

THE GENERATION FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2021

COMPANY REGISTRATION NUMBER: 05536312
CHARITY REGISTRATION NUMBER: 1113061

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FOUNDATION DETAILS

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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.

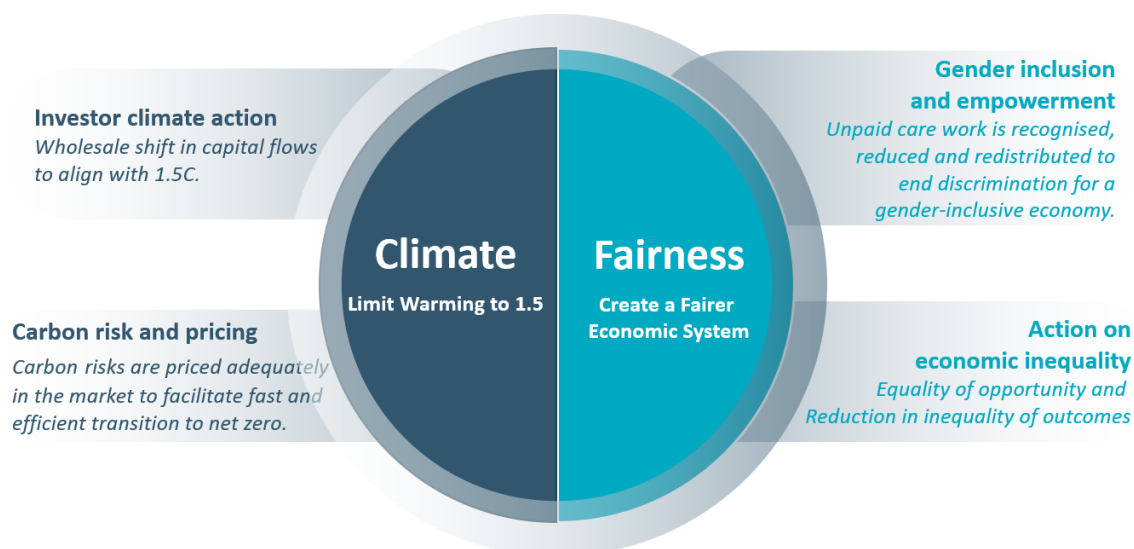
We execute our mission by identifying how our resources and expertise can be most effective in driving transformational change, which includes using research, major partnerships, grant-making and the matched giving programme for Generation employees to support a rapid transition to an equitable, net-zero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