

Company Number: 06897785  
Registered Charity Number: 1130306  
Office of the Scottish Charity Regulator Registered Number: SC043120  
ANBI RSIN number (Netherlands): 8257 45 925



## **ELLEN MACARTHUR FOUNDATION**

### **REPORT AND FINANCIAL STATEMENTS**

#### **FOR THE YEAR ENDED**

**31 AUGUST 2021**

**Ellen MacArthur Foundation**  
**Report and Financial Statements for the year ended 31 August 2021**

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**Ellen MacArthur Foundation  
Report and Financial Statements for the year ended 31 August 2021**

**CHARITY INFORMATION**

**Trustees**

Dame Ellen MacArthur Chair  
Mr Philip Sellwood  
Mr Peter Morgan  
Mr Michael Lebovitz  
Mr Wolfgang Blau

**Chief Executive Officer:** Mr Andrew Morlet

**Chief Operating Officer:** Ms Jo Bootle

**Company Secretary:** Mr Matthew Enston

**Registered Charity Number:** 1130306

**Scottish Charity Register Number:** SC043120

**ANBI RSIN number (Netherlands):** 8257 45 925

**Registered Company Number:** 06897785

**Registered Office:** The Sail Loft, 42 Medina Road, Cowes, Isle of Wight, PO31 7BX

**Contact details:**

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Email: [info@ellenmacarthurfoundation.org](mailto:info@ellenmacarthurfoundation.org)  
Web site: [www.ellenmacarthurfoundation.org](http://www.ellenmacarthurfoundation.org)

**Bankers:** Lloyds TSB  
30 Commercial Road, Totton, Southampton, SO40 3TH

**Auditors:** Moore Kingston Smith LLP  
Devonshire House, 60 Goswell Road, London, EC1M 7 AD

**Governing Instrument:** Memorandum and Articles of Association dated 3 July 2013

**Ellen MacArthur Foundation**  
**Report and Financial Statements for the year ended 31 August 2021**

**TRUSTEES REPORT INCLUDING DIRECTORS AND STRATEGIC REPORT**

Report of the trustees for the year ended 31 August 2021

The Trustees present their annual report and audited financial statements of the Charity, its trading subsidiaries, US and Brazil sister charities for the year ended 31 August 2020. The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" (FRS102) in preparing their annual report and financial statements of the Charity and the Trustees' Report contains the information required in a Directors Report as set out in English company law.

**OBJECTIVES AND STRATEGY**

**Objects:**

1. To promote for the benefit of the public of the conservation, protection and improvement of the physical and natural environment and the prudent use of natural resources; and
2. To advance the education of the public in the conservation, protection and improvement of the physical and natural environment and to promote study and research in such subjects and for the public benefit and disseminate the useful results.

**Mission:**

To accelerate the transition towards a circular economy.

**Strategy:**

The Charity develops and promotes the idea of a circular economy: an economy based on the principles of designing out waste and pollution, keeping products and materials in use and regenerating natural systems. It is an economy that is regenerative by design, distributed, diverse, inclusive and underpinned by renewable materials and renewable energy. By 2025 the Charity aims to have created unstoppable momentum towards a circular economy by working with and inspiring business, academia, policymakers and institutions to mobilise systems solutions at scale, globally. It develops the idea and promotes the opportunity of a circular economy, mobilising a powerful network of leaders and influencers and applying innovative new approaches to scale system solutions.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

The Charity is formed as a Company Limited by Guarantee, registered in England under number 06897785, and governed by its Articles of Association. The Company has no share capital although the subscribers of the Memorandum are obliged to pay the sum not exceeding £1 in the event of a winding up of the Charitable Company.

The Charity is registered with the Charity Commission for England and Wales under registered charity number 1130306, with the Office of the Scottish Charity Regulator under number SC043120 and from 1 January 2018 as an ANBI (Algemeen Nut Beogende Instelling) in the Netherlands under number 8257 45 925. The Charity is controlled by its Board of Trustees, with the day to day management delegated to the CEO, COO and the Leadership Team.

The Charity has two wholly owned trading subsidiary companies, Ellen MacArthur Foundation Trading Limited ('EMF Trading') and EMF Trading (USA), Inc. All profits are donated to the Charity to further its work. EMF Trading is registered in England and operates the Circular Economy 100 programme, also providing business services relating to the circular economy to the Charity's Strategic Partners and Systemic Initiative participants. EMF Trading (USA), Inc was established in April 2020 and is registered in Delaware, United States. The Charity works closely with two sister charities, the Ellen MacArthur Foundation USA, Inc (in the United States) and Ellen MacArthur Foundation Brasil (in Brazil). These accounts reflect all activities on a consolidated basis.

**Trustees:**

The directors of the Company are the Charity's trustees for the purposes of charity law. The Trustees as listed on page 2 all served throughout the period. Trustees are appointed by agreement of the existing Board of Trustees and must have specific skills or knowledge in a sector beneficial to the Charity and its charitable objects. The current Trustees include experts in sustainability, media and communications, law and finance. A process of induction and training is provided to Trustees, including awareness and guidance produced by the Charity Commission.

All trustees give of their time freely for duties as a trustee and no remuneration for trustee duties was paid in the period. Details of trustee expenses and related party transactions are disclosed in note 19 to the accounts.

**TRUSTEES REPORT INCLUDING DIRECTORS AND STRATEGIC REPORT (continued...)**

**Public Benefit:**

In considering the work of the Charity, and in their governance of it, the Trustees have had due regard to the guidance produced by the Charity Commission in respect of public benefit. The Charity works to provide evidence of the economic, environmental, and societal benefits that a circular economy could deliver. In its areas of work the Charity focuses on helping people understand the circular economy, enabling them to apply the learnings, play an active role in the transition to a circular economy and catalyse circular innovation across the economy. It develops tools and methods to help companies, policymakers, and other stakeholders reach their circular economy ambitions.

The Charity is recognised as a leader in the circular economy field. It provides robust evidence about the benefits of the circular economy and stimulates the transformation of key material flows to scale adoption of the circular economy globally through its pioneering Systemic Initiatives. The Charity disseminates useful results by sharing informative content, informing key players in the economy and stimulating dialogue around the circular economy framework. Its extensive resource library on its website showcases how circular economy concepts are being implemented in practice along with policy and investment insight papers, case studies and access to learning tools.

**Management Structure and Remuneration:**

The Trustees delegate responsibility for the day-to-day operational management of the Charity to a Chief Executive Officer and a Chief Operating Officer. The CEO and COO (listed on page 2) work with a wider Executive Leadership Team, appointed by the CEO, whose purpose is to:

- formulate and manage the execution of strategy and priorities: i.e., long-term strategy, and annual priorities, taking into account opportunities, resources and risks; and
- formulate and manage operational systems and processes: i.e., structure, governance, people, processes and tools.

This group meets together monthly and is supported by a team of functional leads, who run the specific programmes and activities of the charity. Both leadership groups have clear terms of reference, that are accessible by the organization on the Foundation intranet.

The ELT also sponsors a number of cross-functional working groups that develop and propose solutions to key challenges and opportunities. These include a Portfolio Management group that evaluates the EMF portfolio and projects to ensure that they align with strategy and that delivery is feasible within proposed timelines.

Salaries for the team are set in conjunction with a role grading system, that assesses roles against 18 criteria and then places them within one of 6 grades based on an overall score. This ensures an objective salary approach across the organisation. Salary reviews are then conducted annually following a performance review process that is led by the Leadership Team, who recommend salary changes to the CEO and COO. Recommendations are evaluated in the context of internal considerations (organisation structure, team and individual performance and affordability), as well as external factors (market benchmarks, cost of living assessments). Any CEO and COO salary adjustments and bonuses are discussed and agreed by the Trustees.

**ACHIEVEMENTS AND PERFORMANCE**

***“Against the continued backdrop of COVID, the Charity continued to make huge steps forward, particularly in terms of growing and deepening relationships with our Network, and ensuring continued strong engagement around the core idea of the circular economy. As ever, I am incredibly proud of the amazing EMF team who, yet again, showed incredible resilience, commitment and energy during another difficult year.” Dame Ellen MacArthur***

The Charity went into the financial year in a strong position. Planned income was not disrupted by the pandemic and the contribution to reserves at the end of the year was greater than planned, due to the reduced spending on events and travel during the previous year. The Foundation was able to keep its focus on progressing key initiatives and on continuing to strengthen relationships with its Network. Operationally, the Charity's digital capability was an important factor in its success during this year, with a suite of virtual platforms being used to deliver all the Network activities, in the continued absence of face-to-face interaction.

Strategically, the Charity continued to grow and activate the Network during the year, acknowledging the context of COVID, and building engagement levels around the message that the circular economy is more relevant than ever. It also worked on an increased number of demonstrator projects with the Network, particularly within its Plastics, Fashion and Food initiatives, supported by the enabling work of the Finance and Design teams. This interconnection

**TRUSTEES REPORT INCLUDING DIRECTORS AND STRATEGIC REPORT (continued...)**

between the Foundation's different programmes reflects the systemic nature of the challenge and of the approach and solutions required.

Development of the Foundation's Circulytics tool continued, whilst the Charity also conducted a landscaping process with the Network to inform additional approaches that could support the measurement of progress over time.

Despite the pandemic impacting some of the delivery mechanisms of the Foundation's activities, the individual programmes were able to adapt, and all of them worked successfully towards the Charity's 2025 impact and outcome targets. Internationally, the teams in North America, Brazil and China, continued to extend their own activity and reach, and specific funding was obtained during the year to enable the Foundation to start to build some key relationships on the African continent.

***BUSINESS-led collaboration and disruptive innovation  
are key to building a circular economy***

The Charity's **Strategic Partners** are Blackrock, Danone, DS Smith, Google, H&M, IKEA, Intesa Sanpaolo, Philips, Renault, Solvay, SC Johnson and Unilever. Counted among the world's leading and most influential organisations and with transformative potential, these Strategic Partners lead the transition to a circular economy by demonstrating what is possible.

In 2021 the Foundation renewed its Strategic Partnerships with Philips, Renault, and Solvay. Three leading industrial companies in the circular economy. All three organisations demonstrated continued commitment to the circular economy with ambitious targets and the announcement of key partnerships and investment decisions. Philips achieved its goal of 15% revenue from circular economy solutions by the end of 2020 and has set a 25% revenue target for 2025. In late 2020, Groupe Renault increased their ambition level and established 'RE:Factory', Europe's first dedicated circular economy factory for vehicles and mobility. Ground has been broken on the site and the top-line ambition for RE:Factory is to create mobility solutions with a negative CO2 balance by 2030, while at the same time generating employment for 3,000 people. Solvay announced in September 2020 its partnership with Veolia to recycle EV batteries. Renault's involvement in this consortium was announced in March 2021. This project will help Solvay reach its circular economy revenue goal of 15% of sales from recycled and bio-based materials by 2030. Solvay and Veolia set up a demo plant for EV battery recycling in July 2021. DS Smith following the May 2020 launch of its Circular Design Principles to train its 700 designers in the circular economy, which The Foundation's Design Program supported, and in May 2021 unveiled its Circular Design Metrics. This industry first allows customers to rate the circularity of their packaging. The pioneering initiative provides a unique insight into how companies packaging choices can reduce their impact on the environment. Through the collaborative design process customers will be able compare the environmental performance of different solutions to create more circular packaging. This supports DS Smith's ability to reach its goal to manufacture 100% reusable or recyclable packaging by 2023.

**Ellen MacArthur Foundation**  
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**TRUSTEES REPORT INCLUDING DIRECTORS AND STRATEGIC REPORT (continued...)**

In finance, in the past financial year, BlackRock's circular economy fund launched in October 2019 with the aim to drive investments in businesses already contributing to, or benefiting from, the transition to a circular economy has grown significantly to \$2.31 billion USD by 31st August 2021 up from \$872 million USD on August 31st 2020. The Charity provides expert insights and guidance on circular economy principles and practices to inform the investment methodology of the Fund. Intesa Sanpaolo has a circular economy hub in Italy which increased its credit ceiling and a commitment to offer best terms to businesses that adopt the circular model in innovative ways. The Foundation helped develop the circular economy criteria ahead of its launch in 2018. In October 2020 the bank extended the facility from EUR 5 billion to EUR 6 billion. By the end of June 2021, the bank had financed over 200 projects totalling close to EUR 4.5 billion. In July 2021, the Foundation, Intesa Sanpaolo and Bocconi University published a white paper which sets out new evidence demonstrating how circular economy strategies can de-risk investments and drive superior risk-adjusted returns for investors and financial institutions.

In consumer goods, Unilever has long supported the global transition to a circular economy and first joined the Charity as a Partner in 2014. The Unilever Compass launched in May 2020, Unilever's new strategy outlines that the growth of their business is inextricably linked with sustainability, they have fully integrated sustainability into everything they do. One key pillar is to "Win with our brands as a force for good, powered by purpose and innovation". An example of this is that Unilever is investing €1 billion over ten years in researching and developing new technologies to reduce the carbon footprint, plastic waste and water use, and increase the biodegradable and sustainable ingredients associated with our products. As part of this programme, they'll be replacing the crude oil and other fossil fuels used to make some of our chemicals with renewable and recycled materials. In June 2021 Unilever launched a precompetitive collaborative project with members of the Foundation's Network with support from the Foundation's Network Team. Unilever has also been progressing against their ambitious targets set out in the New Plastics Economy Global Commitment (NPEC GC). Danone, also a signatory of the NPEC GC is also working towards a set of global targets as well as annual disclosure of progress against these targets. For example, as well as phasing out PS and PVC, Danone eliminated 170 million straws and 7 million spoons through direct elimination and substitution to paper during this reporting period.

In fashion, H&M has the ambition to become climate positive by 2040 by becoming a circular business. The group has put on the market 50,000 pairs of jeans based on the Foundation's Fashion Initiative's Jeans Redesign principles; this is one of many examples of how they are exploring solutions to create a closed loop for textiles where unwanted clothes can be recycled into new ones. H&M Group has been applying circular economy principles to its sustainability strategies both for commercial and non-commercial goods such as packaging - as a signatory of the NPEC GC.

The partnership with IKEA focuses on several key areas including advocating for circular design and developing new services and offers to encourage customers to acquire, care for and pass on products in circular ways. This fits with their ambition to become circular and climate positive by 2030. For example, in November 2020 IKEA took another step forward in its journey to become a circular business by 2030, with the opening of its first world's first second-hand pop-up store in Eskilstuna, Sweden.

Google has announced its circular economy vision to become a Circular Google in a Sustainable World, to maximize the reuse of finite resources across our operations, products and supply chains, and enable others to do the same through the use of our technology. Google continues to focus its efforts on plastics, specifically on how their tools and technology can be applied to support the circular economy for plastics and has joined the Charity's NPEC initiative as Technology Partner. Google also released a new study which evaluated demand for six polymers in three major regions of the world representing 86 percent of current global plastics demand. The report modelled the impact of 14 interventions and identifies the need to expand mechanical recycling infrastructure five to six times by 2040, and chemical recycling capacity by more than 100 times. It puts the price tag on all interventions needed, including infrastructure, at \$500 billion globally.

Strategic Partners, Partners and Members come together in workshops, at an annual summit and also participate in and enjoy the Charity's Circular Economy Show, aired bi-weekly. **Network Workshops** were held during the year in virtual formats and welcomed over 3,000 representatives from around 400 different bodies with the strongest engagement in sessions on the Foundation's Universal Policy Goals and Plastics Pact work. The Charity's **Annual Summit** ran as an online programme for the second time in two years and featured CEOs from businesses in our Network as well as leaders from government and the media. In total there were 3,618 registrations for the event and, repeating the success of the 2020 Annual Summit, its content received over 2 million views.

## TRUSTEES REPORT INCLUDING DIRECTORS AND STRATEGIC REPORT (continued...)

In the period the Foundation launched a digital community platform, known as the Ellen MacArthur Foundation's **Community**. Launched in February 2021 the objective of the project is to provide a digital home for the Network that supports in-person engagement and to scale the number of organisations and employees who can participate. The user base of the Community grew from zero in February to 2,123 in August 2021. The Community also provides an engagement model for organisations that do not meet the criteria to become a Member, Partner, or Strategic Partner and in the period from May to August a further 359 had been approved to join the Community, of which 204 are classified as startups.

**Learning** about the circular economy and how the principles can apply in practice across a variety of contexts including different sectors, industries, or functions is critical for organisations to identify and implement the changes they need to make. By August, 1,322 employees from organisations in our Network participated in the Circular Economy Beginner Series and 264 took part in the Circular Economy Advanced Series, both of which were launched in the period. In addition 261 employees took part in the Circular Economy Masterclass run by The University of Exeter.

Developed by the Charity and launched in January 2020, **Circulytics** allows companies to track their own progress towards circular business practices and is the most comprehensive circularity measurement tool available. It is free to use and gives companies a full picture of their circularity across all operations, regardless of the size, complexity or nature of their business. Going beyond simply measuring products and material flows, Circulytics combines company-level data with applied insights and analysis from the Charity to identify opportunities to further adopt and embed circular practices. Circulytics is not a light effort with many companies having to aggregate material flow data for the first time. In the period to August 2021, 169 companies from the Network had registered for Circulytics and 39 had completed a full submission

### Business, Network and Latin America

During the fiscal year, the LatAm team together with the Network team designed a model to internationalise our Network model, with a focus in LatAm. The model kicked off in September 1st and the design efforts led to a pilot model for FY22 with a focus on the Associate level, with the aim of reducing entry barriers (like cost driven by exchange rate variability), leveraging the digital offerings in an optimised way. Efforts to make the community platform, the T&C, the learning resources and the events accessible in all languages relevant to the region have been part of the first months to set-up the programme.

**USA:** During the year sister charity, EMF USA Inc, focused on deepening relationships with key corporate partners leading to increased engagement in EMF programmes such as NPEC and building relationships in the national policy arena. It also worked on maintaining brand voice both before and after the COVID-19 outbreak through event attendance and communication campaigns. In August the Charity partnered with US-based media outlet GreenBiz Group to organise Circularity 21. The event brought together more than 10,000 professionals from around the world to network and explore how to advance the adoption of the circular economy through inspirational plenary and breakout sessions.

## **SYSTEMIC INITIATIVES** are transforming *key material flows to scale the circular economy globally.*

Working with businesses, governments, philanthropists, innovators and NGOs, Systemic Initiatives spark unprecedented levels of cross-sectoral collaboration and innovation. They emerged under the umbrella of Project Mainstream, a CEO-led global initiative by the World Economic Forum and the Charity, with the aim to help scale business driven circular economy innovations. During the year the Charity operated three separately funded Systemic Initiatives: New Plastics Economy (NPEC) now in phase 2 having launched in 2016, Make Fashion Circular, the Food Initiative and has established a cross cutting Finance initiative, developing perspectives on supporting the role of finance in accelerating and enabling the circular economy transition.



An ambitious global initiative bringing together key stakeholders to rethink and redesign the future for plastics, starting with packaging. Through the NPEC Global Commitment and its network of Plastics Pacts, more than 1,000 organisations around the world have united behind a common vision of a circular economy for plastics. Concrete 2025 targets to help realise that vision is in place through three key actions: **eliminate** the plastics we don't need, **innovate** to ensure the plastics we do need are reusable, recyclable or compostable and **circulate** all the plastic items we use to keep them in the economy and out of the environment.



**TRUSTEES REPORT INCLUDING DIRECTORS AND STRATEGIC REPORT (continued...)**

A joint philanthropic-business advisory board oversees the initiative to ensure the inclusion of a wide set of social, environmental and business considerations. This includes philanthropic partners Eric & Wendy Schmidt Fund for Strategic Innovation (lead) and Oak Foundation together with corporate partners Amcor, Borealis, The Coca-Cola Company, Danone, L'Oréal, MARS, Nestle, PepsiCo, Unilever, Veolia and Walmart. Workshops are held bi-annually to bring together ~100 representatives of the Partners with over 30 Network Members and other key stakeholders such as NGOs, policymakers, investors and innovators. The last 2 years, given covid-19 restrictions on physical events, we have been innovating our network engagement model, through a variety of engaging virtual events, workshops and working sessions.



**NPEC Global Commitment**, a collaboration with the United Nations Environment Programme ('UNEP'), unites more than 250 businesses collectively representing more than 20% of all plastic packaging used globally, 20 governments and over 200 endorsers behind a common vision of a circular economy for plastics.

The annual Global Commitment progress reports created an unprecedented level of transparency on how almost 200 businesses and governments are reshaping the plastics system. They provide unique insight into the trajectory of progress against targets.

The Charity is seeing increasing amounts of progress within the signatory group, but a further substantial acceleration is needed in the coming years to achieve the 2025 targets. A major milestone achieved is that after decades of growth, virgin plastic use appears to have peaked for Global Commitment brands and retailers (a reduction of 1.2% in 2020, following a 0.6% reduction in 2019). Given we raised the minimum ambition level for the Global Commitment this year, making a 2025 plastic or virgin plastic reduction target mandatory for all brand and retail signatories, their virgin plastic consumption is set to fall faster by 2025. This sustained and significant fall would mark, for the first time, a decoupling of business growth from the consumption of virgin plastic among leading brand and retail companies. By 2025, combined with the recycled content targets of plastic and packaging manufacturer signatories, this would avoid an estimated 8 million tonnes of virgin plastics from being produced each year – keeping 40 million barrels of oil in the ground annually.

Progress on virgin plastic reduction has largely been driven by growing use of recycled content in packaging, but we see alarmingly little investment in efforts to reduce the need for single-use packaging. As this is vital to continuing progress towards a circular economy for plastic, the Charity continues to challenge its signatories to reduce the need for single-use packaging altogether and support them through our Upstream Innovation Guide, frameworks and tools.

The vision, commitments, and definitions of the Global Commitment have helped create a common language and driven action extending well beyond the signatory group. Signatories are engaging their suppliers across the plastics value chain, asking them to comply with Global Commitment requirements or to support them with achieving their goals, further extending the reach of the movement towards a circular economy for plastics. Policymakers have adopted or have been inspired by the Global Commitment targets and definitions: for example, Australia's national action plan on plastics includes the 4 key Global Commitment targets, pretty much word for word. The investment community is also playing a growing part, including through significant interest in the data generated by Global Commitment reporting and the adoption of key reporting metrics and definitions by, for example, in 2021, Principles of Responsible Investments (PRI) with input from the Charity, has published 4 guides to help investors engage with key sectors in the plastic packaging value chain (petrochem, packaging, FMCG, waste management) using the Global Commitment framework. And finally, many other initiatives on plastics have been inspired by the Global Commitment vision and framework. Key organisations leading other major global initiatives on the topic (WWF, WEF, Systemiq, CGF, ...) all endorsed the Global Commitment vision and the Global Tourism Plastics Initiative, The Fashion Pact and The European Bicycle Industry have even set up smaller versions of the Global Commitment, tailored to their industries, to address their plastic packaging challenges.

To accelerate the transition to a circular economy for plastics the Charity has brought together businesses, governments and civil society within a country or region in a unique global platform - the **Plastics Pact Network**. Each locally led Plastics Pact works towards ambitious, local targets to stimulate the elimination of unnecessary or

**TRUSTEES REPORT INCLUDING DIRECTORS AND STRATEGIC REPORT (continued...)**

problematic plastic packaging, the design of all plastic packaging to be reusable, recyclable or compostable, and increased collection, recycling and recycled content of plastic packaging.

**The Foundation's Plastics Pact Network** facilitates the exchange of insights across 12 Plastics Pacts in different geographies, now totaling 28 countries, representing over 30% of global GDP. During the year Pacts were launched in Poland, Canada, The Pacific Region (Australia, New-Zealand, and Pacific Islands), and Kenya. It was also the year where many Pacts published their roadmap and/or first progress report. We consider our network of Plastics Pacts closed now in order to fully shift our focus from launching new Pacts to supporting and challenging the existing Pacts to drive delivery on their 2025 targets.

The Charity's catalytic impact through the Plastics Pacts has been significant. With just 3 to 4 people working on Plastic Pacts on our side, we created 40+ full time jobs in our partner organizations to run Plastic Pacts around the world – a 10x impact. On top of (!) the 500+ organisations involved through the Global Commitment, an additional 600+ organisations are involved in Plastics Pacts. And beyond our network of 12 Pacts, organisations in Mexico, India and other places have been inspired to set up similar efforts.

This year was also a crucial year in the international debate around a **Global Treaty on Plastics**. In September 2020, the Charity, in collaboration with WWF and BCG, launched a call for such a Treaty, supported by a report laying out the business case. 90 leading companies have endorsed this call by signing a business manifesto. A constructive and progressive signal from industry that was appreciated by many policymakers around the world, who are pushing this agenda and helped accelerate the global debate. Since then, many more major governments have expressed their support for a Global Treaty. The milestone UNEA 5 meeting, during which the Charity aims to have an official mandate to start negotiating a Global Treaty on Plastics approved, was postponed from Feb 2021 to Feb 2022, due to covid-restrictions. In January 2022, in the runup to this crucial meeting, the Charity and WWF will launch a second industry statement and comms campaign, with 60+ major businesses uniting behind some key principles for a successful Global Treaty on plastics (incl. CE principles, legally binding nature of Treaty, etc.).

**Plastics and Latin America**

During the fiscal year, the LatAm team continued to support the NPEC team in the development of the Chilean Plastics Pact, particularly by participating in in-person events and comms. In addition, a conversation was carried out with Brazilian stakeholders in the plastics chain to potentially launch a Brazil Plastics Pact, but it turned out that the leading organisation didn't meet some important requirements to run the Pact so the conversation was held off and the Brazil Pact was withdrawn from our plans.



**Make Fashion Circular** has, over the last three years, placed the circular economy concept firmly on the fashion industry agenda: systemic change is gathering traction across the globe. Corporate strategy and targets, industry commitments, policy initiatives and increased public awareness are now mutually reinforcing each other toward a common vision of a thriving and resilient fashion industry that is driven by design, makes clothing and apparel which eliminates waste and pollution, keeps materials in use for longer and regenerates natural systems.

In October 2020, the Foundation published the Vision of a Circular Economy for Fashion, including common definitions. This was co-created with input from over 100 industry experts.

The vision has already been adopted as the basis for circular economy strategies by about half a dozen leading companies. The vision has been used as a reference point for other textile initiatives for example, in the UNEP report 'Sustainability and Circularity in the Textile Value Chain'; and in complementary initiatives including Textile Exchange's Corporate Fibre and Materials Benchmark Program to measure circular economy progress and by WRAP as a basis for their Textile 2030 targets. The vision was also translated and disseminated in China.

In July 2021, the Foundation published The Jeans Redesign - Insights from the First Two Years, transparently reporting on the progress of The Jeans Redesign participants, including whether they had achieved the criteria of the project, where organisations had pushed boundaries and demonstrated progress beyond the minimum requirements, and highlighted challenges still to be resolved to scale the adoption of circular design across fashion.

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**TRUSTEES REPORT INCLUDING DIRECTORS AND STRATEGIC REPORT (continued...)**

May 2021 concluded the first three years of Make Fashion Circular and provided an opportunity to bring the network together under the 'One Network' structure. This resulted in a refresh of the organisations in the network based on ambition level and engagement. From May 2021 the Fashion Initiative brought together H&M as Strategic Partner, and Inditex, Lacoste, PVH, Primark, Ralph Lauren, Zalando as Partners.

In China, we continue to develop our partnership with CNTAC (China National Textile and Apparel Council) following their publishing of an Executive Summary of the New Textiles Economy Report, to which we contributed.

Building on the Fashion initiatives design focus, which included a learning partnership with the RSA, during 2021 ongoing work secured high profile contributions from leading fashion creatives, including Ferdinando Verderi, Stella McCartney, Gucci, Marine Serre, and Gabriella Hearst to our book Circular Design for Fashion. New insights were also gathered from emerging innovators to develop and refine a report on Circular Business Models, both to be published in December 2021.



**Food Initiative**, launched in 2019, is supported by philanthropic partners Calouste Gulbenkian Foundation, Stiftung Doen, and Porticus.

The initiative works with Partners Danone, Google, Mizkan, Nestle, Novamont, Veolia and Yara, other corporate members and a community of nineteen participant cities located in Canada, Europe, Japan, South America and USA. The three cities (London, New York City and São Paulo) that were originally Food Flagship Cities have now been elevated to Strategic Partners Cities within the Foundation's network, committing to demonstrate the circular economy across two or three material streams, including food.

The active role that the Foundation played in the first year of the initiative to convene food value chain actors within the Strategic Partner Cities has been invaluable towards mobilising demonstration activities within the cities that otherwise would likely not have emerged and progressed during this second year.

The Charity published its first piece of work on food in 2019 titled, "**Cities and Circular Economy for Food**". The report found that for every US dollar spent on food, two US dollars of cost are generated for society due to issues such as health impacts from pesticide exposure, air pollution and water contamination from conventional food production and linear organic waste management, as well as causing enormous environmental damage. A circular economy redesign for the food industry could allow food to be grown in a way that regenerates natural resources and locally where relevant and for waste to be eliminated through better redistribution and by-product use. The mission of the Food initiative is to inform and stimulate a global shift towards a regenerative food system based on the principles of a circular economy.

In December 2020, the Charity initiated an eight-month research effort to quantify the opportunity for major food manufacturers (FMCGs) and food retailers to fundamentally reimagine their food portfolios using circular design for food to create food that is better for climate, better for biodiversity, and better for farmers. Research was carried out with support from Material Economics and led to the development of the "Big food redesign: Regenerating nature with the circular economy", which was published in September 2021. During the research process, dozens of industry players, other food initiatives/organisations, farmers, and experts were engaged in interviews and interactive workshops. The publication was supported with funding from the SUN Foundation.

In July 2021, to culminate the Charity's East Africa landscaping exercise, funded by the IKEA Foundation, the Charity published a series of short films on YouTube that showcased inspiring stories of circular economy for food innovators in East Africa. Alongside these films, a paper was published that outlined the opportunities and examples of circular economy in food and agriculture in August 2021.

**TRUSTEES REPORT INCLUDING DIRECTORS AND STRATEGIC REPORT (continued...)**

During the past year, the Charity has continued to broaden its network in the food space and influence these actors to define a common vision of a future food system to individually and collectively work towards. The Charity has provided input to ongoing external projects, connected industry actors and shared expertise. A few examples are:

- [Sustainable Food Trust \(SFT\)](#) - a charity that provides education and thought leadership to transform global food and farming systems. The Charity is part of a working group developing the [Global Farm Metric](#) – a framework to measure outcomes at the farm level which can also be used to support businesses with their environmental reporting.
- [reNature](#) - facilitates the transition to regenerative food production by connecting industry players to farmers and providing technical advice and support. The Charity have collaborated on several speaking events with reNature (including the EMF Summit, UN Food Systems and Unilever's '[Reinventing Food for Humanity](#)'), citing their work as an example of how companies can be collaborating with farmers and transforming food systems.
- [One Planet Business for Biodiversity \(OP2B\)](#) - an international business coalition on biodiversity hosted by the [World Business Council for Sustainable Development](#), with a specific focus on agriculture. The Charity is in regular contact with OP2B to align and provide support on complementary action areas to scale regenerative food production, notably their Regenerative Agriculture Framework.
- [Nutrient Upcycling Alliance](#) - a partnership formed between Veolia and Yara in 2019 working to create organo-mineral fertiliser from organic waste/materials that are insufficiently valorised today. The Charity continues to form part of their working group alongside new innovator CCM Technologies, Waitrose, Nestlé, Novamont, LEAF, Cranfield University. In addition to providing circular economy knowledge, the Charity is making valuable introductions to redistribution charities (Felix Project, City Harvest, Fareshare), food waste reduction companies (Winnow, waste collection initiative, First Mile), and complementary organisations such as WRAP (Waste and Resources Action Programme).
- [Center for European Policy Studies \(CEPS\)](#) - one of the leading think tanks in European Affairs, with specific programmes on food and agriculture, and circular economy. During the development of *The big food redesign* the Charity established a consultative relationship and presented the key findings of the study at the closing conference of their [Circ4Life](#) project - focusing on circular business models in the agro-food industry - attended by a mixed audience of policy actors, businesses and Civil Society Organisations (CSOs). CEPS endorsed the *The big food redesign* and drew from it for their recent publication, [Barriers and enablers for implementing circular economy business models](#).
- [EIT Food](#) - the food branch of the European Institute for Innovation and Technology. In the past year, the Charity regularly exchanged information with EIT Food experts who are integrating the concept of food redesign into their strategy and projects' implementation. Further engagement with EIT-Food, will allow for opportunities to disseminate the Charity's work to a broad audience of policy actors, businesses and food innovators.

***INSTITUTIONS, GOVERNMENTS AND CITIES create the enabling conditions for a circular economy, set direction, and drive innovation and investment.***

**Policy insights:**

- In January 2021, the Foundation released a framework entitled [Universal circular economy policy goals](#) to support the development of a common understanding of the circular economy opportunity and a shared direction of travel in policy development for a circular economy. In addition to working closely with public and private sector actors in its development, the Foundation engaged in multiple international and national fora to share the insights from the work.
- In alignment with the overarching policy goals framework, the Foundation also developed policy insight positions on specific sectors and policy areas. This has included:
  - [A white paper on a UN treaty to address plastic pollution](#), highlighting the role of a circular economy approach, published in August 2021
  - Also in the packaging policy space, we released a [position paper and a statement supporting EPR for packaging policies](#), in June 2021 with endorsement from over 100+ major businesses
  - [A white paper on the upcoming EU Sustainable Products Initiative](#), submitted as contribution to the public consultation of the European Commission in June 2021



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**TRUSTEES REPORT INCLUDING DIRECTORS AND STRATEGIC REPORT (continued...)**

- The Foundation also inputted into the work of the [Technical Working Group of the EU Sustainable Finance Platform](#) on [taxonomy criteria for circular economy activities in the food and beverage, textiles and furniture sectors](#).
- Initial contributions to work on circular economy in trade, at the OECD, and particularly in relation to [plastics at the WTO](#).
- The Charity developed, in consultation with a group of cities and several city network and policy organisations, a Circular Public Procurement Guidebook for cities that will be released in early 2022.
- The Charity developed a series of insights articles on [circular economy activities and opportunities in a range of sectors in Africa](#), in collaboration with Chatham House, International Council for Local Environmental Initiatives (ICLEI) Africa and University of Lagos, and a number of experts. The first four articles in the series were published in August 2021.
- The Charity's Executive Lead for Institutions and Governments was appointed member of the circular economy of the China Council for International Cooperation on Environment and Development (CCICED) *Special Policy Study on Environmental and Social Implications Through the Value Chain*. The Circular Economy chapter has been finalised and submitted to the State Council as an official policy recommendation document.
- Two collaboration projects (China Academy of Sciences and National Development and Reform Commission) initiated in 2020 were successfully completed by the end of July as planned.
- Six new projects (Solid Waste Center, Ministry of Environment and Ecology, Zhejiang University, Jiaotong University, Policy Research Center for Environment and Economy, Ministry of Ecology and Environment (PRCEE MEE), Two with Tsinghua Universities: New Plastics Economy Position Paper and Carbon Neutrality) have successfully kicked off or are to be started no later than Oct.

**Institutional, government and city engagement:**

International institutions:

- The Charity remains a strategic partner of UNEP's International Resource Panel (IRP), and participates in annual strategy sessions.
- Since 2017 the Charity has observed the bi-annual meetings of the Organisation for Economic Co-operation and Development (OECD) Waste and Resource Working Party and has this year: taken part in the OECD Environmental Policy Committee to highlight the role of CE in the post-Covid recovery; provided input into early drafts of the OECD Global Plastics Outlook, drawing on both our plastics insights and the Universal circular economy policy goals framework.
- The Charity also developed its relationship with the World Bank, engaging with it and other international institutions in its insight pieces, and contributing its insights to early scoping stages of a World Bank research piece on circular economy in EU Member States.

Government and regional groupings:

- The Charity was invited by the Italian 2021 G20 Presidency to contribute its circular economy insights on a range of programme areas, including plastics, fashion, cities and infrastructure. To support this input, the Foundation agreed a Memorandum of Understanding with the Italian Ministry of Ecological Transition.
- In 2021, the Foundation developed a collaboration with the United Nations Economic Committee for Europe (participation in 3 official Commission Sessions) which:
  - Expanded our reach beyond environmental ministries, which traditionally are in charge of circular economy matters.
  - Gives us access to countries which so far we had not interacted with (Eastern EU and Central Asia).
- The Charity formally became one of the founding seven Strategic Partners of the Latin American and Caribbean Coalition for Circular Economy which launched in February 2021. The Foundation has, in partnership with other partners, led the development of and consultations for a regional circular economy vision for the Coalition (expected or release in February/March 2022).
- The Charity has also engaged with the African Circular Economy Alliance, participating as an Observer in Technical Committee meetings, supporting and engaging the Secretariat on insight development pieces, and receiving an invitation to become a Strategic Partner of the African Circular Economy Alliance.
- Following the release of the 14th Five Year Plan for Circular Economy, the revision of CE Promotion Law in China was kicked off by NDRC and led by our partner China Association for Circular Economy. The Foundation was invited by the CACE to make its contribution into its process.
- The Charity's Executive Lead for Institutions and Governments also contributed, as a member of the Experts Panel, to a study of circular economy opportunities in Canada, in a study coordinated by the Canadian Council of Academies at the request of the ministry of Environment and Climate Change, Canada.

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**TRUSTEES REPORT INCLUDING DIRECTORS AND STRATEGIC REPORT (continued...)**

Cities:

The Charity continued to promote the narrative that the circular economy is a bigger idea presenting at high-level events, collaborating on various projects and initiatives with international institutions, city network and policy organisations and running communications campaigns:

- The Charity presented at various prominent events for city government officials including: World Circular Economy Forum, Daring Cities and Innovate4Cities.
- Major activities included supporting UNEP, Arup and BASE to develop a discussion paper *Creating Circular Neighbourhoods* and collaborating with Circle Economy, Metabolic and ICLEI on the MAVA funded Circle Lab for Cities project.
- A social media campaign based on the case studies in the Circular Economy & Cities Resource Suite achieved 869,910 impressions and 2,800 click throughs reaching city practitioners in the US, Canada, South America, Africa and APAC.

In 2021, the Charity had several opportunities to engage more deeply with city governments as a Support Partner to ICLEI Europe's Circular City Declaration (60+ city signatories) and a Partner to the Canadian Circular Cities and Regions Initiative (15 cities & regions). The Charity also delivered several capacity building sessions based on the *Urban Policy Levers* paper (part of the *Circular Economy in Cities Resource Suite* that was published in 2019), and engaged more than 50 city governments across Europe, North America, Latin America, Africa and Asia.

The Charity has continued to support its Strategic Partner and Partner cities to activate and progress demonstration activities across a diverse range of topics:

- The cities involved in the Charity's Food Initiative continue to progress ambitious demonstrators. These include: London's Food Flagship Initiative, New York's #DonateNYC campaign, São Paulo's Connect the Dots and Nespresso Hortas projects, Milan's food redistribution hubs and school menu projects and Porto's City Loops and Living Lab projects. Nine cities are progressing circular procurement activities in the Charity's Food Initiative.
- The Charity also partnered with the Danish Business Authority to activate cities to adopt digital solutions to accelerate the circular economy transition in their cities. Glasgow and Toronto have been actively working with winners (Go Zero Waste (ES), Concular (DE), Topolytics (UK), Seenons (NL), and Konsido (DK)) to implement their solutions in their cities.
- With almost all interactions being online in 2021, the Charity also focused on convening its regional city communities (Europe, North American and Latin America) to support relationship building and knowledge exchange between the cities in its community.

**Institutions, Governments and Cities and Latin America**

During the fiscal year, the Latin America operation launched, in February 2021, the Latin America and Caribbean Coalition as founding strategic partners, alongside other seven international institutions (UNEP, UNIDO, WEF, IDB, KAS, CTCN, PACE). EMF has led the first joint project of the Coalition, to develop a vision for a circular economy in the region (the "Vision"). The Vision document will be launched in February 2022. During the development of the Vision project, EMF has expanded its governments relationship across the region and strengthened EMF as a key voice of the circular economy in the region.

In April 2021, the strategic partnership with São Paulo was announced, building on its relationship as Food Flagship City. An engagement plan with the City was developed with a broad scope involving: the development of a circular economy vision and roadmap, capacity building of the city's public servants and political spokespeople, communications, and demonstrators likely in the areas of food, fashion and the built environment. Conversations of other Latin American (Curitiba, Buenos Aires and Bogotá) were initiated to become Partner Cities, with a contract signed with Curitiba.

TRUSTEES REPORT INCLUDING DIRECTORS AND STRATEGIC REPORT (continued...)

*WITHIN **LEARNING** the Charity works across ages and disciplines to develop the vision, skills and mindsets needed to transition to a circular economy.*

## LEARNING HUB

In 2019 the Charity launched a circular economy learning programme including a new free-to-access online resource which aims to reach more than one million learners globally and engage 150,000 by 2025. The Learning Hub is supported by the Eric and Wendy Schmidt Fund for Strategic Innovation and leverages a broad range of digital tools and learning materials. COVID-19 has dramatically increased the use of online learning tools and during the period The Learning Hub exceeded the Charity's targets for both reach and engagement, becoming a reference point for circular economy learning with over one million learners by the end of 2021.

In **formal education**, the Charity has continued to integrate circular economy into the curricula of the International Baccalaureate ('IB') whose Diploma Programme for students aged 16 to 19 years is respected by leading universities across the globe. The Charity has worked with IB to integrate circular economy principles into the Geography, Economics and more recently business management curriculum. Further work is now taking place to integrate circular economy into the design and technology curriculum. In 2020 and early 2021, the Charity has expanded our engagement with curriculum providers, working with the likes of LEGO, Daydream Believers and the Welsh Baccalaureate to ensure more young people are exposed to the principles of circular economy during their learning journeys. This expanded reach and working with a more diverse group of curriculum providers will ensure that 3m young people have been exposed to CE as part of their schooling and that it is embedded for the future.

Following the success of the 2020 online webinar series for teenagers, the Charity developed a 7-week Africa-specific online programme for teens living on the continent. This was developed in summer 2021 and launched in October 2021 in collaboration with Hello World. It is hoped that it will reach at least 1000 teenagers across Africa.

In **Higher Education** the Charity has continued to grow its interaction with universities across the globe. The profiled university space has grown to now showcase 62 higher education institutions, including expanding to showcase universities in Africa. We remain on track to engage with 1000 universities by 2022 through our range of programmes and interactions. There has been a significant increase in circular economy centres of excellence, based in universities, with an increase from 4 in 2018 to 27 by August 2021.

Over 2020 and 2021, the Charity's work with universities in our key strategic cities has developed well. The London HE demonstrator work is now well established with the universities meeting regularly online and there has been a significant increase in circular activities through the development of student groups, how campuses are managed and course development. There have been notable collaborations such as the one between the London School of Economics and Winnow (both EMF members) to drive down food waste at LSE. There are now at least 34 circular economy courses being delivered by London Universities. This is compared to 4 that were identified in 2018 in the Global Snapshot report. The demonstrator work has now also been established in New York City with the Universities there having met virtually 3 times. Again, there has been a significant increase in known CE courses which have gone from 6 in 2018 to 37 in 2021.

In 2020 and 2021, the Foundation launched a series of online multi-week, interactive 'direct-to-learner' webinar series engaging more than 20,000 participants in total. These programmes are open to all and free to attend for all participants to register to join or to apply for.

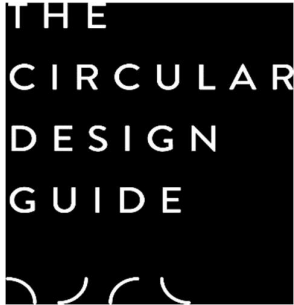
In **professional learning**, over 200 business professionals from the Charity's Network attended the Circular Economy Masterclass run by the University of Exeter in collaboration with the Charity. The Charity has also developed an introduction to the circular economy course free to all employees of the Network and available on the Charity's digital community platform.

### Learning and Latin America

A formal collaboration with Sistema B in Latin America was formed to design a Latin America edition of the From Linear to Circular programme, which was then delivered between October and December 2021.

**TRUSTEES REPORT INCLUDING DIRECTORS AND STRATEGIC REPORT (continued...)**

The Ellen MacArthur Foundation launched the Circular Economy Show in summer 2020, a regular live broadcast that delves into the idea of a circular economy and showcases examples. The Foundation has now broadcast more than 50 episodes of the Show streaming on the Charity's YouTube and social media channels. Overall, the Foundation's broadcast activity received more than 6 million views in 2021 and the Circular Economy Show has become a go-to reference for circular economy insights and stories for relevant industry professionals and interested students



The charity is continuing to develop and expand its efforts in circular design, focusing on three major strategic pillars. Firstly, it will ensure that circular design is a compelling area of practice for the world's designers and creative professionals, by creating a growing body of robust research, stories, and frameworks that give depth and credibility to circular design.

To this end, the charity has produced foundational texts on the application of circular design in its three systemic initiatives, namely, the Upstream Innovation Guide for plastic packaging, the Circular Design for Fashion book, and the Big Food Redesign study. In addition to this, the charity is currently developing a distinctive piece of thought-leadership

outlining the steps that organisations in its network can take to enable circular design to seed and thrive within innovation teams.

Secondly, the charity will build a thriving movement around circular design, working with select channels and institutions in the arts, culture, and creative space, to build a powerful, global circular design community. The #circulardesignnow campaign was the most successful social media campaign the charity has run to date. Over a period of 5 months, the campaign achieved 3.3 million impressions, with levels of engagement three times above the previous benchmark, reinforcing the charity's belief that audiences respond well to optimistic, solutions-focused aspect of the circular economy narrative.

In March 2021, the charity organised the Circular Design Assembly, a two-day symposium bringing together 13 leaders of international design weeks, festivals, and biennials on the topic of circular design. The Circular Design Assembly was established to create a platform for international collaboration, where attendees could explore ways to embed circular economy principles into the fabric of their design weeks.

Also in March, the charity celebrated its partnership with the RSA with the /Partnership for Change/, an open-access event that introduced the work of both organisations and explored stories from across a global network of design practitioners.

In October 2021, London's prestigious Design Museum opened /Waste Age: What Can Designers Do? / a ground-breaking exhibition into the current linear economy and its chronic waste crisis. The Ellen MacArthur Foundation played an important role in this exhibition, steering on the overall storyline, and curating an impressive section of the show that demonstrated packaging innovation strategies, with real illustrative examples.

The charity has also grown a group of 30,000 engaged designers on LinkedIn, sharing their own stories of experimentation and learning in this space.

Thirdly, and perhaps most importantly, the charity will catalyse action, creating the platform for organisations in its network and beyond to put circular design into practice.

Having developed design-focused insights on the circular economy, the charity is well-placed to take these insights to its network, to catalyse systemic solutions at scale, particularly in the plastics, fashion, and food industries.



**TRUSTEES REPORT INCLUDING DIRECTORS AND STRATEGIC REPORT (continued...)**

In 2020, the charity established the Circular Design Leaders, the world's first group for Chief Design Officers working to accelerate the transition to the circular economy. The group convenes on a quarterly basis, to support organisations' transformation efforts, share best practice, and use a common voice to inspire the global design audience. To complement this, in November 2020 the charity ran a 6-month pilot for practitioners in design teams, to improve their awareness and understanding of the circular economy. Learnings from this Design Interest Group have been incorporated into the development of better content and guidance on the topic.

In Autumn 2021, the charity developed and published a range of physical and digital workshop assets for businesses to explore and apply the strategies from the Upstream Innovation Guide for plastic packaging. This six-month effort engaged directly with over 450 design professionals from agencies and FMCG companies, to increase their circular design capabilities. Similar engagement activities are in development following the 2021 release of the Circular Design for Fashion book, and the Big Food Redesign study.

*Through its **COMMUNICATIONS** channels, the Charity  
disseminates leading examples of circular economy activity  
by businesses and policymakers around the globe.*

During the financial year, the Foundation's communications efforts continued to build around our key objectives in support of our 2025 Strategy.

We delivered growth in reach and engagement, whilst also building following amongst our core audiences. We worked on improving the quality of our communications, and aligning our content with the new brand visual identity,

Across our existing channels, we were able to build our following and subscribers to 488,000 (53% increase year-on-year), increase the number of impressions to more than 280m (2020: 41m) and increase the number of video views to over 15 million in one year (141% increase).

Recognising the value of YouTube (the world's second-largest search engine after Google), we invested a significant amount of resource into growing this channel and achieved a 121% increase in subscribers that year. We have been working with a UK agency that specialises in video content and distribution, to optimise our YouTube channel and deliver higher quality content using highly targeted campaigns.

We increased the number of media articles featuring the Foundation in one year to 10,432 (6% increase). Most notably, we were featured in a number of Tier 1 outlets, including the Financial Times, Vogue, the Independent, the Guardian, El Tiempo, BBC, National Geographic, Forbes, UOL, Valor Economico, and the Washington Post.

There were two particularly significant communication messages that we focused on in 2021: the connection between the circular economy and climate change, and the role of design in the transition to a circular economy.

COP26 took place in November 2021. One of our objectives for the event was to ensure the circular economy was recognised as a key part of the solution to climate change, paving the way for legislation and funding for circular economy solutions at scale. In the lead up to COP26, we created an over-arching narrative that would connect our major events and communications activities and lead us strongly into COP26 with a clear message: 'Fix the economy, fix the climate'.

The Foundation's Summit 21 was a pivotal moment for us to connect the dots between climate change and the circular economy ahead of COP26. We launched our new video, *Completing the picture, how the circular economy tackles climate change*, and had special speakers including Christiana Figueres (former executive secretary of the UNFCCC) discussing the role of the circular economy in tackling the 45% of emissions that are not being addressed through the transition to renewable energy.

In early 2021, we also launched our first design campaign across our social media channels, in collaboration with Sid Lee, a partner of the Foundation. Our #CircularDesignNow campaign was an awareness-raising social media campaign which ran for five months. Its aim was to inspire designers with what is possible, and encourage them to increase their knowledge of the practice through our tools and resources.

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The campaign became our best performing social media campaign to date in terms of engagement and impressions. Every post performed above our benchmark with an overall engagement rate of 10.21%. LinkedIn was the best performing platform with, on average, 45% more impressions per post than benchmark and an engagement rate 3.6x higher than average on the platform. The best performing topic was Plastics with a 13.56% engagement rate, followed by Cities with 11.86% and Fashion with 10.80%.

To grow the idea of the circular economy, we placed renewed focus on storytelling, messaging and developing a common voice with our Network. Working with our Knowledge Partner, Brunswick, and in collaboration with a number of communications professionals from our Network, we began to uncover the framework on which to build stories about the circular economy.

In the later part of the financial year, we began to test a simplified version of the three principles of the circular economy, creating messaging 'building blocks' which communicators can use: **eliminate** (waste and pollution), **circulate** (products and materials at their highest value), and **regenerate** (nature). The plan is to fully embed these in our communications and across our channels in the 2022 financial year. As part of our Common Voice agenda, we are also encouraging our Network to apply them when communicating the bigger idea of the circular economy.

**Communications and Latin America**

With a strong Communications approach in the region, enhanced since the establishment of the relationship with Sherlock Comms, PR agency specialised in the Latin American market, the attention to the circular economy and EMF in local media in target countries (Brazil, Colombia, Chile and Mexico) increased significantly, doubling in reach, to nearly 40 million media impressions, approximately 20% of the global EMF numbers. With support from Sherlock Comms, the team has continually refined the focus on high quality, high impact media vehicles, including broadcast and online media as well as the press. Social media has continued to be an important driver to expand follower base and refine the message to our target audiences in both Portuguese and Spanish. During the fiscal year, two Instagram channels (in Portuguese and Spanish) were launched and there is consistency across the campaigns both globally and regionally in Facebook and Instagram, evidencing the leadership of LatAm in growing EMF's language approach. We have also continued to contribute to the design of the new website and have started to populate it with contents in Portuguese and Spanish, which is a big step towards a more diverse and inclusive website.

Latin American stories and insights have been featured in both our Network events (Network Workshop, Summit, CE Shows) as well as in reports ("The Nature Imperative"). Video production in the region delivered a mini documentary about the Food story in São Paulo, which has been used in the announcement of the strategic partnership with the

City and a video web series was approved by the Portfolio Management Group to feature successful food stories aligned to The Big Food Redesign report (to be launched in mid 2022).

**STRATEGIC REPORT - LOOKING AHEAD**

The Foundation continues to work towards its 2025 strategic target of unstoppable momentum towards a circular economy. During the 2021/22 year, it will focus on refining and consolidating its activity in the context of this 2025 vision.

It will continue to focus on the demonstrator programmes of Plastics, Food and Fashion, working with multiple actors across the system to develop and showcase a circular economy approach within key industries. This work will be underpinned by enabling opportunities pointed to by its Finance and Design initiatives.

At the same time, it will continue to work on taking the discussion upstream, and on activating the Network around an upstream agenda. After several years of focusing mainly on technical materials, the Charity will place greater emphasis on regenerative topics within the circular economy mode, publishing two pieces of thought leadership on Food and on Biodiversity respectively, during the first half of the year. These will make the case for regenerative practices, whilst reinforcing the overall circular economy mindset of upstream solutions and redesigning whole systems.

The Foundation will also continue to reinforce the economic case for a transition to a circular economy, using case studies from the Network to further demonstrate this, and to promote solutions and approaches that have the potential to scale. In reinforcing the economic case, the Foundation will again consider the whole economic system including building demand, a focus on longer-term economics, regulatory requirements, brand equity and transitional finance.

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Measuring and reporting on progress towards circular economy targets becomes increasingly more important as the charity moves towards the ambitions it has set for 2025, and it will work with the Network to develop and introduce new mechanisms during the year.

The 2021/22 year will see growth in the size of the Foundation team across all of its strategic geographies, and this will be supported by an increased focus on operational planning, and on putting the right systems, process, tools and funding in place to ensure a robust infrastructure and the maintenance of the Foundation's culture and values.

Combining this focus on organizational development with its ongoing strategy to develop and promote the idea of a circular economy, whilst mobilizing systemic solutions with its network of key actors, will move the Foundation closer towards its vision of unstoppable momentum towards a circular economy by 2025.

**COVID-19**

The Charity has continued to respond well to the risks posed by the COVID-19 pandemic, and these have been effectively mitigated. Funding remains robust, staff have been supported by numerous formal and informal initiatives and support systems (including online group extracurricular activities, online gym, counselling, flexible working arrangements, home-office facilities/set-up) and collectively have continued working at normal capacity. Events and relationship management have successfully moved online, and office health and safety processes have not materially impacted efficiency or culture. The Charity's objectives have been framed in light of the pandemic, to take account of the circumstances and opportunities.

**FUNDING MODEL**

The Charity's funding continues to come from two main sectors: corporate partnership / membership, and philanthropy. No funding is generated from the general public. The Trustees monitor the activities of Ellen MacArthur Foundation and Ellen MacArthur Foundation Trading Limited in relation to fundraising.

From the philanthropic community the Charity receives both unrestricted (core) and project funding. In the year, core funding was received from the Eric & Wendy Schmidt Fund for Strategic Innovation, MAVA Fondation pour la Nature, SUN (Foundation for Environmental Economics and Sustainability) and People's Postcode Lottery under their external lottery management license promoting lottery draws on behalf of charities. Twelve funders supported projects and initiatives including the Schmidt Family Foundation, the Eric & Wendy Schmidt Fund for Strategic Innovation, SUN (Foundation for Environmental Economics and Sustainability), MAVA Fondation pour la Nature, People's Postcode Lottery, the OAK Foundation, the C&A Foundation, the Walmart Foundation, Calouste Gulbenkian Foundation, Stiftung Auxilium, Stichting Doen, IKEA Foundation, The Charity continues to seek opportunities to increase its core and project funding from trusts and grant awarding bodies.

**FINANCIAL REVIEW AND RESERVES POLICY**

The statement of financial activities for the year ended 31 August 2021 is set out on page 26 of this report.

**Income**

Total incoming resources for the year increased by £5,720,000 to £18,144,000, an increase of 46% on the previous financial year (2020 £12,424,000). The income received was predominantly from donations (£13,633,000) which accounts for 75% of income received in the year (2020 £8,281,000 - 71%).

The increase reported in income for the year is mainly attributable to funding from PPL (People's Postcode Lottery) under their external lottery management license promoting lottery draws on behalf of charities. We have a new Network membership structure which has increased the income streams in this area. Income was received for a bio-diversity project in this financial year along with the timing of funding into our systemic initiatives and international outreach programmes.

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**TRUSTEES REPORT INCLUDING DIRECTORS AND STRATEGIC REPORT (continued...)**

**Expenditure**

Total expenditure for the year increased by £3,022,000 to £14,595,000 (2020 £11,573,000). This increase is largely due to the PPL operational costs from the lottery draws, as well timing of projects where income is received before project expenditure is committed, particularly within the Systemic Initiatives and the growth of the Charity over the year.

**Investments**

The objective of the Charity's investment policy is to preserve and, if possible, enhance the real value of its assets by keeping an appropriate balance between maximizing long-term returns while avoiding undue risk and volatility in capital values. The Charity currently invests in interest bearing cash deposits with its bank. These readily realisable investments are reported within the total Cash and Cash Equivalents on the Balance Sheet. Investment gains were £4,000 (2020: £18,000) with an overall return of 0.03%. However, the current investment approach is being reviewed in order to consider potential to improve management of the Charity's assets, taking into account risk, return, and ethical imperatives. To that end, the Charity has assessed potential investment managers with whom to work and is aiming shortly to make an engagement.

**Reserves Policy**

As of 31 August 2021, the Charity had consolidated net assets of £21,233,000 (2020 £17,684,000), primarily representing cash at bank of £18,234,000 (2020: £15,072,000). The amount of cash at bank has increased in the period due to the timing of income receipts and project expenditure, together with increased profits in the trading subsidiary.

Of the net assets, £7,392,000 (2020: £8,598,000) are restricted income funds which are held for the completion of projects undertaken by the Charity. Of the unrestricted funds, the trustees have designated £1.25m for specific projects in the 2021-22 financial year, these are the Circular Economy Performance Measurement initiative, a mechanism to demonstrate scaled impact towards the circular economy and for the specific growth of the operations team to cope with the overall increase in activity and people at the Charity, such as new HR software systems and expansion of the People team. The Trustees ensure the overall health of the Charity by requiring its free reserves (the sums retained to withstand any short-term financial risk) to be closely monitored. The reserves policy is considered annually by the Trustees. At 31 August 2021 the Charity's free reserves stood at £5.7million (2020: £4.61 million), and the increase reflects the timing of core projects and activities undertaken. At approximately 7.5 months of charitable operating expenditure, this is within the Charity's policy to maintain 6-9 months of operating costs in reserve. The Charity continues to operate in an uncertain economic environment where the timing of the funding for new and substantial projects are both uncertain and irregular. The Charity remains vigilant to ensure funding is in place to undertake future projects and operations. The Charity remains a dynamic organisation, which has seen rapid growth of, and interest in, its activities, and such a level of reserves is considered sufficient to unwind the ongoing commitments to projects and the financial obligations from contracts in place.

**Subsidiaries**

The profit distributed to the Charity during the year from the trading subsidiary was £1,948,000 (2020: £899,000) as detailed in note 6 to the accounts, and subsequent to the year-end £1,746,000 has been distributed to the Charity. Profits made in the trading subsidiary are detailed in note 7 to the accounts. The increase achieved is attributable to cost efficiencies in running online rather than in-person workshops and events due to the COVID-19 pandemic. The results for the two sister charities are shown as designated funds and can be seen in note 7 to the accounts.

**Going Concern**

The Trustees have reviewed the financial position and financial forecasts, taking into account the systems of financial control and risk management. As a result of this review, the Trustees believe that the Charity is well placed to manage operational and financial risks successfully. Accordingly, the Trustees have a reasonable expectation that the Charity and its subsidiaries have adequate resources to continue in operational existence for the foreseeable future. As a consequence, they continue to support the going concern basis of accounting in preparing the annual accounts.

**RISK MANAGEMENT**

The nature and range of the Charity's operations presents numerous and varied risks, including those relating to:

- people (including retention and recruitment);
- finance (including reliability of income and management of capital);
- legal and regulatory risk and compliance (including in relation to personal data, health and safety, charity law, and disputes, both in the UK and across the charity's international operations);

**Ellen MacArthur Foundation**  
**Report and Financial Statements for the year ended 31 August 2021**

**TRUSTEES REPORT INCLUDING DIRECTORS AND STRATEGIC REPORT (continued...)**

- reputation (including protection of brand and IP against third party challenge);
- structure and operations (including in relation to counterparty diligence, IT and cyber security, culture and performance);
- strategy (including clarity and relevance of mission).

The Trustees monitor and manage risks by way of a risk register, detailing relevant risks, which is compiled internally (and kept up to date as risks change) under the leadership of the CEO and COO, and a risk summary, which is drawn from the risk register. This identifies the most significant risks (from time to time), to ensure those risks are recognised and receive appropriate Trustee focus. The risk register and risk summary - which include risk mitigations and internal responsibilities - are presented to the Trustees annually by the CEO and COO.

Risks are managed on a day-to-day basis by the Executive Leadership Team and Leadership Team, whose members have individual and/or collective delegated responsibilities for given matters.

The key current risks being carefully and actively managed, but not perceived to carry high significance are:

1. threats to reputation, through misuse of brand, mis-understanding of or challenges to mission and concept;
2. threats to income and capital, arising through the funding model; and
3. threats to operations, including through challenges induced by the COVID-19 pandemic and BREXIT.

**STATEMENT OF TRUSTEES' RESPONSIBILITIES**

The Trustees are responsible for their annual report and the preparation of financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company and charity law requires the Trustees to prepare financial statements for each financial year. Under company law the directors must not approve financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charity and of the surplus or deficit of the Charity for that year. In the preparation of those financial statements, the Trustees are required to:

- Select suitable accounting policies and ensure they are applied consistently;
- Make judgments and estimates that are reasonable and prudent;
- Ensure that the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Charity will continue in business.

The Trustees are responsible for ensuring that the Charity keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Charity and which enable them to ensure that the financial statements comply with the Companies Act 2006 and with the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). They also have responsibility for ensuring that the Charity has appropriate systems and controls (financial and otherwise) and that reasonable steps are taken for safeguarding the assets of the Charity and for the prevention and detection of fraud and other irregularities.

**Ellen MacArthur Foundation  
Report and Financial Statements for the year ended 31 August 2021**

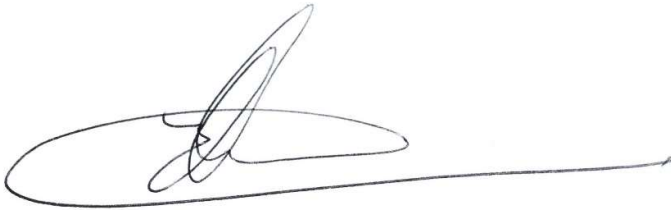
**TRUSTEES REPORT INCLUDING DIRECTORS AND STRATEGIC REPORT (continued...)**

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the Trustees are aware, there is no relevant audit information of which the Charity's auditors are unaware, and 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 the Charity's auditors are aware of that information.

In approving the Trustees Annual Report, we also approve the Strategic Report included therein, in our capacity as Company directors.

**Approved and Signed on behalf of the Board of Trustees:**

A handwritten signature in blue ink, consisting of a large, stylized 'E' followed by a long horizontal line.

**Dame Ellen MacArthur**

**Date 24 May 2022**

**Ellen MacArthur Foundation**  
**Report and Financial Statements for the year ended 31 August 2021**

**AUDIT REPORT**

**Independent Auditors' Report to the trustees and members of Ellen MacArthur Foundation**

**Opinion**

We have audited the financial statements of the Ellen MacArthur Foundation which comprise the Group and Parent and its subsidiaries (the 'group') for the year ended 31 August 2021 which comprise the Group Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheets, the Group Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 August 2021 and of the group's 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; and
- have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 (as amended) and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report. We are independent of the charitable 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 group's and parent charitable company'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 annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained in 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 there is 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.

**Ellen MacArthur Foundation**  
**Report and Financial Statements for the year ended 31 August 2021**

**AUDIT REPORT (continued...)**

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

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the trustees' annual report.

We have nothing to report in respect of the following matters where the Companies Act 2006 or the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement set out on page 20, the trustees 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 group and parent 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 group or parent 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**

We have been appointed as auditor under Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report to you in accordance with regulations made under those Acts.

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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



**Ellen MacArthur Foundation**  
**Report and Financial Statements for the year ended 31 August 2021**

**AUDIT REPORT (continued...)**

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the group and parent charitable company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and parent charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or parent charitable company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit report.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

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

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the charitable company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the charitable company and considered that the most significant are the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 (as amended), regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended), the Charity SORP, and UK financial reporting standards as issued by the Financial Reporting Council.
- We obtained an understanding of how the charitable company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.

**Ellen MacArthur Foundation**  
**Report and Financial Statements for the year ended 31 August 2021**

**AUDIT REPORT (continued...)**

- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

**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 and to the charitable company's trustees, as a body, in accordance with Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the charitable company's members and trustees those matters which we are required to state to them in an auditor's report addressed to them and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the charitable company and charitable company's members as a body, and the charity's trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

*Moore Kingston Smith LLP*

.....  
**Neil Finlayson (Senior Statutory Auditor)**  
for and on behalf of Moore Kingston Smith LLP, Statutory Auditor

Date: ...24 May 2022.....

Devonshire House  
60 Goswell Road  
London  
EC1M 7AD

Moore Kingston Smith LLP is eligible to act as auditor in terms of Section 1212 of the Companies Act 2006.

**Ellen MacArthur Foundation**  
**Report and Financial Statements for the year ended 31 August 2021**

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**  
**(INCLUDING INCOME AND EXPENDITURE ACCOUNT)**

For the year ended 31 August 2021

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Total 2021 £'000	Total 2020 £'000
<b>INCOME AND ENDOWMENTS FROM:</b>					
Donations and legacies	3	7,363	6,270	13,633	8,281
Charitable activities	4	10	-	10	17
Income from other trading operations	7	4,495	-	4,495	4,108
Investments	5	4	-	4	18
Other income		<u>2</u>	<u>-</u>	<u>2</u>	<u>-</u>
<b>TOTAL INCOME</b>		<b>11,874</b> =====	<b>6,270</b> =====	<b>18,144</b> =====	<b>12,424</b> =====
<b>EXPENDITURE ON:</b>					
Fundraising costs	8	151	-	151	353
Commercial trading operations	7	2,729	-	2,729	2,180
Charitable activities	8	4,159	7,476	11,635	8,820
Other	8	<u>80</u>	<u>-</u>	<u>80</u>	<u>220</u>
<b>TOTAL EXPENDITURE</b>		<b>7,119</b> =====	<b>7,476</b> =====	<b>14,595</b> =====	<b>11,573</b> =====
<b>NET INCOME/(EXPENDITURE)</b>		<b>4,755</b>	<b>(1,206)</b>	<b>3,549</b>	<b>851</b>
Transfers between funds		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET MOVEMENT IN FUNDS</b>		<b>4,755</b>	<b>(1,206)</b>	<b>3,549</b>	<b>851</b>
<b>RECONCILIATION OF FUNDS</b>					
Fund balances as at 1 September 2020		<u>9,086</u>	<u>8,598</u>	<u>17,684</u>	<u>16,833</u>
Fund balances as at 31 August 2021		<b>13,841</b> =====	<b>7,392</b> =====	<b>21,233</b> =====	<b>17,684</b> =====

The Statement of Financial Activities includes all gains and losses in the period.

All incoming resources and resources expended derive from continuing activities.

A full comparative statement of financial activities is shown in note 2.

**Ellen MacArthur Foundation**  
**Report and Financial Statements for the year ended 31 August 2021**

**CONSOLIDATED AND CHARITY BALANCE SHEET**  
**At 31 August 2021**

	Notes	Group 2021 £'000	Group 2020 £'000	Charity 2021 £'000	Charity 2020 £'000
<b>FIXED ASSETS</b>					
Tangible fixed assets	11	751	644	447	384
Fixed asset investment	12	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		751	644	447	384
<b>CURRENT ASSETS</b>					
Debtors	13	5,997	5,458	5,165	4,381
Cash at bank and in hand		<u>18,234</u>	<u>15,072</u>	<u>14,451</u>	<u>11,963</u>
		24,231	20,530	19,616	16,344
<b>CREDITORS</b>					
Amounts falling due within one year	14	<u>(3,749)</u>	<u>(3,490)</u>	<u>(1,133)</u>	<u>(1,470)</u>
<b>NET CURRENT ASSETS</b>		<u>20,482</u>	<u>17,040</u>	<u>18,483</u>	<u>14,874</u>
<b>TOTAL NET ASSETS</b>		<u>21,233</u> =====	<u>17,684</u> =====	<u>18,930</u> =====	<u>15,258</u> =====
<b>FUNDS</b>					
<b>Unrestricted funds</b>					
Unrestricted general funds	15	12,591	9,086	10,288	6,660
Designated fund	15	<u>1,250</u>	<u>-</u>	<u>1,250</u>	<u>-</u>
		13,841	9,086	11,538	6,660
<b>Restricted funds</b>	16	<u>7,392</u>	<u>8,598</u>	<u>7,392</u>	<u>8,598</u>
		21,233 =====	17,684 =====	18,930 =====	15,258 =====

The financial statements on pages 26 to 46 were approved by the Board of Trustees and signed on its behalf by:



**Mr Wolfgang Blau**

**Dated: 24 May 2022**

**Company Registration Number: 06897785**

The notes on pages 29 to 46 form an integral part of these financial statements

**Ellen MacArthur Foundation**  
**Report and Financial Statements for the year ended 31 August 2021**

**STATEMENT OF CASH FLOWS**  
**Year ended 31 August 2021**

		<b>Group 2021</b>	<b>Group 2020</b>
	<b>Notes</b>	<b>£'000</b>	<b>£'000</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	(Below)	<u>3,413</u>	<u>3,990</u>
<b>Cash flow from investing activities</b>			
Payments to acquire tangible fixed assets		(255)	(418)
Interest received		<u>4</u>	<u>18</u>
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>		<u>(251)</u>	<u>(400)</u>
<b>Net increase in cash and cash equivalents</b>		3,162	3,590
<b>Cash equivalents at 1 September 2020</b>		<u>15,072</u>	<u>11,482</u>
<b>CASH EQUIVALENTS AT 31 AUGUST 2021</b>		<u>18,234</u> =====	<u>15,072</u> =====

**Cash and cash equivalents consists of:**

Cash at bank and in hand	<u>18,234</u>	<u>15,072</u>
<b>CASH AND CASH EQUIVALENTS AT 31 AUGUST 2021</b>	<u>18,234</u> =====	<u>15,072</u> =====

**RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES:**

	<b>2021 £'000</b>	<b>2020 £'000</b>
Surplus for the year	3,549	851
Depreciation	147	114
Loss on disposal of fixed assets	-	1
Interest received	(4)	(18)
Movement in deferred income	(5)	760
Movement in creditors	265	5
Movement in debtors	<u>(539)</u>	<u>2,277</u>
<b>Net cash flow from operating activities</b>	<u>3,413</u> =====	<u>3,990</u> =====

**ANALYSIS OF CHANGES IN NET DEBT**

	<b>As at 1 September 2020</b>	<b>Cash-flows</b>	<b>As at 31 August 2021</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Cash	15,072	3,162	18,234
Bank charge cards repayable on demand	<u>(4)</u>	<u>(1)</u>	<u>(5)</u>
	<u>15,068</u> =====	<u>3,161</u> =====	<u>18,229</u> =====

# Ellen MacArthur Foundation

## Report and Financial Statements for the year ended 31 August 2021

### NOTES TO THE FINANCIAL STATEMENTS

#### 1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. The accounting policies have been applied consistently throughout the period.

##### **General information and basis of preparation**

The Ellen MacArthur Foundation is a charitable company limited by guarantee incorporated in England and Wales. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity. The address of the registered office is given in the charity information on page 2 of these financial statements. The nature of the charity's operations and principal activities are as an Educational and Research Charity with the aim to inspire a generation to re-think, redesign and build a restorative circular economy.

The charity constitutes a public benefit entity as defined by FRS 102. 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) issued on 16 July 2014, the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Practice as it applies from 1 January 2015.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are prepared in sterling which is the functional currency of the charity, and rounded to the nearest £1.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

##### **Group accounts**

Ellen MacArthur Foundation Inc and Ellen MacArthur Foundation Brazil are considered to be subsidiaries, within the requirements outlined in SORP FRS102 section 24.16, because Ellen MacArthur Foundation UK ("EMF UK") has the power to govern financial and operating policies as set out in specific clauses included within each of the charities constitution documents and, in the event of dissolution, remaining assets will be transferred to EMF UK. In addition to this and with reference to SORP FRS102 section 24.21, the vision, purpose and values of EMF UK, EMF Inc and EMF Brazil are identical and the objects of all three organisations are closely matched within each respective memorandum and articles of association thus ensuring that EMF Inc and EMF Brazil contribute to the aims and purposes of EMF UK and benefits common beneficiaries. All financial statements are made up to 31 August. All intra-group transactions, balances and unrealised gains on transactions between group entities are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, adjustments are made on consolidation to bring the accounting policies used into line with those used by other members of the group.

The summary financial statements of EMF Inc and EMF Brazil are shown in Notes 7 and 12.

##### **Fund accounting**

- Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.
- Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.
- Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

##### **Income recognition**

All incoming resources are included in the Statement of Financial Activities (SoFA) when the charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received. The following specific policies are applied to particular categories of income:

- Voluntary income is received by way of grants, donations, legacies and gifts and is included in full in the Statement of Financial Activities when receivable.
- Grants, where entitlement is not conditional on the delivery of a specific performance by the charity, are recognised when the charity becomes unconditionally entitled to the grant. Where donations relate to a work programme based on academic years, then receipt in advance is deferred to the appropriate year.
- For donations to be recognised, the charity will have been notified of the amounts and the settlement date in writing. If there are conditions attached to the donation and this requires a level of performance before entitlement can be obtained, then income is deferred until those conditions are fully met or the fulfillment of those conditions is within the control of the charity and it is probable that they will be fulfilled.

**Ellen MacArthur Foundation**  
**Report and Financial Statements for the year ended 31 August 2021**  
**NOTES TO THE FINANCIAL STATEMENTS (continued...)**

**Income recognition (continued)**

- Donated facilities and donated professional services are recognised in income at their fair value when their economic benefit is probable, it can be measured reliably and the charity has control over the item. Fair value is determined on the basis of the value of the gift to the charity. For example: the amount the charity would be willing to pay in the open market for such facilities and services. A corresponding amount is recognised in expenditure;
- Value in Kind commitments on projects is often used as a method to obtain engagement with funding partners on projects, although these are not within the Charity's control, and cannot be verified, and as a result a fair value estimate cannot be determined to be included in the accounts.
- No amount is included in the financial statements for volunteer time in line with the SORP (FRS 102). Further detail is given in the Trustees' Annual Report;
- Income from trading activities includes income earned from fundraising events and trading activities to raise funds for the charity. Income is received in exchange for supplying goods and services in order to raise funds and is recognised when entitlement has occurred.
- Incoming resources from grants, where related to performance and specific deliverables, are accounted for as the charity earns the right to consideration by its performance.
- Investment income is earned through holding assets for investment purposes such as funds on deposit, shares and property. It includes interest. It is included when the amount can be measured reliably.

**Debtors**

Trade and other debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid.

**Accrued income**

The amounts receivable on future dates under signed funding agreements are included in accrued income.

**Resources expended**

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required, and the amount of the obligation can be measured reliably. It is categorised under the following headings:

- Costs of raising funds includes activities to seek out and agree terms with major donors, together with the costs of the trading subsidiary;
- Expenditure on charitable activities includes project costs on the charity's various projects as identified in the notes to these accounts; and
- Other expenditure represents those items not falling into the categories above including governance costs.

Irrecoverable VAT is charged as an expense against the activity for which expenditure arose.

**Creditors**

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.

Grants payable to third parties are within the charitable objectives. Where unconditional grants are offered, this is accrued as soon as the recipient is notified of the grant, as this gives rise to a reasonable expectation that the recipient will receive the grants. Where grants are conditional relating to performance then the grant is only accrued when any unfulfilled conditions are outside of the control of the charity.

**Pension**

The charity has a defined contribution pension scheme for all eligible employees. The assets of the scheme are held separately to the Charity. Pension costs charged in the Statement of Financial Activities represent the contributions payable for the year.

**Support costs allocation**

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include office costs, governance costs, administrative payroll costs. They are incurred directly in support of expenditure on the objects of the charity and include project management. Where support costs cannot be directly attributed to particular headings they have been allocated to cost of raising funds and expenditure on charitable activities on a basis consistent with use of the resources.

# Ellen MacArthur Foundation

## Report and Financial Statements for the year ended 31 August 2021

### NOTES TO THE FINANCIAL STATEMENTS (continued...)

#### Financial assets and liabilities

The Charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' of FRS102 to all its financial instruments.

Financial Instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument. Basic financial assets (which include debtors and bank and cash balances) and basic financial instruments (which includes creditors) are initially measured at transaction price including transaction costs, and are subsequently carried at amortised cost. Financial assets classified as receivable within one year or financial liabilities classified as payable within one year are not amortised.

#### Fixed Assets and Depreciation

Assets costing more than £500 are capitalised. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Computer equipment	25% and 33%	Straight line
Furniture and equipment	20% and 25%	Reducing balance
Improvements to leasehold property	10% to 33%	Straight line, over the duration of the lease

#### Taxation

No corporation tax has been provided in these accounts because the income of the charity is within the exemption granted by HM Revenue & Customs to the extent that these funds are applied to Charitable objects.

#### Foreign Currency Transactions

Transactions in foreign currencies are translated into Sterling at the average rate prevailing for the month in which they occur. Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at the rates of exchange ruling at the balance sheet date.

The results of the US and Brazil sister charities are translated at average rate (income and expenses) and closing rate for the purposes of Consolidation.

#### Judgements and key sources of estimation uncertainty

In the application of the charitable company's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### Going concern

The financial statements are prepared on a going concern basis which assumes the charitable group will continue in operational existence for the foreseeable future. Whilst the charity's income has declined during the year under review, this was largely attributable to factors other than the coronavirus pandemic which has not significantly affected the group's financial position. The trustees have reviewed the forecasts and projections prepared by management for a period of at least twelve months from the date of approval of the financial statements and are satisfied that the assumptions used in their preparation are reasonable. Having made enquiries, the trustees have concluded that there is a reasonable expectation that the charitable group will continue to meet its liabilities as they fall due and accordingly continue to adopt the going concern basis in the preparation of the financial statements.



**Ellen MacArthur Foundation**  
**Report and Financial Statements for the year ended 31 August 2021**  
**NOTES TO THE FINANCIAL STATEMENTS (continued...)**

**2. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES**

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Total 2020 £'000	Total 2019 As restated £'000
<b>INCOME AND ENDOWMENTS FROM:</b>					
Donations and legacies		3,653	4,628	8,281	15,604
Charitable activities		17	-	17	10
Income from other trading operations		4,108	-	4,108	3,449
Investments		<u>18</u>	<u>-</u>	<u>18</u>	<u>25</u>
<b>TOTAL INCOME</b>		<u>7,796</u> =====	<u>4,628</u> =====	<u>12,424</u> =====	<u>19,088</u> =====
<b>EXPENDITURE ON:</b>					
Fund raising costs		353	-	353	143
Commercial trading operations		2,180	-	2,180	2,550
Charitable activities		2,716	6,104	8,820	6,996
Other		<u>220</u>	<u>-</u>	<u>220</u>	<u>70</u>
<b>TOTAL EXPENDITURE</b>		<u>5,469</u> =====	<u>6,104</u> =====	<u>11,573</u> =====	<u>9,759</u> =====
<b>NET INCOME/(EXPENDITURE)</b>		2,327	(1,476)	851	9,329
Transfers between funds		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET MOVEMENT IN FUNDS</b>		2,327	(1,476)	851	9,329
<b>RECONCILIATION OF FUNDS</b>					
Fund balances as at 1 September 2019		<u>6,759</u>	<u>10,074</u>	<u>16,833</u>	<u>7,504</u>
Fund balances as at 31 August 2020		<u>9,086</u> =====	<u>8,598</u> =====	<u>17,684</u> =====	<u>16,833</u> =====

**Ellen MacArthur Foundation**  
**Report and Financial Statements for the year ended 31 August 2021**

**NOTES TO THE FINANCIAL STATEMENTS (continued...)**

**3. DONATIONS, LEGACIES AND GRANT INCOME**

	<b>Unrestricted Funds £'000</b>	<b>Restricted Funds £'000</b>	<b>Total 2021 £'000</b>	<b>Total 2020 £'000</b>
<b>Learning:</b>				
The Schmidt-MacArthur HE Programme	-	646	646	276
<b>Business:</b>				
Global Partner Donations	1,085	-	1,085	1,350
Network income	1,350	-	1,350	-
<b>Core Funding:</b>				
Core Philanthropic Funding	1,570	-	1,570	1,872
Peoples Postcode Lottery	2,019	-	2,019	-
Other donations	124	-	124	-
<b>Institutions, Governments and Cities:</b>				
Specific Research Projects	736	670	1,406	434
International Outreach	479	1,710	2,189	1,864
<b>Systemic Initiatives:</b>				
New Plastics Economy Initiative	-	2,991	2,991	349
Make Fashion Circular	-	-	-	1,248
Cities and Circular Economy for Food	<u>-</u>	<u>253</u>	<u>253</u>	<u>888</u>
<b>Total grants and donations</b>	<b>7,363</b> =====	<b>6,270</b> =====	<b>13,633</b> =====	<b>8,281</b> =====

For details of the grant income and restricted funds, please refer to note 15. As part of funding agreements, for many projects, the Foundation seeks value in kind commitments to research projects, which although pledged, cannot be verified and are therefore not included within these statements.

**Peoples Postcode Lottery**

The net lottery income proceeds received are analysed as follows:

	<b>2021 £'000</b>	<b>2020 £'000</b>
Ticket value	6,311	-
Prize fund	(2,524)	-
Management fee	<u>(1,768)</u>	<u>-</u>
<b>Net lottery income in the year</b>	<b>2,019</b> =====	<b>-</b> =====

**Ellen MacArthur Foundation**  
**Report and Financial Statements for the year ended 31 August 2021**

**NOTES TO THE FINANCIAL STATEMENTS (continued...)**

**3. DONATIONS, LEGACIES AND GRANT INCOME (continued)**

**Comparative Donations, Legacies and grant income**

	<b>Unrestricted Funds</b>	<b>Restricted Funds</b>	<b>Total 2020</b>	<b>Total 2019 As restated</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Learning:</b>				
The Schmidt-MacArthur HE Programme	-	276	276	607
<b>Business:</b>				
Global Partner Donations	1,350	-	1,350	2,250
Core Philanthropic Funding	1,872	-	1,872	1,669
<b>Institutions, Governments and Cities:</b>				
Specific Research Projects	-	434	434	221
International Outreach	431	1,433	1,864	2,443
<b>Systemic Initiatives:</b>				
New Plastics Economy Initiative	-	349	349	5,832
Make Fashion Circular	-	1,248	1,248	1,267
Cities and Circular Economy for Food	<u>-</u>	<u>888</u>	<u>888</u>	<u>1,315</u>
Total grants and donations	3,653 =====	4,628 =====	8,281 =====	15,604 =====

**4. INCOME FROM CHARITABLE ACTIVITIES**

	<b>Unrestricted Funds</b>	<b>Restricted Funds</b>	<b>Total 2021</b>	<b>Total 2020</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Rental income	3	-	3	12
Rechargeable items	<u>7</u>	<u>-</u>	<u>7</u>	<u>5</u>
Total other incoming resources	10 ===	- ===	10 ===	17 ===

**Comparative Income from Charitable Activities**

	<b>Unrestricted Funds</b>	<b>Restricted Funds</b>	<b>Total 2020</b>	<b>Total 2019</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Rental income	12	-	12	2
Rechargeable items	<u>5</u>	<u>-</u>	<u>5</u>	<u>8</u>
Total other incoming resources	17 ===	- ===	17 ===	10 ===

**Ellen MacArthur Foundation**  
**Report and Financial Statements for the year ended 31 August 2021**

**NOTES TO THE FINANCIAL STATEMENTS (continued...)**

**5. INTEREST AND INVESTMENT INCOME**

	<b>Unrestricted Funds £'000</b>	<b>Restricted Funds £'000</b>	<b>Total 2021 £'000</b>	<b>Total 2020 £'000</b>
Bank interest – monies held in interest bearing deposit accounts	4	-	4	18
	===	===	===	===

**Comparative Interest and Investment Income**

	<b>Unrestricted Funds £'000</b>	<b>Restricted Funds £'000</b>	<b>Total 2020 £'000</b>	<b>Total 2019 £'000</b>
Bank interest – monies held in interest bearing deposit accounts	18	-	18	25
	===	===	===	===

**6. FINANCIAL PERFORMANCE OF THE CHARITY**

The Consolidated Statement of Financial Activities includes the results of the Charity's wholly owned subsidiary Ellen MacArthur Foundation Trading Limited and the results of Ellen MacArthur Foundation Inc., which operate events and services for the Charity and clients. The summary financial performance of the Charity alone is:

	<b>2021 £'000</b>	<b>2020 £'000</b>
Income from donations and legacies	13,154	7,850
Rechargeable items	7	5
Rental Income	3	12
Gift aid donation from subsidiary company	1,948	899
Other income	2	-
Investment income	<u>4</u>	<u>18</u>
	15,118	8,784
Expenditure on charitable activities	(11,295)	(8,715)
Cost of generating funds	<u>(151)</u>	<u>(352)</u>
	(11,446)	(9,067)
Net income for the year	3,672	(283)
Total funds brought forward	<u>15,258</u>	<u>15,541</u>
Total funds carried forward	18,930	15,258
	=====	=====
Represented by:		
Restricted funds	7,392	8,598
Designated fund	1,250	-
Unrestricted general funds	<u>10,288</u>	<u>6,660</u>
	18,930	15,258
	=====	=====

**Ellen MacArthur Foundation**  
**Report and Financial Statements for the year ended 31 August 2021**

**NOTES TO THE FINANCIAL STATEMENTS (continued...)**

**7. INCOMING RESOURCES FROM ACTIVITIES FOR GENERATING FUNDS**

**Income from Trading Subsidiary:**

The wholly owned trading subsidiary Ellen MacArthur Foundation Trading Limited is incorporated in England and Wales and pays all of its profits to the Charity by distribution. The company operates events, runs the Circular Economy 100 programme for businesses, publishes books, and undertakes commercial trading operations. The Charity owns the £1 ordinary share of the company.

The summary financial performance of the subsidiary above is:

	<b>2021</b> <b>£'000</b>	<b>2020</b> <b>£'000</b>
Turnover	4,495	4,108
Cost of sales and admin costs	<u>(2,729)</u>	<u>(2,180)</u>
Net Profit	<u>1,766</u>	<u>1,928</u>
Distributed to parent during the year	<u>(20)</u>	<u>-</u>
Retained in the subsidiary	<u>1,746</u>	<u>1,928</u>
	=====	=====
The assets and liabilities of the subsidiary were:		
Fixed assets	300	257
Current assets	4,040	3,903
Current liabilities	<u>(2,594)</u>	<u>(2,232)</u>
Net assets	<u>1,746</u>	<u>1,928</u>
	=====	=====

Subsequent to the balance sheet date a distribution of £1,745,716 was made to the Charity.

These Group accounts also include the results of the US sister charitable company Ellen MacArthur Foundation Inc., which for the year generated a surplus of £80,000 (2020: £84,000) and had reserves carried forward of £557,000 (2020: £477,000).

The Foundation also has a sister charity in Brazil, Ellen MacArthur Foundation Brasil, which for the year generated a deficit of £21,000 (2020 - £21,000 surplus), and has reserves carried forward of £nil (2020 - £21,000).

**Ellen MacArthur Foundation**  
**Report and Financial Statements for the year ended 31 August 2021**

**NOTES TO THE FINANCIAL STATEMENTS (continued...)**

**8. EXPENDITURE BY ACTIVITY**

	Charitable	Support	Other (Governance)	Fundraising	Total 2021	Total 2020
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Learning:</b>						
The Schmidt-MacArthur HE Programme	586	59	-	-	645	550
Education Projects	639	88	-	-	727	546
<b>Business:</b>						
Global Partners and Funding	-	21	-	151	172	421
<b>Institutions, Governments and Cities:</b>						
Specific Research Projects	874	104	-	-	978	612
International Outreach	1,932	133	-	-	2,065	2,296
<b>Systemic Initiatives:</b>						
New Plastics Economy Initiative	2,392	238	-	-	2,630	1,844
Make Fashion Circular	1,401	140	-	-	1,541	1,056
Cities and Circular Economy For Food	1,052	61	-	-	1,113	573
Finance	167	23	-	-	190	134
<b>Insight &amp; Communications</b>	1,504	210	-	-	1,714	1,098
<b>Governance</b>						
Audit and accountancy	-	-	55	-	55	109
Legal and professional	-	-	25	-	25	111
Support allocation	-	11	-	-	11	43
	10,547	1,088	80	151	11,866	9,393
	=====	=====	=====	=====	=====	=====

**Support costs** are made up as follows:

	2021 £'000	2020 £'000
Communications and IT	153	169
Design, print and office costs	26	14
Rent, and property costs	214	124
Insurances	2	24
Depreciation	68	56
Professional services and consultancy	81	114
Currency translation and finance costs	18	12
Staff costs	424	390
Travel training and recruitment	102	99
	1,088	1,002
	=====	=====

# Ellen MacArthur Foundation

## Report and Financial Statements for the year ended 31 August 2021

Support costs are allocated to direct projects, firstly on the basis of any agreed project contribution to support costs, and then on the basis of the total resources incurred in each area.

### NOTES TO THE FINANCIAL STATEMENTS (continued...)

#### 8. EXPENDITURE BY ACTIVITY (continued)

##### Comparative Expenditure by Activity

	Charitable	Support	Other (Governance)	Fundraising	Total 2020	Total 2019
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Learning:</b>						
The Schmidt-MacArthur HE Programme	500	50	-	-	550	511
Schmidt-MacArthur Foundation Education Projects	458	88	-	-	546	541
<b>Business:</b>						
Global Partners and Funding Grant payment	-	68	-	353	421	157
	-	-	-	-	-	2
<b>Institutions, Governments and Cities:</b>						
Specific Research Projects	538	74	-	-	612	870
International Outreach	2,138	158	-	-	2,296	1,626
<b>Systemic Initiatives:</b>						
New Plastics Economy Initiative	1,677	167	-	-	1,844	1,125
Make Fashion Circular	960	96	-	-	1,056	882
Cities and Circular Economy For Food	515	58	-	-	573	766
Finance	112	22	-	-	134	37
<b>Insight &amp; Communications</b>	920	178	-	-	1,098	615
<b>Governance</b>						
Audit and accountancy	-	-	109	-	109	27
Legal and professional	-	-	111	-	111	43
Support allocation	-	43	-	-	43	7
	7,818	1,002	220	353	9,393	7,209
	=====	=====	=====	=====	=====	=====

The grant payable within the prior year was in respect of work carried out by a third party research partner.

#### 9. THE GROUPS OPERATING SURPLUS INCLUDES THE FOLLOWING AMOUNTS

Included in administrative expenses are the following amounts:	Group 2021 £'000	Group 2020 £'000	Charity 2021 £'000	Charity 2020 £'000
Auditors remuneration	22	16	12	11
Auditors remuneration in respect of prior years	9	45	5	39
Non-audit services from auditor related firm	29	16	22	10
Non-audit services in respect of prior years	6	24	6	19
Payroll services	7	4	7	4
Taxation services	-	-	-	-
Depreciation of owned fixed assets	147	114	69	56
	=====	=====	=====	=====

**Ellen MacArthur Foundation**  
**Report and Financial Statements for the year ended 31 August 2021**

**NOTES TO THE FINANCIAL STATEMENTS (continued...)**

**10. STAFF COSTS**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Staff costs in the Charitable Company and Trading Company were		
Wages and salaries	7,469	5,968
Social Security costs	631	527
Pension costs	206	127
Redundancy costs	10	9
Other Employee Benefits	<u>15</u>	<u>10</u>
	8,331	6,641
	=====	=====

The Charity and Trading Company have auto-enrolled to meet the requirements of employer pensions. The Charity and Company operates a defined contribution scheme, the assets of which are held separately from those of the Charity in an independently administered fund. The pension cost charge represents contributions payable by the Charity to the fund. Amounts owing at the year-end amounted to £61,000 (2020: £39,000) and are included in other creditors.

	<b>2021</b>	<b>2020</b>
The average weekly number of employees during the period was as follows:	172	146
	===	===

Nineteen employees (2020 – seventeen) received remuneration in excess of £60,000, and they fell in the bands as follows:

	<b>2021</b>	<b>2020</b>
£60,000 to £70,000	9	7
£70,000 to £80,000	4	3
£80,000 to £90,000	1	4
£90,000 to £100,000	2	2
£110,000 to £120,000	2	-
£170,000 to £180,000	-	1
£190,000 to £200,000	1	-

Payments to Trustees and expenses reimbursed can be seen in note 18 to these accounts.

The payment of gross remuneration to Senior Management Personnel during the year was £858,000 (2020 - £935,000).

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Employer's pension costs attributed to employee's who were paid over £60,000 were:	58	28
	===	===



**Ellen MacArthur Foundation**  
**Report and Financial Statements for the year ended 31 August 2021**

NOTES TO THE FINANCIAL STATEMENTS (continued...)

**11. TANGIBLE FIXED ASSETS – GROUP AND CHARITY**

	<b>Improvements to Leasehold Property £'000</b>	<b>Plant and Equipment £'000</b>	<b>Total £'000</b>
<b>Consolidated:</b>			
Cost at 1 September 2020	841	301	1,142
Additions	177	78	255
Disposals	<u>-</u>	<u>(1)</u>	<u>(1)</u>
At 31 August 2021	1,018	378	1,396
	=====	=====	=====
Depreciation at 1 September 2020	287	211	498
Charge for the year	<u>97</u>	<u>50</u>	<u>147</u>
At 31 August 2021	384	261	645
	=====	=====	=====
Net Book Value at 31 August 2021	634	117	751
	=====	=====	=====
Net Book Value at 31 August 2020	554	90	644
	=====	=====	=====
	<b>Improvements to Leasehold Property £'000</b>	<b>Plant and Equipment £'000</b>	<b>Total £'000</b>
<b>Charity:</b>			
Cost at 1 September 2020	578	123	701
Additions	<u>130</u>	<u>2</u>	<u>132</u>
At 31 August 2021	708	125	833
	=====	=====	=====
Depreciation at 1 September 2020	202	115	317
Charge for the year	<u>66</u>	<u>3</u>	<u>69</u>
At 31 August 2021	268	118	386
	=====	=====	=====
Net Book Value at 31 August 2021	440	7	447
	=====	=====	=====
Net Book Value at 31 August 2020	376	8	384
	=====	=====	=====

**12. FIXED ASSET INVESTMENTS**

**Shares in group undertakings and participating interests**

Ellen MacArthur Foundation Trading Limited

The charitable company holds 100% of the share capital of the Ellen MacArthur Foundation Trading Limited. This Company is registered in England and Wales (company number 07110767), and provides consultancy services based on the circular economy, organises the CE100 programme and books and publications. The cost of shares as investment in the charity as at 1 September 2020 and 31 August 2021 was £1, and the net book value as at 31 August 2020 and 31 August 2021 was also £1.

**Ellen MacArthur Foundation**  
**Report and Financial Statements for the year ended 31 August 2021**

**NOTES TO THE FINANCIAL STATEMENTS (continued...)**

**12. FIXED ASSET INVESTMENTS (continued)**

EMF Trading USA, Inc.

The charitable company holds 100% of the share capital of the EMF Trading USA, Inc. This Company is registered in the State of Delaware, USA, and has been dormant since incorporation on 18 May 2020. The cost of shares as investment in the charity as at 1 September 2020 and 31 August 2021 was £1, and the net book value as at 31 August 2019 and 31 August 2020 was also £1.

EMF USA Inc.

EMF USA Inc is an affiliate of the Charity with respect to activities conducted in furtherance of the Charity's mission and charitable purpose within the USA.

EMF Brazil

EMF Brasil is an affiliate of the Charity with respect to activities conducted in furtherance of the Charity's mission and charitable purpose within Brazil.

**13. DEBTORS**

	Group		Charity	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Trade debtors	786	1,580	252	521
Other debtors	38	668	27	573
Accrued income	4,781	2,914	4,611	2,834
Prepayments	392	296	247	189
Amounts due from Trading Subsidiary Ellen MacArthur Foundation Trading Limited	—	—	28	264
	5,997	5,458	5,165	4,381
	=====	=====	=====	=====

Included in the above figures, for both the Group and Charity, are £850,000 (2020 - £450,000) of debtors that are due after more than 1 year.

**14. CREDITORS**

	Group		Charity	
	2021 £	2020 £	2021 £	2020 £
Amounts falling due within one year:				
Trade creditors – project costs	425	271	324	164
Amounts due to Trading subsidiary	—	—	—	—
Accruals	188	56	150	42
Other creditors	114	156	63	45
Taxation and Social Security	221	200	171	148
Deferred income (2021/22 income received in advance)	2,801	2,807	425	1,071
	3,749	3,490	1,133	1,470
	=====	=====	=====	=====

Deferred income arises on donations received in advance of the various work programmes relating to the 2021/22 financial year which commenced on 1 September 2021. All of the income deferred at 31 August 2020 was taken to the income and expenditure account in the 2021 accounts, apart from those related to the Schmidt HE project.

**Ellen MacArthur Foundation**  
**Report and Financial Statements for the year ended 31 August 2021**

**NOTES TO THE FINANCIAL STATEMENTS (continued...)**

**14. CREDITORS (continued)**

	<b>Group</b>		<b>Charity</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Deferred income represented:				
At 1 September 2020	2,807	2,046	1,071	786
Amounts released to income in the year	(2,382)	(1,535)	(646)	(275)
Additions in the year	<u>2,376</u>	<u>2,296</u>	<u>-</u>	<u>560</u>
At 31 August 2021				
Consultancy fees in advance	1,382	681	-	-
Schmidt HE	425	1,071	425	1,071
Fibres	178	265	-	-
NPEC	432	461	-	-
Circular Economy 100 fees received	<u>384</u>	<u>329</u>	<u>-</u>	<u>-</u>
At 31 August 2021	<u>2,801</u>	<u>2,807</u>	<u>425</u>	<u>1,071</u>
	=====	=====	=====	=====

**15. UNRESTRICTED FUNDS**

	<b>At 1 September 2020</b>	<b>Income received</b>	<b>Fund Expenditure</b>	<b>Transfers</b>	<b>At 31 August 2021</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Unrestricted general funds	9,086	11,874	(7,119)	(1,250)	12,591
Designated fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,250</u>	<u>1,250</u>
	<u>9,086</u>	<u>11,874</u>	<u>(7,119)</u>	<u>-</u>	<u>13,841</u>
	=====	=====	=====	==	=====

Of the unrestricted funds, the trustees have designated £1.25m for specific projects in the 2021-22 financial year. These are the Circular Economy Performance Measurement initiative, a mechanism to demonstrate scaled impact towards the circular economy, and for the specific growth of the operations team to cope with the overall increase in activity and people at the Charity, such as new HR software systems and expansion of the People team.

**Comparative information**

	<b>At 1 September 2019</b>	<b>Income received</b>	<b>Fund Expenditure</b>	<b>Transfers</b>	<b>At 31 August 2020</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Unrestricted general funds	6,759	7,796	(5,469)	-	9,086
	=====	=====	=====	==	=====

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**NOTES TO THE FINANCIAL STATEMENTS (continued...)**

**16. RESTRICTED FUNDS**

	At 1 September 2020 £'000	Income received £'000	Fund Expenditure £'000	Transferred from un-restricted fund £'000	At 31 August 2021 £'000
<b>Learning:</b>					
Schmidt-MacArthur Higher Education Programme (1)	(3)	646	(645)	-	(2)
<b>Institutions, Governments and Cities:</b>					
MAVA G&C, CE100 and Circular Materials (2), (3)	296	670	(542)	-	424
China (4)	1,631	1,710	(1,459)	-	1,882
<b>Systemic Initiatives:</b>					
New Plastics Economy Initiative (5)	4,187	2,991	(2,622)	-	4,556
Make Fashion Circular (6)	1,280	-	(1,541)	-	(261)
Cities and Circular Economy For Food (7)	<u>1,207</u>	<u>253</u>	<u>(667)</u>	<u>-</u>	<u>793</u>
Total	<u>8,598</u> =====	<u>6,270</u> =====	<u>(7,476)</u> =====	<u>-</u> =====	<u>7,392</u> =====

**Comparative information for Restricted Funds**

	At 1 September 2019 As restated £'000	Income received £'000	Fund Expenditure £'000	Transferred from un-restricted fund £'000	At 31 August 2020 £'000
<b>Learning:</b>					
Schmidt-MacArthur Higher Education Programme (1)	271	276	(550)	-	(3)
<b>Institutions, Governments and Cities:</b>					
MAVA G&C, CE100 and Circular Materials (2), (3)	207	434	(345)	-	296
China (4)	1,934	1,433	(1,736)	-	1,631
<b>Systemic Initiatives:</b>					
New Plastics Economy Initiative (5)	5,682	349	(1,844)	-	4,187
Make Fashion Circular (6)	1,088	1,248	(1,056)	-	1,280
Cities and Circular Economy For Food (7)	<u>892</u>	<u>888</u>	<u>(573)</u>	<u>-</u>	<u>1,207</u>
Total	<u>10,074</u> =====	<u>4,628</u> =====	<u>(6,104)</u> =====	<u>-</u> =====	<u>8,598</u> =====

**NOTES TO THE FINANCIAL STATEMENTS (continued...)**

**16. RESTRICTED FUNDS (continued)**

Notes

All restricted funds are held within Ellen MacArthur Foundation. As such the consolidated and charity only restricted funds are one and the same.

- 1) The Schmidt-MacArthur Higher Education Programme relates to funding received from the Schmidt Foundation, a US based Trust, and aims to educate more than one million learners globally. It has been financially supported by the Eric and Wendy Schmidt Fund for Strategic Innovation and was launched in 2019.
- (2) MAVA G&C, CE100 and Circular Materials – The Government and Cities project relates to funding to advance the engagement of government and cities with circular economy. The CE100 project relates to funding to drive momentum in the Circular Economy innovation in Cities. The Circular Materials project relates to a project to carry out initial research to advance the understanding of the circular materials landscape.
- (3) The Mava Partnership - the Ellen MacArthur Foundation acts as a Partner Organisation to MAVA, providing technical knowledge and strategic advice to identify opportunities for engagement under Mava's proposed strategy outcomes SE4 'Circular Economy in Europe' and SE5 'Circular Economy for Plastics'.
- (4) China (MAVA) – MAVA have funded a project to mobilise the broader momentum and focus on the Circular Economy in China, including the growing alignment between the private and public sector on the role the Circular Economy can play in enabling better forms of economic growth.
- (5) The New Plastics Economy Initiative project launched in 2016 to bring together key stakeholders to rethink and redesign the future of plastics, starting with packaging. Phase II launched in 2019 and runs until 2025.
- (6) The Make Fashion Circular project is an initiative to help the fashion industry ensure clothes are made from safe and renewable materials and investigate new business models that increase their use and turn old clothes into new. This new textiles economy would benefit business, society, and the environment.
- (7) The Cities and Circular Economy for Food initiative aims to fundamentally rethink the role of cities in the food system based on the principles of a circular economy. The initiative will stimulate, inform and mobilise new approaches for restorative and regenerative urban food systems and related bio-cycle economic activity.

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**NOTES TO THE FINANCIAL STATEMENTS (continued...)**

**17. ANALYSIS OF GROUP NET ASSETS BY FUNDS**

**Consolidated:**

	<b>Unrestricted Funds £'000</b>	<b>Designated Funds £'000</b>	<b>Restricted Funds £'000</b>	<b>Total 2021 £'000</b>	<b>Total 2020 £'000</b>
Fixed assets	751	-	-	751	644
Current assets	4,040	-	1,957	5,997	5,458
Cash at bank	10,868	1,250	6,116	18,234	15,072
Creditors	<u>(3,068)</u>	<u>-</u>	<u>(681)</u>	<u>(3,749)</u>	<u>(3,490)</u>
	12,591	1,250	7,392	21,233	17,684
	=====	=====	=====	=====	=====

**Charity:**

	<b>Unrestricted Funds £'000</b>	<b>Designated Funds £'000</b>	<b>Restricted Funds £'000</b>	<b>Total 2021 £'000</b>	<b>Total 2020 £'000</b>
Fixed assets	447	-	-	447	384
Current assets	3,208	-	1,957	5,165	4,381
Cash at bank	7,085	1,250	6,116	14,451	11,963
Creditors	<u>(452)</u>	<u>-</u>	<u>(681)</u>	<u>(1,133)</u>	<u>(1,470)</u>
	10,288	1,250	7,392	18,930	15,258
	=====	=====	=====	=====	=====

**Comparative Analysis of Group and Charity Net Assets by type of fund**

**Consolidated:**

	<b>Unrestricted Funds £'000</b>	<b>Restricted Funds £'000</b>	<b>Total 2020 £'000</b>	<b>Total 2019 £'000</b>
Fixed assets	644	-	644	341
Current assets	4,254	1,204	5,458	7,735
Cash at bank	6,774	8,298	15,072	11,482
Creditors	<u>(2,586)</u>	<u>(904)</u>	<u>(3,490)</u>	<u>(2,725)</u>
	9,086	8,598	17,684	16,833
	=====	=====	=====	=====

**Charity:**

	<b>Unrestricted Funds £'000</b>	<b>Restricted Funds £'000</b>	<b>Total 2020 £'000</b>	<b>Total 2019 £'000</b>
Fixed assets	384	-	384	164
Current assets	3,177	1,204	4,381	6,504
Cash at bank	3,665	8,298	11,963	9,971
Creditors	<u>(566)</u>	<u>(904)</u>	<u>(1,470)</u>	<u>(1,098)</u>
	6,660	8,598	15,258	15,541
	=====	=====	=====	=====

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**NOTES TO THE FINANCIAL STATEMENTS (continued...)**

**18. FINANCIAL COMMITMENTS - LEASES**

At 31 August 2021 the group had the following minimum lease payments under non-cancellable operating leases, as follows:

	<b>2021 Property £'000</b>	<b>2021 Other £'000</b>	<b>2020 Property £'000</b>	<b>2020 Other £'000</b>
<u>Consolidated:</u>				
Due within 1 year	99	7	88	5
Due between 2-5 years	349	14	349	14
Due after more than 5 years	<u>154</u>	<u>-</u>	<u>238</u>	<u>-</u>
	602	21	675	19
	=====	=====	=====	=====
<u>Charity only:</u>				
Due within 1 year	99	-	88	-
Due between 2-5 years	349	-	349	-
Due after more than 5 years	<u>154</u>	<u>-</u>	<u>238</u>	<u>-</u>
	602	-	675	-
	=====	=====	=====	=====

**19. RELATED PARTIES**

During the year the Charity and Trading Company have occupied offices at an agreed rent, owned by EM (IOW) Ltd, a Company 50% owned by Dame Ellen MacArthur. A charge was made by EM (IOW) Limited for £36,750 (2020 - £37,000) in respect of the office rental, and at the year end £Nil (2020 - £Nil) was outstanding, with £Nil (2020 - £ Nil) included in prepayments.

Charges were made by EM (IOW) Ltd to Ellen MacArthur Foundation for £7,500 (2020 - £18,000) in respect of services provided by Dame Ellen MacArthur, who is a Trustee of the Charity and also a director of the trading subsidiary. At the year-end £Nil (2020 - £10,000) was outstanding. These services were in respect of Ellen's time as a speaker, and for appearances in helping the Company carry out its activities. The payments were not in respect of Ellen's duties as a Trustee of the Charity, and permission was granted in 2014 by the Charity Commission in respect of these payments.

There was no remuneration paid to Trustees for their services as Trustees (2020 - £ Nil). Expenses were reimbursed to one Trustee totaling £234 (2020 - one Trustees £297) in respect of home phone expenses. Expenses were incurred on behalf of the Trustees of £818 (2020 - £nil) in relation to accommodation and subsistence for meetings. At the year end, £Nil (2020 - £58) was outstanding.

**20. CONTROLLING PARTY**

The charity is controlled by the Trustees.

**21. FINANCIAL INSTRUMENTS**

	<b>Group</b>		<b>Charity</b>	
	<b>2021 £'000</b>	<b>2020 £'000</b>	<b>2021 £'000</b>	<b>2020 £'000</b>
Carrying amount of financial assets				
Debt instruments measured at amortised cost	23,839	20,234	19,370	16,155
Carrying amount of financial liabilities				
Liabilities measured at amortised cost	<u>(948)</u>	<u>(683)</u>	<u>(710)</u>	<u>(398)</u>
	22,891	19,551	18,660	15,757
	=====	=====	=====	=====