IM Climate Solutions SLP II, L.P. and GIM Marvel (Deferred) LP in its capacity as a Limited Partner during the year.

- d) Interest income is recognised in the statement of financial activities and comprise interest on cash and cash equivalents and is accounted for using the effective interest method.

- e) Resources expended are allocated to the particular activity where the cost relates directly to that activity. As the only activity of the Foundation is grant-making, all costs have been allocated accordingly as per Note 6.

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

- f) As a registered charity, the Foundation is exempt from UK taxation on income and gains to the extent that these are applied in furtherance of its charitable objectives.

- g) Grant activities are payments made to third parties in the furtherance of the Foundation's charitable objectives. Single or multi-year grants are accounted for in full on an accruals basis when the recipient has a reasonable expectation that they will receive a grant as there are no significant performance conditions attached.

- h) Going Concern; the trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern. The trustees do not consider that there are any sources of estimation or 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.

- i) Matched giving awards are made to third parties in relation to eligible donations to charities by staff and members of Generation. The awards are recognised when approved by the Foundation following a review of the donations made by staff and members of Generation attributable to the period.

- j) The Foundation is not registered for VAT. All expenditure is therefore stated inclusive of VAT where applicable.

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. Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

Provisions are recognised when the Foundation has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. The provisions recognised in Note 16 relate to the Employee Incentive Plan. Further details of the Employee Incentive Plan are given in Note 8.

Notes to the financial statements (continued)

1. Accounting policies (continued)

- k) Transactions denominated in foreign currency are translated into sterling at the exchange rates ruling at the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate ruling at the balance sheet date. All foreign exchange gains and losses, realised and unrealised, are recognised in the statement of financial activities.
- l) 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.
- m) The long term debtor represents a deferred consideration for gains on GIM Marvel (Deferred) LP earned in 2023 and to be paid by the end of 2025. In recognising this deferred consideration, the trustees judge that the crystallisation is highly likely, but understand that in the current interest rate environment, the value of this consideration today is not the same as it will be in December 2025 when it becomes payable. Accordingly, this receivable of £5.6m has been discounted using 6% Generation's cost of capital, and transferred from long term to short term debtors as of 31 December 2024.
- n) Non-current investments are financial assets held for continuing use in the business and include three investments in Guernsey-based limited partnerships: GIM Marvel (Deferred) LP, Generation IM LTE SLP, L.P. Generation Solutions Fund III SLP, L.P. and Generation Sustainable Solutions IV SLP L.P., and an investment in a Scottish limited partnership: Generation IM Climate Solutions SLP II, L.P.

Any change in fair value will be recognised in the statement of financial activities. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading "Net income before gain/(loss) on foreign exchange on investments" in the statement of financial activities. The Charity does not acquire put options, derivatives or other complex financial instruments.

Where it is not practicable to recognise investments at fair value, these are recognised at historic cost less impairment. These investments are subject to regular review, and any diminution is charged to the statement of financial activities. Valuations under the cost model are not enhanced to more than the original cost.

- o) Debtors include amounts receivable on donations to which the Foundation is entitled, including any recoverable Gift Aid. Debtors are measured at their recoverable amounts.

Creditors and provisions 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 and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

- p) Current investments include money market funds which are short-term, highly liquid investments redeemable on demand.
- q) Cash at bank includes cash in bank accounts.
- r) The Foundation does not operate its own pension scheme. The Foundation contributes on behalf of the employees to their chosen pension scheme plan. Charges represent the actual amount of the contribution payable to the pension schemes in respect of the accounting year.
- s) Donated services: Generation provides various support services to the Foundation. Generation does not charge the Foundation for the cost of the employees that have wider roles within Generation, or for the use of Generation's facilities. The trustees have reviewed the value of services provided, but as these are deemed to be immaterial, they have not been reflected as a donated service.

2. Estimates and assumptions

FRS 102 requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from these estimates. Information about these judgements and estimates is included in the accounting policies and other notes.

The significant judgements are:

- the consideration that the trustees are the controlling persons of the Foundation (Note 20);
- the allocation of support costs to the grants awarded by the Foundation (Note 6).

Notes to the financial statements (continued)

2. Estimates and assumptions (continued)

The significant estimates are:

- recognition of grant obligations payable in later periods (Notes 1 (g), 7, 14 and 15);
- future obligations and provisions are not subject to discounting (Notes 14, 15 and 16).

3. Guarantees

The Foundation is a company in which the liability of the company member is limited to an amount not exceeding £10.

4. Donations

Donations comprise donations from members of Generation equivalent to an annual allocation of distributable profit arising from Generation of £4,449,268 (2023: £3,988,946) and the associated Gift Aid recoverable from HMRC of £1,109,364 (2023: £920,568).

5. Income from investments

	31 December 2024 GBP	31 December 2023 GBP
Interest and dividend income	1,349,164	1,017,714
Investment income	4,569,772	12,333,523
At 31 December	5,918,936	13,351,237

Investment income relates to distributions received in the year from the Foundation's investment in GIM Marvel (Deferred) LP, and Generation IM Climate Solutions SLP II, L.P.

6. Charitable activities

Activity	Note	Year ended 31 December 2024			Year ended 31 December 2023		
		Grant awards GBP	Support costs GBP	Total GBP	Grant awards GBP	Support costs GBP	Total GBP
Grant activities	7	9,540,978		9,540,978	4,811,897		4,811,897
Staff costs	8		1,265,270	1,265,270		1,034,243	1,034,243
Professional fees			251,531	251,531		48,885	48,885
Research costs			31,542	31,542		50,583	50,583
		9,540,978	1,548,343	11,089,321	4,811,897	1,133,711	5,945,608

Governance costs are considered within professional fees and include fees payable to the auditors in respect of the statutory audit of £15,420 (£12,850 excluding VAT) (2023: £14,700/£12,250). Research costs include costs incurred for the benefit of our grant and research partners, this can include, for instance, impact management training for grant partners or communications support to highlight their work.

Notes to the financial statements (continued)

7. Grant activities

Climate

Institution	GBP
Integrity Council for the Voluntary Carbon Market (ICVCM)	1,500,000
World Business Council for Sustainable Development	782,736
Volans Ventures Ltd	357,000
Net Zero Lawyers Alliance	200,000
Total climate grants 2024	2,839,736
Total climate grants 2023	2,551,180

Nature

Institution	GBP
Institutional Investors Group on Climate Change (IIGCC)	1,500,000
The Soil Inventory Project	627,280
InfluenceMap	470,460
Total nature grants 2024	2,597,740
Total nature grants 2023	-

People

Institution	GBP
IFRS Foundation	1,488,900
The Taskforce on Inequality and Social-related Financial Disclosures (TISFD)	637,200
Shift project	434,995
Rights CoLab	158,020
Total people grants 2024	2,719,115
Total people grants 2023	560,740

Employee programmes

	GBP
Matched Giving Awards	1,257,449
Sustainable Community Grants	126,938
Total employee programmes 2024	1,384,387
Total employee programmes 2023	1,699,977

None of the organisations awarded a grant in 2024 received similar grants in 2023 from the Foundation.

At the end of 2024 the Foundation had approved 469 matched giving award applications (2023: 662) with an average value of £2,681 per application (2023: £2,124).

Total grants (including employee programmes) amounted to £9,540,978 (2023: £4,811,897). All grants have been made to institutions as the Foundation does not provide grants to individuals. The tables in this note represent 100% of total grants awarded by the Generation Foundation in 2024.

As the trustees believe that the future payments will be made without substantial performance conditions, amounts payable in future years totalling £8,617,662 (2023: £6,317,610) have been recognised in these financial statements and in earlier years' financial statements. Of this, £4,738,602 is expected to settle within 12 months of the year-end (2023: £5,253,799). The following table shows the overall movement in the grant payment obligations.

Notes to the financial statements (continued)

7. Grant activities (continued)

	Year ended 31 December 2024 GBP	Year ended 31 December 2023 GBP
Grant commitments brought forward	6,317,610	10,391,305
Additional grant awards	9,540,978	4,811,897
Total grants activities	9,540,978	4,811,897
Total net commitments in the year	15,858,588	15,203,202
Grants paid in the year	(7,227,155)	(8,645,511)
Foreign exchange movements	(13,771)	(240,081)
Grant commitments carried forward	8,617,662	6,317,610

8. Employee information

Staff costs

	Year ended 31 December 2024 GBP	Year ended 31 December 2023 GBP
Wages and salaries	850,769	740,514
Deferred compensation	119,284	79,064
Social security costs	137,156	115,836
Other pension costs	64,721	73,105
Benefits	97,340	25,724
	1,265,270	1,034,243

Wages and salaries include salary and taxable benefits in kind and other payments to employees. Other pension costs include employer's contribution to defined contribution pension schemes. The deferred compensation costs are incurred in relation to deferred cash bonuses awarded to employees. The ultimate cash value to be paid to employees is dependent upon the performance of certain Generation managed investment fund units. Awards vest after three years from grant date with proceeds paid to respective employees after five years. The level of incentives awarded are linked to an employee's level of seniority at grant date.

The average number of employees who during the year was 5 (2023: 4). There were 4 employees during the year with emoluments exceeding £60,000 (2023: 4).

	Year ended 31 December 2024 GBP	Year ended 31 December 2023 GBP
Compensation band (excluding pension)		
130,000-140,000	-	1
150,000 - 160,000	1	-
180,000 - 190,000	1	1
200,000 - 210,000	-	1
260,000 - 270,000	1	-
280,000 - 290,000	1	1
At 31 December	4	4

Notes to the financial statements (continued)

8. Employee information (continued)

The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel were £1,265,270 (2023: £1,034,243).

9. Payments to trustees

The trustees have not received remuneration or expenses during the year (2023: nil).

10. Investments

	31 December 2024 GBP	31 December 2023 GBP
At 1 January	7,663	7,663
Additions	1,925	-
At 31 December	9,588	7,663

The above investments are held at cost. Further details on these investments are given in Note 1(n).

11. Long term debtors

	31 December 2024 GBP	31 December 2023 GBP
At 1 January	5,018,562	-
Additions	-	5,018,562
Transfers	(5,018,562)	
At 31 December	-	5,018,562

This debtor represents a discounted deferred consideration for gains on GIM Marvel (Deferred) LP earned in 2023 and paid in April 2025, the gross receivable in 2025 was £5,638,857. Further details on these investments are given in Note 1(m).

12. Debtors

	31 December 2024 GBP	31 December 2023 GBP
Other debtors	5,829,289	5,951,279
Amounts due from members of Generation	4,437,455	3,988,946
Gift Aid recoverable	2,029,932	920,568
Prepayments	-	223
At 31 December	12,296,676	10,861,016

13. Current asset investments

	31 December 2024 GBP	31 December 2023 GBP
At 1 January	19,874,248	22,894,809
Increase/(decrease) in money market funds	6,488,181	(2,633,178)
Foreign exchange movement	(33,846)	(387,383)
At 31 December	26,328,583	19,874,248

Current asset investments comprise money market investments, which are redeemable on demand.

Notes to the financial statements (continued)

14. Creditors: amounts falling due within one year

	31 December 2024 GBP	31 December 2023 GBP
Grant commitments due within one year	4,738,602	5,477,391
Taxation and social security	244,815	235,680
Accruals	65,873	15,096
Other creditors	10,892	26,158
At 31 December	5,060,182	5,754,325

15. Creditors: amounts falling due after one year

	31 December 2024 GBP	31 December 2023 GBP
Grant commitments due after one year	3,879,060	840,219
At 31 December	3,879,060	840,219

No discounting has been applied to these future obligations as the impact is judged to be immaterial.

16. Provisions for liabilities

	31 December 2024 GBP	31 December 2023 GBP
At 1 January	210,360	355,160
Movement for the year	96,535	(144,800)
At 31 December	306,895	210,360

The Foundation provides deferred cash incentives ("awards") for employees. Awards take the form of a deferred entitlement to cash based on the performance of Generation-managed investment funds. These relate to the deferred employee incentive plan detailed in Note 8.

17. Analysis of net assets between funds

	As of 31 December 2024			As of 31 December 2023		
	General unrestricted GBP	Designated GBP	Total funds GBP	General unrestricted GBP	Designated GBP	Total funds GBP
Long term debtors	-	-	-	-	5,018,562	5,018,562
Investments	9,588	-	9,588	7,663	-	7,663
Net current assets	21,591,260	13,000,000	34,591,260	13,642,516	12,407,000	26,049,516
Long-term liabilities	(3,879,060)	-	(3,879,060)	(840,219)	-	(840,219)
Provision for liabilities	(306,895)	-	(306,895)	(210,360)	-	(210,360)
	17,414,893	13,000,000	30,414,893	12,599,600	17,425,562	30,025,162

Notes to the financial statements (continued)

18. Movement in funds

	At 1 January 2024 GBP	Income & gains GBP	Expenditure & losses GBP	Transfers GBP	At 31 December 2024 GBP
Designated funds	17,425,562		(17,425,562)	13,000,000	13,000,000
General funds	12,599,600	11,479,052	6,336,241	(13,000,000)	17,414,893
Total unrestricted funds at 31 December 2024	30,025,162	11,479,052	(11,089,321)	-	30,414,893

	At 1 January 2023 GBP	Income & gains GBP	Expenditure & losses GBP	Transfers GBP	At 31 December 2023 GBP
Designated funds	8,600,000		(8,600,000)	17,425,562	17,425,562
General funds	9,241,212	18,129,558	2,654,392	(17,425,562)	12,599,600
Total unrestricted funds at 31 December 2023	17,841,212	18,129,558	(5,945,608)	-	30,025,162

At the end of 2024, the Foundation set aside £13,000,000 (2023: £12,407,000) of designated funds in line with trustee expectations of grant-making in the coming year allocated as follows.

	Climate GBP	Nature GBP	People GBP	Legal Framework for Impact GBP	Employee programmes GBP	Support costs GBP	Total GBP
At 31 December 2024	2,500,000	2,200,000	2,300,000	2,500,000	1,500,000	2,000,000	13,000,000
At 31 December 2023	3,500,000	2,500,000	2,500,000	-	1,500,000	2,407,000	12,407,000

19. Related party transactions

Generation Investment Management LLP is a related party as it is the sole member of the Foundation, and during the reporting period, the Foundation's trustees were also members and employees of the LLP. As the Foundation has a charitable status, the Foundation is excluded from the LLP's group consolidation due to the severe long-term restrictions which substantially hinder the exercise of the rights of the LLP over the Foundation.

As of 31 December 2024 a balance of £4,437,455 (2023: £3,988,946) was due from members of Generation.

During the year, Generation settled expenses of £61,580 (2023: £53,102) on behalf of the Foundation of which £nil (2023: £6,298) was due by the Foundation at the end of the year.

20. Ultimate controlling party

Generation Investment Management LLP is the ultimate parent by virtue of being the sole member. The controlling Persons of the Foundation are the trustees as listed in the trustees' annual report.

21. Subsequent Events

The £4,437,455 balance due from the members of Generation as of 31 December 2024 was settled on the 5 June 2025. There were no other events subsequent to the balance sheet date that required adjustment to or disclosure in the financial statements.

THE GENERATION FOUNDATION

England & Wales - Charity number 1113061

Accounts

The Generation Foundation

(a company limited by guarantee)

Annual report and financial statements

31 December 2023

Company registration number: 05536312

Charity registration number: 1113061

Contents

Foundation details	3
Trustees’ annual report	4
Independent auditor’s report to the trustees of The Generation Foundation	10
Statement of financial activities	14
Balance sheet	15
Cash flow statement	16
Notes to the financial statements	17

Foundation details

Bankers	Independent Auditor
Royal Bank of Scotland	Sayer Vincent LLP
62/63 Threadneedle Street	Chartered Accountants and Statutory Auditors
London	110 Golden Lane
EC2R 8LN	London
	EC1Y 0TG
Registered office	Lawyers
20 Air Street	Bates Wells & Braithwaite London LLP
London	10 Queen Street Place
W1B 5AN	London
	EC4R 1BE

Board of trustees

Trustees:	G A L Bennett
	D W Blood
	P Coates
	P I Harris (resigned 31 January 2024)
	M-A Manolache (appointed 9 February 2023)
	R Rajeswaran
	A C Woolf

Trustees' annual report

The trustees present their report and audited financial statements of The Generation Foundation for the year ended 31 December 2023. This trustees' report is also the directors' report.

The financial statements have been prepared in accordance with the accounting policies set out in Note 1 to the financial statements and comply with the Charities Act 2011, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), "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)" (the "Charities SORP") and UK Generally Accepted Accounting Practice.

Governance

The Generation Foundation (the "Company" or "Foundation") is a company limited by guarantee (no. 05536312), incorporated on 15 August 2005 and registered with the Charity Commission (no. 1113061) on 22 February 2006. The Company was established under a Memorandum of Association, which established the objects and powers of the Company and is governed under the Articles of Association.

The Foundation is administered and managed on a regular basis by the Board of Trustees. The Board of Trustees is responsible for appointing new trustees who possess the required expertise.

Details of the Foundation's advisors and other administrative details can be found on page 3.

Trustees

The members of the Board of Trustees (the "trustees") who were in office during the year and up to the date of signing the financial statements are set out on page 3. For the purposes of company law, the individuals listed are both trustees and directors of the Company and are appointed in accordance with the Company's Articles of Association.

Objectives

The objectives of the Foundation as set out in the governing documents are:

1. To advance the education of the public and organisations (profit and non-profit) in subjects related to sustainable development and the protection, enhancement and rehabilitation of the environment and to promote study and research in such subjects provided that the useful results of such studies are disseminated to the public at large.
2. To promote sustainable development for the benefit of the public by: the preservation, conservation and the protection of the environment and the prudent use of natural resources; the relief of poverty and the improvement of the conditions of life in socially and economically disadvantaged communities; and the promotion of sustainable means of achieving economic growth and regeneration.
3. To advance the education of the public in business ethics and related subjects, with particular reference to the study and application of ethical standards; and the management and conduct of industry and business generally in the UK and elsewhere and to the development of corporate social responsibility and community involvement in the practices of industry and commerce both nationally and internationally.
4. To advance any other purposes that are charitable under the laws of England and Wales and for the purposes of these objectives, "sustainable development" means development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

About the Generation Foundation

At the Generation Foundation, we use strategic research, grant-making and advocacy to unlock the power of capital markets to drive a more sustainable economic system. Our vision is a sustainable world in which prosperity is shared broadly, in a society that achieves wellbeing for all, protects nature and preserves a habitable climate.

Over the last five years, we have spent over £44m on charitable activities in pursuit of our vision. Our funding has helped to seed initiatives that make it possible for investors and companies to measure and manage their environmental and social impacts. In recent years, the research we have funded or authored ourselves has been used by policymakers and regulators to drive greater action from investors and companies on climate. We have funded tools, initiatives and research that have enabled investors and businesses to move faster and do more to contribute to societal goals.

Trustees’ annual report (continued)

Our primary tool for impact is grant-making, and we try to be thoughtful partners and positive contributors to the charitable sector. Below are some examples of how we seek to contribute to a strong charitable sector:

- **More than money:** While grant-making is our primary tool for impact, we seek to contribute more than financially to our partners. We convene and connect partner organisations, and help them to build their organisational capacity. Capacity building efforts are tailored to our grantees’ needs and can include support with communications strategy. or training on issues like Impact Measurement and Management.
- **We write the applications:** We believe that charities’ time is best spent on delivering impact, not filling in applications. We do not put out open calls for applications and we do not ask charities to complete application forms. Instead, we identify the impact we are seeking, research deeply, get to know the landscape, and identify potential partners. We draft board proposals after speaking with the prospective recipient and work with them to refine the final proposal. In this way, we ensure NGOs can maximise the time they spend on delivering impact not writing proposals.
- **Deep and shared research:** We use research to guide our activities, and prepare research roadmaps to identify funding opportunities. We share our research with other grant-makers in our network, and regularly present research and opportunities to partner organisations. By collaborating with our networks of peers, we are able to maximise the value of the research and the benefit to the impact goals shared by our community of partners and funders.

More information on our Values, our impact and our portfolio of grantees can be found on our website at www.genfound.org.

Activities

2023 was a busy year for the Foundation. We undertook a strategy refresh, managed 30 live strategic partnerships, convened and advocated for change and allocated £ 4.8m to charitable partners.

As is the case any year we undertake a strategy review, we saw a dip in charitable allocations as some of the team’s efforts were consciously diverted to strategy and impact review. We expect our grant spending to return to roughly £10m in 2024.

Strategy Refresh

The Generation Foundation is entering its 20th year in operation. In that time, we have consistently sought to unlock the power of investors and businesses as forces for positive change. We acknowledge that finance alone is not the solution, but without finance we will not solve the problems we collectively face.

Our work has evolved over time – in the early years of the Foundation we raised awareness of sustainable finance and funded the tools and infrastructure to help sustainable investment become mainstream. We refresh our strategy every five years – the last time was in 2019. Our 2019 strategy was developed with urgency and transformation of the financial system at its centre. While those principles remain central to our approach, in 2023, we identified new ways to pursue our mission while redoubling our efforts in areas of greatest impact. We reflected on our impact over the last two decades, the state of the transition to a sustainable economic system and the skills and attributes we could bring to bear in pursuing our ambitious goals with collaboration and urgency. That work informed our 2023 strategy update and a refresh of our vision and mission statements.

Strategy

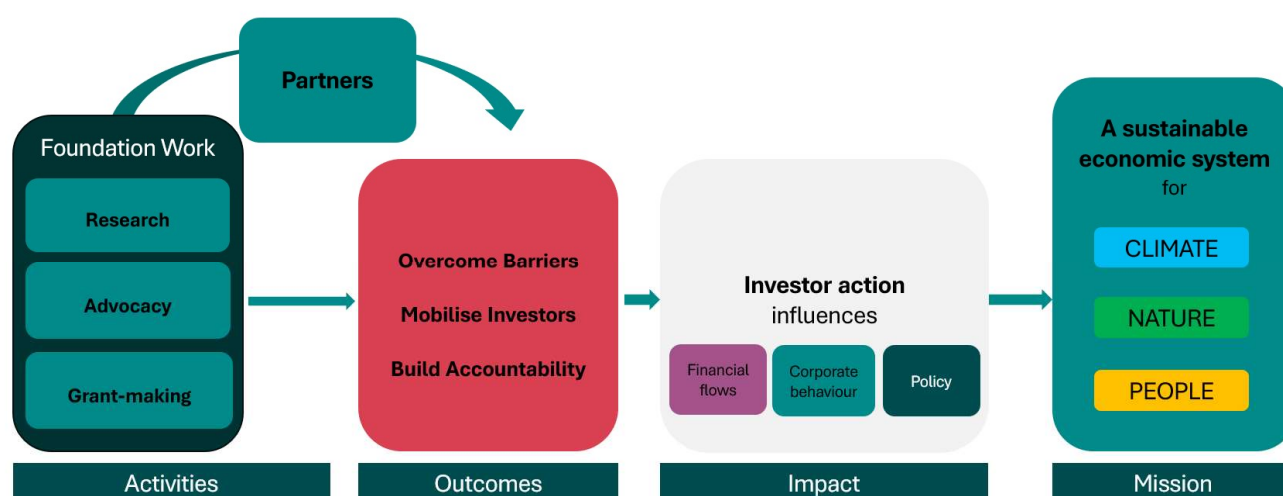
In pursuit of a more sustainable economic system, we will work to identify and overcome the barriers that inhibit progress by mainstream investors; mobilise investors to actively contribute to sustainability goals and build investor accountability for their contribution to sustainability goals through policy and market forces.



Trustees' annual report (continued)

Our Theory of Change

We recognise that while capital markets will not solve every problem, without capital markets we will not achieve a sustainable economy. Our primary activities are grant-making, research and advocacy. As we pursue our new strategy, we will continue to allocate capital to grant partners and increase our direct efforts in convening and advocacy. Our grant-making, research and advocacy will seek to 1) overcome barriers by identifying and filling gaps in the sustainable finance infrastructure; 2) mobilise investors to ensure they are engaged, informed and motivated to pursue impact as best practice; and 3) build accountability to ensure investor contribution to sustainability goals is established as best practice for the entire market. We believe that achievement of those three outcomes will result in mainstream investors systematically contributing to social and environmental goals through asset allocation, stewardship and policy engagement, which will ultimately contribute to a more sustainable economic system. This is presented visually below:



Research

Research underpins everything we do at the Generation Foundation. It informs our strategy, our grant-making and is often a deliverable of the grants we fund. To inform our strategy, we assess the landscape of sustainable finance and determine where our capital, expertise and networks can have the most impact. To identify grant-making opportunities, we prepare research roadmaps. Roadmaps delve deeply into areas of potential impact and help us to map the landscape of projects and organisations that can contribute to our impact goals. We also fund actionable research that can help to strengthen our advocacy, inform policy-makers and mobilise investor action for a sustainable economy.

Advocacy and convening

In 2023, the Foundation hosted and contributed to a range of events to share our research and inform our work. We hosted events on topics ranging from regulation of artificial intelligence to carbon markets. Foundation colleagues presented on panels at New York Climate Week, London Climate Action Week and at many other events to support our partners' initiatives and projects throughout the year.

The Legal Framework for Impact is one of our flagship projects and in 2023 we focused on sharing the findings with investors and advocacy groups. The initial findings of that project were published in a 2021 report that we, alongside PRI and UNEP FI, commissioned the law firm Freshfields Bruckhaus Deringer to write. The legal analysis showed that investors are generally permitted and, in many cases, required, to pursue sustainability goals. The project continues to produce policy and practical research that builds on the initial findings. In 2022 and 2023 we published policy papers for the UK, EU, Australia, Japan and Canada. In addition to policy work, we aimed to support investors to put these findings into practice and understand the practical barriers to greater uptake of the findings.

To that end, in 2023 at New York Climate Week, we hosted a roundtable for roughly 35 advocacy groups and funders on the topic of the Legal Framework for Impact. Our Director, Grace Eddy, presented the findings of the Legal Framework for Impact project, alongside presentations from The Shareholder Commons and the Sunrise Project. The attendees participated in a group exercise to dig into the practical applications of the research. Following Climate Week, we also hosted a meeting of General Counsels in London to share the research and gather feedback on the barriers to investors' pursuit of sustainability goals.

Trustees' annual report (continued)

In addition to the events we hosted, we also regularly participate in collaborative initiatives with like-minded foundations from around the world. In 2023, these included:

- Climate Finance Funders group
- Corporate Accountability Funders Group
- Nature Finance Funders Group
- Taskforce for Inequality and Social-related Financial Disclosures Funders group

We intend to increase our convening, advocacy and engagement efforts in 2024.

Grant-making in 2023

STRATEGIC GRANTS IN 2023: CLIMATE

During 2023, we added three new partners to our Climate portfolio. One such project was a new major grant to Cambridge University's Climate Governance Institute at Hughes Hall. Our research found that pension trustees tend not have a deep understanding of how climate change will affect their ability to uphold their fiduciary duties, and we identified Hughes Hall as the ideal partner to fill that gap. The grant will fund board-level climate and governance education within financial institutions.

Please refer to Note 7 for a full list of recipients of Climate grants during 2023.

STRATEGIC GRANTS IN 2023: FAIRNESS (FROM 2024: PEOPLE)

In 2023, we added two new partners to our Fairness portfolio. Our primary area of focus for Fairness is understanding how to increase investor action to improve human well-being. The Shareholder Commons work focuses on providing the engagement, awareness and tools for mainstream investors to take action to pursue sustainability goals. Their research focuses on how investors can respond to systemic risks by taking meaningful, but low-cost, action using their shareholder stewardship powers. The work focuses on non-climate systemic issues, like workers' rights and shows how investors can contribute to positive social outcomes through stewardship and engagement.

Please refer to Note 7 for a full list of recipients of Fairness grants during 2023.

EMPLOYEE-LED GRANT-MAKING

In addition to our strategic grant-making, we execute our mission by building a culture of philanthropy among the employees and members of Generation Investment Management LLP ("Generation") and Just Climate. The programmes enable them to apply their expertise and passion for sustainability in support of community and civil society organisations and help us to identify high impact organisations aligned to our mission.

In 2023, a total of 11 employees and partners of Generation and Just Climate took part in employee-led grant-making programmes supporting 11 charities with over £210,611 in grants.

MATCHED GIVING GRANTS

The Foundation matches charitable gifts and volunteer hours donated by Generation and Just Climate employees and members to eligible charities. This year we 'double-matched' donations: for every £1 a colleague donated to an eligible charity the Foundation donated a further £2 up to a total of £40,000 per participant. Additionally, we matched the hours that Generation and Just Climate employees volunteered with eligible charities with donations at a rate of £200 per hour.

In 2023, Generation and Just Climate colleagues donated and volunteered enough for us to deploy almost £1.5m in matched giving.

Trustee induction and training

When recruiting new trustees, the Foundation seeks individuals with relevant experience on the objectives of the Foundation. A new trustee is provided with an induction that includes sufficient information explaining the legal obligations of trustees, the Foundation's governing document, the most recent annual report and financial statements and any relevant Charity Commission guidance notes.

Responsibilities of trustees

The trustees are responsible for preparing the trustees' annual report and the financial statements in accordance with applicable law, including the Companies Act 2006, and United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice).

Trustees' annual report (continued)

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure of the charitable company 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 judgments and estimates that are reasonable and prudent;
- state whether applicable UK 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 presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy, at any time, the financial position of the Company. They are also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each trustee in office at the date the trustees' report is approved confirms that:

- a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware; and
- b) the directors have taken all necessary steps to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of such information.

Financial review

The Foundation's total income for 2023 was £18.3m (2022: £5.6m). Total income for the year ended 2023 includes donations of £4.9m (2022: £5m) and investment income of £13.4m (2022: £0.6m). The increase in total income for the year is due to a distribution from the investment the Foundation holds in GIM Marvel (Deferred) LP. The increase in income for the year did not impact the activities of the Foundation. As forecast in the 2022 accounts, the Foundation expenditure in 2023 was lower than the prior year at £5.9m (2022: £11.4m). While some grant activity continued, we consciously reallocated some team resources to impact review and strategy development, and aimed to avoid embarking on multi-year partnerships we were not confident would be aligned to the new strategic direction.

Principal risks and uncertainties

The trustees have assessed the major risks to which the Foundation is exposed, including those relating to financial, operational, compliance, reputational and governance issues. These risks are captured in a Risk Register reviewed annually by trustees, and the trustees are satisfied that systems are in place to mitigate exposure to those risks.

The most critical risk to the Foundation is the loss of funding from the members of Generation, which supports the Foundation's objectives. If Generation's members are unable or unwilling to provide funding, this would restrict the Foundation's ability to grow further or mean that grants and research activities may need to be scaled back. However, the trustees consider this risk unlikely.

Donations policy

The donations are made on a voluntary basis and at the discretion of the members of Generation. The Foundation does not consider it appropriate at the current time to seek donations from the general public, nor has it engaged any professional fund-raiser or commercial participator. Consequently, the Foundation has not joined any voluntary fundraising regulation scheme. The Foundation has not recorded any complaint regarding fundraising since inception.

Principal funding source

The Foundation's principal funding source is donations received annually from the members of Generation.

During the year to 31 December 2023 the Foundation recognised income from donations and associated Gift Aid of £4,909,514 (2022: £5,050,538).

Trustees' annual report (continued)

Reserves policy

The trustees recognise the urgency of achieving the Foundation's charitable objectives. All multi-year commitments without significant performance conditions attached are accounted for in full on an accruals basis. This ensures that the Foundation can meet its commitments to grant partners as they fall due.

The Foundation holds unrestricted funds of £30.0m (2022: £17.8m) at the end of the accounting period. All of the funds held are unrestricted and available for the general purposes of the charity. Within the unrestricted funds at the end of 2023, an amount of £12.4m (2022: £8.6m) was set aside as designated funds (for more detail, see Note 18), these designated funds are held in line with trustee expectations of grant-making during the course of 2024 and there is an expectation that these designated funds will be fully committed by the end of 2024. A further designated fund of £5m was set aside in relation to the deferred consideration receivable by December 2025 from GIM Marvel (Deferred) LP (note 1(m)).

The trustees plan to keep the ongoing reserves of the Foundation at or above a level that would allow it to sustain a reduced grant-making programme for one calendar year if the Foundation had a year with significantly lower income. The remaining funds £12.6m (2022: £9.2m) are more than the expected minimum annual expenditure of £3m.

As reflected in note 18, the Foundation plans to increase expenditure on both grants and support costs in 2024 in line with its raised ambition. This reflects the Foundation's intent to responsibly allocate its funds to charitable endeavours, rather than to build the endowment.

People and remuneration policy

The average number of employees during the year was 4 (2022: 5).

Generation Foundation established a committee of trustees ("Remuneration Committee") with delegated power and functions to consider and set remuneration for the Foundation's employees on behalf of the full Board of Trustees, in accordance with Articles of the Foundation. Salaries are reviewed annually in line with performance, subject to a calibration process with regard to the skills and attributes required for particular roles. The trustees also have reference to the compensation paid within large grant-making foundations and those associated with asset managers and financial institutions.

Other matters

The trustees consider that the funding sources and expenditure in the year have supported the key objectives of the Foundation. In setting the Foundation's objectives and planning its activities, the Foundation's trustees have considered section four of the Charities Act 2011. In doing so they are satisfied that they have complied with their duty to 'have regard' to the public benefit guidance published by the Charity Commission.

Trustees’ annual report (continued)

Related parties

Generation Investment Management LLP is a related party as it is the sole member of the Foundation, and the Foundation’s trustees are also members and employees of the LLP (see Note 19 for further details of the Foundation’s connection with this related party).

Going concern

The trustees believe that the Foundation is well-placed to manage its business risks successfully. The trustees have a reasonable expectation that the Foundation has adequate resources to continue in operational existence and meet its liabilities as they fall due for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

Approved by the Board of Trustees on 24 July 2024 and signed on their behalf.

DocuSigned by:

F94DEBCD35594D1...

D W Blood
Trustee 31-Jul-2024 | 14:41 BST

2024

Independent auditor's report to the trustees of The Generation Foundation

Opinion

We have audited the financial statements of The Generation Foundation (the 'charitable company') for the year ended 31 December 2023, which comprise the statement of financial activities, balance sheet, statement of cash flows 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 FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (UK Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2023 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis of 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 company 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 Foundation'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 other information comprises the information included in the trustees' annual report, other than the financial statements and our auditors' report thereon. The trustees are responsible for the other information contained within the annual report. 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 course of 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 the audit:

- the information given in the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' annual report has been prepared in accordance with applicable legal requirements.

Independent auditor's report to the trustees of The Generation Foundation (continued)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual 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 accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the trustees' annual report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, 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.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Capability of the audit in detecting irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- we enquired of management and the board of trustees, which included obtaining and reviewing supporting documentation, concerning the Foundation's policies and procedures relating to:
 - Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
 - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- we inspected the minutes of meetings of those charged with governance;

Independent auditor's report to the trustees of The Generation Foundation (continued)

Auditors' responsibilities for the audit of the financial statements (continued)

- we obtained an understanding of the legal and regulatory framework that the Foundation operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the Foundation from our professional and sector experience;
- we communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit;
- we reviewed any reports made to regulators;
- we reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations;
- we performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- in addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at:

www.frc.org.uk/auditorsresponsibilities.

This description forms part of our auditors' report.

Use of our report

This report is made solely to the charitable company's member 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 member those matters we are required to state to the member in an auditors' 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 member as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
 31-Jul-2024 | 18:20 BST
 219FE8045AEE415...

Judith Miller, Senior Statutory Auditor
 for and on behalf of Sayer Vincent LLP, Statutory Auditor
 110 Golden Lane, London, EC1Y 0TG

2024

Statement of financial activities

(Including income and expenditure accounts)

		Year ended 31 December 2023	Year ended 31 December 2022
	Note	GBP	GBP
Unrestricted total funds			
Income from			
Donations	4	4,909,514	5,050,538
Investments	5	13,351,237	567,127
Total		18,260,751	5,617,665
Expenditure on			
Charitable activities	6	(5,945,608)	(11,406,713)
Total		(5,945,608)	(11,406,713)
Net income/(expenditure) before (losses)/gains on foreign exchange on investments			
		12,315,143	(5,789,048)
(Loss)/gain on foreign exchange			
		(131,193)	563,646
Net movement in funds			
		12,183,950	(5,225,402)
Reconciliation of funds			
Total funds brought forward		17,841,212	23,066,614
Total funds carried forward		30,025,162	17,841,212

All recognised gains and losses have been included in the statement of financial activities and the amounts included are derived from the continuing activities of the Foundation.

Balance sheet

	Note	As at 31 December 2023 GBP	As at 31 December 2022 GBP
Fixed assets			
Investments	10	7,663	7,663
Total fixed assets		7,663	7,663
Long term debtor	11	5,018,562	-
Current assets			
Debtors	12	10,861,016	5,482,037
Investments	13	19,874,248	22,894,809
Cash at bank		1,068,577	621,598
Total current assets		31,803,841	28,998,444
Liabilities			
Creditors: amounts falling due within one year	14	(5,754,325)	(7,792,255)
Net current assets		26,049,516	21,206,189
Total assets less current liabilities		31,075,741	21,213,852
Creditors: amounts falling due after one year	15	(840,219)	(3,017,480)
Provision for liabilities	16	(210,360)	(355,160)
Total net assets		30,025,162	17,841,212
The funds of the charity			
Designated funds		17,425,562	8,600,000
General funds		12,599,600	9,241,212
Total foundation funds	17,18	30,025,162	17,841,212

Approved by the Board of Trustees on 24 July 2024 and signed on their behalf:

DocuSigned by:



F94DEBCD35594D1...

31-Jul-2024 | 14:41 BST

D W Blood (Trustee)

2024

The Generation Foundation (Company No: 05536312)

Cash flow statement

	Note	Year ended 31 December 2023 GBP	Year ended 31 December 2022 GBP
Net income/(expenditure) for the reporting year (as per the statement of financial activities)		12,183,950	(5,225,402)
Adjustments for			
Dividends, interest and income from cash at bank, deposits and investments		(13,351,237)	(567,127)
(Increase)/Decrease in debtors	11	(10,397,541)	808,167
(Decrease) in creditors	13,14	(4,215,191)	(49,383)
(Decrease) in provisions	15	(144,800)	(62,522)
Net cash used in operating activities		(15,924,819)	(5,096,267)
Dividends, interest and income from cash at bank, deposits and investments		13,351,237	567,127
Purchase of investments		-	(5,000)
Net cash provided by investing activities		13,351,237	562,127
Change in cash and cash equivalents in the year		(2,573,582)	(4,534,140)
Cash and cash equivalent at 1 January		23,516,407	28,050,547
Cash and cash equivalent at 31 December		20,942,825	23,516,407

Reconciliation of cash at bank to cash and cash equivalents:

	Note	Year ended 31 December 2023 GBP	Year ended 31 December 2022 GBP
Cash at bank		1,068,577	621,598
Short-term deposits (included in current asset investments)	12	19,874,248	22,894,809
Net cash		20,942,825	23,516,407

Notes to the financial statements

1. Accounting policies

- a) The Generation Foundation is a charitable company limited by guarantee and is incorporated in the United Kingdom. The Charity meets the definition of public benefit entity under FRS 102.

The registered address and principal place of business is 20 Air Street, London, W1B 5AN.

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) – (Charities SORP FRS 102), The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The financial statements have been prepared on a going concern basis.

The other principal accounting policies, which have been applied consistently throughout the year, are set out below.

- b) Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, and it is probable that the income will be received and that the amount can be measured reliably. Income is accounted for on an accruals basis such that the planned donation by the members of Generation in respect of the 2023 profits of Generation are recognised as at 31 December 2023.

Donated professional services and donated facilities are recognised as income when the charity has control over the item or received the service, any conditions associated with the donation have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), the value of volunteer time is not recognised.

- c) Investment income is recognised in the statement of financial activities and measured at the fair value of the consideration received and represents the Foundation's allocated portion of receipts from its investments in Generation IM Climate Solutions SLP II, L.P. and GIM Marvel (Deferred) LP in its capacity as a Limited Partner during the year.
- d) Interest income is recognised in the statement of financial activities and comprises of interest on cash and cash equivalents and is accounted for using the effective interest method.
- e) Resources expended are allocated to the particular activity where the cost relates directly to that activity. As the only activity of the Foundation is grant-making, all costs have been allocated accordingly as per Note 6.

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

- f) As a registered charity, the Foundation is exempt from UK taxation on income and gains to the extent that these are applied in furtherance of its charitable objectives.
- g) Grant activities are payments made to third parties in the furtherance of the Foundation's charitable objectives. Single or multi-year grants are accounted for in full on an accruals basis when the recipient has a reasonable expectation that they will receive a grant as there are no significant performance conditions attached.
- h) Going Concern; the trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern. The trustees do not consider that there are any sources of estimation or 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.
- i) Matched giving awards are made to third parties in relation to eligible donations to charities by staff and members of Generation. The awards are recognised when approved by the Foundation following a review of the donations made by staff and members of Generation attributable to the period.
- j) The Foundation is not registered for VAT. All expenditure is therefore stated inclusive of VAT where applicable.

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. Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

Provisions are recognised when the Foundation has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. The provisions recognised in Note 15 relate to the Employee Incentive Plan. Further details of the Employee Incentive Plan are given in Note 8.

Notes to the financial statements (continued)

1. Accounting policies (continued)

- k) Transactions denominated in foreign currency are translated into sterling at the exchange rates ruling at the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate ruling at the balance sheet date. All foreign exchange gains and losses, realised and unrealised, are recognised in the statement of financial activities.
- l) 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.
- m) The long term debtor represents a deferred consideration for gains on GIM Marvel (Deferred) LP earned in 2023 and to be paid by the end of 2025. In recognising this deferred consideration, the trustees judge that the crystallisation is highly likely, but understand that in the current interest rate environment, the value of this consideration today is not the same as it will be in December 2025 when it becomes payable. Accordingly, this receivable of £5.6m has been discounted using a rate in line with the expected rate of return on investments.
- n) Non-current investments are financial assets held for continuing use in the business and include three investments in Guernsey-based limited partnerships: GIM Marvel (Deferred) LP, Generation IM LTE SLP, L.P. and Generation Solutions Fund III SLP, L.P., and an investment in a Scottish limited partnership: Generation IM Climate Solutions SLP II, L.P.

Any change in fair value will be recognised in the statement of financial activities. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading "Net (expenditure)/income before gains on foreign exchange on investments" in the statement of financial activities. The Charity does not acquire put options, derivatives or other complex financial instruments.

Where it is not practicable to recognise investments at fair value, these are recognised at historic cost less impairment. These investments are subject to regular review, and any diminution is charged to the statement of financial activities. Valuations under the cost model are not enhanced to more than the original cost.

- o) Debtors include amounts receivable on donations to which the Foundation is entitled, including any recoverable gift aid. Debtors are measured at their recoverable amounts.
- Creditors and provisions 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 and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.
- p) Current investments include money market funds which are short-term, highly liquid investments redeemable on demand.
 - q) Cash at bank includes cash in bank accounts.
 - r) The Foundation does not operate its own pension scheme. The Foundation contributes on behalf of the employees to their chosen pension scheme plan. Charges represent the actual amount of the contribution payable to the pension schemes in respect of the accounting year.
 - s) Donated services: Generation provides various support services to the Foundation. Generation does not charge the Foundation for the cost of the employees that have wider roles within Generation, or for the use of Generation's facilities. The trustees have reviewed the value of services provided, but as these are deemed to be immaterial, they have not been reflected as a donated service.

2. Estimates and assumptions

FRS 102 requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from these estimates. Information about these judgements and estimates is included in the accounting policies and other notes.

The significant judgements are:

- the consideration that the trustees are the controlling persons of the Foundation (Note 20);
- the allocation of support costs to the grants awarded by the Foundation (Note 6).

Notes to the financial statements (continued)

2. Estimates and assumptions (continued)

The significant estimates are:

- recognition of a deferred consideration asset (long term debtor) discounted at 6% (Notes 1 (m) and 11);
- recognition of grant obligations payable in later periods (Notes 1 (g), 7, 14 and 15);
- future obligations and provisions are not subject to discounting (Notes 13, 14 and 15).

3. Guarantees

The Foundation is a company in which the liability of the company member is limited to an amount not exceeding £10.

4. Donations

Donations comprise of donations from members of Generation equivalent to an annual allocation of distributable profit arising from Generation of £3,988,946 (2022: £4,040,430) and the associated gift aid recoverable from HMRC of £920,568 (2022: £1,010,108).

5. Income from investments

	31 December 2023 GBP	31 December 2022 GBP
Interest and dividend income	1,017,714	293,552
Investment income	12,333,523	273,575
At 31 December	13,351,237	567,127

Investment income relates to distributions receivable in the year from the Foundation's investment in GIM Marvel (Deferred) LP, and Generation IM Climate Solutions SLP II, L.P.

6. Charitable activities

		Year ended 31 December 2023			Year ended 31 December 2022		
	Note	Grant awards GBP	Support costs GBP	Total GBP	Grant awards GBP	Support costs GBP	Total GBP
Activity							
Grant activities	7	4,811,897		4,811,897	10,033,932	-	10,033,932
Staff costs	8		1,034,243	1,034,243	-	1,140,859	1,140,859
Professional fees			48,885	48,885	-	120,153	120,153
Research costs			50,583	50,583	-	111,769	111,769
		4,811,897	1,133,711	5,945,608	10,033,932	1,372,781	11,406,713

Governance costs are considered within professional fees and include fees payable to the auditors in respect of the statutory audit of £14,700 (£12,250 excluding VAT) (2022: £13,200/£11,000). Research costs include costs incurred for the benefit of our grant and research partners, this can include, for instance, impact management training for grant partners or communications support to highlight their work.

Notes to the financial statements (continued)

7. Grant activities

Climate

	GBP
Institution	
Hughes Hall, University of Cambridge	1,000,000
US Impact Investing Alliance	933,480
350.org	617,700
Total climate grants 2023	2,551,180
Total climate grants 2022	4,808,586

None of the above organisations received similar grants in 2022 from the Foundation.

People

	GBP
Institution	
Data 2X	321,760
The Shareholder Commons	238,980
Total people grants 2023	560,740
Total people grants 2022	2,479,890

None of the above organisations received similar grants in 2022 from the Foundation.

Employee programmes

	GBP
Matched Giving Awards	1,489,366
Sustainable Community Grants	210,611
Total employee programmes 2023	1,699,977
Total employee programmes 2022	2,783,827

At the end of 2023 the Foundation had approved 662 matched giving award applications (2022: 641) with an average value of £2,249 per application (2022: £3,519).

Total grants £4,811,897 (2022: £10,072,303). All grants have been made to institutions as the Foundation does not provide grants to individuals. The tables in this note represent 100% of total grants awarded by the Generation Foundation in 2023.

As the trustees believe that the future payments will be made without substantial performance conditions, amounts payable in future years totalling £6,317,610 (2022: £10,391,305) have been recognised in these financial statements and in earlier years' financial statements. Of this, £5,477,391 is expected to settle within 12 months of the year-end (2022: £7,373,825). The following table shows the overall movement in the grant payment obligations.

Notes to the financial statements (continued)

7. Grant activities (continued)

	Year ended 31 December 2023 GBP	Year ended 31 December 2022 GBP
Grant commitments brought forward	10,391,305	10,669,049
Additional grant awards	4,811,897	10,072,303
Grants returned in the year	-	(38,371)
Total grants activities	4,811,897	10,033,932
Total net commitments in the year	15,203,202	20,702,981
Grants paid in the year	(8,645,511)	(10,858,655)
Foreign exchange movements	(240,081)	546,979
Grant commitments carried forward	6,317,610	10,391,305

8. Employee information

Staff costs	Year ended 31 December 2023 GBP	Year ended 31 December 2022 GBP
Wages and salaries	740,514	939,670
Deferred compensation	79,064	(7,604)
Social security costs	115,836	157,440
Other pension costs	73,105	35,443
Benefits	25,724	15,910
	1,034,243	1,140,859

Wages and salaries include salary and taxable benefits in kind and other payments to employees. Other pension costs include employer's contribution to defined contribution pension schemes. The deferred compensation costs are incurred in relation to deferred cash bonuses awarded to employees. The ultimate cash value to be paid to employees is dependent upon the performance of certain Generation managed investment fund units. Awards vest after three years from grant date with proceeds paid to respective employees after five years. The level of incentives awarded are linked to an employee's level of seniority at grant date.

The average number of employees who during the year was 4 (2022: 5), and there were 4 employees during the year with emoluments exceeding £60,000 (2022: 5).

Compensation band (excluding pension)	Year ended 31 December 2023 GBP	Year ended 31 December 2022 GBP
130,000 - 140,000	1	1
170,000 - 180,000	-	1
180,000 - 190,000	1	1
200,000 - 210,000	1	1
220,000 - 230,000	-	1
270,000 - 280,000	1	-
At 31 December	4	5

Notes to the financial statements (continued)

8. Employee information (continued)

The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel were £1,034,243 (2022: £1,140,859).

9. Payments to trustees

The trustees have not received remuneration or expenses during the year (2022: nil).

10. Investments

	31 December 2023 GBP	31 December 2022 GBP
At 1 January	7,663	2,663
Additions	-	5,000
At 31 December	7,663	7,663

The above investments are held at cost. Further details on these investments are given in Note 1(n).

11. Long term debtors

	31 December 2023 GBP	31 December 2022 GBP
At 1 January	-	-
Additions	5,018,562	-
At 31 December	5,018,562	-

This debtor represents a discounted deferred consideration for gains on GIM Marvel (Deferred) LP earned in 2023 and to be paid by the end of 2025, the gross receivable in 2025 is £5,638,857. Further details on these investments are given in Note 1(m).

12. Debtors

	31 December 2023 GBP	31 December 2022 GBP
Other debtors	5,951,279	431,500
Amounts due from members of Generation	3,988,946	4,040,430
Gift Aid recoverable	920,568	1,010,107
Prepayments	223	-
At 31 December	10,861,016	5,482,037

13. Current asset investments

	31 December 2023 GBP	31 December 2022 GBP
At 1 January	22,894,809	24,778,536
Decrease in money market funds	(2,633,178)	(2,212,149)
Foreign exchange movement	(387,383)	328,422
At 31 December	19,874,248	22,894,809

Current asset investments comprise money market investments, which are redeemable on demand.

Notes to the financial statements (continued)

14. Creditors: amounts falling due within one year

	31 December 2023 GBP	31 December 2022 GBP
Grant commitments due within one year	5,477,391	7,373,825
Taxation and social security	235,680	329,660
Accruals	15,096	76,384
Other creditors	26,158	12,386
At 31 December	5,754,325	7,792,255

15. Creditors: amounts falling due after one year

	31 December 2023 GBP	31 December 2022 GBP
Grant commitments due after one year	840,219	3,017,480
At 31 December	840,219	3,017,480

No discounting has been applied to these future obligations as the impact is judged to be immaterial.

16. Provisions for liabilities

	31 December 2023 GBP	31 December 2022 GBP
At 1 January	355,160	417,682
Movement for the year	(144,800)	(62,522)
At 31 December	210,360	355,160

The Foundation provides deferred cash incentives ("awards") for employees. Awards take the form of a deferred entitlement to cash based on the performance of Generation-managed investment funds. For further details see Note 8.

17. Analysis of net assets between funds

	As at 31 December 2023			As at 31 December 2022		
	General unrestricted GBP	Designated GBP	Total funds GBP	General unrestricted GBP	Designated GBP	Total funds GBP
Long term debtors	-	5,018,562	5,018,562	-	-	-
Investments	7,663	-	7,663	7,663	-	7,663
Net current assets	13,642,516	12,407,000	26,049,516	12,606,189	8,600,000	21,206,189
Long-term liabilities	(918,769)	-	(918,769)	(3,017,480)	-	(3,017,480)
Provision for liabilities	(210,360)	-	(210,360)	(355,160)	-	(355,160)
	12,599,600	17,425,562	30,025,162	9,241,212	8,600,000	17,841,212

Notes to the financial statements (continued)

18. Movement in funds

	At 1 January 2023 GBP	Income & gains GBP	Expenditure & losses GBP	Transfers GBP	At 31 December 2023 GBP
Designated funds	8,600,000		(8,600,000)	17,425,562	17,452,562
General funds	9,241,212	18,129,558	2,654,392	(17,425,562)	17,618,162
Total unrestricted funds at 31 December 2023	17,841,212	18,129,558	(5,945,608)	-	30,025,162

	At 1 January 2022 GBP	Income & gains GBP	Expenditure & losses GBP	Transfers GBP	At 31 December 2022 GBP
Designated funds	14,000,000	-	(14,000,000)	8,600,000	8,600,000
General funds	9,066,614	6,181,311	2,593,287	(8,600,000)	9,241,212
Total unrestricted funds at 31 December 2022	23,066,614	6,181,311	(11,406,713)	-	17,841,212

At the end of 2023, the Foundation set aside £12,407,000 (2022: £8,600,000) of designated funds in line with trustee expectations of grant-making in the coming year allocated as follows.

	Climate GBP	People GBP	Nature GBP	Employee engagement GBP	Support costs GBP	Long term debtor*	Total GBP
At 31 December 2023	3,500,000	2,500,000	2,500,000	1,500,000	2,407,000	5,018,562	17,425,562
At 31 December 2022	4,000,000	2,000,000	-	1,500,000	1,100,000	-	8,600,000

*The Foundation set aside these funds in relation to the deferred consideration receivable by December 2025 from GIM Marvel (Deferred) LP.

19. Related party transactions

Generation Investment Management LLP is a related party as it is the sole member of the Foundation, and the Foundation's trustees are also members and employees of the LLP. As the Foundation has a charitable status, the Foundation is excluded from the LLP's group consolidation due to the severe long-term restrictions which substantially hinder the exercise of the rights of the LLP over the Foundation.

As at 31 December 2023 a balance of £3,988,946 (2022: £4,040,430) was due from members of Generation.

During the year, Generation settled expenses of £53,102 (2022: £71,600) on behalf of the Foundation of which £6,298 (2022: £782) was due by the Foundation at the end of the year.

20. Ultimate controlling party

Generation Investment Management LLP is the ultimate parent by virtue of being the sole member, the controlling Persons of the Foundation are the trustees as listed in the trustees' annual report.

21. Subsequent Events

The £3,988,946 balance due from the members of Generation as at 31 December 2023 was settled on the 17th of May 2024. There were no other events subsequent to the balance sheet date that required adjustment to or disclosure in the financial statements.



Generation Foundation

20 Air Street

London W1B 5AN

United Kingdom

Tel: +44 (0) 20 7534 4700

Fax: +44 (0) 20 7534 4701

Sayer Vincent LLP
110 Golden Lane
LONDON
EC1Y 0TG

FAO Judith Miller

Your ref: JAM/JC/G113/vd

Dear Sayer Vincent

24 July 2024

Letter of representations on the financial statements for the year ended 31 December 2023

This representation letter is provided in connection with your audit of the financial statements of The Generation Foundation for the year ended 31 December 2023, for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the results and financial position. All representations are made to the best of our knowledge and belief.

Financial statements

- 1** We have fulfilled, as trustees, our responsibility as set out in the terms of your engagement dated 15 January 2021 for preparing financial statements in accordance with the Companies Act 2006, which give a true and fair view of the results and financial position for the organisation as of the 31 December 2023 and for making accurate representation to you.
- 2** We confirm the methods, significant assumptions and the data used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.
- 3** We confirm that appropriate provisions have been made for irrecoverable debts.
•
- 4** We confirm that we are satisfied it is appropriate to accrue £5,018,562 in relation to amounts due from our investment in GIM Marvel (Deferred) LP. This is based on an expected payment of £5,638,857 discounted over a period of two years at a rate of 6%, with payment due by December 2025.

- 5 We confirm that no fixed assets have been disposed of during the year. We confirm that we have undertaken a review of all assets carried at historic cost and are satisfied that there is no indication of impairment, other than as shown in the financial statements.
- 6 We confirm that we have no plans or intentions that may materially alter the carrying value and/or the fair value measurements or classification of assets and liabilities reflected in the financial statements.
- 7 We confirm that all income has been recorded.
- 8 We confirm that we have disclosed all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements and these have been disclosed in accordance with the requirements of accounting standards.
- 9 We confirm that we have recognised grants payable where specific commitments have been communicated to the beneficiary.
- 10 We confirm that related party* relationships and transactions have been appropriately accounted for and disclosed and we are not aware of further related party matters that require disclosure.
- 11 We confirm that all events since the balance sheet date which require disclosure, or which would materially affect the amounts in the financial statements, have been adjusted or included in the financial statements.
- 12 We confirm the financial statements are free of material misstatements, and nothing significant has been omitted. We understand that no uncorrected misstatements were identified during the audit.
- 13 We confirm that, having considered our expectations and intentions for at least the next 12 months from today, we have a reasonable expectation of receiving adequate resources to continue operations for the foreseeable future. For this reason we continue to adopt the going concern basis in preparing the financial statements for the year ended 31 December 2023. We confirm that the disclosures in the accounting policies and/or the trustees' annual report are an accurate reflection of the reasons for our consideration that the financial statements should be drawn up on a going concern basis. We confirm that we have disclosed details of our plans for future actions relating to our going concern assessment including the feasibility of these plans.

Information provided

- 14 We confirm that all accounting records and relevant information has been made available to you for the purpose of your audit. We have provided to you all other information requested and given unrestricted access to persons within the organisation from whom you have deemed it necessary to request information. All other records and related information, including minutes of all management and trustee meetings, have been made available to you.

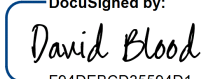
- 15 We confirm that all correspondence with regulators has been made available to you including, in England and Wales, any serious incident reports.
•
- 16 We confirm that all correspondence with HMRC in relation to their ongoing investigation has been shared with you and that at present we are not aware of any potential liabilities arising from this.
- 17 We confirm that all transactions undertaken by the organisation have been properly reflected in the accounting records and are reflected in the financial statements.
- 18 We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and we believe that we have appropriately fulfilled those responsibilities. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 19 We confirm that we have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the organisation and involves management, employees who have a significant role in internal control, or others, where fraud could have a material effect on the financial statements.
- 20 We confirm that we have disclosed to you all information in relation to allegations of fraud, or suspected fraud affecting the organisation's financial statements communicated by employees, former employees, regulators or others.
- 21 We confirm that we are not aware of any possible or actual instance of non-compliance with those laws and regulations which provide a legal framework within which the organisation conducts its activities and which could affect the financial statements. All known instances of non-compliance with laws and regulations whose effects should be considered when preparing the financial statements have been disclosed to you. The organisation has complied with all aspects of contractual and grant agreements that could have a material effect on the financial statements in the event of non-compliance.
- 22 We confirm that we have disclosed to you the identity of the organisation's related parties and all related party relationships and transactions relevant to the organisation that we are aware of.
- 23 We confirm that the organisation has satisfactory title to all assets in the financial statements, and there are no circumstances which alter or limit** the title held on the assets except for those disclosed in the financial statements.
- 24 We confirm that the organisation does not hold any bank accounts, short term deposits or other cash deposits other than those included in the financial statements. No other facilities or securities are held.

- 25 We confirm that there are no liabilities, contingent liabilities or guarantees to third parties other than those disclosed in the financial statements.
- 26 The organisation has at no time during the year entered into any arrangement, transaction or agreement to provide credit facilities (including loans, quasi loans or credit transactions) for trustees, nor to guarantee or provide security for such matters, except as disclosed in the financial statements.
- 27 We confirm that the trustees consider there to be appropriate controls in place to ensure overseas payments are applied for charitable purposes.

We confirm to the best of our knowledge and belief that the above representations are made on the basis of enquiries of management and staff with relevant knowledge and experience and, where appropriate, of inspection of supporting documentation sufficient to satisfy ourselves that we can properly make each of the above representations to you.

We acknowledge our legal responsibilities regarding disclosure of information to you as auditor and confirm that, so far as we are aware, there is no relevant audit information needed by you in connection with preparing your audit report of which you are unaware. Each trustee has taken all the steps that they ought to have taken as a trustee in order to make themselves aware of any relevant audit information and to establish that you are aware of that information.

Yours faithfully

DocuSigned by:
 31-Jul-2024 | 14:41 BST
 Signature: F04DE8CD35594D1.....

Name: D W Blood
 Position: Trustee
 Date: July 2024

* The definition of a related party includes:

- A party controlling or controlled by the organisation (directly or indirectly)
- A party subject to the same source of control as the organisation (e.g. same trustees)
- A director, trustee or management committee member and his/her immediate family
- A party that has a significant influence over the operating and financial policies of the organisation, or one that is so influenced by the organisation.

** For example: mortgages, leases, covenants or restrictions

THE GENERATION FOUNDATION

England & Wales - Charity number 1113061

Accounts

The Generation Foundation

(a company limited by guarantee)

Annual report and financial statements

31 December 2022

Company registration number: 05536312

Charity registration number: 1113061

Contents

Foundation details	3
Trustees' annual report	4
Independent auditor's report to the trustees of The Generation Foundation	1010
Statement of financial activities	1313
Balance sheet	1414
Cash flow statement	1515
Notes to the financial statements	1616

Foundation details

Bankers Royal Bank of Scotland 62/63 Threadneedle Street London EC2R 8LN	Independent Auditor Sayer Vincent LLP Chartered Accountants and Statutory Auditors Invicta House, 108-114 Golden Lane London EC1Y 0TL
Registered office 20 Air Street London W1B 5AN	Lawyers Bates Wells & Braithwaite London LLP 10 Queen Street Place London EC4R 1BE

Board of trustees

Trustees:	G A L Bennett D W Blood P Coates E Gilmore (resigned 7 December 2022) P I Harris M-A Manolache (appointed 9 February 2023) R Rajeswaran A C Woolf
------------------	---

Trustees' annual report

The trustees present their report and audited financial statements of The Generation Foundation for the year ended 31 December 2022. This trustees' report is also the directors' report.

The financial statements have been prepared in accordance with the accounting policies set out in Note 1 to the financial statements and comply with the Charities Act 2011, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), "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)" (the "Charities SORP") and UK Generally Accepted Accounting Practice.

Governance

The Generation Foundation (the "Company" or "Foundation") is a company limited by guarantee (no. 05536312), incorporated on 15 August 2005 and registered with the Charity Commission (no. 1113061) on 22 February 2006. The Company was established under a Memorandum of Association, which established the objects and powers of the Company and is governed under the Articles of Association.

The Foundation is administered and managed on a regular basis by the Board of Trustees. The Board of Trustees is responsible for appointing new trustees who possess the required expertise.

Details of the Foundation's advisors and other administrative details can be found on page 3.

Trustees

The members of the Board of Trustees (the "trustees") who were in office during the year and up to the date of signing the financial statements are set out on page 3. For the purposes of company law, the individuals listed are both trustees and directors of the Company and are appointed in accordance with the Company's Articles of Association.

Objectives

The objectives of the Foundation as set out in the governing documents are:

1. To advance the education of the public and organisations (profit and non-profit) in subjects related to sustainable development and the protection, enhancement and rehabilitation of the environment and to promote study and research in such subjects provided that the useful results of such studies are disseminated to the public at large.
2. To promote sustainable development for the benefit of the public by: the preservation, conservation and the protection of the environment and the prudent use of natural resources; the relief of poverty and the improvement of the conditions of life in socially and economically disadvantaged communities; and the promotion of sustainable means of achieving economic growth and regeneration.
3. To advance the education of the public in business ethics and related subjects, with particular reference to the study and application of ethical standards; and the management and conduct of industry and business generally in the UK and elsewhere and to the development of corporate social responsibility and community involvement in the practices of industry and commerce both nationally and internationally.
4. To make donations to such charitable institution or institutions at such time or times and in such manner as the trustees may in their absolute discretion think fit. For the purposes of these objectives, "sustainable development" means development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

Activities

The Foundation's mission is to help create a low-carbon, prosperous, healthy, safe and fair society. Our vision is an equitable society in which global temperature rise does not exceed 1.5°C.

We execute our mission by identifying how our resources and expertise can be most effective in driving transformational change, which includes using research, major partnerships and grant-making to support a rapid transition to an equitable, net-zero economy.

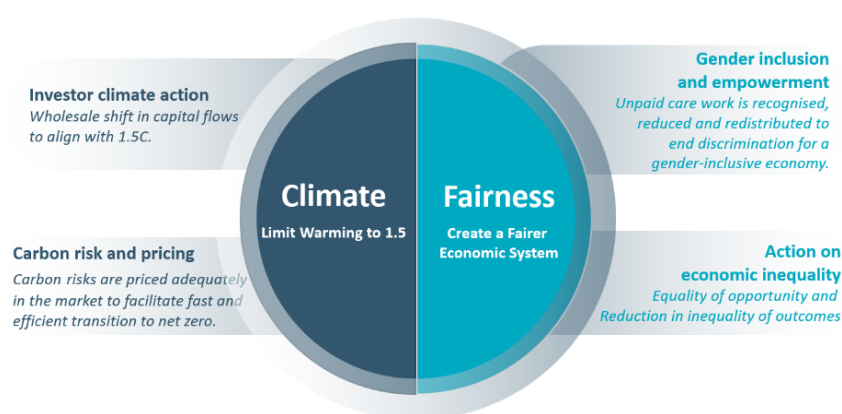
The Generation Foundation takes a proactive approach to grant-making, working with partners to achieve their goals, and in turn pursue our mission to help create a low-carbon, prosperous, healthy, safe and fair society. We execute our strategy by identifying potential grant partners through our own deep research which starts at the establishment of our strategy, then continues when we research the levers for change and the organisations with the potential to deliver that change.

Trustees' annual report (continued)

We fund research and programmes aimed at overcoming barriers to a sustainable economy through partnerships with organisations and institutions across sectors and geographies. This section will give a brief overview of some of our activities under climate, fairness and employee programmes, as well as other activities carried out last year (for more detail on strategic grants, see Note 7).

Strategic grants Our strategy was developed in 2019 with two organising principles, impact and urgency. In order to meet the challenges of our climate crisis and deepening inequality we make targeted interventions by supporting grant partners and applying our expertise under four strategic priorities, as shown in the graphic below:

Figure 1: Our strategy seeks to address the climate crisis and deepening inequality



STRATEGIC GRANTS IN 2022: CLIMATE

Investor climate action & Carbon risk and pricing

During 2022 we added seven new partners to our climate portfolio, totalling £4.8 million. One such project was a new major grant to the Club of Rome to support their global initiative, Earth 4 All (E4A).

E4A has some of the world's best modellers, economists and data scientists contributing to world-leading, sophisticated tools to understand the interconnected drivers of sustainable economies. The initiative aims to explore new economic thinking and test model outcomes to ensure we remain within planetary boundaries. Our funding will support E4A to better incorporate the investment sector into their work as well as ensuring actors affected by climate change in the Global South contribute to E4A's ambitious policy solutions.

Please refer to Note 7 for a full list of recipients of Climate grants during 2022.

STRATEGIC GRANTS IN 2022: FAIRNESS

Gender inclusion and empowerment & Action on economic inequality

In 2022 we added seven new partners to our Fairness portfolio, totalling £2.5m. One area of focus in our Fairness strategy is the recognition, reduction and redistribution of unpaid care as a way of combating gender inequality. Unpaid care is still a nascent issue area with great need for data on how the industry considers unpaid care in parental leave and flexible working policies.

One of our new partners working to address that data gap is the World Benchmarking Alliance (WBA). WBA is a non-profit that creates leading benchmarks on social issues. WBA works with business and civil society organisations to assess the world's most influential companies on their approach to environmental and social issues, including gender equality. Our support for WBA will help plug the data gap on unpaid care whilst also raising corporates' awareness of the subject through engagement and accountability.

Please refer to Note 7 for a full list of recipients of Fairness grants during 2022.

Trustees' annual report (continued)

Employee programmes

In addition to our strategic grant-making, we execute our mission by building a culture of philanthropy among the employees and members of Generation Investment Management LLP ("Generation") and Just Climate (a subsidiary of Generation with 25 employees at the end of 2022). The programmes enable them to apply their expertise and passion for sustainability in support of community and civil society organisations and help us to identify high impact organisations aligned to our mission.

MATCHED GIVING

The Foundation matches charitable gifts and volunteer hours donated by Generation and Just Climate employees and members to eligible charities. This year we 'double-matched' donations: for every £1 a colleague donated to an eligible charity, the Foundation donated a further £2 up to a total of £100,000 per participant. Additionally, we matched the hours that Generation and Just Climate employees volunteered with eligible charities with donations at a rate of £200 per hour.

In 2022, 99% of Generation and Just Climate colleagues took part in Matched Giving, deploying a record £2.3m.

EMPLOYEE-LED GRANT-MAKING

We also ran two employee-led grant-making programmes supporting colleagues to deploy funding to charities aligned to the Foundation's strategic priorities. A total of 22 employees and partners of Generation and Just Climate took part in employee-led grant-making programmes in 2022, supporting eight charities with over £470,000 in funding.

OTHER ACTIVITIES

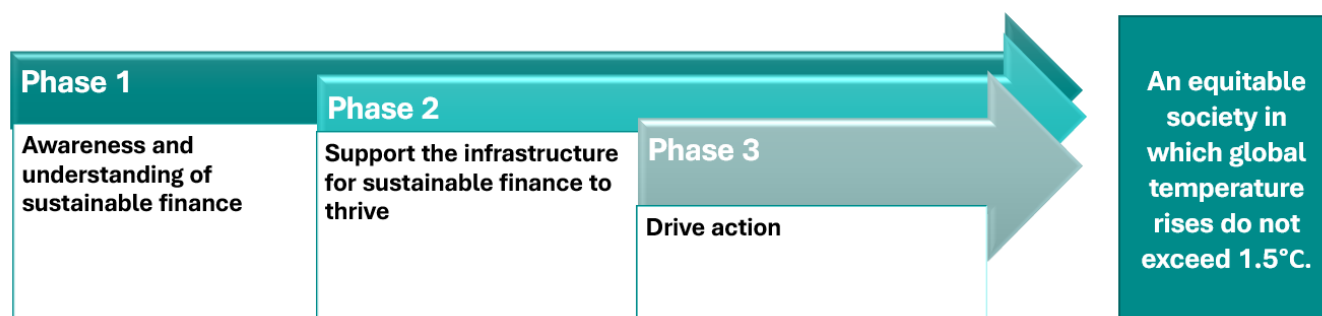
During 2022 we also began several projects to improve our operational capacity and build our strength as grant-makers. These included a project to deploy a new grant management system and beginning work on an impact review covering our impact over the last decade, further details of which can be found below.

2023 plans: reflecting on our impact and strategic review

Our current strategy was established in 2019 with an expected lifespan of roughly five years, concluding at the end of 2023. To prepare for our next strategy review, in 2022 we undertook a project to review the success of our current strategy, and the years that preceded it. This work will inform and guide our strategy review and provide insights on how we can best execute our mission over the years to come.

One important feature of the impact review was the articulation of our theory of change for sustainable finance, represented in figure 2 below. We believe change to a sustainable financial system broadly follows a trajectory of awareness raising to driving action.

Figure 2: Our theory of change



Example of our theory of change in action: Incorporation of sustainability data

Early on, we identified incorporation of sustainability factors in investment decision-making as one of the key ingredients in creating a more sustainable financial system. For that to happen, investors would need to be aware of the benefits and importance of this practice. They would also need the tools, frameworks and data to incorporate those factors systematically. With those elements in place, efforts to drive adoption at scale are much more likely to be successful. Below is a bit more detail of how that framing shaped the interventions we funded over the years to increase the use of sustainability data in investment:

Trustees' annual report (continued)

- **Phase 1 2004 to 2012:** Incorporation of sustainability factors in investment starts with investor awareness of sustainable investment and the benefits it could bring to their investment process. Therefore, in the 2000s and early 2010s, we published papers and funded research aimed at raising awareness of the value of sustainability data for investors.
- **Phase 2 2012 to 2017:** Once a significant minority of investors were committed to this practice, our efforts shifted to funding the tools, data and frameworks required to help this to happen. In the 2010s, we funded many of the major initiatives that have become well-known in sustainable investment, like SASB, B Lab and CDP. These frameworks and tools are prerequisites for investors to meaningfully incorporate sustainability data in investment processes.
- **Phase 3 2017 to present:** Finally, for all investors to incorporate sustainability data effectively, it needs to become a market expectation and become part of the fabric of the typical investment process and/or it needs to be a regulatory requirement. We funded research to encourage regulatory adoption of reporting standards such as the EU Corporate Reporting Sustainability Directive and supported the Impact Management Project's efforts to harmonise reporting standards, use and communication of sustainability data in investment. That effort was instrumental in the creation of the ISSB, which is expected to increase both the reach and quality of sustainability data in investment decision-making.

Today 89% of investors claim to incorporate sustainability analysis in their investment decision-making.¹ That is an enormous growth over the course of the last decade – Bloomberg reported that only 1% of terminal users accessed ESG data in 2011.² This is just one example of how a particular outcome can travel along the trajectory from awareness to wide adoption. Other areas of our strategy are at different stages in this process. For example, our effort to contribute to a more gender inclusive economy is still much earlier on this trajectory, so we focus our funding on filling data and research gaps.

As we embark on a strategy review in 2023, our research-driven process will identify the outcomes we believe we are best-placed to pursue. We aim to target outcomes that are high impact, urgent, and well-suited to our skills, expertise and resources. In light of these efforts, in 2023 we intend to reduce our grant-making targets slightly as we divert some of our capacity to the strategy review.

Trustee induction and training

When recruiting new trustees, the Foundation seeks individuals with relevant experience on the objectives of the Foundation. A new trustee is provided with sufficient information explaining the legal obligations of trustees, the Foundation's governing document, the most recent annual report and financial statements and any relevant Charity Commission guidance notes.

Responsibilities of trustees

The trustees are responsible for preparing the trustees' annual report and the financial statements in accordance with applicable law, including the Companies Act 2006, and United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure of the charitable company 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 judgments and estimates that are reasonable and prudent;
- state whether applicable UK 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 presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy, at any time, the financial position of the Company. They are also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

¹ <https://www.capitalgroup.com/advisor/pdf/shareholder/ITGEOT-029-658091.pdf>

² Bloomberg LP, The Sustainability Edge: Sustainability Update, 2011 ; https://www.bsr.org/reports/BSR_Trends_in_ESG_Integration.pdf

Trustees' annual report (continued)

Each trustee in office at the date the trustees' report is approved confirms that:

- a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware; and
- b) the directors have taken all necessary steps to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of such information.

Financial review

The Foundation's total income for 2022 was £5.6m (2021: £16.5m). Total income for the year ended 2022 includes donations of £5m (2021: £14.3m) and investment income of £0.6m (2021: £2.2m). The reduction in total income for the year is due to the lower profitability of Generation Investment Management LLP resulting in lower donations made by its members, and lower distributions received in the year from the Foundation's investment in Generation IM Climate Solutions SLP II, L.P. The reduction in income for the year did not impact the activities of the Foundation. The Foundation expenditure in 2022 was broadly in line with the prior year at £11.4m (2021: £11.5m).

Principal risks and uncertainties

The trustees have assessed the major risks to which the Foundation is exposed, including those relating to financial, operational, compliance, reputational and governance issues. These risks are captured in a Risk Register reviewed annually by trustees, and the trustees are satisfied that systems are in place to mitigate exposure to those risks.

The most critical risk to the Foundation is the loss of funding from the members of Generation, which supports the Foundation's objectives. If Generation's members are unable or unwilling to provide funding, this would restrict the Foundation's ability to grow further or mean that grants and research activities may need to be scaled back. However, the trustees consider this risk unlikely.

Donations policy

The donations are made on a voluntary basis and at the discretion of the members of Generation. The Foundation does not consider it appropriate at the current time to seek donations from the general public, nor has it engaged any professional fund-raiser or commercial participator. Consequently, the Foundation has not joined any voluntary fundraising regulation scheme. The Foundation has not recorded any complaint regarding fundraising since inception.

Principal funding source

The Foundation's principal funding source is donations received annually from the members of Generation.

During the year to 31 December 2022 the Foundation recognised income from donations and associated Gift Aid of £5,050,538 (2021: £14,290,204).

Reserves policy

The trustees recognise the urgency of achieving the Foundation's charitable objectives. All multi-year commitments without significant performance conditions attached are accounted for in full on an accruals basis. This ensures that the Foundation can meet its commitments to grant partners as they fall due.

The Foundation holds unrestricted funds of £17.8m (2021: £23.1m) at the end of the accounting period. All of the funds held are unrestricted and available for the general purposes of the charity. Within the unrestricted funds at the end of 2022, an amount of £8.6m (2021: £14m) was set aside as designated funds (for more detail, see Note 17). These designated funds are held in line with trustee expectations of grant-making during the course of 2023 and there is an expectation that these designated funds will be fully committed by the end of 2023.

Over time the trustees intend to maintain the ongoing reserves of the Foundation at a level that would enable it to continue a scaled-down grant-making programme for one calendar year should the Foundation face a year of significantly reduced income. The remaining funds of £9.2m (2021: £9.1m) exceed the anticipated minimum annual expenditure of £3m.

People and remuneration policy

The average number of employees during the year was 5 (2021: 3).

Generation Foundation established a committee of trustees ("Remuneration Committee") with delegated power and functions to consider and set remuneration for the Foundation's employees on behalf of the full Board of Trustees, in accordance with Articles of the Foundation. Salaries are reviewed annually in line with performance, subject to a calibration process with regard to the skills and attributes required for

Trustees' annual report (continued)

particular roles. The trustees also have reference to the compensation paid within large grant-making foundations and those associated with asset managers and financial institutions.

Other matters

The trustees consider that the funding sources and expenditure in the year have supported the key objectives of the Foundation. In setting the Foundation's objectives and planning its activities, the Foundation's trustees have considered section four of the Charities Act 2011. In doing so they are satisfied that they have complied with their duty to 'have regard' to the public benefit guidance published by the Charity Commission.

Related parties

Generation Investment Management LLP is a related party as it is the sole member of the Foundation, and the Foundation's trustees are also members and employees of the LLP (see Note 18 for further details of the Foundation's connection with this related party).

Going concern

The trustees believe that the Foundation is well-placed to manage its business risks successfully. The trustees have a reasonable expectation that the Foundation has adequate resources to continue in operational existence and meet its liabilities as they fall due for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

Approved by the Board of Trustees on 13 July 2023 and signed on their behalf.

D W Blood
Trustee

13 July 2023

Independent auditor's report to the trustees of The Generation Foundation

Opinion

We have audited the financial statements of The Generation Foundation (the 'charitable company') for the year ended 31 December 2022, which comprise the statement of financial activities, balance sheet, statement of cash flows 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 FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (UK Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2022 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis of 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 company 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 Foundation'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 other information comprises the information included in the trustees' annual report, other than the financial statements and our auditors' report thereon. The trustees are responsible for the other information contained within the annual report. 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 course of 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 the audit:

- the information given in the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' annual report has been prepared in accordance with applicable legal requirements.

Independent auditor's report to the trustees of The Generation Foundation (continued)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual 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 accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the trustees' annual report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, 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.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Capability of the audit in detecting irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- we enquired of management and the board of trustees, which included obtaining and reviewing supporting documentation, concerning the Foundation's policies and procedures relating to:
 - Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
 - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- we inspected the minutes of meetings of those charged with governance;

Independent auditor's report to the trustees of The Generation Foundation (continued)

Auditors' responsibilities for the audit of the financial statements (continued)

- we obtained an understanding of the legal and regulatory framework that the Foundation operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the Foundation from our professional and sector experience;
- we communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit;
- we reviewed any reports made to regulators;
- we reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations;
- we performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- in addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at:

www.frc.org.uk/auditorsresponsibilities.

This description forms part of our auditors' report.

Use of our report

This report is made solely to the charitable company's member 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 member those matters we are required to state to the member in an auditors' 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 member as a body, for our audit work, for this report, or for the opinions we have formed.

Judith Miller, Senior Statutory Auditor
for and on behalf of Sayer Vincent LLP, Statutory Auditor
Invicta House, 108-114 Golden Lane, London, EC1Y 0TL

26 July 2023

Statement of financial activities

(Including income and expenditure accounts)

		Year ended 31 December 2022 GBP	Year ended 31 December 2021 GBP
Unrestricted total funds	Note		
Income from			
Donations	4	5,050,538	14,290,204
Investments	5	567,127	2,181,287
Total		5,617,665	16,471,491
Expenditure on			
Charitable activities	6	(11,406,713)	(11,536,220)
Total		(11,406,713)	(11,536,220)
Net (expenditure)/income before gains on foreign exchange on investments		(5,789,048)	4,935,271
Gain on foreign exchange		563,646	67,389
Net movement in funds		(5,225,402)	5,002,660
Reconciliation of funds			
Total funds brought forward		23,066,614	18,063,954
Total funds carried forward		17,841,212	23,066,614

All recognised gains and losses have been included in the statement of financial activities and the amounts included are derived from the continuing activities of the Foundation.

Balance sheet

	Note	As at 31 December 2022 GBP	As at 31 December 2021 GBP
Fixed assets			
Investments	10	7,663	2,663
Total fixed assets		7,663	2,663
Current assets			
Debtors	11	5,482,037	6,290,204
Investments	12	22,894,809	24,778,536
Cash at bank		621,598	3,272,011
Total current assets		28,998,444	34,340,751
Liabilities			
Creditors: amounts falling due within one year	13	(7,792,255)	(8,510,198)
Net current assets		21,206,189	25,830,553
Total assets less current liabilities		21,213,852	25,833,216
Creditors: amounts falling due after one year	14	(3,017,480)	(2,348,920)
Provision for liabilities	15	(355,160)	(417,682)
Total net assets		17,841,212	23,066,614
The funds of the charity			
Designated funds		8,600,000	14,000,000
General funds		9,241,212	9,066,614
Total unrestricted funds	16,17	17,841,212	23,066,614
Total foundation funds		17,841,212	23,066,614

Approved by the Board of Trustees on 13 July 2023 and signed on their behalf:

.....
D W Blood (Trustee)

13 July 2023

The Generation Foundation (Company No: 05536312)

Cash flow statement

	Note	Year ended 31 December 2022 GBP	Year ended 31 December 2021 GBP
Net (expenditure)/income for the reporting year (as per the statement of financial activities)		(5,225,402)	5,002,660
Adjustments for			
Dividends, interest and income from cash at bank, deposits and investments		(567,127)	(2,181,287)
Decrease in debtors	11	808,167	2,550,220
(Decrease)/Increase in creditors	13,14	(49,383)	3,140,728
(Decrease)/Increase in provisions	15	(62,522)	96,981
Net cash (used in)/provided by operating activities		(5,096,267)	8,609,302
Dividends, interest and income from cash at bank, deposits and investments		567,127	2,181,287
Purchase of investments		(5,000)	(2,413)
Net cash provided by investing activities		562,127	2,178,874
Change in cash and cash equivalents in the year		(4,534,140)	10,788,176
Cash and cash equivalent at 1 January		28,050,547	17,262,371
Cash and cash equivalent at 31 December		23,516,407	28,050,547

Reconciliation of cash at bank to cash and cash equivalents:

	Note	Year ended 31 December 2022 GBP	Year ended 31 December 2021 GBP
Cash at bank		621,598	3,272,011
Short-term deposits (included in current asset investments)	12	22,894,809	24,778,536
Net cash		23,516,407	28,050,547

Notes to the financial statements

1. Accounting policies

- a) The Generation Foundation is a charitable company limited by guarantee and is incorporated in the United Kingdom. The Charity meets the definition of public benefit entity under FRS 102.

The registered address and principal place of business is 20 Air Street, London, W1B 5AN.

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) – (Charities SORP FRS 102), The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The financial statements have been prepared on a going concern basis.

The other principal accounting policies, which have been applied consistently throughout the year, are set out below.

- b) Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, and it is probable that the income will be received and that the amount can be measured reliably. Income is accounted for on an accruals basis such that the planned donation by the members of Generation in respect of the 2022 profits of Generation are recognised as at 31 December 2022.

Donated professional services and donated facilities are recognised as income when the charity has control over the item or received the service, any conditions associated with the donation have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), the value of volunteer time is not recognised.

- c) Investment income is recognised in the statement of financial activities and measured at the fair value of the consideration received and represents the Foundation's allocated portion of receipts from its investments in Generation IM Climate Solutions SLP II, L.P. in its capacity as a Limited Partner during the year.
- d) Interest income is recognised in the statement of financial activities and comprises of interest on cash and cash equivalents and is accounted for using the effective interest method.
- e) Resources expended are allocated to the particular activity where the cost relates directly to that activity. As the only activity of the Foundation is grant-making, all costs have been allocated accordingly as per Note 6.

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

- f) As a registered charity, the Foundation is exempt from UK taxation on income and gains to the extent that these are applied in furtherance of its charitable objectives.
- g) Grant activities are payments made to third parties in the furtherance of the Foundation's charitable objectives. Single or multi-year grants are accounted for in full on an accruals basis when the recipient has a reasonable expectation that they will receive a grant as there are no significant performance conditions attached.
- h) Going Concern; the trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern. The trustees do not consider that there are any sources of estimation or 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.
- i) Matched giving awards are made to third parties in relation to eligible donations to charities by staff and members of Generation. The awards are recognised when approved by the Foundation following a review of the donations made by staff and members of Generation attributable to the period.
- j) The Foundation is not registered for VAT. All expenditure is therefore stated inclusive of VAT where applicable.

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. Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

Provisions are recognised when the Foundation has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. The provisions recognised in Note 15 relate to the Employee Incentive Plan. Further details of the Employee Incentive Plan are given in Note 8.

Notes to the financial statements (continued)

1. Accounting policies (continued)

- k) Transactions denominated in foreign currency are translated into sterling at the exchange rates ruling at the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate ruling at the balance sheet date. All foreign exchange gains and losses, realised and unrealised, are recognised in the statement of financial activities.
- l) 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.
- m) Non-current investments are financial assets held for continuing use in the business and include three investments in Guernsey-based limited partnerships: Marvel (Deferred) Limited Partnership, Generation IM LTE SLP, L.P. and Generation Solutions Fund III SLP, L.P., and an investment in a Scottish limited partnership: Generation IM Climate Solutions SLP II, L.P.

Any change in fair value will be recognised in the statement of financial activities. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading "Net (expenditure)/income before gains on foreign exchange on investments" in the statement of financial activities. The Charity does not acquire put options, derivatives or other complex financial instruments.

Where it is not practicable to recognise investments at fair value, these are recognised at historic cost less impairment. These investments are subject to regular review, and any diminution is charged to the statement of financial activities. Valuations under the cost model are not enhanced to more than the original cost.

- n) Debtors include amounts receivable on donations to which the Foundation is entitled, including any recoverable gift aid. Debtors are measured at their recoverable amounts.
- Creditors and provisions 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 and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.
- o) Current investments include money market funds which are short-term, highly liquid investments redeemable on demand.
 - p) Cash at bank includes cash in bank accounts.
 - q) The Foundation does not operate its own pension scheme. The Foundation contributes on behalf of the employees to their chosen pension scheme plan. Charges represent the actual amount of the contribution payable to the pension schemes in respect of the accounting year.
 - r) Donated services: Generation provides various support services to the Foundation. Generation does not charge the Foundation for the cost of the employees that have wider roles within Generation, or for the use of Generation's facilities. The trustees have reviewed the value of services provided, but as these are deemed to be immaterial, they have not been reflected as a donated service.

2. Estimates and assumptions

FRS 102 requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from these estimates. Information about these judgements and estimates is included in the accounting policies and other notes.

The significant judgements are:

- the consideration that the trustees are the controlling persons of the Foundation (Note 19);
- the allocation of support costs to the grants awarded by the Foundation (Note 6).

The significant estimates are:

- recognition of grant obligations payable in later periods (Notes 1 (g), 7, 13 and 14);
- future obligations and provisions are not subject to discounting (Notes 13, 14 and 15).

Notes to the financial statements (continued)

3. Guarantees

The Foundation is a company in which the liability of the company member is limited to an amount not exceeding £10.

4. Donations

Donations comprise of donations from members of Generation equivalent to an annual allocation of distributable profit arising from Generation of £4,040,430 (2021: £11,432,163) and the associated gift aid recoverable from HMRC of £1,010,108 (2021: £2,858,041).

5. Income from investments

	31 December 2022 GBP	31 December 2021 GBP
Interest and dividend income	293,552	8,067
Investment income	273,575	2,173,220
At 31 December	567,127	2,181,287

Investment income relates to distributions received in the year from the Foundation's investment in Generation IM Climate Solutions SLP II, L.P.

6. Charitable activities

		Year ended 31 December 2022			Year ended 31 December 2021		
	Note	Grant awards GBP	Support costs GBP	Total GBP	Grant awards GBP	Support costs GBP	Total GBP
Activity							
Grant activities	7	10,033,932	-	10,033,932	10,705,300	-	10,705,300
Staff costs	8	-	1,140,859	1,140,859	-	691,804	691,804
Professional fees		-	120,153	120,153	-	135,808	135,808
Research costs		-	111,769	111,769	-	3,308	3,308
		10,033,932	1,372,781	11,406,713	10,705,300	830,920	11,536,220

Governance costs are considered within professional fees and include fees payable to the auditors in respect of the statutory audit of £13,200 (£11,000 excluding VAT) (2021: £12,000/£10,000). Research costs include costs incurred for the benefit of our grant and research partners, this can include, for instance, impact management training for grant partners or communications support to highlight their work.

7. Grant activities

Climate

	GBP
Institution	
Club of Rome	1,021,680
Global Commons Alliance (a fiscally sponsored project of Rockefeller Philanthropy Advisors)	1,809,800
Climate Arc	800,000
International Institute for Environment and Development (IIED)	750,000
InfluenceMap	365,106
The Chancery Lane Project (a fiscally sponsored project of the Centre for Innovation in Voluntary Action)	62,000
Total climate grants 2022	4,808,586
Total climate grants 2021	4,398,354

None of the above organisations received similar grants in 2021 from the Foundation.

Notes to the financial statements (continued)

7. Grant activities (continued)

Fairness

	GBP
Institution	
The World Benchmarking Alliance	1,034,760
The International Labor Organization (Impact Insurance Facility)	820,800
Equimundo (formerly Promundo)	571,200
GenderSmart	53,130
Total fairness grants 2022	2,479,890
Total fairness grants 2021	4,660,457

None of the above organisations received similar grants in 2021 from the Foundation.

Employee programmes

	GBP
Matched Giving Awards	2,312,120
Engagement Grants	471,707
Total employee programmes 2022	2,783,827
Total employee programmes 2021	1,646,489

At the end of 2022 the Foundation had approved 641 matched giving award applications (2021: 596) with an average value of £3,519 per application (2021: £2,238).

Total grants £10,072,303 (2021: £10,705,300). In 2022 the Foundation received underspend funds of £38,371 from the United Nations Environmental Programme. The original grant was awarded in 2016 with £266,667 of funding.

All grants have been made to institutions as the Foundation does not provide grants to individuals. The tables in this note represent 100% of total grants awarded by the Generation Foundation in 2022.

As the trustees believe that the future payments will be made without substantial performance conditions, amounts payable in future years totalling £10,391,305 (2021: £10,669,049) have been recognised in these financial statements and in earlier years' financial statements. Of this, £7,373,825 is expected to settle within 12 months of the year-end (2021: £8,320,129). The following table shows the overall movement in the grant payment obligations.

	Year ended 31 December 2022 GBP	Year ended 31 December 2021 GBP
Accrued grant payments brought forward	10,669,049	7,548,043
Additional grant awards	10,072,303	10,705,300
Grants returned in the year	(38,371)	-
Total grants activities 2022	10,033,932	10,705,300
Total net commitments in the year	20,702,981	18,253,343
Grants paid in the year	(10,858,655)	(7,602,940)
Foreign exchange movements	546,979	18,646
Grant commitments carried forward	10,391,305	10,669,049

Notes to the financial statements (continued)

8. Employee information

Staff costs

	Year ended 31 December 2022 GBP	Year ended 31 December 2021 GBP
Wages and salaries	939,670	508,411
Deferred compensation	(7,604)	85,221
Social security costs	157,440	75,206
Other pension costs	35,443	19,833
Benefits	15,910	3,133
	1,140,859	691,804

Wages and salaries include salary and taxable benefits in kind and other payments to employees. Other pension costs include employer's contribution to defined contribution pension schemes. The deferred compensation costs are incurred in relation to deferred cash bonuses awarded to employees. The ultimate cash value to be paid to employees is dependent upon the performance of certain Generation managed investment fund units. Awards vest after three years from grant date with proceeds paid to respective employees after five years. The level of incentives awarded are linked to an employee's level of seniority at grant date.

The average number of employees who during the year was 5 (2021: 3).

There were 5 employees during the year with emoluments exceeding £60,000 (2021: 3).

	Year ended 31 December 2022 GBP	Year ended 31 December 2021 GBP
Compensation band (excluding pension)		
90,000 - 100,000	-	1
130,000 - 140,000	1	-
170,000 - 180,000	1	-
180,000 - 190,000	1	1
200,000 - 210,000	1	-
220,000 - 230,000	1	-
320,000 - 330,000	-	1
At 31 December	5	3

The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel were £1,140,859 (2021: £691,804).

9. Payments to trustees

The trustees have not received remuneration or expenses during the year (2021: nil).

Notes to the financial statements (continued)

10. Investments

	31 December 2022 GBP	31 December 2021 GBP
At 1 January	2,663	250
Additions	5,000	2,413
At 31 December	7,663	2,663

Further details on these investments are given in Note 1(m).

11. Debtors

	31 December 2022 GBP	31 December 2021 GBP
Other debtors	431,500	-
Amounts due from members of Generation	4,040,430	3,432,163
Gift Aid recoverable	1,010,107	2,858,041
At 31 December	5,482,037	6,290,204

12. Current asset investments

	31 December 2022 GBP	31 December 2021 GBP
At 1 January	24,778,536	15,133,189
(Decrease)/Increase in money market funds	(2,212,149)	9,588,704
Foreign exchange movement	328,422	56,643
At 31 December	22,894,809	24,778,536

Current asset investments comprise money market investments, which are redeemable on demand.

13. Creditors: amounts falling due within one year

	31 December 2022 GBP	31 December 2021 GBP
Trade creditors	-	4,509
Grant commitments due within one year	7,373,825	8,320,129
Taxation and social security	329,660	167,388
Accruals	76,384	11,568
Other creditors	12,386	6,604
At 31 December	7,792,255	8,510,198

14. Creditors: amounts falling due after one year

	31 December 2022 GBP	31 December 2021 GBP
Grant commitments due after one year	3,017,480	2,348,920
At 31 December	3,017,480	2,348,920

No discounting has been applied to these future obligations as the impact is judged to be immaterial.

Notes to the financial statements (continued)

15. Provisions for liabilities

	31 December 2022 GBP	31 December 2021 GBP
At 1 January	417,682	320,701
Movement for the year	(62,522)	96,981
At 31 December	355,160	417,682

The Foundation provides deferred cash incentives ("awards") for employees. Awards take the form of a deferred entitlement to cash based on the performance of Generation-managed investment funds. For further details see Note 8.

16. Analysis of net assets between funds

	As at 31 December 2022			As at 31 December 2021		
	General unrestricted GBP	Designated GBP	Total funds GBP	General unrestricted GBP	Designated GBP	Total funds GBP
Investments	7,663	-	7,663	2,663	-	2,663
Net current assets	12,606,189	8,600,000	21,206,189	11,845,356	14,000,000	25,845,356
Long-term liabilities	(3,017,480)	-	(3,017,480)	(2,363,723)	-	(2,363,723)
Provision for liabilities	(355,160)	-	(355,160)	(417,682)	-	(417,682)
	9,241,212	8,600,000	17,841,212	9,066,614	14,000,000	23,066,614

17. Movement in funds

	At 1 January 2022 GBP	Income & gains GBP	Expenditure & losses GBP	Transfers GBP	At 31 December 2022 GBP
Designated funds	14,000,000	-	(14,000,000)	8,600,000	8,600,000
General funds	9,066,614	6,181,311	2,593,287	(8,600,000)	9,241,212
Total unrestricted funds	23,066,614	6,181,311	(11,406,713)	-	17,841,212
At 31 December 2022	23,066,614	6,181,311	(11,406,713)	-	17,841,212

	At 1 January 2021 GBP	Income & gains GBP	Expenditure & losses GBP	Transfers GBP	At 31 December 2021 GBP
Designated funds	10,300,000	-	(10,300,000)	14,000,000	14,000,000
General funds	7,763,954	16,538,880	(1,236,220)	(14,000,000)	9,066,614
Total unrestricted funds	18,063,954	16,538,880	(11,536,220)	-	23,066,614
At 31 December 2021	18,063,954	16,538,880	(11,536,220)	-	23,066,614

At the end of 2022, the Foundation set aside £8,600,000 (2021: £14,000,000) of designated funds in line with trustee expectations of grant-making in the coming year allocated as follows;

	Climate GBP	Fairness GBP	Employee engagement GBP	Support costs GBP	Total GBP
At 31 December 2022	4,000,000	2,000,000	1,500,000	1,100,000	8,600,000
At 31 December 2021	5,000,000	6,000,000	2,000,000	1,000,000	14,000,000

Notes to the financial statements (continued)

18. Related party transactions

Generation Investment Management LLP is a related party as it is the sole member of the Foundation, and the Foundation's trustees are also members and employees of the LLP. As the Foundation has a charitable status, the Foundation is excluded from the LLP's group consolidation due to the severe long-term restrictions which substantially hinder the exercise of the rights of the LLP over the Foundation.

As at 31 December 2022 a balance of £4,040,430 (2021: £3,432,163) was due from members of Generation.

During the year, Generation settled expenses of £71,600 (2021: £9,090) on behalf of the Foundation of which £782 (2021: £nil) was due by the Foundation at the end of the year.

19. Ultimate controlling party

Generation Investment Management LLP is the ultimate parent, the controlling Persons of the Foundation are the trustees as listed in the trustees' annual report.

20. Subsequent Events

The £4,040,430 balance due from the members of Generation as at 31 December 2022 was settled on the 17th of May 2023. There were no other events subsequent to the balance sheet date that required adjustment to or disclosure in the financial statements.

THE GENERATION FOUNDATION

England & Wales - Charity number 1113061

Accounts

THE GENERATION FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2021

COMPANY REGISTRATION NUMBER: 05536312
CHARITY REGISTRATION NUMBER: 1113061

CONTENTS

Foundation details..... 2

Trustees’ annual report..... 3

Independent auditor’s report to the trustees of the Generation Foundation..... 9

Statement of financial activities..... 13

Balance sheet..... 14

Cash flow statement..... 15

Notes to the financial statements..... 16

FOUNDATION DETAILS

FOUNDATION DETAILS	
Bankers Royal Bank of Scotland 62/63 Threadneedle Street London EC2R 8LN	Independent Auditor Sayer Vincent LLP Chartered Accountants and Statutory Auditors Invicta House, 108-114 Golden Lane London EC1Y 0TL
Registered Office 20 Air Street London W1B 5AN	Lawyers Bates Wells & Braithwaite London LLP 10 Queen Street Place London EC4R 1BE

BOARD OF TRUSTEES	
G A L Bennett D W Blood P Coates E Gilmore P I Harris R Rajeswaran A C Woolf Z Yin (Resigned 11 February 2021)	

TRUSTEES' ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The trustees present their report and audited financial statements of the Generation Foundation (the “Company” or “Foundation”) for the year ended 31 December 2021. This trustees’ report is also the directors’ report.

The financial statements have been prepared in accordance with the accounting policies set out in Note 1 to the financial statements and comply with the Charities Act 2011, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), “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)” (the “Charities SORP”) and UK Generally Accepted Accounting Practice.

OBJECTIVES

The objectives of the Foundation as set out in the governing documents are:

1. To advance the education of the public and organisations (profit and non-profit) in subjects related to sustainable development and the protection, enhancement and rehabilitation of the environment and to promote study and research in such subjects provided that the useful results of such studies are disseminated to the public at large.
2. To promote sustainable development for the benefit of the public by: the preservation, conservation and the protection of the environment and the prudent use of natural resources; the relief of poverty and the improvement of the conditions of life in socially and economically disadvantaged communities; and the promotion of sustainable means of achieving economic growth and regeneration.
3. To advance the education of the public in business ethics and related subjects, with particular reference to the study and application of ethical standards; and the management and conduct of industry and business generally in the UK and elsewhere and to the development of corporate social responsibility and community involvement in the practices of industry and commerce both nationally and internationally.
4. To advance any other purposes that are charitable under the laws of England and Wales.

And for the purposes of these objectives, “sustainable development” means development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

ACTIVITIES

The Foundation’s mission is to help create a low-carbon prosperous, healthy, safe and fair society.

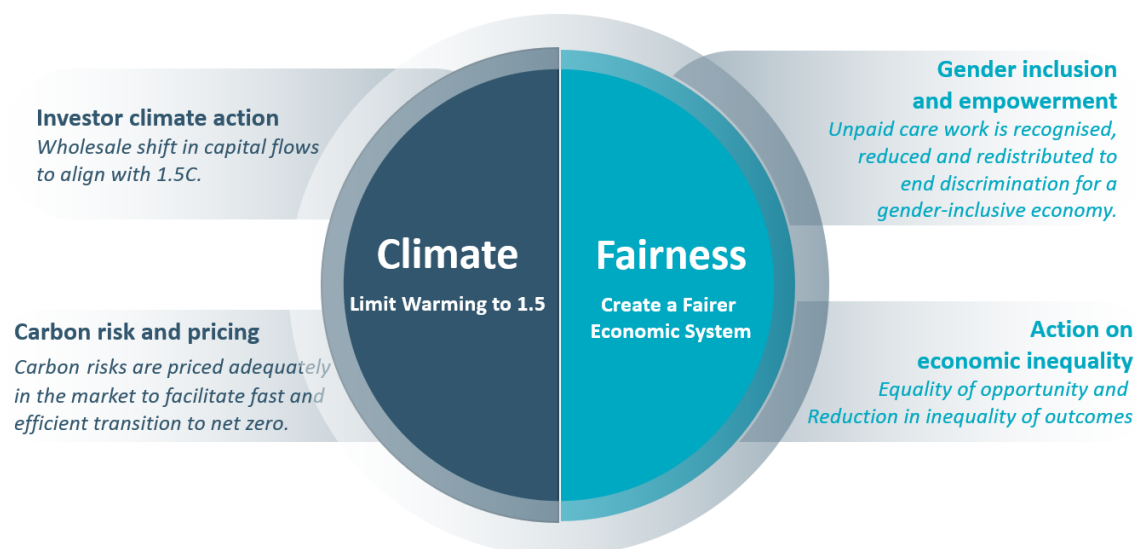
We execute our mission by identifying how our resources and expertise can be most effective in driving transformational change, which includes using research, major partnerships, grant-making and the matched giving programme for Generation employees to support a rapid transition to an equitable, net-zero economy.

TRUSTEES' ANNUAL REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

OVERVIEW OF ACTIVITIES

Our strategy was developed with two organising principles: impact and urgency. In order to meet the challenges of our climate crisis and deepening inequality, we aim to achieve transformational change. We make interventions to support our grant partners in achieving two overarching goals, targeted at four strategic priorities:



OUR ACTIVITIES IN FOCUS: STRATEGIC GRANTS IN 2021

The Foundation operates a proactive grant-making strategy. We fund research and programmes aimed at overcoming barriers to a sustainable economy through partnerships with organisations and institutions across sectors and geographies. This section will give a brief overview of some of the Foundation's new grant partnerships created in 2021, highlighting some examples of our strategy in action (for more detail, see Note 7).

In 2021 we saw the fruits of some of the first grants made under the Foundation's new strategy, now in its second year of execution.

Climate: *Investing for sustainability impact*

In 2021, the Legal Framework for Impact report was published, which aims to overcome barriers preventing mainstream finance from playing its part in the achievement of societal goals like the Sustainable Development Goals ("SDGs") and limiting warming to 1.5°C.

The report prepared by law firm Freshfields Bruckhaus Deringer, and commissioned by Principles for Responsible Investment ("PRI"), the United Nations Environment Programme Finance Initiative ("UNEP FI") and the Generation Foundation, presented some surprising findings:

- > most investors are not only permitted but are actually required to invest for impact;
- > investors must take action to achieve a sustainability impact through asset allocation, stewardship or policy engagement when that impact is likely to affect financial performance.

In practice, this could be the beginning of a significant shift for mainstream investors. The next phase of this project will be: a) to support investors to understand their obligations and put them into action and b) to work with policymakers, regulators and governments to make this duty even clearer in law and ensure that market characteristics like benchmarks or asset allocation standards do not impede progress.

Please refer to Note 7 for a full list of recipients of Climate grants during 2021.

TRUSTEES' ANNUAL REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

OUR ACTIVITIES IN FOCUS: STRATEGIC GRANTS IN 2021 (CONTINUED)

Fairness: *Gender inclusion and empowerment & action on economic inequality*

2021 was an important year in our partnership with the Social Mobility Foundation ("SMF"). It saw the launch of the Department for Opportunities, funded by the Generation Foundation, which uses advocacy and campaigning to address systemic social inequalities in the UK.

Additionally, the Foundation established a new programme with SMF called Careers for Good, a programme supporting students from low-income backgrounds to access careers in mission-driven organisations.

Please refer to Note 7 for a full list of recipients of Fairness grants during 2021.

EMPLOYEE ENGAGEMENT PROGRAMMES

In addition to our strategic grant-making, the Foundation executes its mission by building a culture of philanthropy among the employees of Generation and enabling them to apply their passion for sustainability in support of community and civil society organisations.

Engagement grants

Twenty-four Generation employees and members took part in this programme in 2021. Participants formed teams tasked with deploying grants up to £50,000 to charities under a specific brief aligned to the Foundation's mission. The teams worked together over eight weeks to develop their final proposals, which were reviewed and approved by the trustees. Recipients of Engagement Grants during 2021 included Equality Now, the Felix Project, Key 4 Life, Evidence Action's Deworm the World Initiative, MISSEY, the WONDER Foundation and the Homeless Children's Network.

Matched giving

The Foundation also matches charitable gifts and volunteer hours donated by Generation employees to eligible charities. This year, the Foundation matched donations at a 1:2 ratio: for every £1 an employee or member donated to an eligible charity, the Foundation contributed a further £2. Additionally, the Foundation matched the hours that Generation employees volunteered with eligible charities at a rate of £200 per hour. Despite the pandemic, participation remained high and 97% of eligible employees and members of Generation took part in 2021.

PLANS FOR 2022

The Foundation operates a proactive grant-making process which is not dissimilar to an investment process. The Foundation team conducts deep research to identify the interventions that could catalyse transformative change in each of its four strategic priority areas. Only once the team has identified the interventions and outcomes does it seek out organisations to deliver the work, and then works closely with them to design a project or programme.

In 2022 the Foundation team intends to expand its structured provision of support to partners on issues such as diversity, impact management and strategic communications.

TRUSTEES' ANNUAL REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

GOVERNANCE

The Generation Foundation (the "Company" or "Foundation") is a company limited by guarantee (no. 05536312), incorporated on 15 August 2005 and registered with the Charity Commission (no. 1113061) on 22 February 2006. The Company was established under a Memorandum of Association, which established the objects and powers of the Company and is governed under the Articles of Association.

The Foundation is administered and managed on a regular basis by the Board of Trustees. The Board is responsible for appointing new trustees who possess the required expertise.

Details of the Foundation's advisors and other administrative details can be found on page 2.

TRUSTEES

The members of the Board of Trustees (the "Board") who were in office during the year and up to the date of signing the financial statements are set out on page 2. For the purposes of company law, the individuals listed are both trustees and directors of the Company and are appointed in accordance with the Company's Articles of Association.

TRUSTEE INDUCTION AND TRAINING

When recruiting new trustees, the Foundation seeks individuals with relevant experience of sustainable development and the wider objectives of the Foundation. A new trustee is provided with sufficient information explaining the legal obligations of trustees, the Foundation's governing document, the most recent annual report and financial statements and any relevant Charity Commission guidance notes.

RESPONSIBILITIES OF TRUSTEES

The trustees are responsible for preparing the trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company 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 judgments and estimates that are reasonable and prudent;
- > state whether applicable UK 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 presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

TRUSTEES' ANNUAL REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

RESPONSIBILITIES OF TRUSTEES (CONTINUED)

Each trustee in office at the date the trustees' report is approved confirms that:

- a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware; and
- b) the directors have taken all the steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

FINANCIAL REVIEW

The Foundation's total income for 2021 was £16.5m (2020: £7.5m). Total income for the year 2021 includes donations of £14.3m and investment income of £2.2m. Total expenditure in 2021 was broadly in line with the prior year at £11.5m (2020: £11.7m).

PRINCIPAL RISKS AND UNCERTAINTIES

The trustees have assessed the major risks to which the Foundation is exposed, including those relating to financial, operational, compliance, reputational and governance issues. These risks are captured in a Risk Register reviewed annually by trustees, and the trustees are satisfied that systems are in place to mitigate exposure to those risks.

The most critical risk to the Foundation is the loss of funding from the members of Generation Investment Management LLP ("Generation"), which supports the Foundation's objectives. If Generation's members are unable or unwilling to provide funding, this would restrict the Foundation's ability to grow further or mean that grants and research activities may need to be scaled back. However, the trustees consider this risk unlikely.

DONATIONS POLICY

The donations are made on a voluntary basis and at the discretion of the Members of Generation Investment Management LLP. The Foundation does not consider it appropriate at the current time to seek donations from the general public, nor has it engaged any professional fund-raiser or commercial participator. Consequently, the Foundation has not joined any voluntary fundraising regulation scheme. The Foundation has not recorded any complaint regarding fundraising since inception.

PRINCIPAL FUNDING SOURCE

The Foundation's principal funding source is donations received annually from the Members of Generation Investment Management LLP.

During the year to 31 December 2021 the Foundation recognised income from donations and associated Gift Aid of £14,290,204 (2020: £7,490,034).

RESERVES POLICY

The trustees recognise the urgency of achieving the Foundation's charitable objectives. All multi-year commitments without significant performance conditions attached are accounted for in full on an accruals basis. This ensures that the Foundation can meet its commitments to grant partners as they fall due.

The Foundation holds unrestricted funds of £23.1m (2020: £18.1m) at the end of the accounting period. All of the funds held are unrestricted and available for the general purposes of the charity. Within the unrestricted funds at the end of 2021, an amount of £14m (2020: £10.3m) was set aside as designated funds (for more detail, see Note 17). These funds are held in line with trustee expectations of grant-making during the course of 2022 and there is an expectation that these designated funds will be fully committed by the end of 2022.

TRUSTEES' ANNUAL REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

RESERVES POLICY (CONTINUED)

Over time the trustees intend to maintain the ongoing reserves of the Foundation at a level that would enable it to continue a scaled-down grant-making programme for one calendar year should the Foundation face a year of significantly reduced income. The remaining funds of £9.1m (2020: £7.7m) exceed the anticipated minimum annual expenditure of £3m.

PEOPLE AND REMUNERATION POLICY

The average monthly number of employees who served during the year equates to three (2020: two).

Generation Foundation established a committee of trustees ("Remuneration Committee") with delegated power and functions to consider and set remuneration for the Foundation's employees on behalf of the full Board of Trustees, in accordance with Articles of the Foundation. Salaries are reviewed annually in line with performance, subject to a calibration process with regard to the skills and attributes required for particular roles. The trustees also have reference to the compensation paid within large grant-making foundations and those associated with asset managers and financial institutions.

OTHER MATTERS

The trustees consider that the funding sources and expenditure in the year have supported the key objectives of the Foundation. In setting the Foundation's objectives and planning its activities, the Foundation's trustees have considered section four of the Charities Act 2011. In doing so they are satisfied that they have complied with their duty to 'have regard' to the public benefit guidance published by the Charity Commission.

RELATED PARTIES

Generation Investment Management LLP is a related party as all the Foundation's trustees are also members of the LLP (see Note 18 for further details of the Foundation's connection with this related party).

GOING CONCERN

The trustees believe that the Foundation is well placed to manage its business risks successfully. The trustees have a reasonable expectation that the Foundation has adequate resources to continue in operational existence and meet its liabilities as they fall due for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Foundation financial statements.

Approved by the Board of Trustees on 23 June 2022 and signed on their behalf.

D W Blood
Trustee
5 July 2022

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE GENERATION FOUNDATION

OPINION

We have audited the financial statements of The Generation Foundation (the 'charitable company') for the year ended 31 December 2021, which comprise the statement of financial activities, balance sheet, statement of cash flows 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 FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (UK Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- > give a true and fair view of the state of the charitable company's affairs as at 31 December 2021 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- > have been properly prepared in accordance with UK Generally Accepted Accounting Practice;
- > have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS OF 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 company 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 Foundation'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.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE GENERATION FOUNDATION (CONTINUED)

OTHER INFORMATION

The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditors' report thereon. The trustees are responsible for the other information contained within the annual report. 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 course of 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 the audit:

- > the information given in the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- > the trustees' annual report has been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual 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 accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; 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; or
- > the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the trustees' annual report and from the requirement to prepare a strategic report.

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, 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.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE GENERATION FOUNDATION (CONTINUED)

RESPONSIBILITIES OF TRUSTEES (CONTINUED)

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.

AUDITORS' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Capability of the audit in detecting irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- > we enquired of management and the board of trustees, which included obtaining and reviewing supporting documentation, concerning the Foundation's policies and procedures relating to:
 - Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
 - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- > we inspected the minutes of meetings of those charged with governance;
- > we obtained an understanding of the legal and regulatory framework that the Foundation operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the Foundation from our professional and sector experience;
- > we communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit;
- > we reviewed any reports made to regulators;
- > we reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations;
- > we performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE GENERATION FOUNDATION (CONTINUED)

Capability of the audit in detecting irregularities (continued)

- > in addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

USE OF OUR REPORT

This report is made solely to the charitable company's member 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 member those matters we are required to state to the member in an auditors' 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 member as a body, for our audit work, for this report, or for the opinions we have formed.

Judith Miller (Senior Statutory Auditor)

12 July 2022

for and on behalf of Sayer Vincent LLP, Statutory Auditor

Invicta House, 108-114 Golden Lane, London, EC1Y 0TL

STATEMENT OF FINANCIAL ACTIVITIES

(INCLUDING INCOME AND EXPENDITURE ACCOUNT)

	NOTE	UNRESTRICTED TOTAL FUNDS FOR THE YEAR ENDED 31 DECEMBER 2021 £	UNRESTRICTED TOTAL FUNDS FOR THE YEAR ENDED 31 DECEMBER 2020 £
INCOME FROM:			
Donations	4	14,290,204	7,490,034
Investments	5	2,181,287	34,288
TOTAL		16,471,491	7,524,322
EXPENDITURE ON:			
Charitable activities	6	(11,536,220)	(11,703,992)
TOTAL		(11,536,220)	(11,703,992)
NET INCOME/(EXPENDITURE) BEFORE GAINS ON FOREIGN EXCHANGE ON INVESTMENTS		4,935,271	(4,179,670)
Gain on foreign exchange		67,389	190,927
NET MOVEMENT IN FUNDS		5,002,660	(3,988,743)
RECONCILIATION OF FUNDS:			
Total funds brought forward		18,063,954	22,052,697
TOTAL FUNDS CARRIED FORWARD		23,066,614	18,063,954

All recognised gains and losses have been included in the Statement of Financial Activities and the amounts included are derived from the continuing activities of the Foundation.

BALANCE SHEET

AS AT 31 DECEMBER 2021

	NOTE	31 DECEMBER 2021 £	31 DECEMBER 2020 £
FIXED ASSETS			
Investments	10	2,663	250
TOTAL FIXED ASSETS		2,663	250
CURRENT ASSETS			
Debtors	11	6,290,204	8,840,424
Investments	12	24,778,536	15,133,189
Cash at bank and in hand		3,272,011	2,129,182
TOTAL CURRENT ASSETS		34,340,751	26,102,795
LIABILITIES			
Creditors: amounts falling due within one year	13	(8,510,198)	(5,510,968)
NET CURRENT ASSETS		25,830,553	20,591,827
TOTAL ASSETS LESS CURRENT LIABILITIES		25,833,216	20,592,077
Creditors: amounts falling due after one year	14	(2,348,920)	(2,207,422)
Provision for liabilities	15	(417,682)	(320,701)
TOTAL NET ASSETS		23,066,614	18,063,954
THE FUNDS OF THE CHARITY:			
Designated funds		14,000,000	10,300,000
General funds		9,066,614	7,763,954
Total unrestricted funds	16,17	23,066,614	18,063,954
TOTAL FOUNDATION FUNDS		23,066,614	18,063,954

Approved by the Board of Trustees on 23 June 2022 and signed on their behalf:

D W Blood
Trustee
5 July 2022

The Generation Foundation (Company No: 05536312)

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

	NOTE	FOR THE YEAR ENDED 31 DECEMBER 2021 £	FOR THE YEAR ENDED 31 DECEMBER 2020 £
Net income/(expenditure) for the reporting year (as per the Statement of Financial Activities)		5,002,660	(3,988,743)
Adjustments for:			
Dividends, interest and income from cash at bank, deposits and investments		(2,181,287)	(34,288)
Decrease in debtors	11	2,550,220	611,524
Increase in creditors	13,14	3,140,728	3,647,421
Increase in provisions	15	96,981	125,333
NET CASH PROVIDED BY OPERATING ACTIVITIES		8,609,302	361,247
Dividends, interest and income from cash at bank, deposits and investments		2,181,287	34,288
Purchase of investments		(2,413)	-
NET CASH PROVIDED BY INVESTING ACTIVITIES		2,178,874	34,288
Change in cash and cash equivalents in the year:		10,788,176	395,535
Cash and cash equivalent at 1 January		17,262,371	16,866,836
CASH AND CASH EQUIVALENT AT 31 DECEMBER		28,050,547	17,262,371

Reconciliation of cash at bank and in hand to cash and cash equivalents:

	NOTE	FOR THE YEAR ENDED 31 DECEMBER 2021 £	FOR THE YEAR ENDED 31 DECEMBER 2020 £
Cash at bank and in hand		3,272,011	2,129,182
Short-term deposits (included in current asset investments)	12	24,778,536	15,133,189
NET CASH		28,050,547	17,262,371

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

- a) The Generation Foundation is a charitable company limited by guarantee and is incorporated in the United Kingdom. The Charity meets the definition of public benefit entity under FRS 102.

The registered address and principal place of business is 20 Air Street, London, W1B 5AN.

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) – (Charities SORP FRS 102), The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The financial statements have been prepared on a going concern basis.

The other principal accounting policies, which have been applied consistently throughout the year, are set out below.

- b) Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, and it is probable that the income will be received and that the amount can be measured reliably. Income is accounted for on an accruals basis such that the planned donation by the members of Generation Investment Management LLP in respect of the 2021 profits of Generation are recognised as at 31 December 2021.

Donated professional services and donated facilities are recognised as income when the charity has control over the item or received the service, any conditions associated with the donation have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), the value of volunteer time is not recognised.

- c) Investment income is recognised in the Statement of Financial Activities and measured at the fair value of the consideration received and represents the Foundation's allocated portion of receipts from its investments in Generation IM Climate Solutions SLP II, L.P. in its capacity as a Limited Partner during the year.

- d) Interest income is recognised in the Statement of Financial Activities and comprises of interest on cash and cash equivalents and is accounted for using the effective interest method.

- e) Resources expended are allocated to the particular activity where the cost relates directly to that activity. As the only activity of the Foundation is grant-making, all costs have been allocated accordingly as per Note 5.

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

- f) As a registered charity, the Foundation is exempt from UK taxation on income and gains to the extent that these are applied in furtherance of its charitable objectives.

- g) Grant activities are payments made to third parties in the furtherance of the Foundation's charitable objectives. Single or multi-year grants are accounted for in full on an accruals basis when the recipient has a reasonable expectation that they will receive a grant as there are no significant performance conditions attached.

- h) Going Concern; the trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern. The trustees do not consider that there are any sources of estimation or 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Accounting policies (continued)

- i) Matched giving awards are made to third parties in relation to eligible donations to charities by staff and members of Generation. The awards are recognised when approved by the Foundation following a review of the donations made by staff and members of Generation attributable to the period.
- j) The Foundation is not registered for VAT. All expenditure is therefore stated inclusive of VAT where applicable.

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. Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.
- k) Provisions are recognised when the Foundation has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. The provisions recognised in Note 15 relate to the Employee Incentive Plan. Further details of the employee Incentive Plan are given in Note 8.
- l) Transactions denominated in foreign currency are translated into sterling at the exchange rates ruling at the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate ruling at the balance sheet date. All foreign exchange gains and losses, realised and unrealised, are recognised in the Statement of Financial Activities.
- m) 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.
- n) Non-current investments are financial assets held for continuing use in the business and include two investments in Guernsey-based limited partnerships: Marvel (Deferred) Limited Partnership and Generation Solutions Fund III SLP, L.P., and an investment in a Scottish limited partnership: Generation IM Climate Solutions SLP II, L.P.

Any change in fair value will be recognised in the statement of financial activities. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading "Net gains/(losses) on investments" in the statement of financial activities. The charity does not acquire put options, derivatives or other complex financial instruments.

Where it is not practicable to recognise investments at fair value, these are recognised at historic cost less impairment. These investments are subject to regular review, and any diminution is charged to the SOFA. Valuations under the cost model are not enhanced to more than original cost.
- o) Debtors include amounts receivable on donations to which the Foundation is entitled, including any recoverable gift aid. Debtors are measured at their recoverable amounts.

Creditors and provisions 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 and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.
- p) Current investments include money market funds which are short-term highly liquid investments redeemable on demand.
- q) Cash at bank and in hand includes cash in bank accounts.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Accounting policies (continued)

- r) The Foundation does not operate its own pension scheme. The Foundation contributes on behalf of the employees to their chosen pension scheme plan. The charge in the income statement represents the actual amount of the contribution payable to the pension schemes in respect of the accounting year.
- s) Donated services: Generation Investment Management LLP provides various support services to the Foundation. Generation does not charge the Foundation for the cost of the employees that have wider roles within Generation, or for the use of Generation's facilities. The trustees have reviewed the value of services provided, but as these are deemed to be immaterial, these have not been reflected as a donated service.

2. Estimates and assumptions

FRS 102 requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. Information about these judgements and estimates is included in the accounting policies and other notes.

The significant judgements are:

- the consideration that the trustees are the controlling Persons of the Foundation (Note 19);
- the allocation of support costs to the Grants awarded by the Foundation (Note 6).

The significant estimates are:

- recognition of grant obligations payable in later periods (Notes 1 (f) and 7, 13, 14);
- future obligations and provisions are not subject to discounting (Notes 13, 14, 15).

3. Guarantees

The Foundation is a company in which the liability of the company member is limited to an amount not exceeding £10.

4. Donations

Donations comprise of donations from members of Generation Investment Management LLP equivalent to an annual allocation of distributable profit arising from Generation of £11,432,163 (2020: £5,452,027) and the associated gift aid recoverable from HMRC of £ 2,858,041 (2020: £1,363,007), donations during 2020 included an extra £650,000 associated with the COVID-19 response.

5. Income from investments

	31 DECEMBER 2021 £	31 DECEMBER 2020 £
Interest and dividend income	8,067	34,288
Investment income	2,173,220	-
AT 31 DECEMBER	2,181,287	34,288

Investment income relates to distributions received in the year from Generation Foundation's investment in Generation IM Climate Solutions SLP II, L.P.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. Charitable activities

ACTIVITY	NOTE	YEAR ENDED 31 DECEMBER 2021			YEAR ENDED 31 DECEMBER 2020		
		GRANT AWARDS £	SUPPORT COSTS £	TOTAL £	GRANT AWARDS £	SUPPORT COSTS £	TOTAL £
Grant activities	7	10,705,300	-	10,705,300	10,999,225	-	10,999,225
Staff costs	8	-	691,804	691,804	-	614,958	614,958
Professional fees		-	135,808	135,808	-	81,969	81,969
Research costs		-	3,308	3,308	-	7,840	7,840
		10,705,300	830,920	11,536,220	10,999,225	704,767	11,703,992

Governance costs are considered within professional fees and include fees payable to the auditors in respect of the statutory audit of £12,000 (£10,000 excluding VAT) (2020: £11,520).

7. Grant activities

Climate

INSTITUTION	TOTAL CLIMATE GRANT EXPENSES
Rockefeller Philanthropy Advisors	£800,000
Carbon Tracker	£982,150
Harvard Kennedy School	£951,930
Institute for Energy Economics and Financial Analysis (IEEFA)	£593,360
Climate Justice Alliance	£577,680
Niskanen Centre	£493,234
Total Climate grants 2021	£4,398,354
Total Climate grants 2020	£7,029,704

None of the above organisations received similar grants in 2020 from the Foundation.

Fairness

INSTITUTION	TOTAL FAIRNESS GRANT EXPENSES
Mama Cash	£1,528,380
Greyston Foundation	£871,609
Innovations for Poverty Action	£583,032
NAACP LDF	£577,680
Ada Lovelace Institute	£555,000
Community Reinvestment Fund (CRF)	£544,756
Total Fairness grants 2021	£4,660,457
Total Fairness grants 2020	£2,098,647

None of the above organisations received similar grants in 2020 from the Foundation.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Grant activities (continued)

Employee programmes

INSTITUTION	TOTAL EMPLOYEE PROGRAMMES
Matched Giving Awards	£1,333,617
Engagement Grants	£312,872
Total employee programmes 2021	£1,646,489
Total employee programmes 2020	£1,689,071

At the end of 2021 the Foundation had approved 596 matched giving award applications (2020: 458) with an average value of £2,238 per application (2020: £2,512).

Total grants £10,705,300 (2020: £10,817,422)

All grants have been made to institutions – the Foundation does not provide grants to individuals. All grants over £75,000 have been included on an institution line-by-line basis in the above tables. The tables in this note represent 100% of total grants awarded by the Generation Foundation in 2021.

As the trustees believe that the future payments will be made without substantive review, amounts payable in future years totalling £10,676,249 (2020: £7,548,043) have been recognised in these financial statements and in earlier years' financial statements. Of this, £8,312,526 is expected to settle within 12 months of the year-end (2020: £5,340,621). The following table shows the overall movement in the grant payment obligations.

	YEAR ENDED 31 DECEMBER 2021 £	YEAR ENDED 31 DECEMBER 2020 £
Accrued grant payments brought forward	7,548,043	3,892,878
Additional grant awards	10,705,300	10,817,422
Total net commitments in the year	18,253,343	14,710,300
Grants paid in the year	(7,602,940)	(7,344,060)
Foreign exchange movements	18,646	181,803
GRANT COMMITMENTS CARRIED FORWARD	10,669,049	7,548,043

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. Employee information

Staff costs

	YEAR ENDED 31 DECEMBER 2021 £	YEAR ENDED 31 DECEMBER 2020 £
Wages and salaries	508,411	404,416
Deferred compensation	85,221	112,186
Social security costs	75,206	67,015
Other pension costs	19,833	28,000
Benefits	3,133	3,341
	691,804	614,958

Wages and salaries include salary and taxable benefits in kind and other payments to employees. Other pension costs include employer's contribution to defined contribution pension schemes. The deferred compensation costs are incurred in relation to deferred cash bonuses awarded to employees. The ultimate cash value to be paid to employees is dependent upon the performance of certain Generation managed investment fund units. Awards vest after three years from grant date with proceeds paid to respective employees after five years. The level of incentives awarded are linked to an employee's level of seniority at grant date.

The average monthly number of employees who served during the year equates to three (2020: two).

There were three employees during the year with emoluments exceeding £60,000 (2020: two).

COMPENSATION BAND (EXCLUDING PENSION)	YEAR ENDED 31 DECEMBER 2021	YEAR ENDED 31 DECEMBER 2020
£90,000 - £100,000	1	-
£170,000 - £180,000	-	1
£180,000 - £190,000	1	-
£320,000 - £330,000	1	-
£330,000 - £340,000	-	1
AT 31 DECEMBER	3	2

The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel were £691,804 (2020: £614,958).

9. Payments to trustees

The trustees have not received remuneration or expenses during the year (2020: nil).

10. Investments

	31 DECEMBER 2021 £	31 DECEMBER 2020 £
At 1 January	250	250
Additions	2,413	-
AT 31 DECEMBER	2,663	250

Further details on these investments are given in Note 1(n).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. Debtors

	31 DECEMBER 2021 £	31 DECEMBER 2020 £
Amounts due from members of Generation	3,432,163	5,452,027
Gift Aid recoverable	2,858,041	3,388,397
AT 31 DECEMBER	6,290,204	8,840,424

12. Current asset investments

	31 DECEMBER 2021 £	31 DECEMBER 2020 £
At 1 January	15,133,189	14,064,925
Additions	9,588,704	922,638
Foreign exchange movement	56,643	145,626
AT 31 DECEMBER	24,778,536	15,133,189

Current asset investments comprise money market investments, which are redeemable on demand.

13. Creditors: amounts falling due within one year

	31 DECEMBER 2021 £	31 DECEMBER 2020 £
Trade creditors	4,509	10,186
Grant commitments due within one year	8,320,129	5,340,621
Taxation and social security	167,388	128,383
Accruals	11,568	30,239
Other creditors	6,604	1,539
AT 31 DECEMBER	8,510,198	5,510,968

14. Creditors: amounts falling due after one year

	31 DECEMBER 2021 £	31 DECEMBER 2020 £
Grant commitments due after one year	2,348,920	2,207,422
AT 31 DECEMBER	2,348,920	2,207,422

No discounting has been applied to these future obligations as the impact is judged to be immaterial.

15. Provisions for liabilities

	31 DECEMBER 2021 £	31 DECEMBER 2020 £
At 1 January	320,701	195,368
Movement for the year	96,981	125,333
AT 31 DECEMBER	417,682	320,701

The Foundation provides deferred cash incentives ("awards") for employees. Awards take the form of a deferred entitlement to cash based on the performance of Generation-managed investment funds. For further details see Note 8.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. Analysis of net assets between funds

	GENERAL UNRESTRICTED £	DESIGNATED £	TOTAL FUNDS £
Investments	2,663	-	2,663
Net current assets	11,845,356	14,000,000	25,845,356
Long-term liabilities	(2,363,723)	-	(2,363,723)
Provision for liabilities	(417,682)	-	(417,682)
AT 31 DECEMBER 2021	9,066,614	14,000,000	23,066,614

	GENERAL UNRESTRICTED £	DESIGNATED £	TOTAL FUNDS £
Investments	250	-	250
Net current assets	10,291,827	10,300,000	20,591,827
Long-term liabilities	(2,207,422)	-	(2,207,422)
Provision for liabilities	(320,701)	-	(320,701)
AT 31 DECEMBER 2020	7,763,954	10,300,000	18,063,954

17. Movement in funds

	AT 1 JANUARY 2021 £	INCOME & GAINS £	EXPENDITURE & LOSSES £	TRANSFERS £	AT 31 DECEMBER 2021 £
Designated funds	10,300,000	-	(10,300,000)	14,000,000	14,000,000
General funds	7,763,954	16,538,880	(1,236,220)	(14,000,000)	9,066,614
Total unrestricted funds	18,063,954	16,538,880	(11,536,220)	-	23,066,614
AT 31 DECEMBER 2021	18,063,954	16,538,680	(11,536,220)	-	23,066,614

	AT 1 JANUARY 2020 £	INCOME & GAINS £	EXPENDITURE & LOSSES £	TRANSFERS £	AT 31 DECEMBER 2020 £
Designated funds	-	-	-	10,300,000	10,300,000
General funds	22,052,697	7,715,249	(11,703,992)	(10,300,000)	7,763,954
Total unrestricted funds	22,052,697	7,715,249	(11,703,992)	-	18,063,954
AT 31 DECEMBER 2020	22,052,697	7,715,249	(11,703,992)	-	18,063,954

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. Movement in funds (continued)

At the end of 2021, the Foundation set aside £14,000,000 of designated funds in line with trustee expectations of grant-making in the coming year allocated as follows;

	CLIMATE £	FAIRNESS £	EMPLOYEE ENGAGEMENT £	TOTAL £
Strategic grants	6,000,000	6,000,000	-	12,000,000
Employee engagement programmes	-	-	2,000,000	2,000,000
AT 31 DECEMBER 2021	6,000,000	6,000,000	2,000,000	14,000,000

18. Related party transactions

Generation Investment Management LLP is a related party as all the Foundation's trustees are also members of the LLP. As the Foundation has a charitable status, the Foundation is excluded from the LLP's group consolidation due to the severe long-term restrictions which substantially hinder the exercise of the rights of the LLP over the Foundation.

As at 31 December 2021 a balance of £3,432,163 (2020: £5,452,027) was due from members of Generation Investment Management LLP.

During the year, Generation Investment Management LLP settled expenses of £9,090 (2020: £26,573) on behalf of the Foundation of which £nil (2020: £nil) was due at balance sheet date.

M. Ferguson and N. Kukrika, members of Generation Investment Management LLP, serve on the Boards of Conservation International. As shown in Note 7 there was no grant donation made in the current year to Conservation International (2020: £988,268).

19. Ultimate controlling party

The ultimate controlling Persons of the Foundation are the trustees as listed in the trustees' annual report.

20. Subsequent Events

There were no events subsequent to the balance sheet date that required adjustment to or disclosure in the financial statements.

THE GENERATION FOUNDATION

England & Wales - Charity number 1113061

Accounts

THE GENERATION FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2020

COMPANY REGISTRATION NUMBER: 05536312
CHARITY REGISTRATION NUMBER: 1113061

CONTENTS

Foundation Details 2

Trustees’ Annual Report.....3

Independent Auditor’s Report to the Trustees of the Generation Foundation 10

Statement of Financial Activities.....14

Balance Sheet 15

Cash Flow Statement.....16

Notes to the Financial Statements 17

FOUNDATION DETAILS

FOUNDATION DETAILS	
Bankers Royal Bank of Scotland 62/63 Threadneedle Street London EC2R 8LN	Independent auditor Sayer Vincent LLP Chartered Accountants and Statutory Auditors Invicta House, 108-114 Golden Lane London EC1Y 0TL
Registered Office 20 Air Street London W1B 5AN	Lawyers Bates Wells & Braithwaite London LLP 10 Queen Street Place London EC4R 1BE

BOARD OF TRUSTEES	
G A L Bennett	(Appointed 1 August 2020)
D W Blood	
P Coates	(Appointed 1 July 2020)
E Gilmore	
P I Harris	
R Rajeswaran	
L M Preston	(Resigned 1 July 2020)
A C Woolf	(Appointed 1 August 2020)
Z Yin	(Resigned 11 February 2021)

TRUSTEES' ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The Trustees present their report and audited financial statements of The Generation Foundation (the "Company" or "Foundation") for the year ended 31 December 2020. This Trustees' Report is also the Directors' Report.

The financial statements have been prepared in accordance with the accounting policies set out in Note 1 to the financial statements and comply with the Charities Act 2011, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), "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 (the "Charities SORP") and UK Generally Accepted Accounting Practice.

OBJECTIVES

The objectives of the Foundation as set out in the governing documents are:

1. To advance the education of the public and organisations (profit and non-profit) in subjects related to sustainable development and the protection, enhancement and rehabilitation of the environment and to promote study and research in such subjects provided that the useful results of such studies are disseminated to the public at large.
2. To promote sustainable development for the benefit of the public by: the preservation, conservation and the protection of the environment and the prudent use of natural resources; the relief of poverty and the improvement of the conditions of life in socially and economically disadvantaged communities; and the promotion of sustainable means of achieving economic growth and regeneration.
3. To advance the education of the public in business ethics and related subjects with particular reference to the study and application of ethical standards; and the management and conduct of industry and business generally in the UK and elsewhere and to the development of corporate social responsibility and community involvement in the practices of industry and commerce both nationally and internationally.
4. To advance any other purposes that are charitable under the laws of England and Wales.

And for the purposes of these objectives "sustainable development" means development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

ACTIVITIES

The Foundation's mission is to drive the urgent transition to an equitable society in which global temperature rises do not exceed 1.5°C.

We execute our mission by identifying how our resources and expertise can be most effective in driving transformational change, which includes using research, major partnerships, grant-making and the matched giving programme for Generation employees to support a rapid transition to an equitable, net-zero economy. In addition in 2020 we supported our existing partners to weather the uncertainty wrought by the coronavirus pandemic.

OVERVIEW OF ACTIVITIES

2020 was the first full year of executing on a new strategy for The Generation Foundation. This has been a challenging and unusual year for everyone, but the experience of 2020 served to strengthen our resolve that urgent action on climate and inequality is critical.

TRUSTEES' ANNUAL REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

OVERVIEW OF ACTIVITIES (CONTINUED)

Our new strategy was developed with two organising principles: impact and urgency. In order to meet the challenges of our climate crisis and deepening inequality, we aim to achieve transformational change. We make interventions to support our grant partners in achieving two overarching goals, targeted at four strategic priorities:

CLIMATE ACTION Limit warming to 1.5°C		FAIRNESS Create a fairer economic system	
Investor climate action	Carbon risk and pricing	Gender equality	Action on economic inequality
Shift in capital flows to align with a net zero future.	Carbon risks are priced adequately to facilitate a fast and efficient transition.	Empowerment of women and girls, and an inclusive economy.	Equality of opportunity and reduced inequality of outcomes.
			

We research the issues outlined in our strategy deeply, which enables us to identify the access points to drive real change. We fund a variety of projects that accelerate change at the levels of systems (policy, norms, regulation), industry (businesses and investors), and the grassroots (individuals, consumers, communities). We support collaboration among partners to deliver even deeper progress.

In addition to a refresh of our strategic priorities, we also committed to a significant increase in grant-making in 2020. We aimed to more than double our allocations to charitable entities from under £5m in 2019 to over £10m in 2020. We intend to maintain that momentum and aspire to allocate a similar amount in charitable spending in 2021.

OUR ACTIVITIES IN FOCUS: STRATEGIC GRANTS IN 2020

The Foundation operates a proactive grant-making strategy. We fund research and programmes aimed at overcoming barriers to a sustainable economy through partnerships with organisations and institutions across sectors and geographies. This section will give a brief overview of some of the Foundation's new grant partnerships created in 2020, highlighting some examples of our strategy in action (for more detail, see Note 6).

Climate: Investor climate action & Carbon pricing

In 2020, the Foundation awarded nine Climate grants: two supporting Carbon Risk and Pricing and seven related to Investor Climate Action. In 2020, we identified a range of excellent opportunities to fund programmes that can catalyse real change at the outset of this decisive decade. These included a major carbon pricing grant a project with Conservation International that aims to establish best-in-class national REDD+ (Reducing Emissions from Deforestation and forest Degradation) programmes in Kenya. In support of Investor Climate Action, one of the grants we made was to Principles for Responsible Investment (PRI) to fund the next phase of our partnership called the Legal Framework for Impact. The project has engaged the law firm Freshfields, Bruckhaus, Deringer to produce a report determining the extent to which investors are permitted, or even required, to ensure their investment decisions have a positive impact on the economy, society and the environment. Following the report's publication in 2021, the project will build on its findings to drive systemic change toward a net zero carbon economy.

TRUSTEES' ANNUAL REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

OUR ACTIVITIES IN FOCUS: STRATEGIC GRANTS IN 2020 (CONTINUED)

Our grants to Rockefeller Philanthropy Advisors for the COP Champions Team and to Rocky Mountain Institute for the Center for Climate-Aligned Finance each complement and strengthen the work with PRI by aligning financial sector ambitions with real-economy decarbonisation.

Please refer to Note 6 for a full list of recipients of Climate grants during 2020.

***Fairness:** Gender inclusion and empowerment & action on economic inequality*

Though we have funded work related to gender equality and economic inequality in the past, this is the first time we dedicated strategic focus to issues of inequality. As such, we devoted a significant amount of time to research and build our network of potential grantee organisations. We allocated two new strategic grants: one to As You Sow for their work on improving corporate gender equality through investor action, the other to Yale University for Dr Dorceta Taylor's pathway programmes for racial diversity in the environmental sector. We also continued our ongoing partnership with the Social Mobility Foundation for their work supporting disadvantaged young people to access professional careers in the UK.

Please refer to Note 6 for a full list of recipients of Fairness grants during 2020.

***COVID-19:** Pandemic Response Fund grants and support for existing partners*

We are incredibly proud of the Foundation's work, but we are not immune to the uncertainty and disruption this year has brought. The Foundation has been fortunate to be able to help as people around the world faced hardship and illness because of the pandemic. We responded in two direct ways: the first was its support for existing partner organisations. In March and April, the Foundation reached out to every one of its strategic grant partners to offer support, flexibility and funding to fill gaps created by the pandemic. By allocating c.£0.3m in additional funding, the Foundation ensured that work on climate and inequality was not delayed or abandoned in this crucial year.

The other way the Foundation responded was with a Pandemic Response Fund. Though we are not an emergency response funder, as a small, lean organisation we had more flexibility than most to move quickly when rapid action was needed.

The Foundation team assessed over 100 organisations in less than a month and met with the management teams of dozens of charities around the world. 14 organisations were identified, each working to help people who were most vulnerable to the economic and health impacts of COVID-19. A group of partners at Generation decided to personally donate to the Foundation in support of this cause, resulting in £1.36m in early response funding reaching great organisations around the world.

EMPLOYEE ENGAGEMENT PROGRAMMES

In addition to our strategic grant-making, the Foundation executes its mission by building a culture of philanthropy among the employees of Generation and enabling them to apply their passion for sustainability in support of community and civil society organisations. In 2020, we expanded this provision to include a new, employee-led grant programme called the Engagement Grant, and adjusted our matching and volunteering approach to accommodate a new home-working environment. In 2020, over £1.6 million of the Foundation's charitable contributions were matched funds or employee-led grants – more than in any previous year.

TRUSTEES' ANNUAL REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

EMPLOYEE ENGAGEMENT PROGRAMMES (CONTINUED)

Engagement Grants

Twenty-two Generation employees and partners took part in the newest Foundation initiative, the Engagement Grant. They formed three teams, each tasked with proposing a charitable organisation tackling racial injustice that could receive a grant of up to £100,000. The teams worked together over eight weeks to develop their final proposals, and Trustees approved all three grants. Recipients of Engagement Grants during 2020 included CAMFED, Rainier Scholars and Dream Corps.

Sustainable Community Grants

The Foundation seeks to support the employees of Generation in their personal philanthropy. In 2020, we continued to support organisations brought to us by Generation employees that aligned with our vision of a net zero carbon, prosperous, healthy, safe and fair society. Generation team members may apply for a Sustainable Community Grant of up to £25,000 for a charitable organisation to which they have a demonstrable personal commitment. One example of a grant in this category was a grant of £25,000 to Versus Arthritis, a charity that provides free support for those affected by a range of musculoskeletal disorders and funds research into pain management and treatments. The applicant for this organisation is an employee who has been personally affected by arthritis and regularly volunteers for the charity.

Matched giving

The Foundation also matches charitable gifts and volunteer hours donated by Generation employees to eligible charities. This year, the Foundation matched donations at a 1:2 ratio—for every £1 donated to an eligible charity, the Foundation contributed a further £2. Additionally, the Foundation matched the hours that Generation Employees volunteered with eligible charities at a rate of £200 per hour. Despite the pandemic, participation remained high and 97% of eligible employees and partners of Generation took part in 2020.

GOVERNANCE

The Generation Foundation (the “Company” or “Foundation”) is a company limited by guarantee (no. 05536312), incorporated on 15 August 2005, and registered with the Charity Commission (no. 1113061) on 22 February 2006. The Company was established under a Memorandum of Association, which established the objects and powers of the Company and is governed under the Articles of Association.

The Foundation is administered and managed on a regular basis by the Board of Trustees. The Board is responsible for appointing new Trustees who possess the required expertise.

Details of the Foundation’s advisors and other administrative details can be found on page 2.

TRUSTEES

The members of the Board of Trustees (the “Board”) who were in office during the year and up to the date of signing the financial statements are set out on page 2. For the purposes of company law the individuals listed are both Trustees and Directors of the Company and are appointed in accordance with the Company’s Articles of Association.

TRUSTEE INDUCTION AND TRAINING

When recruiting new Trustees, the Foundation seeks individuals with relevant experience of sustainable development and the wider objectives of the Foundation. A new Trustee is provided with sufficient information explaining the legal obligations of Trustees, the Foundation’s governing document, the most recent annual report and financial statements, and any relevant Charity Commission guidance notes.

TRUSTEES' ANNUAL REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

RESPONSIBILITIES OF TRUSTEES

The trustees (who are also directors of The Generation Foundation 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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company 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 judgments and estimates that are reasonable and prudent;
- > state whether applicable UK 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 presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each Trustee in office at the date the Trustees' Report is approved, confirm that:

- a) so far as the Directors are aware, there is no relevant audit information of which the company's auditors are unaware; and
- b) the Directors have taken all the steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

FINANCIAL REVIEW

The Foundation's total income for 2020 was £7.5m (2019: £9.5m). Donations during 2020 included an extra c.£0.7m associated with the COVID-19 response. Total expenditure increased by 180% to £11.7m (2019: £4.2m) driven by a substantial increase in Grant engagement.

PRINCIPAL RISKS AND UNCERTAINTIES

The Trustees have assessed the major risks to which the Foundation is exposed, including those relating to financial, operational, compliance and governance issues. The Trustees review risks annually and are satisfied that systems are in place to mitigate exposure to those risks.

The most critical risk to the Foundation is the loss of funding from Generation, which supports the Foundation's objectives. If Generation's members are unable or unwilling to provide funding, this would restrict the Foundation's ability to grow further or mean that grants and research activities may need to be scaled back. However, the trustees consider this risk unlikely.

TRUSTEES' ANNUAL REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

DONATIONS POLICY

The donations are made on a voluntary basis and at the discretion of the Members of Generation Investment Management LLP. The Foundation does not consider it appropriate at the current time to seek donations from the general public nor has it engaged any professional fund-raiser or commercial participator. Consequently, the Foundation has not joined any voluntary fundraising regulation scheme. The Foundation has not recorded any complaint regarding fundraising since inception.

PRINCIPAL FUNDING SOURCE

The Foundation's principal funding source is donations received annually from the Members of Generation Investment Management LLP.

During the year to 31 December 2020 the Foundation recognised income of £7,490,034 (2019: £9,451,948).

RESERVES POLICY

The Trustees recognise the urgency of achieving the Foundation's charitable objectives and resolved in 2019 to increase the level of expenditure above the expected income over the next few years to meet the demand for real action on climate and inequality. All multi-year commitments without significant performance conditions attached are accounted for in full on an accruals basis. This ensures that the Foundation can meet its commitments to grant partners as they fall due.

The Foundation holds unrestricted funds of £18.1m (2019: £22.1m) at the end of the accounting period. All of the funds held are unrestricted and available for the general purposes of the charity. Within the unrestricted funds at the end of 2020 an amount of £10.3m was set aside as designated funds (for more detail, see Note 16). These funds are held in line with trustee expectations of grant-making during the course of 2021 and there is an expectation that these designated funds will be fully committed by the end of 2021.

Over time the Trustees intend to maintain the ongoing reserves of the Foundation at a level that would enable it to continue a scaled-down grant-making programme for one calendar year should the Foundation face a year of significantly reduced income. The remaining funds of £7.8m exceed the anticipated minimum annual expenditure of £3m.

PEOPLE AND REMUNERATION POLICY

The average monthly number of employees who served during the year equates to two (2019: two).

In 2020, the Trustees established a committee of trustees ("Remuneration Committee") with delegated power and functions to consider and set remuneration for the Foundation's employees for 2020 on behalf of the full Board of Trustees, in accordance with Articles of the Foundation. Salaries are reviewed annually in line with performance, subject to a calibration process with regard to the skills and attributes required for particular roles. The Trustees also have reference to the compensation paid within large grant-making foundations and those associated with asset managers and financial institutions

OTHER MATTERS

The Trustees consider that the funding sources and expenditure in the year have supported the key objectives of the Foundation. In setting the Foundation's objectives and planning its activities, the Foundation's Trustees have considered section four of the Charities Act 2011. In doing so they are satisfied that they have complied with their duty to 'have regard' to the public benefit guidance published by the Charity Commission.

RELATED PARTIES

Generation Investment Management LLP is a related party as all the Foundation's trustees are also members of the LLP (see Note 17 for further details of the Foundation's connection with this related party).

TRUSTEES' ANNUAL REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

COVID-19

The Trustees have considered the impact of the latest developments surrounding COVID-19 on the Foundation, including its staff and beneficiaries. The Trustees note that:

- > the Foundation's staff have been able to work from home throughout the crisis;
- > the Members of Generation Investment Management LLP have made additional donations to support charities that are helping with the COVID-19 emergency. Subsequently the Foundation has donated to charities that support the COVID-19 emergency;
- > there will be no severe impact to the beneficiaries that the Foundation has committed to; and
- > there will be no impact on the strategy of the Foundation, as our goals of tackling climate change and endorsing fairness are a long-term strategy that is more important in the light of COVID-19.

GOING CONCERN

The Trustees believe that the Foundation is well placed to manage its business risks successfully. After making inquiries including consideration of the ongoing COVID-19 situation, the Trustees have a reasonable expectation that the Foundation has adequate resources to continue in operational existence and meet its liabilities as they fall due for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Foundation financial statements.

Approved by the Board of Trustees on 17 June 2021 and signed on their behalf.

Rema Rajeswaran
Trustee
17 June 2021

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE GENERATION FOUNDATION

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of The Generation Foundation (the 'charitable company') for the year ended 31 December 2020 which comprise the statement of financial activities, balance sheet, statement of cash flows 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 FRS 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 charitable company's affairs as at 31 December 2020 and of its incoming resources and application of resources, including its income and expenditure for the year then ended
- > Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- > Have been prepared in accordance with the requirements of the Companies Act 2006

BASIS OF 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 company 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 Foundation'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.

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE GENERATION FOUNDATION (CONTINUED)

OTHER INFORMATION

The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. 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 course of 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 the audit:

- > The information given in the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- > The trustees' annual report has been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual 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 accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; 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; or
- > The directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' annual report and from the requirement to prepare a strategic report.

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, 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.

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE GENERATION FOUNDATION (CONTINUED)

RESPONSIBILITIES OF TRUSTEES (CONTINUED)

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.

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

Capability of the audit in detecting irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- > We enquired of management and the board of trustees, which included obtaining and reviewing supporting documentation, concerning the Foundation's policies and procedures relating to:
 - Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
 - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- > We inspected the minutes of meetings of those charged with governance.
- > We obtained an understanding of the legal and regulatory framework that the Foundation operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the Foundation from our professional and sector experience.
- > We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- > We reviewed any reports made to regulators.
- > We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- > We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE GENERATION FOUNDATION (CONTINUED)

Capability of the audit in detecting irregularities (continued)

- > In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

USE OF OUR REPORT

This report is made solely to the 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.

Judith Miller (Senior statutory auditor)

17 June 2021

for and on behalf of Sayer Vincent LLP, Statutory Auditor

Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

STATEMENT OF FINANCIAL ACTIVITIES

(INCLUDING INCOME AND EXPENDITURE ACCOUNT)

	NOTE	UNRESTRICTED TOTAL FUNDS FOR THE YEAR ENDED 31 DECEMBER 2020 £	UNRESTRICTED TOTAL FUNDS FOR THE YEAR ENDED 31 DECEMBER 2019 £
INCOME FROM:			
Donations	4	7,490,034	9,451,948
Interest Income		34,288	71,266
TOTAL		7,524,322	9,523,214
EXPENDITURE ON:			
Charitable activities	5	(11,703,992)	(4,219,801)
TOTAL		(11,703,992)	(4,219,801)
NET (EXPENDITURE)/ INCOME BEFORE GAINS/(LOSS) ON FOREIGN EXCHANGE ON INVESTMENTS		(4,179,670)	5,303,413
Gain/(loss) on foreign exchange on investments		190,927	(71,866)
NET MOVEMENT IN FUNDS		(3,988,743)	5,231,547
RECONCILIATION OF FUNDS:			
Total funds brought forward		22,052,697	16,821,150
TOTAL FUNDS CARRIED FORWARD		18,063,954	22,052,697

All recognised gains and losses have been included in the Statement of Financial Activities and the amounts included are derived from the continuing activities of the Foundation.

BALANCE SHEET

AS AT 31 DECEMBER 2020

	NOTE	31 DECEMBER 2020 £	31 DECEMBER 2019 £
FIXED ASSETS			
Investments	9	250	250
TOTAL FIXED ASSETS		250	250
CURRENT ASSETS			
Debtors	10	8,840,424	9,451,948
Investments	11	15,133,189	14,064,925
Cash at bank and in hand		2,129,182	2,801,911
TOTAL CURRENT ASSETS		26,102,795	26,318,784
LIABILITIES			
Creditors: amounts falling due within one year	12	(5,510,968)	(2,631,416)
NET CURRENT ASSETS		20,591,827	23,687,368
TOTAL ASSETS LESS CURRENT LIABILITIES		20,592,077	23,687,618
Creditors: amounts falling due after one year	13	(2,207,422)	(1,439,553)
Provision for liabilities	14	(320,701)	(195,368)
TOTAL NET ASSETS		18,063,954	22,052,697
THE FUNDS OF THE CHARITY:			
Designated funds		10,300,000	-
General funds		7,763,954	22,052,697
Total unrestricted funds	15,16	18,063,954	22,052,697
TOTAL FOUNDATION FUNDS		18,063,954	22,052,697

Approved by the Board of Trustees on 17 June 2021 and signed on their behalf:

Rema Rajeswaran
Trustee
17 June 2021

The Generation Foundation (Company No: 05536312)

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

	NOTE	FOR THE YEAR ENDED 31 DECEMBER 2020 £	FOR THE YEAR ENDED 31 DECEMBER 2019 £
Net (expenditure)/ income for the reporting year (as per the Statement of Financial Activities)		(3,988,743)	5,231,547
Adjustments for:			
Dividends and interest from cash at bank and deposits		(34,288)	(71,266)
Decrease/(increase) in debtors	10	611,524	(1,761,709)
Increase in creditors	12,13	3,647,421	581,416
Increase in provisions	14	125,333	100,701
NET CASH GENERATED FROM OPERATING ACTIVITIES		361,247	4,080,689
Dividends and interest from cash at bank and deposits		34,288	71,266
Purchase of investments		-	(250)
NET CASH PROVIDED BY INVESTING ACTIVITIES		34,288	71,016
Change in cash and cash equivalents in the year:		395,535	4,151,705
Cash and cash equivalent at 1 January 2020		16,866,836	12,715,131
CASH AND CASH EQUIVALENT AT 31 DECEMBER 2020		17,262,371	16,866,836

Reconciliation of cash at bank and in hand to cash and cash equivalents:

	NOTE	FOR THE YEAR ENDED 31 DECEMBER 2020 £	FOR THE YEAR ENDED 31 DECEMBER 2019 £
Cash at bank and in hand		2,129,182	2,801,911
Short-term deposits (included in current asset investments)	11	15,133,189	14,064,925
NET CASH		17,262,371	16,866,836

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

- a) The Generation Foundation is a charitable company limited by guarantee and is incorporated in the United Kingdom. The Charity meets the definition of public benefit entity under FRS 102.

The registered address and principal place of business is 20 Air Street, London, W1B 5AN.

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) - (Charities SORP FRS 102), The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The financial statements have been prepared on a going concern basis.

The other principal accounting policies, which have been applied consistently throughout the year, are set out below.

- b) Income 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 that the amount can be measured reliably. Income is accounted for on an accruals basis such that the donation in respect of the 2020 profits of Generation are recognised as at 31 December 2020.

Donated professional services and donated facilities are recognised as income when the charity has control over the item or received the service, any conditions associated with the donation have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), the value of volunteer time is not recognised.

- c) Interest income is recognised in the Statement of Financial Activities and comprises of interest on cash and cash equivalents and is accounted for using the effective interest method.

- d) Resources expended are allocated to the particular activity where the cost relates directly to that activity. As the only activity of the Foundation is Grant making, all costs have been allocated accordingly as per Note 5.

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

- e) As a registered charity, the Foundation is exempt from UK taxation on income and gains to the extent that these are applied in furtherance of its charitable objectives.

- f) Grant activities are payments made to third parties in the furtherance of the Foundation's charitable objectives. Single or multi-year grants are accounted for in full on an accruals basis when the recipient has a reasonable expectation that they will receive a grant as there are no significant performance conditions attached.

- g) Going Concern; the trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern. The trustees do not consider that there are any sources of estimation or 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.

- h) Matched giving awards are made to third parties in relation to eligible donations to charities by staff and members of Generation. The awards are recognised when approved by the Foundation following a review of the donations made by staff and members of Generation attributable to the period.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Accounting policies (continued)

- i) The Foundation is not registered for VAT. All expenditure is therefore stated inclusive of VAT where applicable.

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. Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

- j) Provisions are recognised when the Foundation has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. The provisions recognised in Note 14 relate to the Employee Incentive Plan. Further details of the employee Incentive Plan are given in Note 7.

- k) Transactions denominated in foreign currency are translated into sterling at the exchange rates ruling at the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate ruling at the balance sheet date. All foreign exchange gains and losses, realised and unrealised, are recognised in the Statement of Financial Activities.

- l) 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.

- m) Non-Current investments are financial assets held for continuing use in the business and include an investment in a Guernsey based limited partnership, Marvel (Deferred) Limited Partnership.

Any change in fair value will be recognised in the statement of financial activities. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading "Net gains/(losses) on investments" in the statement of financial activities. The charity does not acquire put options, derivatives or other complex financial instruments.

Where it is not practicable to recognise investments at fair value these are recognised at historic cost less impairment. These investments are subject to regular review, and any diminution is charged to the SOFA. Valuations under the cost model are not enhanced to more than original cost.

- n) Debtors include amounts receivable on donations to which the Foundation is entitled including any recoverable gift aid. Debtors are measured at their recoverable amounts.

Creditors and provisions 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 and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

- o) Short term deposits includes cash balances that are invested in accounts with a maturity date of between 3 and 12 months.

- p) Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

- q) The Foundation does not operate its own pension scheme. The Foundation contributes on behalf of the employees to their chosen pension scheme plan. The charge in the income statement represents the actual amount of the contribution payable to the pension schemes in respect of the accounting year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Estimates and assumptions

In accordance with FRS 102 requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. Information about these judgements and estimates is included in the accounting policies and other notes.

The significant judgements are:

- The consideration that the Trustees are the controlling Persons of the Foundation (Note 18);
- The allocation of support costs to the Grants awarded by the Foundation (Note 5).

The significant estimates are:

- Recognition of grant obligations payable in later periods (Notes 1 (f) and 6, 12, 13);
- Future obligations and provisions are not subject to discounting (Notes 12, 13, 14).

3. Guarantees

The Foundation is a company in which the liability of the company member is limited to an amount not exceeding £10.

4. Donations

Donations comprise of donations from Members of Generation Investment Management LLP ("Generation") equivalent to an annual allocation of distributable profit arising from Generation of £5,452,027 (2019: £7,561,558) and the associated gift aid recoverable from HMRC of £1,363,007 (2019: £1,890,390).

5. Charitable activities

ACTIVITY	NOTE	YEAR ENDED 31 DECEMBER 2020			YEAR ENDED 31 DECEMBER 2019		
		GRANT AWARDS £	SUPPORT COSTS £	TOTAL £	GRANT AWARDS £	SUPPORT COSTS £	TOTAL £
Grant activities	6	10,999,225	-	10,999,225	3,583,268	-	3,583,268
Staff costs	7	-	614,958	614,958	-	561,251	561,251
Professional fees		-	81,969	81,969	-	44,755	44,755
Research costs		-	7,840	7,840	-	30,527	30,527
		10,999,225	704,767	11,703,992	3,583,268	636,533	4,219,801

Governance costs are considered within Professional fees and include fees payable to the auditors in respect of the statutory audit of £11,520 (£9,600 excluding VAT) (2019: £33,097).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. Grant activities

Climate

INSTITUTION	TOTAL CLIMATE GRANT EXPENSES
Principles for Responsible Investment	£2,000,000
RMI (Rocky Mountain Institute)	£1,523,809
Conservation International	£988,268
COP 26	£950,000
Resources for the Future (RFF)	£599,708
350.org	£568,989
ClimateWorks Foundation	£153,840
Crane Institute of Sustainability	£153,840
Mission2020	£91,250
Total Climate Grants 2020	£7,029,704
Total Climate Grants 2019	£809,624

None of the above organisations received similar grants in 2019 from the Foundation.

Fairness

INSTITUTION	TOTAL FAIRNESS GRANT EXPENSES
As You Sow	£391,447
Yale University	£230,760
CARE International	£162,000
Solace Women's Aid	£130,750
Cares Family	£130,000
Akshaya Patra Foundation	£126,000
Shining Hope for Communities	£109,702
Mission Asset Fund	£109,006
FareShare	£103,500
One Fair Wage Emergency Fund	£85,942
Glass Door	£78,000
Various (8 organisations)	£441,540
Total Fairness Grants 2020	£2,098,647
Total Fairness Grants 2019	£1,890,276

None of the above organisations received similar grants in 2019 from the Foundation.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. Grant activities (continued)

Employee programmes

INSTITUTION	TOTAL EMPLOYEE PROGRAMMES
Matched Giving Awards	£1,150,301
Engagement Grants	£285,432
Sustainable Community Grant	£253,338
Total Employee programmes 2020	£1,689,071
Total Employee programmes 2019	£801,661

At the end of 2020 the Foundation had approved 458 matched giving award applications (2019: 304) with an average value of £2,512 per application (2019: £2,111).

Total Grants £10,817,422 (2019: £3,501,561)

All grants have been made to institutions – the Foundation does not provide grants to individuals. All grants over £75,000 have been included on an institution line-by-line basis in the above tables. This table represents 100% of total grants awarded by the Generation Foundation in 2020.

As the Trustees believe that the future payments will be made without substantive review, amounts payable in future years totalling £7,548,043 (2019: £3,892,878) have been recognised in these financial statements and in earlier years' financial statements. Of this, £5,340,621 is expected to settle within 12 months of the year-end (2019: £2,453,325). The following table shows the overall movement in the grant payment obligations.

	YEAR ENDED 31 DECEMBER 2020 £	YEAR ENDED 31 DECEMBER 2019 £
Accrued grant payments brought forward	3,892,878	3,387,616
Additional grant awards	10,817,422	3,501,561
Foreign exchange movements	181,803	81,707
Total grant activities expenditure (Note 5)	10,999,225	3,583,268
Total net commitments	14,710,300	6,889,177
Amounts paid	(7,344,060)	(3,078,006)
GRANT COMMITMENTS CARRIED FORWARD	7,548,043	3,892,878

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Employee information

Staff costs

	YEAR ENDED 31 DECEMBER 2020 £	YEAR ENDED 31 DECEMBER 2019 £
Wages and salaries	404,416	391,803
Deferred Compensation	112,186	87,246
Social security costs	67,015	62,202
Other pension costs	28,000	20,000
Benefits	3,341	-
AT 31 DECEMBER	614,958	561,251

Wages and salaries include salary and taxable benefits in kind and other payments to employees. Other pension costs include employer's contribution to defined contribution pension schemes. The Deferred Compensation costs are incurred in relation to deferred cash bonuses awarded to employees. The ultimate cash value to be paid to employees is dependent upon the performance of certain Generation managed investment fund units. Awards vest after three years from grant date with proceeds paid to respective employees after five years. The level of incentives awarded are linked to an employee's level of seniority at grant date.

The average monthly number of employees who served during the year equates to two (2019: two).

There were two employees during the year with emoluments exceeding £60,000 (2019: two). One employee received total employee compensation and benefits (excluding pension) within the band £330,000 - £340,000 (2019: £310,000-£320,000) and one employee received total employee compensation and benefits (excluding pension) within the band £170,000 - £180,000 (2019: £150,000 - £160,000).

The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel were £614,958 (2019: £561,251).

8. Payments to Trustees

The Trustees have not received remuneration or expenses during the year (2019: nil).

9. Investments

	31 DECEMBER 2020 £	31 DECEMBER 2019 £
At 1 January	250	-
Additions	-	250
AT 31 DECEMBER	250	250

Further details on this investment are given in Note 1 (m).

10. Debtors

	31 DECEMBER 2020 £	31 DECEMBER 2019 £
Amounts due from members of Generation	5,452,027	7,561,558
Gift Aid recoverable	3,388,397	1,890,390
AT 31 DECEMBER	8,840,424	9,451,948

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. Current asset investments

	31 DECEMBER 2020 £	31 DECEMBER 2019 £
At 1 January	14,064,925	-
Additions	922,638	14,136,791
Foreign exchange movement	145,626	(71,866)
AT 31 DECEMBER	15,133,189	14,064,925

12. Creditors: Amounts falling due within one year

	31 DECEMBER 2020 £	31 DECEMBER 2019 £
Trade creditors	10,186	7,324
Grant commitments due within one year	5,340,621	2,453,325
Taxation and social security	128,383	121,703
Accruals	30,239	36,097
Amounts due to related parties	-	12,967
Other creditors	1,539	-
AT 31 DECEMBER	5,510,968	2,631,416

13. Creditors: Amounts falling due after one year

	31 DECEMBER 2020 £	31 DECEMBER 2019 £
Grant commitments due after one year	2,207,422	1,439,553
AT 31 DECEMBER	2,207,422	1,439,553

No discounting has been applied to these future obligations as the impact is judged to be immaterial.

14. Provisions for liabilities

	31 DECEMBER 2020 £	31 DECEMBER 2019 £
At 1 January	195,368	94,667
Additions dealt with in profit or loss	125,333	100,701
AT 31 DECEMBER	320,701	195,368

The Foundation provides deferred cash incentives ("awards") for employees. Awards take the form of a deferred entitlement to cash based on the performance of Generation-managed investment funds. For further details see Note 7.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. Analysis of net assets between funds

	GENERAL UNRESTRICTED £	DESIGNATED £	TOTAL FUNDS £
Investments	250	-	250
Net current assets	10,291,827	10,300,000	20,591,827
Long term liabilities	(2,207,422)	-	(2,207,422)
Provision for liabilities	(320,701)	-	(320,701)
AT 31 DECEMBER 2020	7,763,954	10,300,000	18,063,954
AT 31 DECEMBER 2019	22,052,697	-	22,052,697

16. Movement in funds

	AT 1 JANUARY 2020 £	INCOME & GAINS £	EXPENDITURE & LOSSES £	TRANSFERS £	AT 31 DECEMBER 2020 £
Designated funds	-	-	-	10,300,000	10,300,000
General funds	22,052,697	7,715,249	(11,703,992)	(10,300,000)	7,763,954
Total unrestricted funds	22,052,697	7,715,249	(11,703,992)	-	18,063,954
AT 31 DECEMBER 2020	22,052,697	7,715,249	(11,703,992)	-	18,063,954
AT 31 DECEMBER 2019	16,821,150	9,523,214	(4,291,667)	-	22,052,697

At the end of 2020, the Foundation set aside £10,300,000 of designated funds in line with trustee expectations of grant making in the coming year allocated as follows;

	CLIMATE £	FAIRNESS £	TOTAL £
Strategic grants	4,400,000	4,400,000	8,800,000
Employee programmes	200,000	1,300,000	1,500,000
AT 31 DECEMBER 2020	4,600,000	5,700,000	10,300,000

17. Related party transactions

Generation Investment Management LLP is a related party as all the Foundation's trustees are also members of the LLP. As the Foundation has a charitable status, the Foundation is excluded from the LLP's group consolidation due to the severe long- term restrictions which substantially hinder the exercise of the rights of the LLP over the Foundation.

As at 31 December 2020 a balance of £5,452,027 (2019: £7,561,558) was due from Members of Generation Investment Management LLP.

During the year, Generation Investment Management LLP settled expenses of £26,573 (2019: £72,446) on behalf of the Foundation of which £nil (2019: £12,967) was due at balance sheet date.

M Ferguson, a member of Generation Investment Management LLP, serves on the Board of Conservation International. As shown in Note 6 there was a donation made in the current year to Conservation International of £988,268 (2019: none).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18. Ultimate controlling party

The ultimate controlling Persons of the Foundation are the Trustees as listed in the Trustees' Annual Report.

19. Subsequent Events

There were no events subsequent to the balance sheet date that required adjustment to or disclosure in the financial statements.