

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 2022

Ellen MacArthur Foundation
Report and Financial Statements for the year ended 31 August 2022

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CHARITY INFORMATION

Trustees

Dame Ellen MacArthur Chair
Mr Philip Sellwood
Mr Peter Morgan
Mr Michael Lebovitz
Mr Wolfgang Blau (resigned 14 July 2022)

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

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Web site: 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 2022

TRUSTEES REPORT INCLUDING DIRECTORS AND STRATEGIC REPORT

Report of the trustees for the year ended 31 August 2022

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 2022. 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 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 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 global systemic shift from a linear economy to a circular economy that is regenerative by design. The circular economy is based on the three core principles of eliminating waste and pollution, circulating products and materials (at their highest value), and regenerating nature. The circular economy is distributed, diverse and inclusive, and is underpinned by renewable materials and renewable energy. By 2025 the Charity aims to have created unstoppable momentum for the circular economy transition by working with and inspiring business, academia, policymakers, and institutions to mobilise systems solutions at scale, globally. The Charity will do this by developing the idea and promoting the opportunity of the 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. The Ellen MacArthur Foundation obtained official registration as an international NGO in China in 2022, with the registration certificate issued by Beijing Public Security Bureau on January 5th. The official Chinese registered name is "Ellen MacArthur Foundation (UK) Beijing Representative Office". The supervising authority is the Ministry of Ecology and Environment of China, the registration certificate number is No.00005014, and the unified social credit code/tax code is G1110000MCW006869N.

Trustees:

The directors of the Company are the Charity's trustees for the purposes of charity law. The Trustees as listed on page 2. 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

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

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.

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 the circular economy could deliver. In its areas of work, the Charity focuses on helping people understand the circular economy, enables them to apply these learnings, plays an active role in the transition to the circular economy, and catalyses circular innovation on a sector and system-wide scale. The Charity also 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, inspiring key players in the economy and stimulating dialogue around the circular economy framework. The extensive resource library on its website showcases how circular economy concepts are being implemented in practice, and also includes policy and investment insight papers, case studies, and learning pathways to support the Charity's mission.

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 (ELT), 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 Charity's portfolio of projects to ensure that they align with the overarching strategy and mission, and that the delivery of these projects is feasible and managed sustainably for the team, within proposed timelines.

In 2022, EMF completed a comprehensive salary review of all their UK and international salaries. This involved partnering with Mercer, a remuneration and compensation management consultancy, and completing a role grading and market rate comparison exercise. Roles have been graded against the Mercer role grading process and placed into 1 of 7 bands. All roles are now being paid within the banding for where their role appears. This ensures an objective salary approach across the organisation. Further analysis of this exercise will be completed in 2023 to ensure that roles are being paid correctly within the bands. After this, salary reviews are 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.

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

ACHIEVEMENTS AND PERFORMANCE

“Throughout the year, the EMF team has stayed focused on delivering the programmes and initiatives that will have the greatest possible impact on the transition to a circular economy, and on delivering them to the highest possible levels of quality and rigour. They have done this in a tough – and rapidly changing – external context, and I am constantly impressed by how much they challenge themselves to keep evolving the work of the Foundation, to ensure it supports our network and moves us towards achieving our charitable goals.” Dame Ellen MacArthur

The Charity started the year in a strong financial position and this held through the year, as the business network grew and philanthropic funders continued to back the Foundation’s projects and initiatives. As a result, the Charity was able to keep its focus on delivering against its objectives for 2025 and beyond.

The impact of the Covid-19 pandemic lessened in most of the geographies where the Charity operates, so this financial year the Foundation was able to bring back the in-person activities and events that have always been so key to mobilising its key audiences and inspiring them to make commitments in accordance with the circular economy principles. The return of the Foundation’s Annual Summit at the Roundhouse in London in June 2022 confirmed the importance of bringing its Network together to share insights and generate new circular economy collaboration opportunities. At the same time, the Charity continued to develop and demonstrate its digital capability, taking the insights and learnings from the pandemic period to gain a much stronger understanding of how digital technology can support the ability of the Foundation to achieve its objectives. This included early iterations of a digital circular economy start-up index.

Being able to measure progress towards a circular economy became an increasingly important theme for the Charity during the financial year. Development of the Circulytics tool continued, alongside other frameworks to support the Foundation’s Network to understand, measure, and report on their circular economy journeys. The period also saw the Foundation conduct research to understand its own impact on the circular economy transition, which has helped inform decision-making internally.

In each of the key sectors of Plastics, Fashion and Food, the Foundation continued to work on increasing engagement with the circular economy through clear communications, and supporting the implementation of the circular economy principles through research and demonstration projects. During this period, the focus on 2025 targets and ambitions became more intense and all the initiatives moved into new phases of activity. The enabling work across Policy, Finance, and Design continued to underpin these activities, reflecting the systemic nature of the challenge and of the approach and solutions required.

The interconnected nature of all of the Foundation’s programmes of activity has led to an increased focus on how the internal teams are set-up and work together in the most effective way possible. During the year, the Charity launched a new project management framework to ensure all projects are managed consistently and with the right levels of internal discovery, collaboration, and implementation.

Despite the impact of the Covid-19 pandemic continuing for the Foundation’s team working in China, the Charity continued to make huge progress in all of the geographies where it has a physical presence – Europe, North America, Latin America, and China. Each team extended its own activity and reach, while also aligning back to the Foundation’s overall 2025 targets. Significant internal effort was also put into strengthening the overall international operating model to ensure that ways of working across the different geographies are as effective as possible as the Foundation starts to look towards setting targets for 2030 and beyond.

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

***BUSINESS-led collaboration and disruptive innovation
are crucial to driving the circular economy transformation***

The Charity's **Strategic Partners** are Blackrock, Danone, DS Smith, Gucci, H&M, IKEA, Intesa Sanpaolo, Nestlé, Phillips, SC Johnson, Renault, Solvay, the Coca-Cola Company, and Unilever. Counted among the world's leading and most influential organisations, these Strategic Partners offer transformative potential for the circular economy transition by demonstrating what is possible.

In 2022, the Foundation strengthened its group of Strategic Partners by renewing its Strategic Partnerships with demonstrated leaders – DS Smith, Intesa Sanpaolo, and SC Johnson; by enrolling new Strategic Partners – Gucci and Visa; and by elevating existing Partners who demonstrated their leadership and capacity to invest in the circular economy transition – Nestlé and the Coca-Cola Company.

These companies showcase how the Foundation's Strategic Partners are implementing circular economy solutions in their current value chains, while exploring new circular business models and system solutions to achieve bigger impact. This is particularly true regarding the plastic packaging agenda, the first demonstrator the Foundation set-up to display the circular economy in action. DS Smith for example has achieved its target of 100% reusable or recyclable packaging ahead of its initial 2025 timeline. After helping its customers to replace 313 million units of problematic plastic packaging with recyclable alternatives, it is now moving ahead with several pilots around reuse. Similarly, SC Johnson is making progress on its plastic packaging ambition by reducing its virgin plastic use by 22pp between 2018 and 2021 and by increasing its share of post-consumer recycled content by 14pp from 2018. In line with the Foundation's vision for a circular economy transformation in the plastic industry, SC Johnson also plans to scale refillable and reusable solutions, and has also doubled the share of reusable plastic packaging to achieve 6.9% by 2021. Meanwhile, the Coca-Cola Company raised its ambition on plastic packaging with a new target of 25% reusable packaging by 2030. The Coca-Cola Company was soon followed by PepsiCo, a Partner of the Foundation, which announced it aimed to sell 10% of its beverage servings in reusables by 2030. These examples demonstrate the power of influence of the Foundation's Strategic Partner cohort.

In parallel to advancing the circular economy transition for plastics, the Foundation has been promoting the importance of the biocycle and the regenerative agenda for the circular economy. This has been reflected by the commitments and activities launched by the Foundation's Network and particularly by companies in the food and fashion industries. Nestlé, who as a Partner of the Foundation has been a long-time stakeholder in the Global Commitment for Plastic, has stepped up its ambition on regenerative agriculture. Nestlé aims to source 20% of its ingredients from regenerative agriculture by 2025, increasing to 50% by 2030. Mark Schneider – Nestlé's CEO – announced at the Foundation's summit in July 2022 that Nestlé was well on the way to achieving that target. In recognition of Nestlé's leadership, the Foundation elevated Nestlé to a Strategic Partner at the end of 2021.

Similarly, the luxury fashion company Gucci is working on launching circular jeans as part of the Foundation's The Jean Redesign initiative. In addition, Gucci is focusing its circular economy strategy on embracing nature-positive strategies to protect biodiversity. Gucci joined the Foundation in March 2022 as a Strategic Partner, becoming the first luxury fashion brand to do so. This new addition to the Strategic Partners' cohort of the Foundation reflects the take-up of the circular economy agenda in the fashion industry across the board.

Another area of growing influence and impact for the Foundation's network is the finance sector. There has been a significant growth of circular economy financing and investment across asset classes over the last three years with an increase from ~USD 75 billion from 2015 to 2019, to over USD 260 billion (cumulative) by 2022. This trend has continued with the circular economy attracting new financing in 2022 too, despite the challenging economic conditions. Five new circular economy-focused public equity funds were launched in 2022 (including from HSBC, Robeco, and Intesa Sanpaolo's Eurizon). Assets under management across all circular economy-focused public equity funds increased more than 24-fold since the end of 2019 from USD 0.3 billion to USD 8 billion at the end of H1 2022. The number of outstanding corporate and sovereign bonds with a circular economy focus increased more than 5-fold between December 2019 and June 2022, with over 300 bonds issued in the last three years related to the circular economy with cumulative issuance of ~USD 70 billion. In H1 2022, ~USD 14 billion of circular economy-related bonds were issued. Indeed, Intesa Sanpaolo – a renewing Strategic Partner in 2022 – has stepped up its effort to finance the circular economy transition. The banking group had previously committed a credit plafond of up to 5 billion euro, aimed at companies which adopt a circular model with innovative procedures, so granting the best conditions for accessing credit. Out of a total of 800 applications, Intesa Sanpaolo has funded around 300 projects with circular

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

criteria – valued at over 3.9 billion euro. This commitment to the circular economy was confirmed in the 2022–2025 Intesa Sanpaolo strategy business plan, which announced a ramp-up to 8 billion euro of credit lines for the circular economy. In the first half of 2022, approximately 933 million euro were disbursed within the framework of the plafond dedicated to the circular and green economy, which provides for specific incentives. In addition to this incentive model, Eurizon – Intesa Sanpaolo Group's Asset Management Division – launched in 2022 a circular economy fund.

The Foundation is also increasing its work with financial partners through a new Strategic Partnership with Visa which aims to activate the common ambition of scaling the adoption of circular business model offerings. Visa recognises the opportunity the circular economy represents in, among other things, establishing a mature recommerce market and, as a payments company, is well positioned to facilitate and incentivise this shift. Visa launched the Behaviour Insights Lab to conduct experiments with customers and openly share learnings and cases.

The effort to scale the adoption of the circular economy by a wide array of companies is demonstrated by the take-up of Circulytics. After its launch in January 2020, 169 companies from the Network had registered for Circulytics and 39 had completed a full submission by August 2021. By August 2022, 258 companies had completed at least one Circulytics assessment. This demonstrates the appetite from organisations to better measure their progress in the circular economy transition and discover how the Foundation can support them to go further in their journey.

Business, Network, and Latin America

During the fiscal year, the LatAm team together with the Network team designed a model to internationalise the Foundation's Network model, with a focus in LatAm. The model launched on 1 September and the design efforts led to a pilot model for FY22 with a focus on a zero cost digital offer that better meets the needs of aspiring businesses in the LatAm market. Today, this offer consists of access to a global community platform, and a portfolio of learning resources and online events accessible in all languages relevant to the region.

USA: US-based Network partners and members continue to make up a large and important percentage of the overall Foundation network. During the year the sister charity, EMF USA Inc, continued to focus on deepening relationships with key corporate partners leading to increased engagement in Foundation programmes and building relationships in the national policy arena. The US-based team also worked on maintaining brand voice through event attendance and communication campaigns in North America. Internally, the focus was on building the team to support the priorities of cultivating business and policy network relationships, and on ensuring the team is well-set up, and working effectively with other Foundation teams to benefit from all knowledge sharing and collaboration opportunities. In August, the Charity partnered with US-based media outlet GreenBiz Group to organise Circularity 22, which 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.

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

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

Working with businesses, governments, philanthropists, innovators and NGOs, The Foundation's Systemic Initiatives spark unprecedented levels of cross-sectoral collaboration and innovation. These initiatives 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; and the Food Initiative. The Charity has also established a cross-cutting Finance Initiative, developing perspectives on the role of finance in accelerating and enabling the circular economy transition.



The New Plastics Economy is an ambitious global initiative bringing together key stakeholders to transition the global plastics industry to the circular economy, 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. The Global Commitment established concrete 2025 targets to help realise that vision 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.

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, Nestlé, PepsiCo, Unilever, Veolia, and Walmart.



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, 34 governments (representing over 1 billion people), 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 latest Global Commitment report showed that businesses are making substantive progress in certain areas, while at the same time, most are expected to miss some key targets:

- The share of post-consumer recycled content has risen from 4.8% in 2018 to 10.0% in 2021. Whilst it took decades for businesses to hit the 5% mark, signatories to the Global Commitment doubled it to 10% in just three years.
- The use of flexible packaging and a lack of investment in collection and recycling infrastructure means the 100% reusable, recyclable, or compostable plastic packaging by 2025 target is becoming unattainable for most.
- A majority of business signatories cut their use of virgin plastics from 2018 to 2021, but a minority have driven overall use among the group back up to 2018 levels.
- The share of plastic packaging that is reusable decreased slightly to an average of 1.2%. However, the Foundation welcomed the fact that two of its partners, the Coca-Cola Company and PepsiCo, with its support and input, set a quantitative reuse target – they are the first major global brands to do so.

To maximise progress during the remaining years towards 2025, and to address key longer-term challenges such as reuse and flexible packaging, the Foundation aligned a group of key businesses, at CEO level, on an accelerated action agenda.

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

A long-term home, in one of the world's leading reporting platforms (CDP), is being developed for the Global Commitment's reporting. Last September the Foundation announced a **collaboration with CDP, the PEW Charitable Trust, and Minderoo Foundation** to develop plastic reporting as part of the CDP reporting platform. This is building on the Global Commitment reporting framework and aiming to extend it to thousands of companies, at the same time as increasing its reach with investors through the CDP platform. This would be a great legacy for the unprecedented transparency the Global Commitment created. Avenues to connect this with the potential for a UN Global Treaty to end plastic pollution are also being explored.

To accelerate the circular economy transition 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 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 totalling 28 countries, representing over 30% of global GDP. This year's highlights included: Pacts publishing five new roadmaps and six new baseline or progress reports; many Pacts disclosing more and better information (e.g. on reusable packaging or portfolio compositions of Pact member companies); and progress being made on identifying and reducing unnecessary and problematic plastic packaging and on increasing the use of recycled plastics.

In 2022, the Foundation initiated a closer collaboration with WRAP and the World Economic Forum (WEF)'s Global Plastic Action Partnership – incorporating national plastics initiatives, like Plastics Pacts in additional geographies including Indonesia, India, Mexico, and Ghana – to create one large and truly global network of national initiatives.

The development of a **legally binding UN treaty** is a once-in-a-generation opportunity to tackle the plastic pollution crisis in a globally coordinated way. Since the second half of 2020, the development of a Global Treaty on plastic pollution has been an increasingly big focus of the Foundation's work. Since the adoption of a resolution in March 2022, to officially start negotiations, the Foundation has invested significant time and resources to set ourselves up for playing a significant role in these negotiations over the coming years.

The Foundation has worked extensively with WWF to convene a coalition of 85 businesses across the plastics value chain, financial institutions, and non-governmental organisations (NGOs) to form the [**Business Coalition for a Global Plastics Treaty**](#) launched in September 2022. In collaboration with aligned businesses and supported by strategic NGO partners, the coalition sees the treaty as the single most important opportunity to accelerate progress towards the circular economy in which plastic never becomes waste or pollution, and the value of products and materials is retained in the economy.

The coalition will develop ambitious policy recommendations, aligned with the Foundation's vision; engage with treaty negotiators; and build confidence in the business community around the benefits and necessity of an effective treaty that sets common goals, rules, and obligations to be implemented in national jurisdictions. For businesses and investors, this means creating a level playing field and preventing a patchwork of disconnected solutions.

This year, the Foundation published a [**report on flexible packaging**](#) (March 2022), to spotlight this packaging category as the fastest-growing and most challenging from a circular economy point of view. This report led some of the largest consumer packaged goods (CPG) companies to call into question their current strategy for dealing with flexible packaging waste and – more recently – the Foundation even gathered nascent support from the business community for a phase-out of certain sachets in emerging economies. Further efforts on flexible packaging will be pursued in 2023.

Through the Charity's China office, the Foundation has continued to progress its **work on plastics in China**. The Foundation launched its first China-specific report on plastics in collaboration with Tsinghua University: [**Towards a circular economy for plastics in China: Opportunities and recommendations**](#). The paper established the opportunity for China to play a leading role in the development of an ambitious legally binding instrument to end plastic pollution; and suggested that China should take advantage of this enabling condition to enhance local efforts to curb plastic pollution. Furthermore, the Foundation convened over 65 influential public and private organisations and c.2,000 industry actors via industry events, to discuss and increase uptake on upstream innovation and reuse. These outreach activities were in line with the Foundation's focus areas at global level, and included a 'flexible packaging' workshop and workshops on circular/reusable delivery packaging. Finally, the Foundation developed a collaboration

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

with FECO (The Foreign Environmental Cooperation Center of MEE) in order to explore opportunities around the treaty.

Looking ahead, the next three years will be critical in the efforts to solve the plastic pollution crisis. The opportunity presented by the global legally binding instrument is significant and the time for progress is now. The Foundation will focus a major effort – working at the nexus of business and policy – to drive towards an ambitious global treaty by 2025. The next three years are also the final years to deliver on the 2025 targets for Global Commitment signatories and Plastics Pacts, and through the Accelerated Action Agenda the Foundation aims to drive maximum progress in those final years. At the same time, the Foundation has started thinking about the journey ahead beyond 2025 and will continue to develop the strategic direction towards 2030 and beyond.



The Ellen MacArthur Foundation has become the global reference point for the circular economy for fashion. Since the launch of the Foundation's [New Textiles Economy report](#), which remains the Charity's top report downloaded month-on-month, and [Vision of a Circular Economy for Fashion](#), the Foundation has played a significant role in changing the narrative of the industry, including policymaker perceptions of both the challenge and the available solutions. The Foundation's efforts have laid the groundwork for transformation, informing industry strategy and government policy, as well as increasing public awareness of the opportunity presented by a circular economy for fashion. The

Foundation's vision can be found in the work and strategy of many corporates, the EU Commission's Circular Economy Action Plans and its EU Textiles Strategy, the G20 Resource Efficiency Dialogue, The Dutch 2050 Circular Textiles Strategy, UNEP textile industry reports, Business of Fashion, WGSN, WRAP, The Global Fashion Agenda Monitor Report, PACE, and Textile Exchange Corporate Fibre Benchmark, to name a few.

Following Make Fashion Circular becoming the Fashion Initiative in May 2021 as part of the Foundation's 'One Network' approach, the Fashion network was further strengthened by bringing leading fashion house Gucci in as a Strategic Partner. The Fashion network as a whole has continued to grow (it now stands at 20+ organisations), and 91% of the organisations involved in the Fashion Initiative have engaged with at least one of the Network Programme offerings. The small group and 1:1 conversations with the Fashion Advisory Board organisations (Gucci, H&M, PVH, Ralph Lauren, Zalando, Primark, Inditex) have enabled the Fashion Initiative to challenge its ambition level, and sharing detailed feedback has informed a suite of resources and outputs including strategy, circular economy targets, training, tools, and internal circular economy guidance documents, etc.

In December 2021, the Foundation published and distributed the [Circular Design for Fashion Book](#), with the aim of engaging and inspiring those who have creative influence on fashion's products and services. The book has received [six prestigious design awards](#), a clear recognition of its appeal to the intended audience. The book sold out its initial print run of 2,500 books in six months and a further 3,000 copies were printed.

Also in December 2021, the Fashion Initiative also launched the paper [Circular Business Models: Redefining growth for a thriving fashion industry](#), which advances the industry thinking and restates the Foundation's narrative around 'decoupling resource use from revenues', providing case studies and informing corporate strategies. The paper has been well received by the industry, and its narrative has been widely picked up and reflected in media and corporate sustainability strategies. For example, Selfridges' strategy reflects the initiative's language closely, and Selfridges has publicly committed to ensure that '45% of transactions will come from circular products and services by 2030'. *The Economist's* showcase ['The World Ahead 2023'](#) featured this work, receiving 1.6 million views in the first week.

Throughout 2021 and 2022, the Fashion Initiative continued to advance and inform policy, with the aim of supporting the creation of the enabling conditions for the circular economy for fashion to emerge at scale. This includes the Foundation developing its perspectives on the EU Textiles Strategy, [Extended Producer Responsibility \(EPR\)](#), and the forthcoming EU Ecodesign for Sustainable Products Regulation. These perspectives have been shared with key EU, national, and institutional policymakers, as well as with Foundation's Network and relevant media.

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

To further leverage the momentum created by the Circular Design for Fashion, and elevate the profile of the Ellen MacArthur Foundation in the fashion industry, in early 2022 the Charity formalised a partnership with the fashion council responsible for organising Milan Fashion Week, [Camera Nazionale della Moda Italiana](#), and collaborated to scope, prepare criteria, judge, and bring the Fashion Initiative's narrative to these Sustainable Fashion Awards in Milan for the first time with a specific Circular Economy Award for September 2022.

The Foundation has also convened leading organisations working on circular design guidelines in a dedicated Circular Design working group, in order to create alignment and reduce duplication of work in the industry. This involved hosting six sessions, convening leading members interested in aligning, sharing progress, and raising the ambition on language, material inputs, durability, and recyclability.

[The Jeans Redesign](#) project has continued in its second phase during 2022, with around 100 organisations (including brands, fabric mills, and manufacturers) from 20+ countries, working to create products that meet The Jeans Redesign [Guidelines](#), all due on the market by 2023. To report robust insights on progress made by the participants, this year the Foundation has reworked the reporting mechanism to make their reporting easier and capture accurate insights to inform the Q3 2023 report, due in July 2023.

In China, the Foundation continued to strengthen its partnership with CNTAC (China National Textile and Apparel Council) and Shanghai Fashion Week as partners to help disseminate the Fashion Initiative's narrative to key stakeholders including policymakers, media, and creatives. The Foundation provided expert input to a study conducted by CNTAC on the current state of play of the circular economy in the denim industry, due to be published in January 2023.



The Foundation's **Food Initiative**, launched in 2019, has had a year of two halves. Following the launch of the *Big Food Redesign* report in September 2021, the work of the Foundation has pivoted away from food and cities and moved into the next phase, focusing on the role of food design can play in creating a nature-positive food system.

The initiative works with Partners Danone, Google, Nestlé, Unilever, Coca-Cola, and The Sustainable Food Trust, and continues to engage with the Foundation's Strategic Partner cities London, New York, and Sao Paulo. Following a successful bid, the Food Initiative is primarily funded by the People's Postcode Lottery, supported by the Schmidt Foundation and the Foundation's corporate partners.

Food and cities – phase two comes to an end

The active role that the Foundation has played in convening food value chain actors within the Strategic Partner cities has been invaluable in mobilising demonstration activities within the cities that otherwise would likely not have emerged and progressed during the second phase of the programme. As well as working in the three key cities, the Foundation has worked with another 15 cities to mobilise activity towards a circular food system. During 2022, the Foundation has interviewed all the participant cities and captured good practice, stories, and lessons learned. These [articles](#) were published to coincide with COP27.

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

Circular Design for Food – phase three kicks off

Following the launch of [The Big Food Redesign](#) report in September 2021, phase three of the Food Initiative was established. The report identifies five actions businesses can take to drive forward a nature-positive food system. Over the next phase of the initiative, the Foundation will work with companies in its Network to bring the vision of *The Big Food Redesign* to life. In May 2022, the Foundation was successful in a bid to the UK People's Postcode lottery and awarded £1.25m towards the development of a global food challenge which will launch in April 2023. The food challenge was also successful in receiving funding from the Schmidt Foundation and the work to design and develop the challenge began in June 2022. This Big Food Redesign Challenge will bring together big and small food companies to redesign or renovate food products incorporating the circular design for food principles to create food products that are designed for nature to thrive. The challenge will run from April 2023 to October 2024 and culminate in a high-profile product launch event.

Alongside the development of the Big Food Redesign Challenge, the Food Initiative continues to engage with the broader food landscape, broadening its network and influencing the sector towards a common vision of a circular economy for food. The ongoing focus for the Food Initiative is supporting organisations to develop common frameworks and definitions that enable regenerative practices. Examples of this work include:

- **[Sustainable Food Trust \(SFT\)](#)**: building on the successful relationship established in phase two of the Food Initiative, the Foundation has cemented its relationship with SFT, and the organisation has formally joined the Foundation's Network as a Partner and has taken up a seat on the Food Advisory Board. SFT is the Foundation's delivery partner for the Big Food Redesign Challenge.
- **[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. Building on the Foundation's existing relationship, OP2B has chosen to utilise the Big Food Redesign Challenge as its delivery pathway for their work pillar on the diversification of ingredients. OP2B will join the Foundation's Network as a Member.
- **[Sustainable Markets Initiative Agri taskforce](#)**: led by the then Prince, now King, Charles this taskforce brought together 15 of the biggest food organisations to develop an [action plan](#) to scale regenerative agricultural practices. The Foundation's *Big Food Redesign* research on UK potatoes fed into this report and the resulting action plan includes a specific action to design food to enable regenerative farming rotations.
- **[EFRAG](#)**: As a technical advisor to the European Commission, EFRAG has been tasked with the development of draft EU Sustainability Reporting Standards, covering circular economy as one of the six key environmental topics. The Foundation has provided input and evidence to support the development of relevant circular economy disclosures in both sector-agnostic and sector-specific standards, including for the food and beverage and agriculture and farming industries. In all cases, the Foundation has promoted the inclusion of language and disclosures to support regenerative outcomes throughout the food system. These standards will create mandatory reporting requirements for ~50,000 companies in Europe.
- **[Sustainable Restaurants Association \(SRA\) Food Made Good rating](#)**: The Food Made Good rating is the world's largest and most comprehensive sustainability audit for Food Service Businesses (FSBs). The Foundation has inputted to the SRA's Food Made Good global rating redraft due to be released in 2023.

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

Climate workstream:

COP26 in Glasgow was a major milestone for the Foundation, with events in both the official Blue and Green zones, including an oversubscribed IMAX session in which some of the Charity's teams took part, as well as hosting online events. The Foundation also held an in-person week 1 Circular Economy Café space, facilitating exchanges and broadcast moments, and Dame Ellen MacArthur participated in the *New York Times* Climate Hub headline sessions, which also included Foundation team members.

In Sharm El Sheikh for COP27, logistics meant that the Foundation sent a smaller team, but throughout the two weeks it built on the work from COP26 and focused on enhancing the visibility of the circular economy. Working with the Foundation's network and new contacts, the climate team spoke in or moderated eight official Blue zone panels covering all the Foundation's key areas of Food, Plastics, Fashion, Finance, policy, business, and the built environment. The Foundation was also offered one of only six non-member state seats at the Global Stocktake

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

Focused Exchange roundtable with national delegations bringing the circular economy contribution to this discussion.

In order to progress this work on climate, the Foundation has appointed a Lead for the topic, reinforced its UNFCCC position, and started planning for COP28.

Policy workstream:

There are three main headlines that emerge in regard to the Foundation's other policy work:

- The circular economy conversation is now firmly global
- The Foundation is deliberately reinforcing the business–policy interface
- The Foundation's high-level institutional partnerships are going from strength to strength.

The circular economy discussion is becoming both deeper and broader, with a greater understanding of the transformative power of upstream interventions, for example circular design was introduced for the first time at the G20 by the EU, who asked the Foundation to shape the official workshop (in the same way that it had facilitated the fashion one).

In 2021, the Foundation signed a Memorandum of Understanding with the Italian G20 Presidency, to advise on circular economy matters – it is unprecedented for a not-for-profit to do this, as far as we know. The Italian G20 Leaders' Declaration has the highest number of circular economy references in it, and in 2022 the Foundation was also referenced in the G7 Resource Efficiency & Circular Economy Roadmap led by the German government.

In addition, there is greater global uptake of the circular economy framework, and the Foundation is now a Strategic Partner to the Latin American and Caribbean Circular Economy Coalition and the African Circular Economy Alliance, which bring together a combined total of about 25 national governments.

As the topic of the circular economy becomes more international, its trade implications are acknowledged, and the Foundation is keeping close to various World Trade Organisation workstreams, being for example involved in its 'Informal Dialogue on Plastics'.

At European level, the Foundation has actively informed both the Textiles Strategy and the Sustainable Products Initiative via official White Papers and working group contributions.

The Foundation has also recently joined the Advisory Board of the Circular Cities and Regions Initiative – a network of local demonstration projects underpinned by 250 million euro of European Investment Bank funding.

Institutions, governments, and cities and Latin America

The Foundation remains a founding Strategic Partner of the Latin America and the Caribbean Circular Economy Coalition (the 'Coalition'), alongside another seven international institutions (UNEP, UNIDO, WEF, IDB, KAS, CTCN, PACE). This has provided a platform for engagement with national governments in the region, reinforcing the Foundation's position as a key reference point for the circular economy. During the fiscal year, the Foundation also led the development of a vision for the circular economy in the region, which was published by the Coalition in February 2022, and serves as a reference point for the Coalition's engagements with businesses and policymakers in the region around the topic.

Throughout the fiscal year, the Foundation also engaged with leading Latin American cities such as its Strategic Partner São Paulo and Partner Curitiba, as well as Salvador, Rio de Janeiro, Bogotá, and Buenos Aires. This included consultative support to local circular economy initiatives as well as the production of São Paulo's first circular economy week, which was attended by approximately 150 participants in person and 700 online. The opening ceremony, which took place on 7 May 2022, included speeches by the Municipal Secretary of International Relations, Marta Suplicy, and the Municipal Secretary of Economic Development and Labour, Aline Cardoso.

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 the circular economy*

LEARNING HUB

The Charity continues to make a wide range of resources freely available via its website and digital channels. Learning deep dives on topics such as plastics, fashion, design, and cities continue to be among the most visited parts of the Foundation's website, generating thousands of visits per month.

In formal education, the Charity developed a curriculum with several education providers including LEGO, reaching over 100,000 young people directly with circular economy education at school. The work with LEGO represented a first significant engagement with 5–8 year olds.

The Charity has also continued to play a role in informing wider curriculum work building on work with the International Baccalaureate (IB), in which circular economy principles were embedded in the economics and geography curriculum. Specifically, the Charity has engaged with stakeholders from curriculum providers such as Pearson as they respond to the Department for Education and Schools mandate on climate and circular economy learning.

The Charity concluded a two-year project to engage young people in Africa through a combination of learning programmes targeted at entrepreneurs and school-age children working with delivery partners. The programme reached over 1,000 young working age people with circular economy insights, and also 1,000 school-age teenagers, inspiring them with the potential of a circular economy.

In higher education, the Charity has continued to grow its interaction with universities across the globe. Over 75 universities are profiled on the Charity's website, but the overarching reach and engagement of working with and informing universities on research, curriculum, and thought leadership numbers in the hundreds.

In 2022, the Charity put together a vision statement with a cluster of more than 30 further and higher education actors in London. This included hosting an event attended by more than 80 stakeholders on the potential for educational institutions to shift towards the circular economy for food through procurement practices.

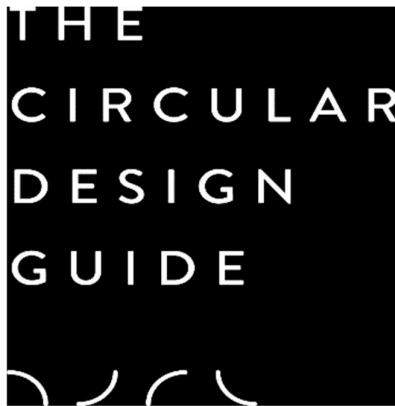
In professional learning, over 200 business professionals from the Charity's Network attended the Circular Economy Masterclass run by the University of Exeter in collaboration with the Charity. The Charity has also developed an introduction to the circular economy course and an implementation course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

The Charity continues to evolve its production and innovative learning engagement activities including through its live YouTube show, which reaches 6 million viewers annually and has now featured over 60 episodes. And through its 100+ episode podcast, which ranks in the top five across several categories on Apple and Spotify in terms of listeners and engagement.

Learning and Latin America

In collaboration with Sistema B, between 2 November and 7 December 2021, the Charity delivered the free, online, and interactive *From Linear to Circular: Latin America* course. The invite-only course was offered in multilingual format – English, Portuguese and Spanish – to 795 people from across businesses, start-ups, public institutions, and academia in Latin America, and presented an excellent opportunity to build circular economy knowledge among key audiences, while expanding the Foundation's local network of circular economy practitioners and enthusiasts.

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



inspiration and solutions.

The charity has continued to accelerate the uptake of circular design by driving forward three strategic pillars: developing a compelling circular design concept, building a thriving movement of practitioners, and catalysing action by encouraging companies to put the concept into practice.

Developing the concept of circular design has taken place in two major phases in 2021–22. In May, the Charity launched a new section of the Ellen MacArthur Foundation website dedicated to circular design. This included a comprehensive explanation of the connection between the circular economy and design, and the need for systemic, upstream solutions. The section also includes new visuals for designers, case studies, and a library of tools and resources developed by the Charity and other trusted institutions in the design space. In the month following the launch, this new section was the seventh most popular on the Charity's website, highlighting the appetite for design

Following the launch of this section, the charity focused on advancing the understanding of how circular design can be applied by organisations. In March 2023, the charity will launch a major contribution to global design discourse, with a publication outlining the six key points design and innovation teams can take to accelerate the transition to a circular economy.

Alongside developing this deeper understanding of circular design, the charity has promoted the topic at events such as COP26, What Design Can Do, World Industrial Design Day, G20 Workshop, Pentawards Festival, NEXT Design Perspectives, and Hong Kong Knowledge of Design Week.

Participating in such events has been key to the vision of building a thriving international movement of circular designers and innovators. This vision is gaining traction and the Foundation's circular design narrative has appeared in major design publications such as *Design Wanted*, *It's Nice That*, *Dezeen*, *DesignWeek*, *Design Milk*, and *Drapers*, among others.

To further engage designers around the topic of the circular economy, during the summer of 2022 the Charity delivered a series of four one-day circular design workshops in Guangzhou, Shenzhen, Beijing, and Shanghai. The 150 participating design influencers from business, consultancy, manufacturing, finance, and NGOs expressed positive feedback, and said that they felt more connected to their peers and inspired by the possibilities the circular economy offers for creatives.

Further demonstration of the influence within the design community can be seen in the response to the *Circular Design for Fashion* book. The publication, now on its second print run, has received numerous prestigious design awards, including those from Cannes Lions, The One Show Awards, D&AD Awards, and Red Dot Design Awards.

On the ambition of catalysing action, in 2022 the Charity placed particular focus on the Circular Design Leaders – a committed group of 25 senior designers from within the Charity's business network, all with a shared circular economy agenda.

In September 2022, the Charity, together with IDEO, met with the Circular Design Leaders at the CY Design School in France for a three-day speculative design sprint, in which the group explored what the future design function within a circular-ready organisation would look like. The feedback from the sprint showed that this group of influential decision-makers had developed a more focused plan to drive the circular economy transition throughout their innovation teams and wider organisation. In the next phase of this work, the Charity will deepen engagement with this working group to accelerate the design and scaling of circular economy solutions.

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

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

The Charity's communications efforts continued to support its 2025 strategy, with a particular focus on three core pillars: building a common voice with the Network and beyond, growing interest in the Charity's work, and identifying communications opportunities that will drive impact.

The Foundation launched a Common Voice communications toolkit for the Network, and a Circular Economy Glossary (in partnership with Ikea). These assets aim to support the Network and others to speak with a common voice, use a common language, and demonstrate action towards the circular economy. Speaking as a collective, will increase the scale and impact of the Foundation's messaging and radically accelerate industry transformation, mobilise investors and policymakers, and inspire organisations' employees and the public. By the end of the financial year, the Glossary had received nearly 7,000 website views and the Toolkit was shared directly with the Network via the Charity's Community Platform.

To support the Common Voice agenda with the Network, the Foundation developed an interview series — *Transforming Business: the leading voices of the circular economy* — with representatives from its Strategic Partners and Partners. In the series, these individuals and organisations discussed how they are innovating and scaling circular economy solutions, the challenges they face, and how much more needs to be done to shift the system. The Foundation built a targeted paid campaign to support the series, and achieved 1.4 million views of the content (up to August 2022).

In November 2021, the Charity started to test a simplified version of its three principles to enhance memorability of the circular economy. Using just three words, '*Eliminate, circulate, regenerate*', the Charity's simplified messaging encourages audiences to understand that the circular economy is a bigger idea — one that is designed to regenerate nature, in addition to eliminating waste and pollution, and circulating products and materials at their highest value. First launched at COP26, this simplified messaging has become fully embedded in the Charity's communications about the circular economy and is being positively adopted by the Network and beyond.

To increase interest in the Charity's work, there is a continued focus on growing the key audiences. Across the Charity's digital marketing channels, following figures increased from 488,231 (August 2021) to 577,690 (August 2022), an increase of 18.3%. The Foundation started a new TikTok account to target learners and future enablers of the circular economy, and continued to invest in native broadcast content, particularly on YouTube and increasingly on its main podcast channels (Spotify, Apple Podcasts, etc). The Foundation's video content, in various formats and across all digital channels, was watched over 16 million times.

In the media, the Charity was referenced over 11,000 times, continuing an upward trend and an increase of 6% year on year. This included references in articles by the *Financial Times*, *Bloomberg*, *New York Times*, *Fortune*, *Vogue*, *Vogue Business*, *Time*, *National Geographic*, *Bon Appetit*, *Wired*, *Forbes*, *Wall Street Journal*, and many more Tier 1 outlets. The Foundation was also featured in major broadcast channels such as BBC News, Sky News, and Bloomberg, as well as in a short documentary on BBC World News.

Key communications opportunities from the Charity included *The Big Food Redesign* (food), *The Nature Imperative* (biodiversity), the *Global Commitment Progress Report* (plastics), *Circular Business Models* (fashion), *Circular Design for Fashion Book* (fashion) and *Flexible Packaging* (plastics). Supported by communications strategies of varying degrees, the launches of these publications were highly targeted, which helped the majority of launches to achieve above-benchmark success across digital marketing channels and strong media coverage.

The Charity brought its mission — to accelerate the global transition to a circular economy — to COP26. The conference was a milestone moment in the global transition to a circular economy, and the Foundation hosted and participated in a series of events demonstrating that the circular economy is key to tackling global challenges, including climate change and biodiversity loss. These events included an over-subscribed film screening and panel discussion at the Glasgow Science Centre IMAX Cinema in the COP26 Green Zone, to explore how the circular economy can tackle climate change in two specific sectors — food and mobility. In collaboration with the *New York Times*' Climate Hub, the Foundation hosted a Circular Economy Café, which also acted as a demonstration space, showcasing circular economy solutions in action.

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

There were more than 4,000 in-person attendees at the hub and more than 100,000 views of the *New York Times* Climate Hub online content. The Foundation's paid and organic social media campaign, which linked the Charity's core circular economy messaging (eliminate, circulate, regenerate) to its climate narrative, achieved 3.5 million impressions across all channels. The Foundation's videos, *How the circular economy tackles climate change* and *Designing a food system that's positive for nature and our climate*, have achieved more than 73,000 YouTube views to date (August 2022). And the one-minute explainer, *Why the circular economy is key to addressing climate change*, has reached over 200,000 views.

The Foundation announced partnerships with Economist Impact on a podcast series, Camera Nazionale della Moda Italiana (CNMI) for their upcoming Sustainable Fashion Awards, and collaborated with WWF on a campaign in support of a UN Treaty for Plastics.

In Latin America, the Foundation supported the development of the circular economy vision for the Latin American and the Caribbean Circular Economy Coalition, which aims to create alignment and cooperation between countries in the region and guide future projects. This was communicated via a region-wide media approach, and was published in 128 articles.

In China, with the approval of its International NGO status, the Foundation was able to build channels and create localised content for its China audiences. The Foundation opened its first WeChat account, using it as a platform to share information about the circular economy and to announce Charity milestones. The Foundation also undertook media launches, activated the channels of media and other partners to support a common voice in China, and wrote original content that connected the circular economy to timely topics that are highly engaged with such as the EU's Sustainable Products Initiative and flexible packaging during China's double eleven shopping festival.

Communications and Latin America

The Latin America team continued to work with the local PR agency, Sherlock Communications, to secure coverage in leading local publications, including UOL, El Tiempo, and Forbes Centroamerica. This work has resulted in 698 pieces of coverage, reaching 9.47 million estimated views in 2022. The Foundation's Latin American social media following also grew 26% during the fiscal year.

In addition to supporting global Ellen MacArthur Foundation campaigns, including the call for a UN Plastics Treaty, the Foundation's regional office led the coordination of the launch campaign for the Latin America and the Caribbean Circular Economy Coalition's vision document, working in conjunction with the Coalition's other strategic partners. The campaign resulted in 128 media articles being published, with a potential reach of 4 million people.

The period also marked the beginning of production for a web series on the topic of circular food design, to be launched in March 2023, and the translation of the Ellen MacArthur Foundation's website into Portuguese and Spanish, aiming to increase local audience's engagement with circular economy content and news.

STRATEGIC REPORT – LOOKING AHEAD

As 2025 approaches, the Charity will continue to reinforce the economic case for the transition to the 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.

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, that covers technical materials and regenerative practices.

While working towards its 2025 strategic target of building unstoppable momentum towards the circular economy, the Foundation is also turning its attention towards 2030 (and beyond).

The Charity's leadership team has initiated a Strategy 2030 planning process which will continue through the current financial year. Ultimately, it will integrate the 2025 objectives into this longer-term plan, which will see the Charity having a seven-year vision to 2030, with more defined plans for Year One and the next three years.

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

This strategy development exercise is being led by the leadership team but there is involvement from across the organisation via surveys and discussion groups, as well as from some key external stakeholders. Research is being carried out to provide insight on the external environment and to integrate existing data around the Foundation's impact to date on the transition to the circular economy. This work will be completed by the end of the current financial year, although it will inevitably be a constantly evolving exercise, as the external environment continues to shift.

The work being done will shape the ongoing organisational development of the Foundation over the coming years, but the overall charitable objectives remain constant. As such, the team remain focused on delivering against their existing commitments, as well as future goals.

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 MAVA Fondation pour la Nature, SUN (Foundation for Environmental Economics and Sustainability), Oak and Postcode Earth Trust. Eleven 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, Wilsdorf Foundation, Postcode Innovation Trust, The OAK Foundation, Calouste Gulbenkian Foundation, Stiftung Auxilium, Stichting Doen, and 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 2022 is set out on page 26 of this report.

Income

Total incoming resources for the year decreased by £536,000 to £17,394,000, a decrease of 3% on the previous financial year (2021: £17,930,000). The income received was predominantly from donations of £11,555,000 which accounts for 66% of income received in the year (2021: £13,263,000 – 74%).

The decrease in reported income for the year is mainly attributable to reduced funding for projects and international outreach programmes due to the timing of funds (income accounted for in 2021) and in 2021 the Charity reported funding from PPL (People's Postcode Lottery) under their external lottery management license promoting lottery draws on behalf of charities (£2m) which was not continued into 2022. The Charity has a new Network membership structure which has increased the income streams in this area.

Expenditure

Total expenditure for the year increased by £1,447,000 to £16,070,000 (2021: £14,623,000). This increase is largely due to growth. Events, travel, and associated costs also increased significantly in the year due to the lifting of Covid restrictions and the ability to travel and facilitate international workshops.

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 maximising 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 £6,000 (2021: £4,000). 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 to work with and is aiming to engage these services in the near future.

Reserves Policy

As of 31 August 2022, the Charity had consolidated net assets of £22,390,000 (2021: £21,066,000), primarily representing cash at bank of £17,643,000 (2021: £18,234,000). The amount of cash at bank has decreased in the period due to the timing of income receipts, offset by increased debtors, together with increased profits in the trading

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

subsidiary. Of the net assets, £5,217,000 (2021: £7,392,000) are restricted income funds which are held for the completion of projects undertaken by the Charity. 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 2022 the Charity's free reserves stood at £8,573,000 (2021: £5,938,000), and the increase reflects the timing of core projects and activities undertaken. At approximately 10 months of charitable operating expenditure, this is slightly outside of the Charity's policy to maintain 6–9 months of operating costs in reserve. The Charity continues to operate in an uncertain economic environment in which 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 £1,746,000 (2021: £1,948,000) as detailed in note 6 to the accounts, and subsequent to the year-end £3,023,000 has been distributed to the Charity. Profits made in the trading subsidiary are detailed in note 7 to the accounts. 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);
- 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, misunderstanding of or challenges to mission and concept;
2. threats to income and capital, arising through the funding model (and wider economic challenges); and
3. threats to operations, including through challenges faced by the Charity's people as a result of cost-of-living increases and working (office/location) arrangements.

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

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 judgements 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.

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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 stylized 'E' followed by a long horizontal line.

Dame Ellen MacArthur

Date 25 May 2023

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Report and Financial Statements for the year ended 31 August 2022

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 2022 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 2022 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 2022

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 2022

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 2022

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: 25.May.2023

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 2022

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

For the year ended 31 August 2022

		Unrestricted Funds	Restricted Funds	Total 2022	Total 2021 as restated
	Notes	£'000	£'000	£'000	£'000
INCOME AND ENDOWMENTS FROM:					
Donations and legacies	3	7,691	3,864	11,555	13,263
Charitable activities	4	8	-	8	10
Income from other trading operations	7	5,825	-	5,825	4,651
Investments	5	6	-	6	4
Other income		—	—	—	2
TOTAL INCOME		13,530	3,864	17,394	17,930
		=====	=====	=====	=====
EXPENDITURE ON:					
Fundraising costs	8	301	-	301	151
Commercial trading operations	7	3,258	-	3,258	2,762
Charitable activities	8	6,165	6,260	12,425	11,630
Other	8	86	—	86	80
TOTAL EXPENDITURE		9,810	6,260	16,070	14,623
		=====	=====	=====	=====
NET INCOME/(EXPENDITURE)		3,720	(2,396)	1,324	3,307
Transfers between funds		(221)	221	—	—
NET MOVEMENT IN FUNDS		3,499	(2,175)	1,324	3,307
RECONCILIATION OF FUNDS					
Fund balances as at 1 September 2021		<u>13,674</u>	<u>7,392</u>	<u>21,066</u>	<u>17,759</u>
Fund balances as at 31 August 2022		<u>17,173</u>	<u>5,217</u>	<u>22,390</u>	<u>21,066</u>
		=====	=====	=====	=====

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 2022

CONSOLIDATED AND CHARITY BALANCE SHEET
At 31 August 2022

	Notes	Group 2022 £'000	Group 2021 as restated £'000	Charity 2022 £'000	Charity 2021 as restated £'000
FIXED ASSETS					
Tangible fixed assets	11	735	751	382	447
Fixed asset investment	12	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		735	751	382	447
CURRENT ASSETS					
Debtors	13	8,238	5,997	6,724	5,137
Cash at bank and in hand		<u>17,643</u>	<u>18,234</u>	<u>13,503</u>	<u>14,451</u>
		25,881	24,231	20,227	19,588
CREDITORS					
Amounts falling due within one year	14	<u>(4,226)</u>	<u>(3,916)</u>	<u>(1,568)</u>	<u>(1,647)</u>
NET CURRENT ASSETS		<u>21,655</u>	<u>20,315</u>	<u>18,659</u>	<u>17,941</u>
TOTAL NET ASSETS		<u>22,390</u> =====	<u>21,066</u> =====	<u>19,041</u> =====	<u>18,388</u> =====
FUNDS					
Unrestricted funds					
Unrestricted general funds	15	17,173	12,424	13,824	9,746
Designated fund	15	<u>-</u>	<u>1,250</u>	<u>-</u>	<u>1,250</u>
		17,173	13,674	13,824	10,996
Restricted funds	16	<u>5,217</u>	<u>7,392</u>	<u>5,217</u>	<u>7,392</u>
		<u>22,390</u> =====	<u>21,066</u> =====	<u>19,041</u> =====	<u>18,388</u> =====

The financial statements on pages 26 to 47 were approved by the Board of Trustees and signed on its behalf by:



Dame Ellen MacArthur

Dated: 25 May 2023

Company Registration Number: 06897785

The notes on pages 29 to 47 form an integral part of these financial statements

Ellen MacArthur Foundation
Report and Financial Statements for the year ended 31 August 2022

STATEMENT OF CASH FLOWS
Year ended 31 August 2022

	Notes	Group 2022 £'000	Group 2021 as restated £'000
CASH FLOW FROM OPERATING ACTIVITIES	(Below)	<u>(417)</u>	<u>3,413</u>
Cash flow from investing activities			
Payments to acquire tangible fixed assets		(180)	(255)
Interest received		<u>6</u>	<u>4</u>
NET CASH FLOW FROM INVESTING ACTIVITIES		<u>(174)</u>	<u>(251)</u>
Net (decrease)/increase in cash and cash equivalents		(591)	3,162
Cash equivalents at 1 September 2021		<u>18,234</u>	<u>15,072</u>
CASH EQUIVALENTS AT 31 AUGUST 2022		<u>17,643</u> =====	<u>18,234</u> =====

Cash and cash equivalents consists of:

Cash at bank and in hand	<u>17,643</u>	<u>18,234</u>
CASH AND CASH EQUIVALENTS AT 31 AUGUST 2022	<u>17,643</u> =====	<u>18,234</u> =====

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

	2022 £'000	2021 as restated £'000
Surplus for the year	1,324	3,307
Depreciation	195	147
Loss on disposal of fixed assets	1	-
Interest received	(6)	(4)
Movement in deferred income	122	(5)
Movement in creditors	188	324
Movement in debtors	<u>(2,241)</u>	<u>(356)</u>
Net cash flow from operating activities	<u>(417)</u> =====	<u>3,413</u> =====

ANALYSIS OF CHANGES IN NET DEBT

	As at 1 September 2021 £'000	Cash-flows £'000	As at 31 August 2022 £'000
Cash	18,234	(591)	17,643
Bank charge cards repayment on demand	<u>(5)</u>	<u>(62)</u>	<u>(67)</u>
	<u>18,229</u> =====	<u>(653)</u> =====	<u>17,576</u> =====

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 October 2019, the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Accounting Practice.

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 £000.

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 Trading Limited is a wholly owned UK trading subsidiary. Ellen MacArthur Foundation Inc. (US) and Ellen MacArthur Foundation Brazil are also considered to be subsidiaries, within the requirements outlined in the Charities SORP, 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, and the results are consolidated on a line-by-line basis. 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 information relating to the subsidiary entities 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.

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).
- 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.

Cash

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of 100 days or less, and bank overdrafts.

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 2022

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 the timing of restricted funds and the one off lottery funding in 2021 and 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 2022

NOTES TO THE FINANCIAL STATEMENTS (continued...)

2. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES

	Notes	Unrestricted Funds as restated £'000	Restricted Funds as restated £'000	Total 2021 as restated £'000	Total 2020 as restated £'000
INCOME AND ENDOWMENTS FROM:					
Donations and legacies		6,993	6,270	13,263	8,099
Charitable activities		10	-	10	17
Income from other trading operations		4,651	-	4,651	4,258
Investments		4	-	4	18
Other income		<u>2</u>	<u>-</u>	<u>2</u>	<u>-</u>
TOTAL INCOME		11,660 =====	6,270 =====	17,930 =====	12,392 =====
EXPENDITURE ON:					
Fundraising costs		151	-	151	353
Commercial trading operations		2,762	-	2,762	2,205
Charitable activities		4,154	7,476	11,630	8,688
Other		<u>80</u>	<u>-</u>	<u>80</u>	<u>220</u>
TOTAL EXPENDITURE		7,147 =====	7,476 =====	14,623 =====	11,466 =====
NET INCOME/(EXPENDITURE)		4,513	(1,206)	3,307	926
Transfers between funds		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET MOVEMENT IN FUNDS		4,513	(1,206)	3,307	926
RECONCILIATION OF FUNDS					
Fund balances as at 1 September 2020		<u>9,161</u>	<u>8,598</u>	<u>17,759</u>	<u>16,833</u>
Fund balances as at 31 August 2021		13,674 =====	7,392 =====	21,066 =====	17,759 =====

Ellen MacArthur Foundation
Report and Financial Statements for the year ended 31 August 2022

NOTES TO THE FINANCIAL STATEMENTS (continued...)

3. DONATIONS, LEGACIES AND GRANT INCOME

	Unrestricted Funds	Restricted Funds	Total 2022	Total 2021 as restated
	£'000	£'000	£'000	£'000
Learning:				
The Schmidt-MacArthur HE Programme	-	425	425	646
Business:				
Global Partner Donations	3,600	-	3,600	1,085
Network income	900	-	900	1,350
Core Funding:				
Core Philanthropic Funding	2,114	-	2,114	1,570
Peoples Postcode Lottery	-	-	-	2,019
Other donations	106	-	106	124
Institutions, Governments and Cities:				
Specific Research Projects	833	472	1,305	1,036
International Outreach	138	1,765	1,903	2,189
Systemic Initiatives:				
New Plastics Economy Initiative	-	25	25	2,991
Make Fashion Circular	-	65	65	-
Cities and Circular Economy for Food	-	1,112	1,112	253
Total grants and donations	7,691	3,864	11,555	13,263
	=====	=====	=====	=====

For details of the grant income and restricted funds, please refer to note 16. 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:

	2022 £'000	2021 £'000
Ticket value	-	6,311
Prize fund	-	(2,524)
Management fee	-	(1,768)
Net lottery income in the year	-	2,019
	=====	=====

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NOTES TO THE FINANCIAL STATEMENTS (continued...)

3. DONATIONS, LEGACIES AND GRANT INCOME (continued)

Comparative Donations, Legacies and grant income

	Unrestricted Funds as restated £'000	Restricted Funds as restated £'000	Total 2021 as restated £'000	Total 2020 as restated £'000
Learning:				
The Schmidt-MacArthur HE Programme	-	646	646	276
Business:				
Global Partner Donations	1,085	-	1,085	1,350
Network income	1,350	-	1,350	-
Core Funding:				
Core Philanthropic Funding	1,570	-	1,570	1,872
Peoples Postcode Lottery	2,019	-	2,019	-
Other donations	124	-	124	-
Institutions, Governments and Cities:				
Specific Research Projects	366	670	1,036	252
International Outreach	479	1,710	2,189	1,864
Systemic Initiatives:				
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>
Total grants and donations	6,993 =====	6,270 =====	13,263 =====	8,099 =====

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:

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

4. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2022 £'000	Total 2021 £'000
Rental income	6	-	6	3
Rechargeable items	<u>2</u>	<u>-</u>	<u>2</u>	<u>7</u>
Total other incoming resources	8 ===	- ===	8 ===	10 ===

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NOTES TO THE FINANCIAL STATEMENTS (continued...)

4. INCOME FROM CHARITABLE ACTIVITIES (continued)

Comparative Income from Charitable Activities

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2021 £'000	Total 2020 £'000
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
	==	==	==	==

5. INTEREST AND INVESTMENT INCOME

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2022 £'000	Total 2021 £'000
Bank interest – monies held in interest bearing deposit accounts	6	-	6	4
	===	===	===	===

Comparative Interest and Investment Income

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

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:

	2022 £'000	2021 as restated £'000
Income from donations and legacies	11,417	12,784
Rechargeable items	2	7
Rental Income	6	3
Gift aid donation from subsidiary company	1,746	1,948
Other income	-	2
Investment income	<u>6</u>	<u>4</u>
	13,177	14,748
Expenditure on charitable activities	(12,224)	(11,290)
Cost of generating funds	<u>(301)</u>	<u>(151)</u>
	(12,525)	(11,441)
Net income for the year	652	3,307
Total funds brought forward	18,388	15,081
Total funds carried forward	19,040	18,388
	=====	=====
Represented by:		
Restricted funds	5,217	7,392
Designated fund	-	1,250
Unrestricted general funds	<u>13,823</u>	<u>9,746</u>
	19,040	18,388
	=====	=====

Ellen MacArthur Foundation
Report and Financial Statements for the year ended 31 August 2022

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 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:

	2022	2021
	£'000	as restated £'000
Turnover	5,972	4,651
Cost of sales and admin costs	<u>(3,258)</u>	<u>(2,735)</u>
Profit before tax	<u>2,714</u>	<u>1,916</u>
Tax on profits	-	(27)
Profit after tax	2,714	1,889
	=====	=====
Retained earning as previously reported	1,746	1,928
Prior year adjustment	<u>375</u>	<u>252</u>
As restated	2,121	2,180
	=====	=====
Distributed to parent during the year	<u>(1,746)</u>	<u>(1,948)</u>
Retained in the subsidiary	3,089	2,121
	=====	=====
The assets and liabilities of the subsidiary were:		
Fixed assets	346	300
Current assets	6,172	4,582
Current liabilities	<u>(3,429)</u>	<u>(2,761)</u>
Net assets	3,089	2,121
	=====	=====

The turnover figure above included intercompany charges of £147,000, removed on consolidation.

Subsequent to the balance sheet date a distribution of £3,023,000 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 deficit of £287,000 (2021: surplus of £80,000) and had reserves carried forward of £270,000 (2021: £557,000).

The Foundation also has a sister charity in Brazil, Ellen MacArthur Foundation Brazil, which for the year generated a deficit of £10,000 (2021 – deficit of £21,000), and has negative reserves carried forward of £10,000 (2021 - £nil).

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NOTES TO THE FINANCIAL STATEMENTS (continued...)

8. EXPENDITURE BY ACTIVITY

	Charitable	Support	Other (Governance)	Fundraising	Total 2022	Total 2021 as restated
	£'000	£'000	£'000	£'000	£'000	£'000
Learning:						
The Schmidt-MacArthur HE Programme	355	35	-	-	390	645
Education Projects	1,086	219	-	-	1,305	727
Business:						
Global Partners and Funding	-	70	-	301	371	172
Institutions, Governments and Cities:						
Specific Research Projects	962	155	-	-	1,117	973
International Outreach	2,305	149	-	-	2,454	2,065
Systemic Initiatives:						
New Plastics Economy Initiative	2,585	310	-	-	2,895	2,630
Make Fashion Circular	1,036	2	-	-	1,038	1,541
Cities and Circular Economy For Food	545	54	-	-	599	1,113
Finance	228	53	-	-	281	190
Insight & Communications	1,833	424	-	-	2,257	1,714
Governance						
Audit and accountancy	-	-	72	-	72	55
Legal and professional	-	-	14	-	14	25
Support allocation	-	19	-	-	19	11
	10,935	1,490	86	301	12,812	11,861
	=====	=====	=====	=====	=====	=====

Support costs are made up as follows:

	2022	2021 as restated
	£'000	£'000
Communications and IT	224	153
Design, print and office costs	39	26
Rent, and property costs	275	214
Insurances	24	2
Depreciation	70	68
Professional services and consultancy	254	81
Currency translation and finance costs	(7)	18
Staff costs	346	424
Travel training and recruitment	265	102
	1,490	1,088
	=====	=====

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.

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NOTES TO THE FINANCIAL STATEMENTS (continued...)

8. EXPENDITURE BY ACTIVITY (continued)

Comparative Expenditure by Activity

	Charitable	Support	Other (Governance)	Fundraising	Total 2021	Total 2020
	£'000	£'000	£'000	£'000	£'000	£'000
Learning:						
The Schmidt-MacArthur HE Programme	586	59	-	-	645	550
Education Projects	639	88	-	-	727	546
Business:						
Global Partners and Funding	-	21	-	151	172	421
Institutions, Governments and Cities:						
Specific Research Projects	869	104	-	-	973	480
International Outreach	1,932	133	-	-	2,065	2,296
Systemic Initiatives:						
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
Insight & Communications	1,504	210	-	-	1,714	1,098
Governance						
Audit and accountancy	-	-	55	-	55	109
Legal and professional	-	-	25	-	25	111
Support allocation	-	11	-	-	11	43
	10,542	1,088	80	151	11,861	9,261
	=====	=====	=====	=====	=====	=====

9. THE GROUPS OPERATING SURPLUS INCLUDES THE FOLLOWING AMOUNTS

	Group 2022 £'000	Group 2021 £'000	Charity 2022 £'000	Charity 2021 £'000
Included in administrative expenses are the following amounts:				
Auditors remuneration	34	22	27	12
Auditors remuneration in respect of prior years	14	9	16	5
Non-audit services from auditor related firm	18	29	14	22
Non-audit services in respect of prior years	14	6	9	6
Payroll services	8	7	6	7
Taxation services	-	-	-	-
Depreciation of owned fixed assets	195	147	70	69
	=====	=====	=====	=====

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Report and Financial Statements for the year ended 31 August 2022

NOTES TO THE FINANCIAL STATEMENTS (continued...)

10. STAFF COSTS

	2022	2021
	£'000	£'000
Staff costs in the Charitable Company and Trading Company were		
Wages and salaries	7,894	7,469
Social Security costs	708	631
Pension costs	233	206
Redundancy costs	-	10
Other Employee Benefits	<u>19</u>	<u>15</u>
	8,854	8,331
	=====	=====

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 £53,000 (2021: £61,000) and are included in other creditors.

	2022	2021
The average weekly number of employees during the period was as follows:	174	172
	===	===

Eighteen employees (2021 – Nineteen) received remuneration in excess of £60,000, and they fell in the bands as follows:

	2022	2021
£60,000 to £70,000	3	9
£70,000 to £80,000	4	4
£80,000 to £90,000	5	1
£90,000 to £100,000	1	2
£100,000 to £110,000	2	-
£110,000 to £120,000	-	2
£130,000 to £140,000	1	-
£150,000 to £160,000	1	-
£190,000 to £200,000	-	1
£210,000 to £220,000	1	-

Payments to Trustees and expenses reimbursed can be seen in note 19 to these accounts.

The payment of gross remuneration to Senior Management Personnel during the year was £1,087,000 (2021 - £858,000).

	2022	2021
	£'000	£'000
Employer's pension costs attributed to employee's who were paid over £60,000 were:	43	58
	===	===

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NOTES TO THE FINANCIAL STATEMENTS (continued...)

11. TANGIBLE FIXED ASSETS – GROUP AND CHARITY

	Improvements to Leasehold Property £'000	Plant and Equipment £'000	Total £'000
Consolidated:			
Cost at 1 September 2021	1,018	378	1,396
Additions	1	179	180
Disposals	<u>-</u>	<u>(8)</u>	<u>(8)</u>
At 31 August 2022	1,019 =====	549 =====	1,568 =====
Depreciation at 1 September 2021	384	261	645
Charge for the year	97	98	195
Eliminated on disposal	<u>-</u>	<u>(7)</u>	<u>(7)</u>
At 31 August 2022	481 =====	352 =====	833 =====
Net Book Value at 31 August 2022	538 =====	197 =====	735 =====
Net Book Value at 31 August 2021	634 =====	117 =====	751 =====
	Improvements to Leasehold Property £'000	Plant and Equipment £'000	Total £'000
Charity:			
Cost at 1 September 2021	708	125	833
Additions	<u>1</u>	<u>4</u>	<u>5</u>
At 31 August 2022	709 =====	129 =====	838 =====
Depreciation at 1 September 2021	268	118	386
Charge for the year	<u>66</u>	<u>4</u>	<u>70</u>
At 31 August 2022	334 =====	122 =====	456 =====
Net Book Value at 31 August 2022	375 =====	7 =====	382 =====
Net Book Value at 31 August 2021	440 =====	7 =====	447 =====

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 and events for businesses and books and publications. The cost of shares as investment in the charity at 1 September 2021 and 31 August 2022 was £1, and the net book value as at 31 August 2021 and 31 August 2022 was also £1.

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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 2021 and 31 August 2022 was £1, and the net book value as at 31 August 2021 and 31 August 2022 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	
	2022	2021	2022	2021
	£'000	£'000	£'000	as restated £'000
Trade debtors	2,262	786	984	252
Other debtors	75	38	62	27
Accrued income	4,918	4,781	4,869	4,611
Prepayments	<u>983</u>	<u>392</u>	<u>809</u>	<u>247</u>
	8,238	5,997	6,724	5,137
	=====	=====	=====	=====

Included in the above figures, for both the Group and Charity, are £1,500,000 (2021 - £850,000) of debtors that are due after more than 1 year.

14. CREDITORS

	Group		Charity	
	2022	2021	2022	2021
	£	as restated £	£	as restated £
Amounts falling due within one year:				
Trade creditors – project costs	364	425	264	324
Amounts due to Trading subsidiary	-	-	799	514
Accruals	367	188	197	150
Other creditors	359	281	119	63
Taxation and Social Security	213	221	189	171
Deferred income	<u>2,923</u>	<u>2,801</u>	<u>-</u>	<u>425</u>
	4,226	3,916	1,568	1,647
	=====	=====	=====	=====

Deferred income arises on donations received in advance of the various work programmes relating to the 2022/23 financial year which commenced on 1 September 2022. All of the income deferred at 31 August 2021 was taken to the income and expenditure account in the 2022 accounts.

Ellen MacArthur Foundation
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NOTES TO THE FINANCIAL STATEMENTS (continued...)

14. CREDITORS (continued)

	Group		Charity	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Deferred income represented:				
At 1 September 2021	2,801	2,807	425	1,071
Amounts released to income in the year	(2,801)	(2,382)	(425)	(646)
Additions in the year	<u>2,923</u>	<u>2,376</u>	<u>-</u>	<u>-</u>
At 31 August 2022				
Consultancy fees in advance	1,989	1,382	-	-
Schmidt HE	-	425	-	425
Fibres	493	178	-	-
NPEC	415	432	-	-
Food	26	-	-	-
Circular Economy 100 fees received	<u>-</u>	<u>384</u>	<u>-</u>	<u>-</u>
At 31 August 2022	<u>2,923</u> =====	<u>2,801</u> =====	<u>-</u> =====	<u>425</u> =====

15. UNRESTRICTED FUNDS

	At 1 September 2021 as restated £'000	Income received £'000	Fund Expenditure £'000	Transfers £'000	At 31 August 2022 £'000
Unrestricted general funds	12,424	13,530	(9,810)	1,029	17,173
Designated fund	<u>1,250</u>	<u>-</u>	<u>-</u>	<u>(1,250)</u>	<u>-</u>
	<u>13,674</u> =====	<u>13,530</u> =====	<u>(9,810)</u> =====	<u>(221)</u> =====	<u>17,173</u> =====

In the previous year the trustees designated £1.25m for specific projects in the 2021-22 financial year. These were 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 projects were abandoned in the current year, and therefore all designated funds were released to general funds.

Comparative information

	At 1 September 2020 as restated £'000	Income received as restated £'000	Fund Expenditure as restated £'000	Transfers £'000	At 31 August 2021 as restated £'000
Unrestricted general funds	9,161	11,660	(7,147)	(1,250)	12,424
Designated fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,250</u>	<u>1,250</u>
	<u>9,161</u> =====	<u>11,660</u> =====	<u>(7,147)</u> =====	<u>-</u> =====	<u>13,674</u> =====

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NOTES TO THE FINANCIAL STATEMENTS (continued...)

16. RESTRICTED FUNDS

	At 1 September 2021 £'000	Income received £'000	Fund Expenditure £'000	Transferred from un-restricted fund £'000	At 31 August 2022 £'000
Learning:					
Schmidt-MacArthur Higher Education Programme (1)	(2)	425	(390)	-	33
Institutions, Governments and Cities:					
MAVA G&C, CE100 and Circular Materials (2), (3)	424	472	(721)	-	175
China (4)	1,882	1,765	(1,636)	-	2,011
Systemic Initiatives:					
New Plastics Economy Initiative (5)	4,556	25	(2,895)	-	1,686
Make Fashion Circular (6)	(261)	65	(25)	221	-
Cities and Circular Economy For Food (7)	<u>793</u>	<u>1,112</u>	<u>(593)</u>	<u>-</u>	<u>1,312</u>
Total	<u>7,392</u> =====	<u>3,864</u> =====	<u>(6,260)</u> =====	<u>221</u> =====	<u>5,217</u> =====

Comparative information for Restricted Funds

	At 1 September 2020 £'000	Income received £'000	Fund Expenditure £'000	Transferred from un-restricted fund £'000	At 31 August 2021 £'000
Learning:					
Schmidt-MacArthur Higher Education Programme (1)	(3)	646	(645)	-	(2)
Institutions, Governments and Cities:					
MAVA G&C, CE100 and Circular Materials (2), (3)	296	670	(542)	-	424
China (4)	1,631	1,710	(1,459)	-	1,882
Systemic Initiatives:					
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> =====

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. During the year the restricted element of the systemic project came to a close and funds were transferred to clear the overdrawn position.

(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:

	Unrestricted Funds	Designated Funds	Restricted Funds	Total 2022	Total 2021 as restated
	£'000	£'000	£'000	£'000	£'000
Fixed assets	735	-	-	735	751
Current assets	6,903	-	1,335	8,238	5,997
Cash at bank	13,705	-	3,938	17,643	18,234
Creditors	<u>(4,170)</u>	<u>-</u>	<u>(56)</u>	<u>(4,226)</u>	<u>(3,916)</u>
	17,173	-	5,217	22,390	21,066
	=====	=====	=====	=====	=====

Charity:

	Unrestricted Funds	Designated Funds	Restricted Funds	Total 2022	Total 2021 as restated
	£'000	£'000	£'000	£'000	£'000
Fixed assets	382	-	-	382	447
Current assets	5,389	-	1,335	6,724	5,137
Cash at bank	9,565	-	3,938	13,503	14,451
Creditors	<u>(1,512)</u>	<u>-</u>	<u>(56)</u>	<u>(1,568)</u>	<u>(1,647)</u>
	13,824	-	5,217	19,041	18,388
	=====	=====	=====	=====	=====

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

Consolidated:

	Unrestricted Funds as restated	Designated Funds	Restricted Funds	Total 2021 as restated	Total 2020 as restated
	£'000	£'000	£'000	£'000	£'000
Fixed assets	751	-	-	751	644
Current assets	4,040	-	1,957	5,997	5,641
Cash at bank	10,868	1,250	6,116	18,234	15,072
Creditors	<u>(3,235)</u>	<u>-</u>	<u>(681)</u>	<u>(3,916)</u>	<u>(3,598)</u>
	12,424	1,250	7,392	21,066	17,759
	=====	=====	=====	=====	=====

Charity:

	Unrestricted Funds as restated	Designated Funds	Restricted Funds	Total 2021 as restated	Total 2020 as restated
	£'000	£'000	£'000	£'000	£'000
Fixed assets	447	-	-	447	384
Current assets	3,180	-	1,957	5,137	4,564
Cash at bank	7,085	1,250	6,116	14,451	11,963
Creditors	<u>(966)</u>	<u>-</u>	<u>(681)</u>	<u>(1,647)</u>	<u>(1,830)</u>
	9,746	1,250	7,392	18,388	15,081
	=====	=====	=====	=====	=====

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NOTES TO THE FINANCIAL STATEMENTS (continued...)

18. FINANCIAL COMMITMENTS - LEASES

At 31 August 2022 the group had the following minimum lease payments under non-cancellable operating leases, as follows:

	2022 Property £'000	2022 Other £'000	2021 Property £'000	2021 Other £'000
<u>Consolidated:</u>				
Due within 1 year	148	7	99	7
Due between 2-5 years	372	7	349	14
Due after more than 5 years	<u>96</u>	<u>-</u>	<u>154</u>	<u>-</u>
	616	14	602	21
	=====	=====	=====	=====
<u>Charity only:</u>				
Due within 1 year	148	-	99	-
Due between 2-5 years	372	-	349	-
Due after more than 5 years	<u>96</u>	<u>-</u>	<u>154</u>	<u>-</u>
	616	-	602	-
	=====	=====	=====	=====

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 (2021 - £36,750) in respect of the office rental, and at the year end £Nil (2021 - £Nil) was outstanding, with £Nil (2021 - £Nil) included in prepayments.

Charges were made by EM (IOW) Ltd to Ellen MacArthur Foundation for £7,500 (2021 - £7,500) 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 (2021 - £Nil) 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 (2021 - £ Nil). Expenses were reimbursed to one Trustee totaling £424 (2021 - one Trustees £234) in respect of home phone expenses. Expenses were incurred on behalf of the Trustees of £nil (2021 - £818) in relation to accommodation and subsistence for meetings. At the year end, £nil (2021 - £Nil) was outstanding.

20. CONTROLLING PARTY

The charity is controlled by the Trustees.

21. FINANCIAL INSTRUMENTS

	Group		Charity	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Carrying amount of financial assets				
Debt instruments measured at amortised cost	24,899	23,839	19,418	19,342
Carrying amount of financial liabilities				
Liabilities measured at amortised cost	<u>(1,303)</u>	<u>(1,121)</u>	<u>(1,569)</u>	<u>(1,228)</u>
	23,596	22,718	17,849	18,114
	=====	=====	=====	=====

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NOTES TO THE FINANCIAL STATEMENTS (continued...)

22. PRIOR PERIOD ADJUSTMENT

Reconciliation of changes in equity	Group		Charity	
	1 September 2020 £'000	31 August 2021 £'000	1 September 2020 £'000	31 August 2021 £'000
Increase/(decrease) in debtors	183	-	183	(28)
(Increase)/decrease in creditors	<u>(108)</u>	<u>(167)</u>	<u>(360)</u>	<u>(514)</u>
Total adjustments	75	(167)	(177)	(542)
Equity as previously reported	<u>17,684</u>	<u>21,233</u>	<u>15,258</u>	<u>18,930</u>
Equity as adjusted	17,759 =====	21,066 =====	15,081 =====	18,388 =====
Analysis of the effect upon equity				
Unrestricted funds	75 =====	(167) =====	(177) =====	(542) =====

Reconciliation of changes in profit for the previous financial period

Adjustments to prior year	Group 2021	Charity 2021
Increase/(decrease) in income	(214)	(370)
(Increase)/decrease in expenditure	<u>(28)</u>	<u>5</u>
Total adjustments	(242)	(365)
Profit as previously reported	<u>3,549</u>	<u>3,672</u>
Profit as adjusted	3,307 =====	3,307 =====

All fund movements related to unrestricted funds

Notes to reconciliation

Adjustment in respect of contract income

As a result of renegotiation of a tripartite contract with the subsidiary company Ellen MacArthur Foundation Trading Limited and a client, the accounting treatment of a contract was restated. This resulted in fees due to the subsidiary company, with corporation tax and VAT payable on the additional sums.