

C40 CITIES CLIMATE LEADERSHIP

England & Wales · Charity number 1173124

Details

Other names C40 CITIES UK

Status Registered

Legal form Charitable company

Company number [10401717](#)

Registered 2017-05-22

Register [View on the Charity Commission register](#)

Contact

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Activities

Objects: 2.1 THE OBJECTS OF THE CHARITY ARE: 2.1.1 THE ADVANCEMENT OF ENVIRONMENTAL PROTECTION AND CONSERVATION OF THE NATURAL ENVIRONMENT, PARTICULARLY BY PROMOTING THE REDUCTION OF GREENHOUSE GASES (INCLUDING CARBON DIOXIDE, METHANE AND ANY OTHER GASES THAT MAY BE IDENTIFIED FROM TIME TO TIME AS HAVING A GLOBAL WARMING POTENTIAL); 2.1.2 TO PROMOTE SUSTAINABLE DEVELOPMENT FOR THE BENEFIT OF THE PUBLIC BY THE PROMOTION OF SUSTAINABLE MEANS OF ACHIEVING ECONOMIC GROWTH AND REGENERATION; 2.1.3 TO ADVANCE THE EDUCATION OF THE PUBLIC IN SUBJECTS RELATING TO GLOBAL WARMING, CLIMATE CHANGE, SUSTAINABLE DEVELOPMENT AND THE PROTECTION, ENHANCEMENT AND REHABILITATION OF THE ENVIRONMENT AND TO PROMOTE STUDY AND RESEARCH IN SUCH SUBJECTS PROVIDED THAT THE USEFUL RESULTS OF SUCH STUDY ARE DISSEMINATED TO THE PUBLIC AT LARGE; AND 2.1.4 SUCH OTHER OBJECTS, AS SHALL BE EXCLUSIVELY CHARITABLE BY THE LAW OF ENGLAND AND WALES AS THE TRUSTEES SHALL DECIDE. SUSTAINABLE DEVELOPMENT MEANS DEVELOPMENT WHICH MEETS THE NEEDS OF THE PRESENT WITHOUT COMPROMISING THE ABILITY OF FUTURE GENERATIONS TO MEET THEIR OWN NEEDS. 2.2 NOTHING IN THESE ARTICLES SHALL AUTHORISE AN APPLICATION OF THE PROPERTY OF THE CHARITY FOR PURPOSES WHICH ARE NOT CHARITABLE IN ACCORDANCE WITH SECTION 7 OF THE CHARITIES AND TRUSTEE INVESTMENT (SCOTLAND) ACT 2005 AND SECTION 2 OF THE CHARITIES ACT (NORTHERN IRELAND) 2008.

Activities: C40 is a global network of nearly 100 mayors of the world's leading cities that are united in action to confront the climate crisis and create a future where everyone, everywhere can thrive.

Classification

- **How:** Provides Services, Provides Advocacy/advice/information, Sponsors Or Undertakes Research
- **What:** General Charitable Purposes, Education/training, Environment/conservation/heritage
- **Who:** The General Public/mankind

Geography

- Throughout England And Wales

Finances

Period end	Income	Expenditure	Assets	Employees
2024-12-31	£13,901,000	£14,238,000	£2,762,000	153
2023-12-31	£12,998,000	£11,832,000	£3,099,000	152
2022-12-31	£11,131,327	£10,033,122	£1,932,661	127
2021-12-31	£8,453,152	£8,285,297	£834,456	123
2020-12-31	£7,164,140	£8,230,428	£666,600	115

Trustees

Name	Role	Appointed
ANTHA WILLIAMS		2017-05-22
Ana Cristina Wollmann Zornig Jayme		2026-05-08
Bruce Robert Lindsey		2026-05-08
Jennifer Semakula Musisi		2026-05-08
Jesper Traerup Nygard		2026-05-12
Maria Vittoria Beria		2026-05-08
Mete Coban		2026-05-08
Shirley Ann Rodrigues		2026-05-08

Accounts



C40 Cities Climate Leadership UK

(C40 Cities UK)

(A company limited by guarantee)

Report and Financial Statements for the year ended 31 December 2024

Charity number 1173124

Company number 10401717

C40 Cities Climate Leadership UK

Report and Financial Statements
For the year ended 31 December 2024

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C40 Cities Climate Leadership UK

Report and Financial Statements
For the year ended 31 December 2024

Charity name	C40 Cities Climate Leadership UK
Principal and registered office	44 Featherstone Street, London, EC1Y 8RN
Charity number	1173124
Company number	10401717

Board of Directors

The trustees who served during the period were:

Antha Williams (Chair)
Pelle Lind Bournonville
Jemma Read
Krishna Patel (appointed 14 March 2024)

Company Secretary	Juliette Carter
Chief Executive	Mark Watts
Auditor	HaysMac LLP, 10 Queen Street Place, London, EC4R 1AG
Solicitor	Bates Wells Brathwaite, 10 Queen Street Place London, EC4R 1BE
Banker	NatWest Bank, 94 Moorgate, London, EC2M 6UR

Report of the Directors for the year ended 31 December 2024

The Trustees (who are the directors) of C40 Cities Climate Leadership UK ("C40 Cities UK"), are pleased to present their report and financial statements for the charity for the year ended 31 December 2024.

The accounts (financial statements) have been prepared in accordance with the *Statement of Recommended Practice (second edition): Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)* effective 1 January 2019, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2019.

The charity is registered with the Charity Commission under registration number 10401717.

C40 Cities UK contributes towards the global strategy of its sole member, C40 Cities Climate Leadership Group Inc ("C40 Cities Inc"), therefore, throughout the Aims and Objectives and Achievement and Performance sections of this report, reference is made to the activities of C40 Cities Inc during this financial year.

Our Aims and Objectives

Purposes and Aims

The purposes and aims of C40 Cities UK, as set out in the objects contained in the company's Memorandum and Articles of Association, are:

The **advancement** of environmental protection and conservation of the natural environment, particularly by promoting the reduction of greenhouse gases (including carbon dioxide, methane and any other gases that may be identified from time to time as having a global heating potential);

- To promote sustainable development for the benefit of the public by the promotion of sustainable means of achieving economic growth and regeneration;
- To advance the education of the public in subjects relating to climate breakdown, sustainable development and the protection, enhancement and rehabilitation of the environment and to promote study and research in such subjects provided that the useful results of such study are disseminated to the public at large; and
- Such other objects, as shall be exclusively charitable by the law of England and Wales as the Trustees shall decide.

Sustainable development means "development which meets the needs of the present without compromising the ability of future generations to meet their own needs".

Public benefit

The achievement of the above aims drives our business planning. The beneficiaries of the charity are all global citizens. The Achievements and Performance section below contains

more information on how our work has contributed to the reduction of global greenhouse gas emissions over the last year.

The Trustees confirm that they have complied with the duty in section 17 of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit when exercising any powers or duties to which the guidance is relevant.

Mission

C40 Cities UK operates as part of the C40 Cities Network. The C40 Cities Network is headed by C40 Cities Inc (the sole member of C40 Cities UK).

The Trustees of C40 Cities UK believe that operating as part of the broader C40 network and adopting the strategy set by C40 is the most effective way of maximising the charitable impact of C40 Cities UK. This approach allows C40 Cities UK to work in partnership with other organisations in the C40 network around the world and with other partner organisations in order to achieve its charitable objectives (which are global in nature). The Trustees of C40 Cities UK continue to consider that operating as part of this network is in the charity's best interests, having contributed to and considered C40's 2021-2024 Business Plan which C40 Cities UK has worked towards during the last financial year.

Our mission is to help the world avoid climate breakdown. Our cities are working to halve their collective emissions by 2030, while improving equity, building resilience, and creating the conditions for everyone, everywhere to thrive. The change required can be delivered by supporting mayors to work alongside a broad coalition of representatives from labour, business, the youth climate movement, and civil society to go further and faster than ever before, by gaining support for climate action and ensuring a just transition to net zero.

C40 sectoral and thematic networks bring together city officials from across our seven regions, who have a common purpose of addressing the climate emergency. These exchanges of knowledge and sharing of best practice help cities respond and accelerate, avoid mistakes and delays, and implement fairer and more impactful climate actions to meet Paris Agreement goals.

C40 also supports groups of cities, within one country or region, to implement high-impact policies and projects through regionally tailored programmes. These programmes offer mayoral engagement, technical support, peer-to-peer engagement, and capacity building. Our regional delivery structure better enables C40 to leverage relationships between peer cities and technical and financial partners regionally, as well as globally, and to be more responsive to local context, priorities, and needs. Regional engagement is also supported by the leadership of our Vice Chairs on the Steering Committee, who unite and amplify regional mayoral voices.

A distinguishing feature of C40 is that it operates on performance-based requirements, not membership fees. C40 member cities earn their membership through action. C40's Leadership Standards set the minimum requirements for all member cities and ensure the integrity of C40 as a network of climate leaders. Consequently, by being part of the network C40 Cities UK is able to hold itself to a set of external standards and be held to account for its work towards its charitable purposes by its regulators, the public and by the C40 network.

The C40 Leadership Standards are reflected in the Business Plan 2021 - 2024 which establishes five requirements for each city in the C40 Cities Network, which the trustees of C40 Cities UK decided to adopt and agree to in 2021. C40 Cities UK's contribution to that business plan is set out below ('Achievements and Performance').

Achievements and Performance

In 2024, C40 continued to focus its work strategically around two main missions, to position itself strategically and deliver more effectively in the evolving geopolitical and economic context:

- Help get the world off fossil fuels to halt climate breakdown, in particular by halving fossil fuel use in cities by 2030.
- Address the impacts and injustices of climate breakdown, focusing on increasing equity and climate resilience in cities.

Based on the needs of C40 member cities and the geopolitical context we work in, C40's 2024 sub-missions are critical to be able to deliver its two main missions. The critical work that C40 does in support of science-based, urban climate action is broader than these sub-missions. But they help define the main cross-organisational focuses, for a given period, to leverage policy and advocacy resources across C40 to build public support and social acceptance for local climate action. The four sub-missions are:

1. Winning the case that fossil gas is nearly as bad as coal.
2. Delivery of zero-emission areas in cities.
3. Unlock investment and finance for city climate projects.
4. Advance delivery of 50 million good green jobs by 2030.

These missions, sub-missions and Leadership Standards have been reviewed and updated in light of C40's more ambitious and focused vision for the **2025-30 Business Plan**.

In 2024, our mayors united in favour of stronger climate justice by pushing back against continued fossil fuel expansion and calling for subnational integration into Nationally Determined Contributions, through CHAMP (The Coalition for High Ambition Multilevel Partnerships), endorsed by 74 countries representing 36% of global emissions. In previous years, our work has led to 1,143 cities, home to almost 10% (722M) of the world's population committing to emission reductions consistent with 1.5°C ambition of the Paris Agreement.

Throughout 2024, C40 Cities UK contributed towards the progress of the C40 network towards the five goals for each city set out in the **C40 Cities Network 2021 – 2024 Business Plan**:

1. Plan: *Supporting cities to develop ambitious climate action plans*

As a membership requirement, all C40 cities must continually develop their climate action planning efforts. This includes ensuring that plans are timely (updated at least every five years) and respond to the latest recommendations of integrity and robustness. C40 reviews all member city plans for alignment with its frameworks.

Karachi, Dhaka North, Dhaka South, Delhi, Ho Chi Minh, Ekurhuleni, Tel Aviv completed their first net zero aligned Climate Action Plans (CAPs) in 2024, demonstrating the impact of C40's technical assistance and CAP review feedback to cities.

Throughout 2023, in consultation with advisory cities, C40 developed the new Cities Climate Transition Framework (CCTF) as the first framework for city climate action that responds to the UN Secretary General's call for Non State Actors to demonstrate integrity, transparency and accountability on their net zero climate commitments. In 2024, Paris and Stockholm participated in C40's pilot of the new 'Cities Climate Transition Framework' - the new cornerstone framework for Climate Action Planning - and their CAPs are the first to meet this new leadership level.

2. Deliver: *Supporting cities to deliver high-impact actions*

C40 supports cities to deliver on their climate action plan, focusing on rapid, transformative climate action across key sectors.

High Impact Actions (HIAs)

The number of High-impact actions delivered by C40 cities has tripled over the last 10 years. C40 cities have implemented 1,200 high-impact actions and are progressing 1,172. However, cities need to at least nearly triple the pace of implementation by 2030.

Establishing Net Zero Carbon Buildings, Clean Construction & Clean Energy

In May 2024, New York City broke ground on a US \$200 million key initiative aiming to protect the city against projected sea level rise and extreme weather events. The project will ultimately protect 100,000 residents and 300,000 existing jobs, while creating 400 good, green jobs in the construction process. It is one part of the city's multibillion dollar coastal resilience efforts. The project prioritises on-site reuse of existing materials, where possible, and will use construction equipment that minimises noise and air pollution.

Transforming City Streets

Mexico City, a signatory of the C40 Green & Healthy Streets Accelerator is charging ahead with its ambitious shift to sustainable public transport, tackling the challenge of fossil fuel dependence head-on. Through a groundbreaking collaboration, the city developed its first-ever technical guidelines for electric buses and trolleybuses, providing a clear roadmap for the transition.

Planning and Designing Sustainable Cities

C40 worked in partnership with the Greater London Authority to deliver a challenge inviting young Londoners to develop their city as one where everyone thrives, equipping the next generation of professionals with the skills and tools to take bold climate action and learn about sustainable urban planning. 650 young people from over 40 schools, colleges and universities presented their vision and ideas to transform London's built environment. University students were tasked with redesigning the Pool of London - an area defined as a 'Key Area of Change' in London's City Plan for 2036 - into a greener, more accessible and thriving commercial hub. Meanwhile, school children used Minecraft Education to reimagine their city, with entries feeding into the development of priorities for the next London Plan as part of the Planning for London program.

Improving Air Quality

Madrid and Barcelona – two signatory cities to the C40 Clean Air Accelerator – in 2024 achieved their best air quality levels since records began, thanks to effective and inclusive air quality actions implemented by their local governments.

Other delivery initiatives include, Reducing Waste & Improving Collection; Strengthen Urban Food Systems; Creating Climate Resilience; and Improving Access to Finance for Cities.

3. Mainstream: *Cities Mainstream*

As a membership requirement, all C40 cities use the necessary governance structures, financial, regulatory and other tools at their disposal to address the climate crisis and mainstream their equitable climate targets into the most impactful city decision-making processes.

Across all regions, C40 cities are taking action to mainstream climate in their master plans, sectoral plans, financial allocations, city procurement processes and governance systems,

financial planning and budgeting structures and processes in an inclusive and equitable way.

For example, Mayor of London and C40 Co-Chair Sadiq Khan has announced a new £100 million fund to accelerate decarbonisation through energy efficiency and clean energy solutions, towards the city's ambitious target to reach net zero by 2030. The London Efficient and Decentralised Generation of Energy Fund is a partnership with Sustainable Development Capital LLP (SDCL), a leading investor in low-carbon infrastructure, and marks a key milestone in leveraging private investment for London's Green Finance Fund (part of the city's Climate Finance Facility). Mayor Khan says that "the fund will support hundreds of companies as we build a better, cleaner and greener London for all."

4. Innovate: *Cities innovate*

Across all regions, C40 cities are taking action to reduce emissions from urban consumption, both within and beyond city boundaries. This offers new opportunities for cities to address inequalities and secure a better future with improved benefits such as air quality, health and wellbeing, jobs, affordability and resilience.

C40 cities are demonstrating this, through C40's networks and accelerators such as Clean Construction, Good Food Cities and Green and Healthy Streets. They are scaling solutions and improving urban services such as affordable and low-carbon housing, offering healthy, plant-rich meals in municipal schools, providing sustainable public transport, and working with businesses to drive innovation and provide low-carbon options.

C40 supported Barcelona and Glasgow (a non-C40 member city) in exploring and implementing interventions through policy, power and partnerships to reduce greenhouse gas emissions and support greater health and wellbeing for all.

Glasgow City Council held workshops to bring together staff and local partners to better understand how to develop local solutions to address vulnerability to socioeconomic and climate shocks. This collaborative process ultimately laid the foundation for a programme which supports community-led climate action to address interconnected environmental and social challenges.

5. Lead: *Cities Lead*

In 2024, C40 cities worked together to positively influence the G20 Presidency through the Urban 20 engagement group of the G20, co-convened by C40 and United Cities and Local Government (UCLG). This ensured the voice of mayors and actions of cities was heard in the United Nations Framework Convention on Climate Change (UNFCCC) negotiations in priority areas for cities, including on the just transition work programme, in the operationalisation of the loss and damage fund, and recognition of the key role cities play as implementors of climate action.

Governance

C40 is governed by a Steering Committee of mayors, elected by their peers to represent the geographical diversity of the network. The current Co-Chairs of C40 are Mayor of London, Sadiq Khan and Mayor of Freetown, Yvonne Aki-Sawyerr. As the elected leaders of the C40 organisation, the Co-Chairs play a key role in raising the bar on climate ambition around the world and advocating for the role of cities in addressing the climate crisis. The C40 Board of Directors provides operational oversight to C40. The President of the Board, appointed by the longest serving Co-Chair of C40, is Michael R. Bloomberg, former Mayor of New York City. C40 Cities Climate Leadership Group, Inc. is a Delaware incorporated, non-

stock, non-profit corporation registered in the United States and is C40's main operating entity. C40 also has registered offices in the UK, Belgium, Denmark, South Africa, India and China.

The Governance structure of C40 UK is described on Page 9. Key management personnel are the Management Team listed on Page 10.

Financial Review

Fund balance, income, and expenditure

During 2024, C40 Cities UK received income of £13.9m (2023: £13.0m) and incurred £14.2m of expenses (2023: £11.8m). C40 Cities UK's income in 2024 was predominantly in the form of a grant from C40 Inc to deliver activities in the C40 Network business plan.

As a result, C40 Cities UK generated a net deficit of £0.3m in 2024, which reduced the £3.1m brought forward reserves to £2.8m of reserves by the year-end. This comprises unrestricted reserves of £3.0m, and restricted reserves of (£0.2m). This is in line with the board-approved reserves policy.

Reserves and Investment Policy

Unrestricted reserves are available to be applied, at the discretion of the Trustees, to any of C40 Cities UK's charitable purposes. Restricted reserves are to be applied to the specific project intended by the donor.

Trustees seek to retain a prudent level of reserves from unrestricted income.

Trustees base their reserves policy on the identified needs to:

- Ensure sufficient working capital for the following months, particularly to provide against a failure to receive funds for the income in budget in a timely fashion.
- Mitigate the risk of unforeseen expenditure, in particular the need to embrace new initiatives and opportunities when they arise, and which are not in budget.
- Support innovative programmes where they require a period of development and testing to prove their case.
- Maintain adequate funds to ensure an orderly winding down of discontinued operations.

C40 Cities UK is funded by restricted and unrestricted grants from C40 Cities Inc. C40 Cities UK requests and receives its grant income from C40 Cities Inc in sterling, and the majority of its expenditure is in sterling, so C40 Cities UK does not need to hold reserves against adverse movement in exchange rates.

C40 Cities Inc has committed to supporting C40 Cities UK in its statutory and contractual obligations to a maximum amount of £1 million for a period of two years from 14 May 2025 to permit an orderly wind-down.

Given the commitment it has received from C40 Cities Inc, the Trustees of C40 Cities UK require one month of total organisational expenditure to be kept as an unrestricted reserve. Based on the 2025 budget, C40 Cities UK seeks to hold unrestricted (free) reserves in the region of £1.0m. As at 31 December 2024, C40 Cities UK holds unrestricted reserves of £3.0m, and a cash balance of £5.5m.

Trustees believe that the reserves policy has been complied with as unrestricted reserves exceed the minimum requirement.

Cash held on deposit

C40 Cities UK holds an interest-bearing bank account, and grant funds received from C40 Cities Inc are held within that account.

Structure, Governance and Management

Governing Document

The organisation is a charitable company limited by guarantee, incorporated on 29 September 2016 and registered as a charity on 22 May 2017. The company is governed under its Memorandum and Articles of Association. In the event of the company being wound up, members are required to contribute an amount not exceeding £1.

Member

The sole Member of C40 Cities UK is C40 Cities Climate Leadership Group Inc. ("C40 Cities Inc"), a non-stock, non-profit corporation registered in the state of Delaware, that is exempt from federal income tax under section 501(c)(3) of the US Internal Revenue Code. C40 Cities Inc is at the centre of a network of over 90 of the world's megacities committed to addressing climate change. The mayors of C40 Cities Inc's member cities elect representatives to a Steering Committee, which sets the strategic direction of C40 Cities Inc and elects C40 Cities Inc's Chair from its members. The Mayor of London, Sadiq Khan, is currently the Chair of C40 Cities Inc's Steering Committee. C40 Cities Inc also has a Board of Directors, made up of independent individuals representing various C40 partners, which oversees its governance and management. Michael R. Bloomberg, founder of Bloomberg LP & Bloomberg Philanthropies, and former Mayor of New York City, is the President of the C40 Cities Inc Board of Directors.

Charity Activities

The charity's income is comprised of donations from C40 Cities Inc. C40 Cities Inc is funded by unrestricted grants from its three strategic funders, Bloomberg Philanthropies; Children's Investment Fund Foundation (CIFF); and Realdania, and by restricted grants both from its strategic funders and a variety of other funders.

C40 UK does not fund raise from the general public and therefore, no complaints have been received in relation to fund raising.

Recruitment and Appointment of the Trustees

The Directors of the company are also charity Trustees for the purposes of charity law. Under the charity's Articles of Association, Trustees are appointed by the sole member, C40 Cities Inc. Trustees serve until the fourth Annual Retirement Meeting after their appointment, when they can be reappointed for an indefinite number of terms – however, we would expect Trustees to serve for no more than two terms, and we will plan succession on that basis.

During the period, all Trustees gave their time on a voluntary basis, and they did not receive any benefits from the charity.

Trustee Induction and Training

A Trustee induction is carried out for all new Trustees, covering the purpose of the charity, a review of the charity's governing documents, policies and procedures, and the roles and responsibilities of Trustees, including the Trustees' duty to act at all times in the interests of the charity and the Trustees' duty to avoid conflicts of interest. The Trustee induction

includes meetings with senior staff. Trustee training is provided, the most recent one was held in March 2025.

Trustees are experienced in their fields, and were selected based on their varied skills sets, including climate change, fundraising, international operations, finance, and charity governance. We are pleased to highlight the gender diversity of the Board, being 50% female leadership.

The Trustees are aware of and endeavour to comply with the Charity Governance Code. In particular, there is close coordination between the Trustees and senior management to ensure the effective management of the charity. The Trustees act with integrity and care, complying with a Code of Conduct and conflict of interest policy. Trustees manage risk through C40 Cities UK's risk register that is regularly reviewed by the Trustees.

Trustee Meetings

Trustees met formally two times during the year, at which meetings they received reports from the Executive Director (overview of the 5 year strategy), Managing Director of Corporate Services (operational issues) and the Chief Financial Officer (Quarterly Financial Report); reviewed the risks and mitigation plans in the Risk Register; approved the charity's 2023 Annual Report and Accounts for the year ended 31 December 2023; and approved the 2025 budget along with grants from C40 Inc. Trustees receive updates on the charity's activities and delivery and those of the wider network between meetings as appropriate. Trustees also reviewed the management accounts against budget at each meeting.

Trustees and staff interact regularly between meetings: specifically, the Executive Director speaks with the Chair on a frequent basis; and the Managing Director of Corporate Services speaks with Board members in advance of each Board meeting.

Delegated Management

Executive management is delegated to the Executive Director, who is also the Executive Director of C40 Cities Inc, and to a global Management Team which includes employees of both C40 Cities UK and C40 Cities Inc. The members of the Management Team during the period were:

Executive Director	Mark Watts
Deputy Executive Director	Kevin Austin
Managing Director of Corporate Services	Juliette Carter
Managing Director, Climate Finance, Knowledge and Partnerships	Andrea Fernandez
Managing Director of Regions and Mayoral Engagement Jan 2024)	Hastings Chikoko (resigned)
Managing Director of Regions and Mayoral Engagement Feb 2024)	Shruti Narayan (appointed)
Managing Director of Climate Action Implementation	Aditi Maheshwari
Managing Director, Communications	Luke Upchurch (appointed Jul 2024)
Managing Director, C40 Centre for Urban Climate Policy and Economy	David Miller
Managing Director, Governance & Executive Engagement	Anna Beech
Managing Director, Climate Solutions and Networks	Cassie Sutherland
Managing Director for Inclusion & Global Leadership	Caterina Sarfatti
Chief Financial Officer	Rachel Yoxen (appointed January 2024)

Mark Watts, Kevin Austin, Juliette Carter, Andrea Fernandez, Anna Beech, Cassie Sutherland, Luke Upchurch and Rachel Yoxen were employed by C40 Cities UK during the period. Shruti Narayan, Aditi Maheshwari and David Miller were employed directly or indirectly by C40 Cities Inc.

Principal risks and uncertainties

C40 Cities Inc maintains a global Risk Register in relation to the C40 Cities Network, as well as a C40 Cities UK specific risk register. Each risk and its mitigating action are owned by a member of the Management Team, who discuss and review the risks as required at quarterly meetings, and the register is reviewed formally on a monthly basis. The mitigating actions are put into place to reduce the likelihood or impact of any detrimental events.

The Trustees consider the key risk facing C40 Cities UK is the high concentration of funding received from C40 Cities Inc. To mitigate this risk, a Cooperation Agreement between C40 Cities Inc and C40 Cities UK is in place to record their ongoing relationship to strengthen their joint efforts in the service of environmental issues and to promote joint working between the parties.

The Trustees have also considered the entity's ability to continue as a going concern though cash flow forecasts up to July 2026. These forecasts have been prepared on the basis of moderate growth in the current funding arrangements. Further details are set out in note 1. The Trustees of C40 Cities UK, having considered its current funding arrangements, believe it is appropriate to prepare the accounts on a going concern basis.

The Trustees/Directors' report, which incorporates the strategic report was approved by the Board of Trustees on 14 May 2025 and signed on its behalf by:



Antha Williams

Chair

Statement of Trustees' responsibilities in respect of the Trustees' Annual Report and the financial statements

The trustees (who are also the directors of C40 Cities Climate Leadership UK for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the income and expenditure for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Observe the methods and principles in the Charities SORP;
- assess the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of C40 Cities Climate Leadership UK

Opinion

We have audited the financial statements of C40 Cities Climate Leadership UK for the year ended 31 December 2024 which comprise Statement of Financial Activities, statement of cashflows, balance sheet and notes to the financial statements, including a summary of 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 charitable company's affairs as at 31 December 2024 and of the charitable company's net movement in funds, including the income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Directors' Report (incorporating the strategic 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies

or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report and Financial statements (which includes the Directors' report prepared for the purposes of company law) for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Director's report included within the Annual Report and Financial statements 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the charitable company; or
- the charitable company 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 for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 15, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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:

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to company law and applicable employment regulations and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as Companies Act 2006 and the Charities Act 2011, and consider other factors such as payroll tax.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to revenue and management bias in accounting estimates. Audit procedures performed by the engagement team included:

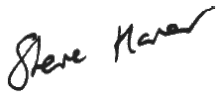
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing accounting journal entries, in particular those journal entries which exhibited the characteristics we had identified as possible indicators of irregularities; and
- Challenging assumptions and judgements made by management in their critical accounting estimates.

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

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Steven Harper (Senior Statutory Auditor)
For and on behalf of HaysMac LLP, Statutory Auditor
Date: 24 July 2025

10 Queen Street Place
London
EC4R 1AG

C40 Cities Climate Leadership UK
Statement of Financial Activities (including Income and Expenditure
Account) for the year ended
31 December 2024

	Notes	2024 Unrestrict ed £'000	2024 Restrict ed £'000	2024 Total £'000	2023 Total £000
Income					
Donations		8,518	5,258	13,776	12,895
Other income		<u>125</u>	<u>-</u>	<u>125</u>	<u>103</u>
Total Income	3	<u>8,643</u>	<u>5,258</u>	<u>13,901</u>	<u>12,998</u>
Expenditure on:					
Raising funds		-	-	-	5
Charitable activities	5	<u>8,147</u>	<u>6,091</u>	<u>14,238</u>	<u>11,827</u>
Total Expenditure		<u>8,147</u>	<u>6,091</u>	<u>14,238</u>	<u>11,832</u>
Net income/(expenditure) and net movement in funds		496	(833)	(337)	1,166
Reconciliation of funds Total funds brought forward		<u>2,515</u>	<u>584</u>	<u>3,099</u>	<u>1,933</u>
Total funds carried forward		<u>3,011</u>	<u>(249)</u>	<u>2,762</u>	<u>3,099</u>

The accompanying notes are an integral part of these financial statements

C40 Cities Climate Leadership UK
Balance Sheet at 31 December 2024

		2024	2023
		£'000	£'000
Fixed Assets			
Tangible Assets	7	-	-
Non Current Asset		<u>215</u>	<u>215</u>
		215	215
Current Assets			
Debtors	8	439	1,939
Cash at Bank and in Hand		<u>5,553</u>	<u>2,554</u>
		5,992	4,493
Current Liabilities			
Creditors	9	<u>(3,445)</u>	<u>(1,609)</u>
		(3,445)	(1,609)
Net Current Assets		2,547	2,884
		<u>2,762</u>	<u>3,099</u>
Represented by:			
Funds and reserves			
Restricted funds	11	(249)	584
Unrestricted funds	11	3,011	2,515
		<u>2,762</u>	<u>3,099</u>
Total funds		<u>2,762</u>	<u>3,099</u>

The accompanying notes are an integral part of these financial statements.

These financial statements were approved and authorised for issue by the Board of Trustees on 14 May 2025 and were signed on its behalf by:

Anthia Williams

C40 Cities Climate Leadership UK
Statement of cash flows for the year ended 31 December 2024

	2024	2023
	£'000	£'000
Cash flow from operating activities:		
Net income / (expenditure) for the year	(337)	1,167
Adjustment for:		
Depreciation and amortisation charge	-	-
Long Term Rent Deposit	-	(216)
Decrease / (Increase) in debtors	1,500	(1,731)
Increase / (Decrease) in creditors	1,836	1,044
Net cash absorbed by operating activities	<u>3,336</u>	<u>(903)</u>
Change in cash and cash equivalents in the year	2,999	264
Cash and cash equivalents at the beginning of the year	<u>2,554</u>	<u>2,290</u>
Cash and cash equivalents at end of the year	<u>5,553</u>	<u>2,554</u>

The accompanying notes are an integral part of these financial statements.

C40 Cities Climate Leadership UK
Notes forming part of the financial statements for the year ended 31 December
2024

1) Basis of accounting and going concern

The financial statements have been prepared on the basis of historical cost in accordance with applicable accounting standards in the United Kingdom, the Companies Act 2006 and the Charities Act 2011. These financial statements are prepared in accordance with the Accounting and Reporting by Charities Statement of Recommended Practice (SORP 2015) under FRS 102 accounting framework.

The trustees have assessed whether the use of the going concern basis is appropriate. C40 Cities UK's funding for its expenditure is provided by grant income from C40 Cities Inc. C40 Cities UK and C40 Cities Inc work to a joint operational plan in order to fulfil a common set of objectives. C40 Cities UK therefore has a reasonable expectation that funding will continue to flow from C40 Cities Inc to enable these objectives to be achieved. There is no competition between the two entities and others in the group for sources of finance. C40 Cities Inc is considered to be a going concern on the basis that adequate funding agreements with Strategic Funders are either in place or have been pledged to cover the current Business Plan period, being 2021-2024, and the upcoming Business Plan period, being 2025-2030.

The financial statements have been prepared on a going concern basis following consideration by the Trustees as detailed here.

The financial model of the charity is such that it only enters into activities to the extent it is confident that sufficient funding has been secured in excess of the fixed costs of running the charity. The charity has entered into a lease agreement for the rental of its offices and the future lease payments are disclosed in note 14 to the accounts. The fixed costs of operating are detailed in note 5 to the accounts.

The Trustees have reviewed the cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that the charity will have sufficient funds to meet its liabilities as they fall due for that period. In the event that future funding is not available to allow C40 Cities UK to continue with its activities, C40 Inc has undertaken to provide unconditional and irrevocable financial support, either in the form of a grant or another form of support, to the value of GBP 1m to permit an orderly wind-down. The cash flow forecast used to assess the going concern basis of preparation does not rely on these arrangements.

Consequently, the Trustees are confident that the charity will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements. No material un-certainty has been identified by the trustees.

C40 Cities Climate Leadership UK
Notes forming part of the financial statements for the year ended 31 December
2024

1) Basis of accounting and going concern (Continued)

A summary of the principal accounting policies, which have been applied consistently, is set out below.

2) Accounting policies

a) Income

Income is included in the Statement of Financial Activities when the charity is entitled to the income, the income is probable, and the amount can be quantified with reasonable accuracy. Grant income is recognised when it becomes due in accordance with the grant agreements.

b) Expenditure

Expenditure is accounted for on an accruals basis.

Expenditure on fundraising includes the salaries of the fundraising staff and the direct costs associated with generating income. No support costs or overheads are allocated to expenditure on fund raising since the amounts would be immaterial.

c) Fund accounting

Unrestricted funds are used at the discretion of the trustees for the furtherance of the general objects of the charity. Designated funds are unrestricted funds which have been set aside by the trustees for specific purposes or projects. Restricted funds are those funds that have restrictions imposed by donors and can only be used for those purposes. They are not available for any other work than that specified by the donor.

d) Accounting estimates

An accounting estimate was used in the valuation of income received in kind, relating to the office space and associated services provided to the charity by Bloomberg L.P. The estimation technique used was based on the costs per square foot derived from local rental costs. The amount recognised reflects the value of the gift to the charity.

e) Tangible fixed assets

Tangible fixed assets, comprising computers and other equipment, are stated at cost less accumulated depreciation. Assets are depreciated on a straight-line basis over an estimated useful economic life of three years. Assets less than £1,500 are not capitalised.

C40 Cities Climate Leadership UK
Notes forming part of the financial statements for the year ended 31 December
2024

2) Accounting policies (Continued)

f) Taxation

C40 Cities UK is a registered charity and is therefore not liable for corporation tax derived from its charitable activities as it falls within the exemptions available to registered charities. VAT, which is irrecoverable, is included within expenditure.

g) Pension

C40 Cities UK makes payments into a defined contribution pension scheme. The pension costs are allocated to activities and between restricted/unrestricted funds according to where the related staff costs are allocated.

3) Income from donations

The charity's donations total is comprised mainly of donations from C40 Inc.

	Unrestrict ed	Restrict ed	Total	Total
	2024	2024	2024	2023
	£'000	£'000	£'000	£'000
Grant income – C40 Inc	8,518	4,057	12,575	12,592
Other restricted grants	-	1,201	1,201	-
In Kind Income	-	-	-	304
Other Income	-	-	-	103
Total income from donations	8,518	5,258	13,776	12,999

Further information about the grant income from C40 Inc can be found in the Related Parties note 12.

In prior year C40 Cities UK receives in-kind income in the form of office space and associated services from Bloomberg LP. The accounting policy in relation to this is in note 2 (d) Accounting estimates.

C40 Cities Climate Leadership UK
Notes forming part of the financial statements for the year ended 31 December
2024

4) Expenditure

	Direct Costs 2024 £'000	Support Costs 2024 £'000	Total 2024 £'000	Direct Costs 2023 £'000	Support Costs 2023 £'000	Total 2023 £'000
LS1 - Plan	73	77	150	148	70	218
LS2 - Deliver	6,231	1,558	7,789	6,221	1,409	7,630
LS3 - Mainstream	3,379	555	3,934	1,369	502	1,871
LS4 - Innovate	412	146	558	101	132	233
LS5 - Lead	1,003	804	1,807	1,148	727	1,875
	11,098	3,140	14,238	8,987	2,840	11,827

4) Expenditure (Continued)

Total Expenses include:	2024	2023
	£'000	£'000
Staff Costs	11,729	10,519
Governance costs:	40	73
Other expenditure	2,469	1,235
Total	14,238	11,827

Governance costs above include:

	2024	2023
	£'000	£'000
Current year Audit costs	28	27
Grant Audits (Other Auditors)	7	15
Legal Costs	5	17
Total	40	73

C40 Cities Climate Leadership UK
Notes forming part of the financial statements for the year ended 31 December
2024

5) Staff costs, trustee remuneration and expenses and costs of key management personnel

a) Staff costs comprise:

Staff costs during the year were as follows:	2024	2023
	£'000	£'000
Wages and salaries	10,188	9,022
Social security costs	1,082	1,010
Pension costs	458	405
Other costs	-	82
	<u>11,728</u>	<u>10,519</u>

The average number of employees during the year was as follows:

	2024	2023
	No.	No.
The average number of employees during the year was as follows:	153	147

Staff costs for the year include total termination benefits of £35,245 (2023: £NIL). This comprises ex-gratia payment and payment in lieu of notice.

Employee benefits, excluding non-contractual payments, employer pension costs and employer's NI, of higher paid staff within the following scales were:

	2024	2023
£60,000 - £69,999	27	29
£70,000 - £79,999	24	16
£80,000 - £89,999	55	5
£90,000 - £99,999	4	2
£110,000 - £119,999	1	-
£120,000 - £129,999	1	-
£130,000 - £139,999	4	2
£160,000 - £169,999	1	1
£190,000 - £199,000	1	-
£200,000 - £210,000	-	1
		24

C40 Cities Climate Leadership UK
Notes forming part of the financial statements for the year ended 31 December
2024

5) Staff costs, trustee remuneration and expenses and costs of key management personnel (Continued)

As outlined in note 12, C40 Cities UK and C40 Inc are aligned with their charitable aims, and staff work in the pursuit of these aims. The disclosure in this note relates to staff who are employed by C40 Cities UK.

None of the charity's trustees were paid or received any other benefits during the year, nor were any expenses incurred or reimbursed.

The total employee benefits received by key management personnel during the year were £1,193,993 (2023: £965,635).

6) Debtors

	2024	2023
	£'000	£'000
Prepayments and accrued income	269	198
Due from other C40 entities	88	1,728
Sundry debtors	82	13
Total debtors	439	1,939

7) Creditors

	2024	2023
	£'000	£'000
Trade Creditors	70	38
Accruals	353	273
Deferred Income	-	995
PAYE and NIC	287	303
Due to other C40 entities	2,735	-
	3,445	1,609

C40 Cities Climate Leadership UK
Notes forming part of the financial statements for the year ended 31 December 2024

8) Restricted funds

Restricted funds are those funds that must be used in accordance with donors' wishes.

These funds are an allocation of amounts granted to C40 Inc for work carried out by C40 Cities UK and are restricted to the terms of the original grant agreements between C40 Inc and its funders.

9) Restricted funds	Balance at 1 January 2024 £'000	Income 2024 £'000	Expenditure 2024 £'000	Balance at 31 December 2024 £'000
C40 Inc	584	5,258	(6,091)	(249)
Total Restricted Funds	584	5,258	(6,091)	(249)

C40 Inc remains committed to supporting C40 UK in its restricted and unrestricted grant activities and any shortfall in reserves will be covered by grant funding.

	Balance at 1 January 2023 £'000	Income 2023 £'000	Expenditure 2023 £'000	Balance at 31 December 2023 £'000
C40 Inc	599	3,620	(3,635)	584
Total Restricted Funds	599	3,620	(3,635)	584

C40 Cities Climate Leadership UK
Notes forming part of the financial statements for the year ended 31 December
2024

10) Analysis of net assets between funds

	Unrestricted funds 2024 £'000	Restricted funds 2024 £'000	Total 2024 £'000	Total 2023 £'000
Fund balances at 31 December 2024 are represented by:				
Tangible Fixed Assets	-	-	-	-
Non Current Assets	-	215	215	215
Current assets	3,024	2,968	5,992	4,493
Creditors: amounts falling due within one year	(13)	(3,432)	(3,445)	(1,609)
Total net assets	3,011	(249)	2,762	3,099

11) Liability of member

The liability of the member is limited to £1.

12) Related Parties

The sole member of C40 Cities Climate Leadership UK (C40 Cities UK) is C40 Cities Climate Leadership Group Inc (C40 Inc), a non-stock, non-profit corporation registered in the state of Delaware (registered address: 120 Park Avenue, 23rd Floor, New York, NY 10017, USA). C40 Cities UK and C40 Inc have common global goals which all staff work towards. A memorandum of understanding outlines how the two entities work together towards these shared charitable aims.

One of the trustees of C40 Cities UK is also a Director of C40 Inc. During the year, C40 Cities UK received grant income from C40 Inc totalling £12,575,000, being £8,518,000 unrestricted grant income and £4,057,000 restricted grant income. The total grant income was received in cash. The grant income received from C40 Inc represents 99% of C40 Cities UK's total income.

C40 Cities Climate Leadership UK
Notes forming part of the financial statements for the year ended 31 December
2024

12) Related Parties (Continued)

Other grant income relates to the grant from C40 Inc. as a contribution towards the rental of the office premises. C40 Inc has committed to supporting the payment of the rent.

There were no other related party transactions.

13) Lease Commitments

C40 UK with support from C40 Inc as stated above has entered a lease in respect of the rent on its premises from November 2023 to October 2026. The payments are as follows:

	2024	2023
	£'000	£'000
Within one year	861	942
Later than one year but less than 5 years	2,673	4,016
	3,534	4,958

Accounts

C40 Cities Climate Leadership UK Annual report and Accounts

(C40 Cities UK)

(A company limited by guarantee)

Report and Financial Statements for the year ended 31 December 2023

Charity number 1173124

Company number 10401717

**C40 Cities Climate Leadership
UK**

Report and Financial Statements
For the year ended 31 December 2023

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C40 Cities Climate Leadership UK

Report and Financial Statements

For the year ended 31 December 2023

Charity name	C40 Cities Climate Leadership UK
Principal and registered office	44 Featherstone Street, London, EC1Y 8RN
Charity number	1173124
Company number	10401717

Board of Directors

The trustees who served during the period were:

Antha Williams (Chair)
Pelle Lind Bournonville
Jemma Read
Becky Bates (resigned 18 December 2023)
Krishna Patel (appointed 14 March 2024)

Company Secretary	Juliette Carter
Chief Executive	Mark Watts
Auditor	Haysmactintyre LLP, 10 Queen Street Place, London, EC4R 1AG
Solicitor	Bates Wells Brathwaite, 10 Queen Street Place London, EC4R 1BE
Banker	NatWest Bank, 94 Moorgate, London, EC2M 6UR

Report of the Directors for the year ended 31 December 2023

The Trustees (who are the directors) of C40 Cities Climate Leadership UK ("C40 Cities UK"), are pleased to present their report and financial statements for the charity for the year ended 31 December 2023.

The accounts (financial statements) have been prepared in accordance with the *Statement of Recommended Practice (second edition): Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)* effective 1 January 2019, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2019.

The charity is registered with the Charity Commission under registration number 10401717.

C40 Cities UK contributes towards the global strategy of its sole member, C40 Cities Climate Leadership Group Inc ("C40 Cities Inc"), therefore, throughout the Aims and Objectives and Achievement and Performance sections of this report, reference is made to the activities of C40 Cities Inc during this financial year.

Our Aims and Objectives

Purposes and Aims

The purposes and aims of C40 Cities UK, as set out in the objects contained in the company's Memorandum and Articles of Association, are:

The **advancement** of environmental protection and conservation of the natural environment, particularly by promoting the reduction of greenhouse gases (including carbon dioxide, methane and any other gases that may be identified from time to time as having a global warming potential);

- To promote sustainable development for the benefit of the public by the promotion of sustainable means of achieving economic growth and regeneration;
- To advance the education of the public in subjects relating to global warming, climate change, sustainable development and the protection, enhancement and rehabilitation of the environment and to promote study and research in such subjects provided that the useful results of such study are disseminated to the public at large; and
- Such other objects, as shall be exclusively charitable by the law of England and Wales as the Trustees shall decide.

Sustainable development means "development which meets the needs of the present without compromising the ability of future generations to meet their own needs".

Public benefit

The achievement of the above aims drives our business planning. The beneficiaries of the charity are all global citizens. The Achievements and Performance section below contains more information on how our work has contributed to the reduction of global greenhouse gas emissions over the last year.

The Trustees confirm that they have complied with the duty in section 17 of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit when exercising any powers or duties to which the guidance is relevant.

Mission

C40 Cities UK operates as part of the C40 Cities Network. The C40 Cities Network is headed by C40 Cities Inc (the sole member of C40 Cities UK).

The Trustees of C40 Cities UK believe that operating as part of the broader C40 network and adopting the strategy set by C40 is the most effective way of maximising the charitable impact of C40 Cities UK. This approach allows C40 Cities UK to work in partnership with other organisations in the C40 network around the world and with other partner organisations in order to achieve its charitable objectives (which are global in nature). The Trustees of C40 Cities UK continue to consider that operating as part of this network is in the charity's best interests, having contributed to and considered C40's 2021-2024 Business Plan which C40 Cities UK has worked towards during the last financial year.

Our mission is to help the world avoid climate breakdown. Our cities are working to halve their collective emissions by 2030, while improving equity, building resilience, and creating the conditions for everyone, everywhere to thrive. The change required can be delivered by supporting mayors to work alongside a broad coalition of representatives from labour, business, the youth climate movement, and civil society to go further and faster than ever before, by gaining support for climate action and ensuring a just transition to net zero.

C40 sectoral and thematic networks bring together city officials from across our seven regions, who have a common purpose of addressing the climate emergency. These exchanges of knowledge and sharing of best practice help cities respond and accelerate, avoid mistakes and delays, and implement fairer and more impactful climate actions to meet Paris Agreement goals.

C40 also supports groups of cities, within one country or region, to implement high-impact policies and projects through regionally tailored programmes. These programmes offer mayoral engagement, technical support, peer-to-peer engagement, and capacity building. Our regional delivery structure better enables C40 to leverage relationships between peer cities and technical and financial partners regionally, as well as globally, and to be more responsive to local context, priorities, and needs. Regional engagement is also supported by the leadership of our Vice Chairs on the Steering Committee, who unite and amplify regional mayoral voices.

A distinguishing feature of C40 is that it operates on performance-based requirements, not membership fees. C40 member cities earn their membership through action. C40's Leadership Standards set the minimum requirements for all member cities and ensure the integrity of C40 as a network of climate leaders. Consequently, by being part of the network C40 Cities UK is able to hold itself to a set of external standards and be held to account for its work towards its charitable purposes by its regulators, the public and by the C40 network.

The C40 Leadership Standards are reflected in the Business Plan 2021 - 2024 which establishes five requirements for each city in the C40 Cities Network, which the trustees of

C40 Cities UK decided to adopt and agree to in 2021. C40 Cities UK's contribution to that business plan is set out below ('Achievements and Performance').

Achievements and Performance

In 2023, C40 focused its work strategically around two main missions, to position itself strategically and deliver more effectively in the evolving geopolitical and economic context:

- Help get the world off fossil fuels to halt climate breakdown, in particular by halving fossil fuel use in cities by 2030.
- Address the impacts and injustices of climate breakdown, focusing on increasing equity and climate resilience in cities.

In a move to champion inclusive global leadership in climate action, in 2023, then C40 Chair Mayor Sadiq Khan requested that C40 implement a new Co-Chair model which requires that one mayor each from the Global North and South sits at the core of C40's leadership. As the elected leaders of C40, the Co-Chairs Mayor of London Sadiq Khan and Mayor of Freetown Yvonne Aki-Sawyerr play a key role in raising the bar on climate ambition around the world and advocating for the role of cities in addressing the climate crisis. C40 cities and mayors are committed to using an inclusive, science-based and collaborative approach to cut their fair share of emissions in half by 2030, help the world limit global heating to 1.5°C, and build healthy, equitable and resilient communities.

C40 uses the collective voice and actions of C40's mayors, together with our partners, to help the world avoid climate breakdown. Together we use global and regional platforms like COP, Climate Weeks and the United Nations General Assembly to inspire other cities, influence international and national institutions and shift markets with mayoral leadership.

In 2023, our mayors came together united in favour of stronger climate justice by pushing back against continued fossil fuel expansion and calling for subnational integration into Nationally Determined Contributions and increased finance for city climate action, including for urban loss and damage. This was supported by the Joint Program, funded by Bloomberg Philanthropies and delivered by C40, GCOM and other partners.

The UK Government-funded Urban Climate Action Programme's Climate Action Implementation component (UCAP CAI) is collaborating with 15 cities in Africa, Latin America, and Southeast Asia to progress two priority high impact actions from their climate action plans and integrate climate goals and considerations into city governance, planning and decision-making structures. In-depth technical analysis and institutional capacity building is driving decision-making and outcomes in all cities, with city-to-city knowledge sharing driving ambition for accelerated and inclusive climate action. Both UCAP CAI and the C40 Cities Finance Facility are working with Bogotá to deliver their climate action plan. On policy and mainstreaming UCAP CAI supports Bogotá's adoption of its Climate Action Public Policy, Pedestrian Public Policy, as well as its Pedestrian Mobility Strategy and 2050 Roadmap. Besides policy and mainstreaming support on active mobility, the Cities Finance Facility supported the newly inaugurated public bike-sharing system, that offers an accessible and affordable transportation option for all residents, which has catered for more than 400,000 trips in its first six months of operation. Its inclusivity of access is globally innovative for a bike-sharing system. Of the 3,300 bikes, 150 include child seats and 150 are accessible to wheelchair users. There is a 20% discount for lower-income residents.

Throughout 2023, C40 Cities UK contributed towards the progress of the C40 network towards the five goals for each city set out in the **C40 Cities Network 2021 – 2024 Business Plan:**

1. Plan: *Cities **Plan** to keep the world on track to meet climate targets.*

C40 has been working on the Cities Climate Transition Framework that updates the Climate Action Planning Framework to respond to progress and experience since it was published, to current tensions and challenges that cities are facing, as well as to the recommendations of the Integrity Matters for Cities, States and Regions report. In 2023 eight more C40 cities developed climate action plans, bringing the total number of cities with climate action plans to 823. These set out evidence-based net zero targets and ambitious interim targets, adaptation and resilience goals and a clear action plan for implementation. Together, the emissions reduction from these eight cities would represent 172m tCO₂e, which is more emissions than some countries.

In early 2022, Mumbai became the first Indian city to launch a climate action plan (CAP) aligned with the Paris Climate Agreement and the C40 CAP framework. The Mumbai CAP proposes a dedicated Climate Action Department working under the municipality to coordinate its implementation and climate budget, and to mainstream carbon neutrality strategies. The CAP formulation process involved stakeholders from all levels of the government administration, experts, and residents of Mumbai.

At COP 28, Dubai announced its plan to reduce emissions by 50% by 2030 (compared to 2018-levels) and reach net zero by 2050, demonstrating a dramatic uptake in mitigation ambition from the previous plan and making it the first major city in the Middle East aligned with the goals of the Paris Agreement. The new plan includes ambitious sectoral goals, such as setting up the world's largest single-site solar park and achieving 75% of vehicles as hybrid or electric powered by 2030.

In June 2023, Thiru. MK Stalin, Hon' Chief Minister of Tamil Nadu officially launched the Chennai climate action plan thus culminating a two-year engagement process by C40. C40 led over 250 stakeholder discussions and engagements with multiple government and non-government stakeholders to collaboratively prepare Chennai's first climate action plan. It sets a vision of "Resilient and Proactive Chennai towards achieving Carbon Neutrality and Water Balance by 2050" with city level emission reduction targets of 1% carbon by 2030, 40% carbon emission reduction by 2040 (compared to 2018-19) and achieving net zero by 2050.

In December 2023, Warsaw launched its Green City and Climate Action Plan. The plan utilised a collaborative approach to combine the methods of EBRD's Green City Action Plan and C40's Climate Action Planning Framework. The city's emissions scenario work led to engagement with the nationalised oil and gas company, and agreement to collaboratively develop a zero-carbon energy roadmap for Warsaw. The plan strengthens the city's emission reduction target to 60% by 2030 (compared to 2018 levels) and net zero by 2050, and outlines the city's plans to tackle urban biodiversity loss, prevent local flooding and reduce soil degradation in the city.

All 17 North American C40 cities currently have a Climate Action Plan in place. Between 2015 and 2023 per capita emissions were reduced by 29%.

2. Deliver: *Cities **Deliver** the impactful and equitable urban initiatives set out in their climate action plan.*

C40 supports cities to deliver on their climate action plan, focusing on rapid, transformative climate action across key sectors.

Air Quality

In 2023, Breathe Cities was launched with a first global cohort of 11 cities (Accra, Brussels, Jakarta, Johannesburg, London, Milan, Nairobi, Paris, Rio de Janeiro, Sofia, and Warsaw).

Breathe Cities is a global partnership programme aiming to break down barriers to action and ensure communities around the world have access to clean air. Through data, empowered advocacy, technical assistance for city governments and citywide stakeholders, Breathe Cities will support cities to implement priority policy measures to cut emissions, resulting in improved air quality and health outcomes.

Adaptation

Through a diverse range of initiatives, our cities are improving safety, reducing their environmental impact, and improving the quality of life for their residents.

Montréal faces increased short and intense stormwater events that its ageing combined sewer system cannot handle. To reduce and collect the rainwater runoff entering the combined sewer system, it is installing green infrastructure on public land, including rainwater curb extensions and parks.

Johannesburg, Mbombela, Cape Town and Drakenstein with C40 Cities Finance Facility aid, are launching river management projects to mitigate flood risks, inspired by Durban's successful Transformative Riverine Management Programme. Durban's initiative, which is set to generate US \$1.6 billion in societal benefits and earned the 2023 Eco-Municipality award for adaptation efforts, serves as a model and mentor for these cities to expand flood prevention projects.

Transport

In 2023, C40 Cities and The Climate Pledge – co-founded by Amazon and Global Optimism - launched Laneshift, a partnership to tackle carbon emissions through zero-emission freight by reimagining medium and heavy-duty delivery vehicles and the routes they travel. In partnership with cities, Laneshift will accelerate the development of EV infrastructure and the deployment of EV trucks across cities in India (Bengaluru, Delhi, Mumbai, and Pune) and Latin America (Bogotá and Medellín, Colombia; Curitiba and Rio de Janeiro, Brazil; Quito, Ecuador; and Mexico City, Mexico), reducing emissions, cleaning up the air, generating green jobs, and working towards a just transition for workers.

The C40 Cities Finance Facility (CFF) is partnering with the Brihanmumbai Electric Supply and Transport (BEST) to support Mumbai in installing solar PV panels on 27 bus depots and their surrounding areas. BEST aims to electrify 100% of its bus fleet by 2027. This project will support and complement Mumbai's procurement of e-buses, ensuring that green charging infrastructure is in place in all the city's depots once the new fleets arrive, and is expected to leverage approximately US \$35 million. Seattle, supported by C40's Zero Emission Freight Programme, published a new study and recommendations about creating green loading zones and facilitating the uptake of e-cargo bike deliveries in the city. As a result of the study, the city has developed legislation to introduce a formal commercial cargo bike program and allow cargo bikes to legally access designated loading zones.

Energy

Using all levers at their disposal C40 cities are leading the transition towards decentralised, decarbonised and digitalised energy systems that leave no one behind. Using their own assets and consumption to facilitate the deployment of local clean energy systems, while also supporting citizens and businesses to adopt renewable energy solutions, cities are moving fast towards the clean energy systems of the future.

Supported by UK government funding, cities in Africa are supporting the adoption of solar energy solutions to drive grid decarbonisation and increased energy efficiency. Lagos is targeting residential buildings and small and medium enterprises, with building retrofits and distributed solar electricity solutions planned to reduce its grid- and generator based energy consumption, which account for over 50% of GHG emissions in the city.

Decarbonisation of Buildings and Reduction of Embodied Carbon

Cities take action to equitably and inclusively decarbonise the buildings in their city - across embodied and operational emissions - by using their own assets to demonstrate leadership, ensuring new buildings are low carbon and resilient, motivating the private sector to reduce energy use and move away from fossil fuels supporting also the creation of good green local jobs.

Food

Food systems received an unprecedented level of global attention at COP28, giving new momentum to C40 and C40 cities' existing leadership in the sector. Alongside partners in the Transforming Urban-Rural Food Systems Consortium, at COP28 C40 launched a strategy to help cities to deliver a more healthy and sustainable food system.

Barcelona launched a City Agreement for Collaboration on food systems, as a way to encourage coordination between the private and public sectors in food systems transformation. As of 2023, the agreement had already gained 67 members from across the local food system.

Waste

In 2023, C40 launched a waste focused technical assistance programme to reduce methane emissions in Africa (Dakar, Ekurhuleni, Durban and Freetown) and two cities in India (Mumbai and Ahmedabad).

Lowering Organic Waste Methane (LOW-Methane) is a new initiative led by C40 alongside global partners with the ambition to reduce 1 million tonnes of waste sector methane emissions well before 2030 and unlock more than US \$10 billion in public and private investment.

Green Ports and Shipping

The creation of the first-ever green shipping corridor across the Pacific is taking shape. In 2023, a voluntary partnership of leading maritime goods movement stakeholders, including the Ports of Los Angeles, Long Beach and Shanghai, some of the largest carriers in the world, and key leading cargo owners unveiled a Green Shipping Corridor Implementation Plan Outline to accelerate emissions reductions on one of the world's busiest container shipping routes across the Pacific Ocean.

Urban Planning and Design

Urban planning is not a separate emissions sector, but a cross-cutting enabler of emissions reductions and increased resilience. It is a powerful way for local governments to mainstream their climate priorities and transpose them into legally binding policies. C40 supported more cities in 2023 to revise their urban planning policies. Austin's Equitable Transit- Oriented Development Policy Plan, adopted in March 2023, places an increased focus on social equity. It includes a comprehensive toolkit of policies, ranging from direct support for business associations to density bonusing in exchange for affordable housing nearby to transit systems.

3. Mainstream: Cities *Mainstream* their climate targets into municipal governance.

The Urban Climate Action Programme's Climate Action Implementation component (UCAP CAI) supports climate mainstreaming by working with cities to map out vertical and horizontal climate governance systems, identify gaps and opportunities within their internal operations, prioritise work areas, and then define strategies to build the capacity and capability needed to embed and achieve targets. For example, in 2023, the CAI programme supported all seven cities in Africa to define Mainstreaming Strategies, which will be formalised and launched in the coming year. As a body to own its mainstreaming strategy and oversee overall climate action plan implementation, Dar es Salaam

established and launched its Climate Change Steering Committee, bringing together sector leads from across municipalities and the city council. Key responsibilities will be to integrate climate goals into strategic plans, and to ensure budget allocations reflect climate action implementation.

Following deep engagement by cities with public pension schemes, in 2023 funds in Vancouver, New York City and London - as well as non-C40 cities, Glasgow and Bristol - publicly announced plans to be net zero by 2050 or sooner. This has resulted in London's interim 2030 target, which was to reduce emissions intensity by 75% from a 2019 baseline, already being met, and a green investment target is being planned for 2024.

Inclusive Climate Action

Cities are demonstrating the transformative impact they can have in ensuring inclusive and equitable climate action at the local and global level.

The C40 Inclusive Climate Action Programme is critical in supporting cities to deliver local climate policies and initiatives that drive mitigation and adaptation, co-designed in an inclusive way, addressing structural inequalities and delivering equitable impacts, while advocating for global and national change that allows cities to go further in achieving a just ecological transition. In 2023 C40's Inclusive Climate Action Programme continued to grow including through new work on urban loss and damage and expanding existing programmatic support to cities on local inclusive climate action delivery, peer-to-peer learning and mayoral leadership.

4. Innovate: *Cities **innovate** to address climate risk and reduce emissions beyond their direct control.*

In the global effort to reduce emissions and climate risk, cities are motivating change and breakthrough solutions by many different actors, using their formal and informal powers to address emissions beyond their direct control and foster new approaches to climate action.

Innovating data-driven climate action on consumption with indicators

Based on learning from a working group of ten C40 cities examining their approaches to planning, measurement and barriers to action on urban consumption emissions over several months, C40 worked with a team of consumption-accounting experts and London and New York City to develop new guidance for using indicators, addressing common issues with inventory and data compatibility. In April 2023, New York City initiated a programme to reduce carbon emissions from food purchases across city agencies by 33% by 2030, at the same time calling for action from private sector leaders to also use their procurement power to reduce foodrelated emissions by 25% by 2030.

5. Lead: Cities and mayors **Lead** the way with trailblazing climate actions

The scope and urgency of the climate crisis demands transformative action; cities have a critical role to play by leading and demonstrating action. C40 supports mayors and cities to be climate leaders in a number of different ways from driving cities to commit to ambitious targets, to providing evidence and guidance to take action.

C40 Accelerators are statements of political leadership based on the toughest science-based targets and allied to concrete delivery milestones. They outline ambitious targets across sectors to help implement inclusive, resilient, and necessary solutions. Signatory cities collaborate to achieve their target commitments by sharing their successes, as well as the barriers faced along the way, including through annual reporting.

C40 Green and Healthy Streets Accelerator

50% of signatory cities have put restrictions in place (e.g. charges or bans) on high polluting vehicles that cover a significant part of the city. 84% of C40 signatory cities of the Clean Air Accelerator are reallocating road space from cars to active and sustainable modes on a permanent basis or are working actively to achieve that goal.

On 31 August 2023, London's Ultra Low Emission Zone (ULEZ) was expanded, bringing cleaner air to five million more Londoners. This action sets London as a world leader, and a city on track to ensure a major area of the city is zero carbon by 2030.

C40 Net Zero Carbon Buildings Accelerator

78% of signatory cities have implemented retrofit programmes for existing, privately owned buildings, that put the city on a pathway to net zero carbon by 2050.

C40 Urban Nature Accelerator

51% of signatory cities have already achieved one or both of the pathways including implementing measures to turn 30–40% of the total built up surface area into green or permeable spaces and/or ensuring 70% of their population have access to a fit-for-purpose green or blue space within 15 minutes.

C40 Divesting From Fossil Fuels, Investing In A Sustainable Future Accelerator

73% of cities reporting have divested from or have no municipal investments in fossil fuel companies, equating to over US \$84 billion of municipal assets from cities in the network being fossil free.

C40 Water Safe Cities Accelerator

17 C40 cities signed up to the new accelerator – committing to adapting urban water management to a changing climate- specifically to protect the most vulnerable from extreme flooding, droughts; and with a mandatory target to prioritise early warning systems.

Our Other Accelerators Are:

- C40 Renewable Energy Accelerator
- C40 Clean Construction Accelerator
- C40 Good Food Cities Accelerator
- C40 Towards Zero Waste Accelerator and C40 Pathway Toward Zero Waste
- C40 Clean Air Accelerator

New York City also signed up to the C40 Good Food Cities Accelerator to increase access to balanced and nutritious food to city residents and halve food waste, joining Tokyo and 14 other cities around the world that are delivering on the same science-based targets.

Governance

C40 is governed by a Steering Committee of mayors, elected by their peers to represent the geographical diversity of the network. The current Co-Chairs of C40 are Mayor of London, Sadiq Khan and Mayor of Freetown, Yvonne Aki-Sawyerr. As the elected leaders of the C40 organisation, the Co-Chairs play a key role in raising the bar on climate ambition around the world and advocating for the role of cities in addressing the climate crisis. The C40 Board of Directors provides operational oversight to C40. The President of the Board, appointed by the longest serving Co-Chair of C40, is Michael R. Bloomberg, former Mayor of New York City. C40 Cities Climate Leadership Group, Inc. is a Delaware incorporated, non-stock, non-profit corporation registered in the United States and is C40's main operating entity. C40 also has registered offices in the UK, Belgium, Denmark, South Africa, India and China.

The Governance structure of C40 UK is described on Page 12. Key management personnel are the Management Team listed on Page 13.

Financial Review

Fund balance, income, and expenditure

During 2023, C40 Cities UK received income of £13.0m (2022: £11.1m) and incurred £11.8m of expenses (2022: £10.0m). C40 Cities UK's income in 2023 was predominantly in the form of a grant from C40 Inc to deliver activities in the C40 Network business plan.

As a result, C40 Cities UK generated a net surplus of £1.2m in 2023, which increased the £1.9m brought forward reserves to £3.1m of reserves by the year-end. This comprises unrestricted reserves of £2.5m, and restricted reserves of £0.5m. This is in line with the board-approved reserves policy.

Reserves and Investment Policy

Unrestricted reserves are available to be applied, at the discretion of the Trustees, to any of C40 Cities UK's charitable purposes. Restricted reserves are to be applied to the specific project intended by the donor.

Trustees seek to retain a prudent level of reserves from unrestricted income.

Trustees base their reserves policy on the identified needs to:

- Ensure sufficient working capital for the following months, particularly to provide against a failure to receive funds for the income in budget in a timely fashion.
- Mitigate the risk of unforeseen expenditure, in particular the need to embrace new initiatives and opportunities when they arise, and which are not in budget.
- Support innovative programmes where they require a period of development and testing to prove their case.
- Maintain adequate funds to ensure an orderly winding down of discontinued operations.

C40 Cities UK is funded by restricted and unrestricted grants from C40 Cities Inc. C40 Cities UK requests and receives its grant income from C40 Cities Inc in sterling, and the majority of its expenditure is in sterling, so C40 Cities UK does not need to hold reserves against adverse movement in exchange rates.

C40 Cities Inc has committed to supporting C40 Cities UK in its statutory and contractual obligations to a maximum amount of £1 million for a period of two years from 22 May 2024 to permit an orderly wind-down.

Given the commitment it has received from C40 Cities Inc, the Trustees of C40 Cities UK require one month of total organisational expenditure to be kept as an unrestricted reserve. Based on the 2024 budget, C40 Cities UK seeks to hold unrestricted reserves in the region of £1.0m. As at 31 December 2023, C40 Cities UK holds unrestricted reserves of £2.5m, and a cash balance of £2.5m.

Trustees believe that the reserves policy has been complied with as unrestricted reserves exceed the minimum requirement.

Cash held on deposit

C40 Cities UK holds an interest-bearing bank account, and grant funds received from C40 Cities Inc are held within that account.

Structure, Governance and Management

Governing Document

The organisation is a charitable company limited by guarantee, incorporated on 29 September 2016 and registered as a charity on 22 May 2017. The company is governed under its Memorandum and Articles of Association. In the event of the company being wound up, members are required to contribute an amount not exceeding £1.

Member

The sole Member of C40 Cities UK is C40 Cities Climate Leadership Group Inc. ("C40 Cities Inc"), a non-stock, non-profit corporation registered in the state of Delaware, that is exempt from federal income tax under section 501(c)(3) of the US Internal Revenue Code. C40 Cities Inc is at the centre of a network of over 90 of the world's megacities committed to addressing climate change. The mayors of C40 Cities Inc's member cities elect representatives to a Steering Committee, which sets the strategic direction of C40 Cities Inc and elects C40 Cities Inc's Chair from its members. The Mayor of London, Sadiq Khan, is currently the Chair of C40 Cities Inc's Steering Committee. C40 Cities Inc also has a Board of Directors, made up of independent individuals representing various C40 partners, which oversees its governance and management. Michael R. Bloomberg, founder of Bloomberg LP & Bloomberg Philanthropies, and former Mayor of New York City is the President of the C40 Cities Inc Board of Directors.

Charity Activities

The charity's income is comprised of donations from C40 Cities Inc. C40 Cities Inc is funded by unrestricted grants from its three strategic funders, Bloomberg Philanthropies, Children's Investment Fund Foundation (CIFF) and Realdania, and by restricted grants both from its strategic funders and a variety of other funders.

C40 UK does not fund raise from the general public and therefore, no complaints have been received in relation to fund raising.

Recruitment and Appointment of the Trustees

The Directors of the company are also charity Trustees for the purposes of charity law. Under the charity's Articles of Association, Trustees are appointed by the sole member, C40 Cities Inc. Trustees serve until the fourth Annual Retirement Meeting after their appointment, when they can be reappointed for an indefinite number of terms – however, we would expect Trustees to serve for no more than two terms, and we will plan succession on that basis.

During the period, all Trustees gave their time on a voluntary basis, and they did not receive any benefits from the charity.

Trustee Induction and Training

A Trustee induction is carried out for all new Trustees, covering the purpose of the charity, a review of the charity's governing documents, policies and procedures, and the roles and responsibilities of Trustees, including the Trustees' duty to act at all times in the interests of the charity and the Trustees' duty to avoid conflicts of interest. The Trustee induction includes meetings with senior staff. Trustee training is provided, the next one is scheduled for the first quarter of 2025.

Trustees are experienced in their fields, and were selected based on their varied skills sets, including climate change, fundraising, international operations, finance, and charity governance. We are pleased to highlight the gender diversity of the Board, being 75% female leadership.

The Trustees are aware of and endeavour to comply with the Charity Governance Code. In particular, there is close coordination between the Trustees and senior management to

ensure the effective management of the charity. The Trustees act with integrity and care, complying with a Code of Conduct and conflict of interest policy. Trustees manage risk through C40 Cities UK's risk register that is regularly reviewed by the Trustees.

Trustee Meetings

Trustees met formally two times during the year, at which meetings they reviewed the Risk Register, approved the updated Risk Management Policy; approved the charity's 2022 Annual Report and Accounts for the year ended 31 December 2022; approved the 2024 budget, and received reports from the Executive Director on the C40's global progress against its goals. The Board was also notified of the appointment of the new auditors Haysmactintyre by the Finance & Audit Committee, Trustees receive updates on the charity's activities and delivery and those of the wider network between meetings as appropriate. Trustees also reviewed the management accounts against budget at each meeting.

Trustees and staff interact regularly between meetings: specifically, the Executive Director speaks with the Chair on a frequent basis; and the Managing Director of Corporate Services and Deputy Executive Director speak with Board members in advance of each Board meeting.

Delegated Management

Executive management is delegated to the Executive Director, who is also the Executive Director of C40 Cities Inc, and to a global Management Team which includes employees of both C40 Cities UK and C40 Cities Inc. The members of the Management Team during the period were:

Executive Director	Mark Watts
Deputy Executive Director	Kevin Austin
Managing Director of Corporate Services	Juliette Carter
Managing Director of Climate Planning, Finance and Partnerships	Andrea Fernandez
Managing Director of Regions and Mayoral Engagement Jan 2024)	Hastings Chikoko (resigned
Managing Director of Regions and Mayoral Engagement Feb 2024)	Shruti Narayan (appointed
Managing Director of Climate Action Implementation Sep 2023)	Aditi Maheshwari (appointed
Managing Director of Communications and Events 2023)	Lamia Senousi (resigned Jul
Managing Director, C40 Centre for Urban Climate Policy and Economy	David Miller
Managing Director of Political Strategy & Leadership Support	Anna Beech
Managing Director of Climate Solutions and Networks	Cassie Sutherland
Managing Director of Inclusion & Global Learning	Caterina Sarfatti

Mark Watts, Kevin Austin, Juliette Carter, Andrea Fernandez, Anna Beech and Cassie Sutherland were employed by C40 Cities UK during the period. Shruti Narayan, Aditi Maheshwari and David Miller were employed directly or indirectly by C40 Cities Inc.

Principal risks and uncertainties

C40 Cities Inc maintains a global Risk Register in relation to the C40 Cities Network, as well as a C40 Cities UK specific risk register. Each risk and its mitigating action are owned by a member of the Management Team, who discuss and review the risks as required at quarterly meetings, and the register is reviewed formally on a monthly basis. The mitigating actions are put into place to reduce the likelihood or impact of any detrimental events.

The Trustees consider the key risk facing C40 Cities UK is the high concentration of funding received from C40 Cities Inc. To mitigate this risk, a Cooperation Agreement between C40

Cities Inc and C40 Cities UK is in place to record their ongoing relationship to strengthen their joint efforts in the service of environmental issues and to promote joint working between the parties.

The Trustees have also considered the entity's ability to continue as a going concern though cash flow forecasts up to June 2025. These forecasts have been prepared on the basis of moderate growth in the current funding arrangements. Further details are set out in note 1. The Trustees of C40 Cities UK, having considered its current funding arrangements, believe it is appropriate to prepare the accounts on a going concern basis.

The Trustees/Directors' report, which incorporates the strategic report was approved by the Board of Trustees on 12 June 2024 and signed on its behalf by:



Antha Williams
Chair

Statement of Trustees' responsibilities in respect of the Trustees' Annual Report and the financial statements

The trustees (who are also the directors of C40 Cities Climate Leadership UK for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the income and expenditure for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Observe the methods and principles in the Charities SORP;
- assess the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of C40 Cities Climate Leadership UK

Opinion

We have audited the financial statements of C40 Cities Climate Leadership UK for the year ended 31 December 2023 which comprise Statement of Financial Activities, statement of cashflows, balance sheet and notes to the financial statements, including a summary of 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 charitable company's affairs as at 31 December 2023 and of the charitable company's net movement in funds, including the income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Report and Financial statements other than the financial statements and Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a

material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report and Financial statements (which includes the Directors' report prepared for the purposes of company law) for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Director's' report included within the Annual Report and Financial statements 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the charitable company; or
- the charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the trustees' report.

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 15, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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:

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to company law and applicable employment regulations and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as Companies Act 2006 and the Charities Act 2011, and consider other factors such as payroll tax.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to revenue and management bias in accounting estimates. Audit procedures performed by the engagement team included:

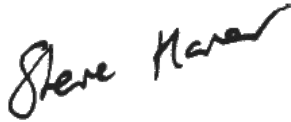
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing accounting journal entries, in particular those journal entries which exhibited the characteristics we had identified as possible indicators of irregularities; and
- Challenging assumptions and judgements made by management in their critical accounting estimates.

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

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Steven Harper (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditor
Date: 30 July 2024

10 Queen Street Place
London
EC4R 1AG

C40 Cities Climate Leadership UK
Statement of Financial Activities (including Income and Expenditure
Account) for the year ended
31 December 2023

	Note s	2023 Unrestrict ed £'000	2023 Restrict ed £'000	2023 Total £'000	2022 Total £'000
Income					
Donations		9,275	3,620	12,895	11,128
Other income		103	-	103	4
Total Income	3	9,378	3,620	12,998	11,132
Expenditure on:					
Raising funds		5	-	5	45
Charitable activities	5	8,192	3,635	11,827	9,988
Total Expenditure		8,197	3,635	11,832	10,033
Net income/(expenditure) for the year		1,181	(15)	1,166	1,099
Reconciliation of funds					
Total funds brought forward		1,334	599	1,933	834
Total funds carried forward		2,515	584	3,099	1,933

The accompanying notes are an integral part of these financial statements

**C40 Cities Climate Leadership UK
Balance Sheet at 31 December 2023**

		2023	2022
		£'000	£'000
Fixed Assets			
Tangible Assets	7	-	-
Non Current Asset		215	
		215	-
Current Assets			
Debtors	8	1,939	208
Cash at Bank and in Hand		2,554	2,290
		4,493	2,498
Current Liabilities			
Creditors	9	(1,609)	(565)
		(1,609)	(565)
Net Current Assets		2,884	1,933
Total Net Assets		3,099	1,933
Represented by:			
Funds and reserves			
Restricted funds	11	584	599
Unrestricted funds	11	2,515	1,334
Total funds		3,099	1,933

The accompanying notes are an integral part of these financial statements.

These financial statements were approved and authorised for issue by the Board of Trustees on 12 June 2024 and were signed on its behalf by:



C40 Cities Climate Leadership UK
Statement of cash flows for the year ended 31 December 2023

	2023	2022
	£'000	£'000
Cash flow from operating activities:		
Net income / (expenditure) for the year	1,167	1,099
Adjustment for:		
Depreciation and amortisation charge	-	-
Long Term Rent Deposit	(216)	-
Decrease / (Increase) in debtors	(1,731)	1,002
Increase / (Decrease) in creditors	<u>1,044</u>	<u>100</u>
Net cash absorbed by operating activities	<u>(903)</u>	<u>1,102</u>
Change in cash and cash equivalents in the year	264	2,201
Cash and cash equivalents at the beginning of the year	<u>2,290</u>	<u>89</u>
Cash and cash equivalents at end of the year	<u>2,554</u>	<u>2,290</u>

The accompanying notes are an integral part of these financial statements.

C40 Cities Climate Leadership UK
Notes forming part of the financial statements for the year ended 31 December 2023

1) Basis of accounting and going concern

The financial statements have been prepared on the basis of historical cost in accordance with applicable accounting standards in the United Kingdom, the Companies Act 2006 and the Charities Act 2011. These financial statements are prepared in accordance with the Accounting and Reporting by Charities Statement of Recommended Practice (SORP 2015) under FRS 102 accounting framework.

The trustees have assessed whether the use of the going concern basis is appropriate. C40 Cities UK's funding for its expenditure is provided by grant income from C40 Cities Inc. C40 Cities UK and C40 Cities Inc work to a joint operational plan in order to fulfil a common set of objectives. C40 Cities UK therefore has a reasonable expectation that funding will continue to flow from C40 Cities Inc to enable these objectives to be achieved. There is no competition between the two entities and others in the group for sources of finance. C40 Cities Inc is considered to be a going concern on the basis that adequate funding agreements with Strategic Funders are either in place or have been pledged to cover the current Business Plan period, being 2021-2024.

The financial statements have been prepared on a going concern basis following consideration by the Trustees as detailed here.

The financial model of the charity is such that it only enters into activities to the extent it is confident that sufficient funding has been secured in excess of the fixed costs of running the charity. The charity has entered into a lease agreement for the rental of its offices and the future lease payments are disclosed in note 14 to the accounts. The fixed costs of operating are detailed in note 5 to the accounts.

The Trustees have reviewed the cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that the charity will have sufficient funds to meet its liabilities as they fall due for that period. In the event that future funding is not available to allow C40 Cities UK to continue with its activities, C40 Inc has undertaken to provide unconditional and irrevocable financial support, either in the form of a grant or another form of support, to the value of GBP 1m to permit an orderly wind-down. The cash flow forecast used to assess the going concern basis of preparation does not rely on these arrangements.

Consequently, the Trustees are confident that the charity will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements. No material un-certainty has been identified by the trustees.

A summary of the principal accounting policies, which have been applied consistently, is set out below.

C40 Cities Climate Leadership UK
Notes forming part of the financial statements for the year ended 31 December 2023

2) Accounting policies

a) Income

Income is included in the Statement of Financial Activities when the charity is entitled to the income, the income is probable, and the amount can be quantified with reasonable accuracy. Grant income is recognised when it becomes due in accordance with the grant agreements.

b) Expenditure

Expenditure is accounted for on an accruals basis.

Expenditure on fundraising includes the salaries of the fundraising staff and the direct costs associated with generating income. No support costs or overheads are allocated to expenditure on fund raising since the amounts would be immaterial.

c) Fund accounting

Unrestricted funds are used at the discretion of the trustees for the furtherance of the general objects of the charity. Designated funds are unrestricted funds which have been set aside by the trustees for specific purposes or projects. Restricted funds are those funds that have restrictions imposed by donors and can only be used for those purposes. They are not available for any other work than that specified by the donor.

d) Accounting estimates

An accounting estimate was used in the valuation of income received in kind, relating to the office space and associated services provided to the charity by Bloomberg L.P. The estimation technique used was based on the costs per square foot derived from local rental costs. The amount recognised reflects the value of the gift to the charity.

e) Tangible fixed assets

Tangible fixed assets, comprising computers and other equipment, are stated at cost less accumulated depreciation. Assets are depreciated on a straight-line basis over an estimated useful economic life of three years. Assets less than £1,500 are not capitalised.

f) Taxation

C40 Cities UK is a registered charity and is therefore not liable for corporation tax derived from its charitable activities as it falls within the exemptions available to registered charities. VAT, which is irrecoverable, is included within expenditure.

g) Pension

C40 Cities UK makes payments into a defined contribution pension scheme. The pension costs are allocated to activities and between restricted/unrestricted funds according to where the related staff costs are allocated.

C40 Cities Climate Leadership UK
Notes forming part of the financial statements for the year ended 31 December 2023

3) Income from donations

The charity's donations total is comprised solely of donations from C40 Inc and Bloomberg LP.

	Unrestricted 2023 £'000	Restricted 2023 £'000	Total 2023 £'000
Grant income	8,972	3,620	12,592
Other Income	103		103
In Kind Income	304		304
Total income from donations	9,379	3,620	12,999

Further information about the grant income from C40 Inc can be found in the Related Parties note 13.

4) Donated goods and services

C40 Cities UK receives in-kind income in the form of office space and associated services from Bloomberg LP. The accounting policy in relation to this is in note 2 d) Accounting estimates. See also related party disclosure in note 13.

5) Expenditure

	Direct Costs 2023 £'000	Support Costs 2023 £'000	Total 2023 £'000	Direct Costs 2022 £'000	Support Costs 2022 £'000	Total 2022 £'000
LS1 - Plan	148	70	218	174	60	234
LS2 - Deliver	6,221	1,409	7,630	5048	1231	6,279
LS3 - Mainstream	1,369	502	1,871	1064	439	1,503
LS4 - Innovate	101	132	233	216	116	332
LS5 - Lead	1,148	727	1,875	1,004	636	1,640
	8,987	2,840	11,827	7,506	2,482	9,988

C40 Cities Climate Leadership UK		
Notes forming part of the financial statements for the year ended 31 December 2023		
5) Expenditure (Continued)		
Total Expenses include:	2023	2022
	£'000	£'000
Staff Costs	10,519	8,434
Governance costs:	73	70
Other expenditure	1,235	1,484
Total	11,827	9,988
Support costs above include:		
	2023	2022
	£'000	£'000
Current year Audit costs	27	39
Grant Audit	15	-
2022 Audit overrun	14	-
Legal Costs	17	31
Total	73	70

6) Staff costs, trustee remuneration and expenses and costs of key management personnel

a) Staff costs comprise:

Staff costs during the year were as follows:	2023	2022
	£'000	£'000
Wages and salaries	9,022	7,295
Social security costs	1,010	825
Pension costs	405	309
Other costs	82	5
	10,519	8,434

The average number of employees during the year was as follows:

	2023	2022
	No.	No.
The average number of employees during the year was as follows:	147	123

Staff costs for the year include total termination benefits of £NIL (2022: £20,228). This comprises ex-gratia payments and payments in lieu of notice.

Employee benefits, excluding non-contractual payments, employer pension costs and employer's NI, of higher paid staff within the following scales were:

	2023	2022
£60,000 - £69,999	29	10
£70,000 - £79,999	16	7
£80,000 - £89,999	5	1
£90,000 - £99,999	2	2
£100,000 - £109,999	-	2
£110,000 - £119,999	-	2
£120,000 - £129,999	-	-
£130,000 - £139,999	2	-
£140,000 - £149,999	-	-
£150,000 - £159,999	-	-
£160,000 - £169,999	1	-
£170,000 - £179,999	-	1
£180,000 - £189,999	-	1
£190,000 - £199,000	-	-
£200,000 - £210,000	1	1

As outlined in note 13, C40 Cities UK and C40 Inc are aligned with their charitable aims, and staff work in the pursuit of these aims. The disclosure in this note relates to staff who are employed by C40 Cities UK.

None of the charity's trustees were paid or received any other benefits during the year, nor were any expenses incurred or reimbursed.

The total employee benefits received by key management personnel during the year were £965,635.

C40 Cities Climate Leadership UK
Notes forming part of the financial statements for the year ended 31 December 2023

7) Debtors

	2023	2022
	£'000	£'000
Prepayments	198	31
Due from other C40 entities	1,728	161
Sundry debtors	13	16
Total debtors	1,939	208

8) Creditors

	2023	2022
	£'000	£'000
Trade Creditors	38	46
Accruals	273	222
Deferred Income	995	-
PAYE and NIC	303	279
	1,609	547

C40 Cities Climate Leadership UK
Notes forming part of the financial statements for the year ended 31 December 2023

9) Restricted funds

Restricted funds are those funds that must be used in accordance with donors' wishes.

C40 Inc These funds are an allocation of amounts granted to C40 Inc for work carried out by C40 Cities UK, and are restricted to the terms of the original grant agreements between C40 Inc and its funders.

10) Restricted funds	Balance at 1 January 2023 £'000	Income 2023 £'000	Expenditure 2023 £'000	Balance at 31 December 2023 £'000
C40 Inc	599	3,620	(3,635)	584
Total Restricted Funds	599	3,620	(3,635)	584

	Balance at 1 January 2022 £'000	Income 2022 £'000	Expenditure 2022 £'000	Balance at 31 December 2022 £'000
C40 Inc	110	3,035	(2,546)	599
Total Restricted Funds	110	3,035	(2,546)	599

C40 Cities Climate Leadership UK
Notes forming part of the financial statements for the year ended 31 December 2023

11) Analysis of net assets between funds

	Unrestricted funds 2023 £'000	Restricted funds 2023 £'000	Total 2023 £'000	Total 2022 £'000
Fund balances at 31 December 2021 are represented by:				
Tangible Fixed Assets	-	-	-	-
Non Current Assets	-	215	215	-
Current assets	3,029	1,464	4,493	2,498
Creditors: amounts falling due within one year	(514)	(1,095)	(1,609)	(565)
Total net assets	2,515	584	3,099	1,933

12) Liability of member

The liability of the member is limited to £1.

13) Related Parties

The sole member of C40 Cities Climate Leadership UK (C40 Cities UK) is C40 Cities Climate Leadership Group Inc (C40 Inc), a non-stock, non-profit corporation registered in the state of Delaware (registered address: 120 Park Avenue, 23rd Floor, New York, NY 10017, USA). C40 Cities UK and C40 Inc have common global goals which all staff work towards. A memorandum of understanding outlines how the two entities work together towards these shared charitable aims.

One of the trustees of C40 Cities UK is also a Director of C40 Inc. During the year, C40 Cities UK received grant income from C40 Inc totalling £12,998,733, being £9,275,466 unrestricted grant income and £3,619,998 restricted grant income. Of the total grant income, £12,162,205 was received in cash and £429,498 was received as non-cash income arising from expenditure on Bank of America credit cards by C40 Cities UK staff. The grant income received from C40 Inc represents 97% of C40 Cities UK's total income.

As identified in note 3, C40 Cities UK received income in kind in relation to office space and associated services from January to October 2023 from Bloomberg LP. Bloomberg Philanthropies is a donor of C40 Inc.

Other grant income relates to the grant from Bloomberg Philanthropies to cover the rental of the new premises from November 2023 to October 2025. Bloomberg Philanthropies has committed to supporting the payment of the rent with additional funding in 2024 and 2025.

There were no other related party transactions.

14) Lease Commitments

C40 UK with support from Bloomberg Philanthropies as stated above has entered a lease in respect of the rent on its premises from November 2023 to October 2026. The payments are as follows:

	2023 £'000	2022 £'000
Within one year	942	-
Later than one year but less than 5 years	4,016	-
	4,958	-

Accounts

C40 Cities Climate Leadership UK

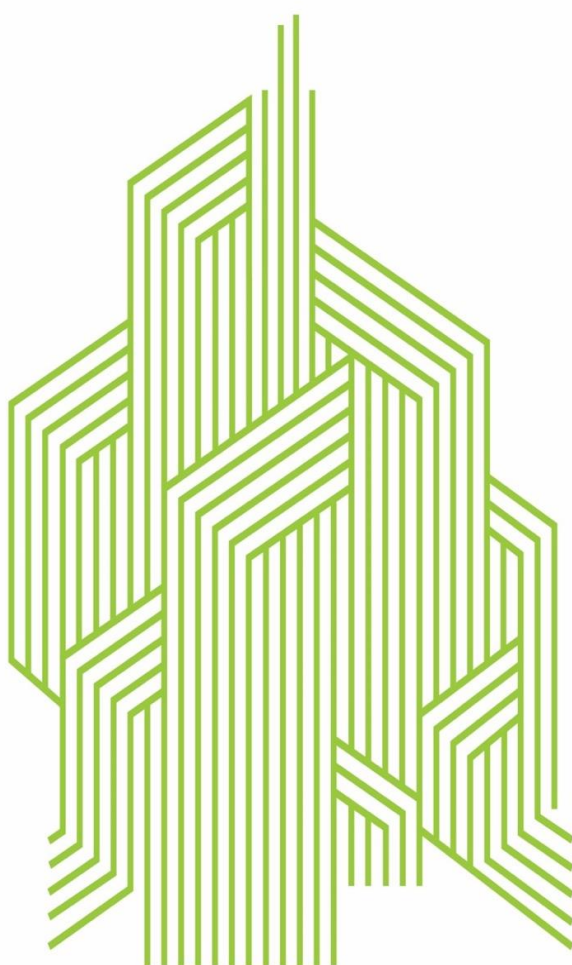
(C40 Cities UK)

(A company limited by guarantee)

Report and Financial Statements for the year ended 31 December 2022

Charity number 1173124

Company number 10401717



C40 Cities Climate Leadership UK

Report and Financial Statements
For the year ended 31 December 2022

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C40 Cities Climate Leadership UK

Report and Financial Statements
For the year ended 31 December 2022

Charity name	C40 Cities Climate Leadership UK
Principal and registered office	3 Queen Victoria Street, London, EC4N 4TQ
Charity number	1173124
Company number	10401717

Board of Directors

The trustees who served during the period were:

Antha Williams (Chair)
Pelle Lind Bournonville
Jemma Read
Becky Bates

Company Secretary	Juliette Carter
Chief Executive	Mark Watts
Auditor	KPMG LLP, Dragonfly House, 2 Gilders Way Norwich, NR3 1UB
Solicitor	Bates Wells Brathwaite, 10 Queen Street Place London, EC4R 1BE
Banker	NatWest Bank, 94 Moorgate, London, EC2M 6UR

Report of the Directors for the year ended 31 December 2022

The Trustees (who are the directors) of C40 Cities Climate Leadership UK ("C40 Cities UK"), are pleased to present their report and financial statements for the charity for the year ended 31 December 2022.

The accounts (financial statements) have been prepared in accordance with the *Statement of Recommended Practice (second edition): Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)* effective 1 January 2019, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2015.

The charity is registered with the Charity Commission under registration number 10401717.

C40 Cities UK contributes towards the global strategy of its sole member, C40 Cities Climate Leadership Group Inc ("C40 Cities Inc"), therefore, throughout the Aims and Objectives and Achievement and Performance sections of this report, reference is made to the activities of C40 Cities Inc during this financial year.

Our Aims and Objectives

Purposes and Aims

The purposes and aims of C40 Cities UK, as set out in the objects contained in the company's Memorandum and Articles of Association, are:

The **advancement** of environmental protection and conservation of the natural environment, particularly by promoting the reduction of greenhouse gases (including carbon dioxide, methane and any other gases that may be identified from time to time as having a global warming potential);

- To promote sustainable development for the benefit of the public by the promotion of sustainable means of achieving economic growth and regeneration;
- To advance the education of the public in subjects relating to global warming, climate change, sustainable development and the protection, enhancement and rehabilitation of the environment and to promote study and research in such subjects provided that the useful results of such study are disseminated to the public at large; and
- Such other objects, as shall be exclusively charitable by the law of England and Wales as the Trustees shall decide.

Sustainable development means "development which meets the needs of the present without compromising the ability of future generations to meet their own needs".

Public benefit

The achievement of the above aims drives our business planning. The beneficiaries of the charity are all global citizens. The Achievements and Performance section below contains more information on how our work has contributed to the reduction of global greenhouse gas emissions over the last year.

The Trustees confirm that they have complied with the duty in section 17 of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit when exercising any powers or duties to which the guidance is relevant.

Mission

C40 Cities UK operates as part of the C40 Cities Network. The C40 Cities Network is headed by C40 Cities Inc (the sole member of C40 Cities UK).

The Trustees of C40 Cities UK believe that operating as part of the broader C40 network and adopting the strategy set by C40 is the most effective way of maximising the charitable impact of C40 Cities UK. This approach allows C40 Cities UK to work in partnership with other organisations in the C40 network around the world and with other partner organisations in order to achieve its charitable objectives (which are global in nature). The Trustees of C40 Cities UK continue to consider that operating as part of this network is in the charity's best interests, having contributed to and considered C40's 2021-2024 Business Plan which C40 Cities UK has worked towards during the last financial year.

Our mission is to help the world avoid climate breakdown. Our cities are working to halve their collective emissions by 2030, while improving equity, building resilience, and creating the conditions for everyone, everywhere to thrive. The change required can be delivered by supporting mayors to work alongside a broad coalition of representatives from labour, business, the youth climate movement, and civil society to go further and faster than ever before, by gaining support for climate action and ensuring a just transition to net zero.

C40 sectoral and thematic networks bring together city officials from across our seven regions, who have a common purpose of addressing the climate emergency. These exchanges of knowledge and sharing of best practice help cities respond and accelerate, avoid mistakes and delays, and implement fairer and more impactful climate actions to meet Paris Agreement goals.

C40 also supports groups of cities, within one country or region, to implement high-impact policies and projects through regionally tailored programmes. These programmes offer mayoral engagement, technical support, peer-to-peer engagement, and capacity building. Our regional delivery structure better enables C40 to leverage relationships between peer cities and technical and financial partners regionally, as well as globally, and to be more responsive to local context, priorities, and needs. Regional engagement is also supported by the leadership of our Vice Chairs on the Steering Committee, who unite and amplify regional mayoral voices.

A distinguishing feature of C40 is that it operates on performance-based requirements, not membership fees. C40 member cities earn their membership through action. C40's Leadership Standards set the minimum requirements for all member cities and ensure the integrity of C40 as a network of climate leaders. Consequently, by being part of the network C40 Cities UK is able to hold itself to a set of external standards and be held to account for its work towards its charitable purposes by its regulators, the public and by the C40 network.

The C40 Leadership Standards are reflected in the Business Plan 2021 - 2024 which establishes five requirements for each city in the C40 Cities Network, which the trustees of C40 Cities UK decided to adopt and agree to in 2021. C40 Cities UK's contribution to that business plan is set out below ('Achievements and Performance').

Achievements and Performance

2022 was another successful year for C40 Cities UK. Three quarters¹ of C40 cities are now decreasing their per capita emissions at a faster rate than their own countries, while high-impact actions delivered by C40 cities – such as introducing low-emission zones, increasing green spaces and planting more trees to improve air quality and to reduce urban heat risk, and achieving universal waste collection – have tripled in the past decade, which is vital if global heating is to be kept under 1.5° C.

C40 cities are delivering climate action that not only cuts emissions and reduces climate risks, but also improves the quality of life enjoyed by all our residents. Tokyo is collaborating with Kuala Lumpur in a trailblazing Global North-Global South partnership to develop low-carbon building standards. Lagos is decarbonising its energy supply by installing solar panels on schools and health centres. London is expanding its world-leading Ultra Low Emission Zone to cover all of Greater London, ensuring that almost five million more people will be breathing cleaner air. 12 C40 cities – from Rio to Tshwane to Mumbai – are participating in the Oslo-led C40 climate budgeting programme, a governance system that offers a way for cities to turn climate commitments into funded and measurable actions.

The examples set by C40 cities show that we're not powerless to act and that we can rise to meet the challenge of the climate crisis if the political will and vision exists. Thanks to our track record of driving innovative and ambitious climate action, there has already been a 4 per cent reduction in Greenhouse gas per capita emission across C40 cities and a 5 percent improvement in air quality across C40 cities (150 million residents, globally, are now benefiting from cleaner air).

October 2022 also saw C40 host the World Mayors Summit in Buenos Aires – our largest-ever convening of mayors to date – with 75 C40 mayors attending in person or virtually; over 140 non-mayors and other city representatives; 60 youth climate leaders, and over 300 business representatives, philanthropists, campaigners, scientists, and residents taking part. The Summit demonstrated that the best way to protect people everywhere from rising prices, polluted air and extreme weather is to invest in greener, more resilient cities, not fossil fuels. C40, led by our Chair and Mayor of London Sadiq Khan, announced the collective effort by mayors to drive the creation of 50 million good, green jobs by the end of the decade. London, for example, has committed to double the size of the green economy to £100 billion by 2030, an ambition that will kick-start greater job growth over the next decade.

Securing more finance for Global South cities is a priority for the Chair. At the Summit, C40 also announced record investment in cities in the Global South to tackle the climate emergency. For example, the C40 Cities Finance Facility (CFF) has supported 34 projects in cities in the Global South since 2016. Thanks to this, Global South cities are projected to access over US \$1 billion of finance for implementation and contribute to an overall emissions reduction of more than 2.5 million tons of polluting greenhouse gases.

C40 amplified key messages from the C40 Summit at COP27 in Sharm-el-Sheikh. C40 demonstrated that cities are taking action and reducing emissions faster than their respective national governments with mayors, city officials and staff taking part in more than 50+ strategic events to showcase C40 city leadership. Nine C40 mayors attended COP27, including four African mayors, and 107 unique articles covered C40's presence there. C40's presence and engagement at COP was critical to achieve more support for city climate action and a seat at the table to implement the Paris Agreement. COP27 saw the launch of the first ever Presidency initiatives to support climate action (Sustainable Urban

¹ For which we have sufficient data for analysis

Resilience for the next generation - SURGe), public transport (Low Carbon Transport for Urban Sustainability - LOTUS) and the first ever ministerial meeting on urban climate action which included mayors - C40 is a partner to all these initiatives.

As we head into 2023, we know we must continue to galvanise action and go further and faster. We remain focused on playing our part in halving emissions by 2030 and delivering a greener, safer, and more inclusive future for all.

Throughout 2022, C40 Cities UK contributed towards the progress of the C40 network towards the five goals for each city set out in the C40 Cities Network 2021 – 2024 Business Plan:

1. Plan: City has adopted a resilient and inclusive climate action plan aligned with the 1.5 °C ambition of the Paris Agreement, and updates it regularly

Collectively, C40 cities are committed to delivering their fair share of halving emissions by 2030. By the end of 2022, a significant majority of C40 cities (69²), had a climate action plan (CAP) aligned with the 1.5°C ambition of the Paris Agreement, protecting residents, creating jobs, addressing inequalities whilst tackling the global climate crisis. The remainder of C40 cities continue to work on completing and updating their climate action plans, despite the ongoing multiple challenges posed by the intertwined COVID-19, energy, and cost-of-living crises. Robust climate action plans are a condition of C40 membership.

In early 2022, Mumbai became the first Indian city to launch a climate action plan (CAP) aligned with the Paris Climate Agreement and the C40 CAP framework. The Mumbai CAP proposes a dedicated Climate Action Department working under the municipality to coordinate its implementation and climate budget, and to mainstream carbon neutrality strategies. The CAP formulation process involved stakeholders from all levels of the government administration, experts, and residents of Mumbai.

Freetown launched its first CAP in 2022. It is a document that goes beyond mayoral leadership, being officially recognised by the Freetown City Council. The capital of Sierra Leone faces serious day-to-day challenges, including frequent climate-related disasters, political turmoil, and very limited financial and human resources. As such, producing a CAP under these circumstances is an extraordinary achievement and the plan is an important step in the city's climate action journey.

London integrated its CAP targets across the Greater London Authority Group (GLA) via its first published Climate Budget. This sets out funded actions each GLA department will take, as well as the unfunded projects and actions that are needed to meet their 2030 Net Zero target.

2. Deliver: In 2024, the city remains on track to deliver its climate action plan, contributing to increased resilience, equitable outcomes and halving C40's overall emissions by 2030

C40 supports cities to deliver rapid, transformative climate action. Implementation of high-impact actions (HIAs) in C40 cities, such as implementing policies around procuring electric bus fleets, segregated waste, and more efficient homes has tripled in the last decade. In 2022, C40 cities implemented another 110 high-impact climate actions, this is a 60% annual increase in implemented actions, bringing the total to over 1,000 high-impact actions.

² Includes six Chinese cities which have completed research reports and will integrate into their public policies in due course. (Chinese cities follow a different review process).

In 2022, in Sydney, all new office buildings, hotels and shopping centres will need to meet minimum energy ratings standards starting in 2023 and achieve net-zero energy use from 2026, helping the city reach its net-zero emissions target by 2035.

The 15-minute city concept promotes a model of a city made of 'complete' neighbourhoods, where everyone can meet their everyday needs in their immediate vicinity and can enjoy well-designed public spaces. 35 cities joined the C40 Green and Thriving Neighbourhoods programme and have started to implement 15-minute city concept policies and develop neighbourhood pilots on the ground. For instance, Vancouver's concept of 'Complete Neighbourhoods' is a key component of the 2022 Vancouver Plan. The plan directs new housing choices to low density residential areas rich in amenities and adds opportunities for new amenities and services in areas that are currently underserved. It also creates a network of public spaces and greenways.

Eight more cities now have emergency response plans in place to protect vulnerable residents from extreme weather events. For example, Quito has an Integrated Risk Management Plan which includes main climate risks such as extreme heat and flooding, and emergency response goals to prepare for, prevent, mitigate, respond to, and recover from any such emergencies that may affect the city and its residents.

Delivering cleaner air to residents

C40 cities are expanding air quality monitoring networks, gathering the data necessary for understanding air pollution risk and designing effective control policies.

Warsaw launched the largest air quality monitoring system in Europe in 2022. Inspired by Breathe London, Breathe Warsaw will leverage a new network, made up of 165 monitors, to develop a comprehensive air quality database, design and implement a low-emission zone by 2024 and support the phase out of coal heating by advancing cleaner heating systems.

Leading cities are tightening goals and putting in place new regulations, policies, and programmes to address emissions from key sources within their cities. Mayor of London and C40 Cities Chair, Sadiq Khan, expanded the Ultra Low Emission Zone (ULEZ) to cover inner London in October 2021. Latest data shows that on an average day, 94% of vehicles seen driving in the zone meet the strict ULEZ standards, up from 87% in the weeks before the zone expanded, and up from 39% in February 2017 when changes associated with the ULEZ began. By getting the most polluting vehicles off the city's streets, NO2 concentrations in central London are estimated to be 44% lower. In 2022, Mayor Khan, announced that in August of 2023 the Ultra Low Emission Zone (ULEZ) will be expanded to cover the whole of Greater London.

Los Angeles approved a new ordinance that immediately bans new oil and gas extraction and requires existing extractions to stop production within 20 years, and Rio de Janeiro announced the city's (and country's) first Low Emission District, creating a path to implement an official zero-emission area by 2030.

Beijing implemented an ambitious project to replace polluting coal-fired stoves and boilers with cleaner alternatives in residents' homes. Since 2016, the city has supported nearly 1 million homes with generous subsidies for more vulnerable groups. The proportion of coal in the city's total energy consumption dropped to around 1.5% in 2022, compared with 13.7% in 2015, and coal has been largely phased out from Beijing's heating system. The increase in the quality of life of Beijing residents is clear: the annual average PM2.5 pollution concentration has dropped by 59% from 2015 levels to 2022, with "heavy pollution" days also falling from 46 to eight days annually. This project was recognised by a C40 Cities Bloomberg Philanthropies Award (United in cleaning the air we breathe) at the C40 World Mayors Summit.

In 2022, Los Angeles and Shanghai announced a partnership of cities, ports, shipping companies and a network of cargo owners to create a first-of-its-kind decarbonised, green shipping corridor, on one of the world's busiest container shipping routes. This will create a scalable and replicable model for other cities to follow and catalyse action. This is vital as the global shipping industry is responsible for 3% of global greenhouse gas emissions and emissions from the shipping industry are expected to double by 2050, if no action is taken.

Supporting cities to access green finance

Cities play a powerful role in driving investment that can shape the transition to a greener economy and more equitable society. C40 supports cities to access finance for implementation of ambitious, resilient and equitable climate projects.

The C40 Cities Finance Facility (CFF), a joint partnership of C40 and the German Development Agency (GIZ), has supported a cumulative total of 34 sustainable and inclusive infrastructure projects since 2016. The latest phase of 15 projects, all in the Global South, were announced at the C40 World Mayors' Summit, in October 2022. These new projects have been selected across a range of sectors, and include new public and resilient green spaces (Medellín), solar-powered and efficient hospitals (Jakarta) and West Africa's first ever urban cable car (Freetown).

Climate Action Implementation Programme

The C40 Climate Action Implementation Programme, funded by the UK's Foreign, Commonwealth and Development Office (FCDO), works with 15 cities in Africa, Latin America, and Southeast Asia. The 15 cities are to deliver at least two priority high-impact actions from their climate action plans (CAPs) and mainstream CAPs into city governance, planning and decision-making structures. At the end of Year 1, all 15 cities have selected their priority CAP actions for implementation, with many beginning consultations to accelerate the implementation of climate actions and mainstreaming plans.

Examples of bold climate action from cities in this programme include Quezon City accelerating the process to revise its Green Building Ordinance to reduce energy consumption and emissions, and Accra establishing a dedicated climate change unit responsible for coordinating and managing climate actions.

3. Mainstream: City uses the necessary financial, regulatory and other tools at their disposal to address the climate crisis and mainstreams their inclusive climate targets into the most impactful city decision-making processes.

3.1 Climate Budgeting

A climate budget is a governance system that mainstreams climate commitments and considerations into decision-making on policies, actions, and budget. This type of integration is critical to achieving the pace and ambition of action needed to meet climate goals.

Climate budgeting was pioneered by Oslo in 2017 and 2022 saw the city's sixth such budget. Oslo has been sharing their knowledge as the lead city for C40's Climate Budget Pilot, which is introducing 12 cities – across five continents – to the concept and how it could be adapted and implemented in their local context. The pilot has proved that climate budgeting is flexible and adaptable and can fit any size or scale of implementation. London became the first pilot city to publish a climate budget as part of their 2023-2024 annual budget. Mumbai also included a commitment to climate budgeting as part of their Climate Action Plan in Spring 2022.

3.2 Inclusive Climate Action

The pandemic further exposed the inextricable links between inequality, public health, the environment and the economy, with the worsening cost of living crisis further exacerbating poverty and inequities across the globe. This is why C40 is pursuing a green and just

recovery from the pandemic and cost of living crisis, to ensure climate action is able to address the urgent needs of urban residents.

Through the support of C40's Global Green New Deal Pilot Initiative, nine pilot cities have been provided with direct support on policy design, impact assessment and stakeholder engagement, to be able to show what equitable climate action means in practice.

Barcelona has implemented innovative strategies to reach homebound vulnerable residents. The city is improving the resilience of frontline communities by increasing access to key services. Barcelona has tripled the number of climate shelters used during extreme climate events to 203, vastly exceeding the goal of 100 shelters by 2024. Expansion focused on the city's most vulnerable neighbourhoods: 95% of residents are now a 10-minute walk from a climate shelter.

Inclusivity has been at the core of Jakarta's public transit planning. The city's Jak Lingko card has reduced the cost of travel from around 30% of income to 10%. The city is aiming for its residents to be able to access public transport within 500m of their home (92% of the population now can), and to increase public transport mode share from 25% to 60% by 2030, while ensuring that informal transport operators are integrated into the public transport system.

As part of the UK funded Climate Action Implementation Programme, Bogotá has started to train hundreds of women to be drivers of the electric buses of its newly launched public bus operator, to increase employment opportunities for women in a male-dominated sector.

4. Innovate: City innovates and starts taking inclusive action to address emissions and climate risk beyond the direct control of the city government, such as those associated with goods & services consumed in their city

C40 cities implement innovative and cutting-edge solutions to accelerate the climate action the world needs.

C40 Reinventing Cities-winning projects are being implemented across the world. This trailblazing competition invites architects, urban planners, and designers to work together and compete for the unique opportunity to transform underutilised sites into a model for urban projects of the future. Currently, 37 projects are under development across 13 cities and four regions. The construction for the project 'Haleco', winner of the first edition of Reinventing Cities, has already started in Montreal. This exemplary initiative integrates community housing, urban agriculture, a new park, and zero-waste grocery stores whilst also taking a rigorous approach to reducing emissions. In São Paulo, four winning projects were selected which will radically transform four public areas across the city centre, increasing accessibility for pedestrians and cyclists and creating green and thriving spaces for residents and the local community.

In 2022, C40 launched the second edition of Students Reinventing Cities in 12 global cities, ranging from Lisbon to Zhenjiang, empowering youth to reimagine city neighbourhoods in a more inclusive and sustainable way. In the past edition of the competition, over 1,000 students from more than 150 universities submitted their inspiring ideas.

Milan has made clean construction a key part of its municipal agenda. The technical assistance received from C40's Clean Construction Programme has been integral, providing insight into promoting the circular use of materials, innovative industrialised construction techniques and the use of alternative building materials. In October 2022, Mayor Sala made the bold decision to sign the Clean Construction Accelerator at the C40 Mayors Summit. Implementation of clean construction policies in Milan will not only reduce emissions associated with building and construction but will also yield benefits linked to

social and environmental impacts and will commit to reducing embodied emissions in the built environment.

In 2022, C40 announced a new partnership with American Express to support the development of consumption emissions data frameworks for London and New York City. This project is partnering with an expert academic consortium to pioneer new ways for cities to use data to plan action and measure emissions from urban consumption. A global team of ten C40 cities also assembled in 2022 to explore the barriers and opportunities that cities experience working on consumption emissions and the transformational change needed to reduce them. Their work informed development of this project.

C40 launched the Centre for City Climate Policy and Economy, in mid 2022, bringing together mayors, world-class researchers, city practitioners, leading economists and academics to develop an evidence-based approach and provide analysis and policy guidance to implement progressive and equitable climate action. The Centre's [Journal of City Climate Policy and Economy](#) offers peer-reviewed research, analysis, and commentary to support this. [Cities 1.5](#), the Centre's podcast, features progressive policy conversations with mayors, urban leaders, youth activists and economists taking transformative action to limit global heating to 1.5°C.

5. Lead: Mayor and the city demonstrate global climate leadership and inspire others to act in support of the Paris Agreement.

C40's aim is not just for its member cities to show what meeting science-based climate targets looks like, but also to inspire other cities and their mayors to follow their example, and to establish a broad coalition based on common principles as the cornerstone of the recovery from the COVID-19 pandemic and global efforts to address the climate emergency.

Working with Project Everyone, C40 mayors signed an open letter, published in the Financial Times, directed at world leaders attending COP27, recommitting themselves to delivering the UN's Sustainable Development Goals. Over the course of 2022, principally at the C40 Summit in Buenos Aires in October, C40 engaged a number of partners and thought leaders to amplify messaging on the urgency of climate breakdown, including the UN Secretary-General, Pope Francis, John Kerry, Dr Maria Neira, Prof Carlos Moreno, Jeffrey Sachs, Sir David King, Vanessa Hauc and youth climate activists, including Pamela Escobar Vargas and Zainab Waheed.

[C40 Accelerators](#) (formerly Declarations) demonstrate the highest-level of mayoral leadership on urgent climate action. They are based on the most ambitious, science-based targets and lay out concrete delivery milestones, both for mitigation and adaptation. In 2022, there were 31 new Accelerator signatories, as C40 mayors committed to advancing high-impact actions, most significantly by Global South cities committing to cleaner air, urban nature and zero waste.

In October 2022, 12 C40 cities signed up to the Pathway Towards Zero Waste, committing to a 2030 target of providing timely city-wide waste collection services, treating at least 30% of organic waste and reducing waste disposal emissions by at least 30%. As waste represents up to 35% of overall municipal emissions in Global South cities, the commitment by city signatories from this region will deliver massive climate benefits and has the potential to avoid up to 1 million tonnes of methane emissions per year. The commitment will also have a significant impact to improve water and air quality, reduce the spread of disease and restore soil health.

New York City also signed up to the C40 Good Food Cities Accelerator to increase access to balanced and nutritious food to city residents and halve food waste, joining Tokyo and 14 other cities around the world that are delivering on the same science-based targets.

Mayors are increasing ambition with new commitments to improve the air in their cities. Now, through the Clean Air Accelerator, half of C40 cities are committed to achieving targets in line with World Health Organization guidelines. In May 2022, 11 African cities agreed to work together and announced a new collaborative, knowledge sharing, partnership - C40's African Cities for Clean Air. Over 59 million people across the 11 cities stand to benefit from cleaner air and improved health through commitments that could prevent as many as 10,000 early deaths linked to air pollution exposure, as well as more than 300,000 hospitalisations, resulting in US \$9.4 billion in annual savings from averted deaths and hospitalisations.

Using data and evidence to drive change

C40 is committed to turning data and planning into implementation and our research and analysis leverages C40's extensive network of partnerships, unique organisational insight, and unprecedented database of city actions to demonstrate the power of cities to address the climate crisis. Much of the research and evidence is used by mayors to drive action forward. In 2022 we delivered [research on the cost of fossil gas](#), which causes as much air pollution as coal-powered plants, and found that C40 cities can create six times as many jobs and far less pollution if they invest in renovating buildings and solar power rather than gas powered electricity. As fossil gas use contributed almost as much as coal power plants to premature deaths in 2020, phasing it out and expanding clean energy could save over 776,000 lives and generate good, green jobs.

Global Youth and Mayors Forum

The first-ever in-person Global Youth and Mayors Forum was held at the 2022 C40 World Mayors Summit. Mayors and youth members highlighted the urgent need to shift global dialogues into action and called for the need for good, green jobs for the next generation. Youth leaders and mayors from around the world have pledged to remain united in action and ensure young people are engaged in every city to deliver inclusive climate solutions.

Cities are leading the way, but they cannot do this alone. Governments, private sector, civil society, unions, communities and residents must work hand in hand with cities to deliver. Actions taken now at the global, national and city level will have consequences for decades to come, improving the lives of millions of residents, their families and communities across the globe.

Fundraising

In 2022 all of C40 Cities UK's income was granted by C40 Cities Inc. C40 Cities UK does not currently and has no future plans to use third party fundraising organisations, nor does it carry out telephone or direct mail fundraising.

C40 Cities UK fundraising from external funders has been affected by Brexit. Some funders who previously funded C40 Cities UK prefer to fund organisations based in the European Union. Organisations in the wider C40 network will now work with these funders. However, C40 Cities UK's ability to further its charitable purposes is unaffected by this change, as a majority of its funding has always been received from C40 Cities Inc.

C40 Cities Inc has a small global fundraising team focused on securing income to enable the C40 network globally to deliver its programmes for reducing climate change and its impacts.

Key management personnel remuneration

The C40 Cities UK Board approved a remuneration policy in 2017. The main objective of the remuneration policy is to attract, retain and reward talented staff and management by offering compensation that is competitive within the sector. The intention of this is to motivate management to achieve C40 Cities UK's strategic objectives and encourage high levels of performance. Depending on the company's performance and financial position,

and the level of inflation, the Management Team will aim to offer, at their discretion, an annual cost of living increase to staff salaries. Staff who are within the boundaries of their grade and have demonstrated good performance over the year may also be paid an additional sum over and above inflation. The Board is responsible for approving the budget, of which salaries form part, on an annual basis. The Executive Director works globally and is employed by C40 Cities UK. His remuneration is set by the Trustees of C40 Cities UK in agreement with the Board of C40 Cities Inc.

C40 Cities UK approves all new compensation arrangements based on, to the extent reasonably available, information about compensation paid by similarly situated not-for-profit or charitable organisations, or organisations in comparable sectors for similar services, current compensation surveys compiled by independent firms, actual written offers from similarly situated organisations, and other relevant information.

Key management personnel are the Management Team listed on Page 15.

Plans for Future Periods

On 1 January 2021, C40's new strengthened membership requirements or "Leadership Standards" went into effect, unanimously approved by the C40 Steering Committee. As the Trustees of C40 Cities UK consider that the charity's continued membership of the C40 network is in the charity's best interests in pursuit of its charitable purposes, C40 Cities UK is bound by these environmental focussed standards.

The C40 Business Plan for 2021-2024 was launched at the same time, which C40 Cities UK has agreed to support and implement as part of delivery of its charitable purposes. The overarching focus is on enabling accelerated implementation of cities' climate action plans and using this as a springboard for political leadership. C40's aim is to support member cities as they implement their robust, science-based climate action plans which are aligned with the 1.5°C target of the Paris Agreement and prioritise increasing climate resilience and equity. If this is achieved, C40 cities will see emissions reductions consistent with halving their collective emissions by 2030.

The C40 Business Plan for 2021-2024 reflects the immediate priorities of its cities' mayors in respect of tackling climate change and global emissions.

In recent years C40 has shifted its in-depth regional resources to focus on the highest priority and highest impact climate actions in each region. When providing assistance, it has concentrated on its unique ability to support mayors in making the case for and enacting ambitious and sometimes difficult environmental policies, by building coalitions of support and facilitating peer-to-peer knowledge exchange. C40 also works to elevate the voices and impact of civic actors even further, thereby shifting the regional and global debate on how to drive increased ambition and action. It supports city mayors to form coalitions with partners from business, labour, youth climate movements and wider civil society, and inspire more than 1,000 cities beyond C40's membership to commit to the same ambition and action. It will support its cities' key civic actors as they seek to partner with national governments to accelerate action and meet science-based targets, and the finance and investment community around the world to stop funding things that make climate breakdown worse and instead catalyse the urgent and transformative change the world needs to avoid climate breakdown. C40 will help its cities' civic actors to use their city's strong track records domestically to bring hope, energy, best practices, and a universal narrative to others. C40 Cities UK will contribute to these objectives as part of the C40 network.

In the coming year, C40 Cities UK will support C40 to continue to drive science-based, equitable action. Cities are leading the way but cannot do this alone. Governments, private sector, civil society, and unions must work hand in hand with cities to deliver. Actions taken

now at the global, national and city level will have consequences for decades to come, improving the lives of millions of residents, their families and communities across the globe.

In 2023 key strategic missions for C40 include:

- Address the impacts and injustice of the climate breakdown
 - Driving the creation of 50 million good green jobs, by 2030
 - Unlocking funding for climate resilience in cities
 - Improve public health by making climate a health issue
- Help get the world off fossil fuels in order to halt climate breakdown by
 - Eliminating half of fossil fuels consumed in C40 cities by 2030
 - Supporting mayors to win the global argument for renewables and stopping fossil fuel use

Financial Review

Fund balance, income, and expenditure

During 2022, C40 Cities UK received income of £11.1m (2021: £8.5m) and incurred £10.0m of expenses (2021: £8.3m). C40 Cities UK's income in 2022 was in the form of a grant from C40 Inc to deliver activities in the C40 Network business plan.

As a result, C40 Cities UK generated a net surplus of £1.1m in 2022, which increased the £0.8m brought forward reserves to £1.9m of reserves by the year-end. This comprises unrestricted reserves of £1.5m, and restricted reserves of £0.4m. This is in line with the board-approved reserves policy.

Reserves and Investment Policy

Unrestricted reserves are available to be applied, at the discretion of the Trustees, to any of C40 Cities UK's charitable purposes. Restricted reserves are to be applied to the specific project intended by the donor.

Trustees seek to retain a prudent level of reserves from unrestricted income.

Trustees base their reserves policy on the identified needs to:

- Ensure sufficient working capital for the following months, particularly to provide against a failure to receive funds for the income in budget in a timely fashion.
- Mitigate the risk of unforeseen expenditure, in particular the need to embrace new initiatives and opportunities when they arise, and which are not in budget.
- Support innovative programmes where they require a period of development and testing to prove their case.
- Maintain adequate funds to ensure an orderly winding down of discontinued operations.

C40 Cities UK is funded by restricted and unrestricted grants from C40 Cities Inc. C40 Cities UK requests and receives its grant income from C40 Cities Inc in sterling, and the majority of its expenditure is in sterling, so C40 Cities UK does not need to hold reserves against adverse movement in exchange rates.

C40 Cities Inc has committed to supporting C40 Cities UK in its statutory and contractual obligations to a maximum amount of £1 million for a period of two years from 22 May 2023 to permit an orderly wind-down.

Given the commitment it has received from C40 Cities Inc, the Trustees of C40 Cities UK require one month of total organisational expenditure to be kept as an unrestricted reserve. Based on the 2023 budget, C40 Cities UK seeks to hold unrestricted reserves in the region of £1.0m. As at 31 December 2022, C40 Cities UK holds unrestricted reserves of £1.5m, and a cash balance of £2.3m.

Trustees believe that unrestricted reserves, being in line with the reserves policy, stand at a satisfactory level.

Cash held on deposit

C40 Cities UK holds an interest-bearing bank account, and grant funds received from C40 Cities Inc are held within that account.

Structure, Governance and Management

Governing Document

The organisation is a charitable company limited by guarantee, incorporated on 29 September 2016 and registered as a charity on 22 May 2017. The company is governed under its Memorandum and Articles of Association. In the event of the company being wound up, members are required to contribute an amount not exceeding £1.

Member

The sole Member of C40 Cities UK is C40 Cities Climate Leadership Group Inc. ("C40 Cities Inc"), a non-stock, non-profit corporation registered in the state of Delaware, that is exempt from federal income tax under section 501(c)(3) of the US Internal Revenue Code. C40 Cities Inc is at the centre of a network of over 90 of the world's megacities committed to addressing climate change. The mayors of C40 Cities Inc's member cities elect representatives to a Steering Committee, which sets the strategic direction of C40 Cities Inc and elects C40 Cities Inc's Chair from its members. The Mayor of London, Sadiq Khan, is currently the Chair of C40 Cities Inc's Steering Committee. C40 Cities Inc also has a Board of Directors, made up of independent individuals representing various C40 partners, which oversees its governance and management. Michael R. Bloomberg, founder of Bloomberg LP & Bloomberg Philanthropies, and former Mayor of New York City is the President of the C40 Cities Inc Board of Directors.

Charity Activities

The charity's income is comprised of donations from C40 Cities Inc. C40 Cities Inc is funded by unrestricted grants from its three strategic funders, Bloomberg Philanthropies, Children's Investment Fund Foundation (CIFF) and Realdania, and by restricted grants both from its strategic funders and a variety of other funders.

Recruitment and Appointment of the Trustees

The Directors of the company are also charity Trustees for the purposes of charity law. Under the charity's Articles of Association, Trustees are appointed by the sole member, C40 Cities Inc. Trustees serve until the fourth Annual Retirement Meeting after their appointment, when they can be reappointed for an indefinite number of terms – however, we would expect Trustees to serve for no more than two terms, and we will plan succession on that basis.

During the period, all Trustees gave their time on a voluntary basis, and they did not receive any benefits from the charity.

Trustee Induction and Training

A Trustee induction is carried out for all new Trustees, covering the purpose of the charity, a review of the charity's governing documents, policies and procedures, and the roles and responsibilities of Trustees, including the Trustees' duty to act at all times in the interests of the charity and the Trustees' duty to avoid conflicts of interest. The Trustee induction includes meetings with senior staff. Trustee training is provided, most recently in March 2019. Training is scheduled for the second quarter of 2022.

Trustees are experienced in their fields, and were selected based on their varied skills sets, including climate change, fundraising, international operations, finance, and charity governance. We are pleased to highlight the gender diversity of the Board, being 75% female leadership.

The Trustees are aware of and endeavour to comply with the Charity Governance Code. In particular, there is close coordination between the Trustees and senior management to ensure the effective management of the charity. The Trustees act with integrity and care, complying with a Code of Conduct and conflict of interest policy. Trustees manage risk through C40 Cities UK's risk register that is regularly reviewed by the Trustees.

Trustee Meetings

Trustees met formally two times during the period, at which meetings they approved a revised Safeguarding Policy, reviewed the Risk Register, approved the charity's 2021 Annual Report and Accounts for the period ending 31 December 2021, approved the 2023 budget, approved grant income, approved the charity's contribution to the C40 Cities network's global 2021-2024 Business Plan, and received reports from the Executive Director on the C40's global progress against its goals. Trustees receive updates on the charity's activities and delivery and those of the wider network between meetings as appropriate. Trustees also reviewed the management accounts against budget at each meeting.

Trustees and staff interact regularly between meetings: specifically, the Executive Director speaks with the Chair on a frequent basis; and the Managing Director of Corporate Services and Deputy Executive Director speak with Board members in advance of each Board meeting.

Delegated Management

Executive management is delegated to the Executive Director, who is also the Executive Director of C40 Cities Inc, and to a global Management Team which includes employees of both C40 Cities UK and C40 Cities Inc. The members of the Management Team during the period were:

Executive Director	Mark Watts
Deputy Executive Director	Kevin Austin
Managing Director of Corporate Services	Juliette Carter
Managing Director of Climate Planning, Finance and Partnerships	Andrea Fernandez
Managing Director of Regions and Mayoral Engagement	Hastings Chikoko
Managing Director of Climate Action Implementation	Shannon Lawrence
Managing Director of Communications and Events	Lamia Senousi
Managing Director, C40 Centre for Urban Climate Policy and Economy	David Miller
Managing Director of Political Strategy & Leadership Support	Anna Beech
Managing Director of Climate Solutions and Networks	Cassie Sutherland

Mark Watts, Kevin Austin, Juliette Carter, Andrea Fernandez, Shannon Lawrence, Lamia Senousi, Anna Beech and Cassie Sutherland were employed by C40 Cities UK during the period. Hastings Chikoko and David Miller were employed directly or indirectly by C40 Cities Inc.

Principal risks and uncertainties

C40 Cities Inc maintains a global Risk Register in relation to the C40 Cities Network, as well as a C40 Cities UK specific risk register. Each risk and its mitigating action are owned by a member of the Management Team, who discuss and review the risks as required at quarterly meetings, and the register is reviewed formally on a monthly basis. The mitigating actions are put into place to reduce the likelihood or impact of any detrimental events.

The Trustees consider the key risk facing C40 Cities UK is the high concentration of funding received from C40 Cities Inc. To mitigate this risk, a Cooperation Agreement between C40 Cities Inc and C40 Cities UK is in place to record their ongoing relationship to strengthen their joint efforts in the service of environmental issues and to promote joint working between the parties.

The Trustees have also considered the impact of COVID-19 on the entity's ability to continue as a going concern though cash flow forecasts up to April 2024. These forecasts have been prepared on the basis of moderate growth in the current funding arrangements. Further details are set out in note 1. COVID-19 is not considered to have a material impact on these forecasts and therefore the entity's ability to continue as a going concern. The Trustees of C40 Cities UK, having considered its current funding arrangements, believe it is appropriate to prepare the accounts on a going concern basis.

The Trustees report, which incorporates the strategic report was approved by the Board of Trustees on 22 May 2023 and signed on its behalf by:



Antha Williams
Chair

Statement of Trustees' responsibilities in respect of the Trustees' Annual Report and the financial statements

The trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the income and expenditure for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of C40 Cities Climate Leadership UK

Opinion

We have audited the financial statements of C40 Cities Climate Leadership UK ("the charitable company") for the year ended 31 December 2022 which comprise the Statement of Financial Activities, Balance Sheet and Statement of Cash Flows and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2022 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the charitable company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The trustees have prepared the financial statements on the going concern basis as they do not intend to liquidate the charitable company or to cease its operations, and as they have concluded that the charitable company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the trustees' conclusions, we considered the inherent risks to the charitable company's business model and analysed how those risks might affect the charitable company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the trustees use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the trustees' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the charitable company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud.

Our risk assessment procedures included:

- Enquiring of Trustees and management, and inspection of policy documentation as to the Charity's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Trustees Board minutes
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we performed procedures to address the risk of management override of controls, in particular the risks that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition as management has limited incentive or opportunity to manipulate income.

We did not identify any additional fraud risks.

We also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included the Material Post close Journals, Unusual journals posted to seldom used account codes, Journals posted by Seldom used accounts, Journals posted with unusual combinations to Cash and borrowings and Journals posted with unusual combinations to Income.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with Trustees and management as required by auditing standards. Additionally, we discussed with management the relevant policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The Charitable company is subject to laws and regulations that directly affect the financial statements including, financial reporting legislation (including related companies legislation and the Charities SORP), distributable profits legislation and taxation legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst, the Charitable Company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements. Auditing standards limit the required audit procedures to identify non-compliance with these laws and

regulations to enquiry of the trustees and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed noncompliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The trustees are responsible for the other information, which comprises the Trustees' Annual Report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the Trustees' Annual Report, which constitutes [the strategic report for the financial year, is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- the charitable company has not kept adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report

We have nothing to report in these respects.

Trustees' responsibilities

As explained more fully in their statement set out on page 17, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

Emma Larcombe

Emma Larcombe
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
Dragonfly House
2 Gliders Way
Norwich NR3 1UB
United Kingdom
30 May 2023

C40 Cities Climate Leadership UK
Statement of Financial Activities (including Income and Expenditure) for
the year ended
31 December 2022

		Unrestricted 2022 £'000	Restricted 2022 £'000	Total 2022 £'000	Total 2021 £'000
	Notes				
Income from:					
Donations		8,093	3,035	11,128	8,452
Other income		4	-	4	1
Total Income	3	<u>8,097</u>	<u>3,035</u>	<u>11,132</u>	<u>8,453</u>
 Expenditure on:					
Raising funds		45	-	45	39
Charitable activities	5	<u>7,226</u>	<u>2,762</u>	<u>9,988</u>	<u>8,246</u>
Total Expenditure		<u>7,271</u>	<u>2,762</u>	<u>10,033</u>	<u>8,285</u>
 Net income / (expenditure) for the year		826	273	1,099	168
 Reconciliation of funds					
Total funds brought forward		<u>725</u>	<u>109</u>	<u>834</u>	<u>666</u>
Total funds carried forward		<u>1,551</u>	<u>382</u>	<u>1,933</u>	<u>834</u>

The accompanying notes are an integral part of these financial statements.

**C40 Cities Climate Leadership UK
Balance Sheet at 31 December 2022**

		2022	2021
		£'000	£'000
Fixed Assets	Notes		
Tangible Assets	7	-	-
Current Assets			
Debtors	8	208	1,210
Cash at Bank and in Hand		<u>2,290</u>	<u>89</u>
		2,498	1,299
Current Liabilities			
Creditors	9	<u>(565)</u>	<u>(465)</u>
Net Current Assets		<u>1,933</u>	<u>834</u>
Total Net Assets		<u>1,933</u>	<u>834</u>
Represented by:			
Funds and reserves			
Restricted funds	10	382	109
Unrestricted funds	11	<u>1,551</u>	<u>725</u>
Total funds		<u>1,933</u>	<u>834</u>

The accompanying notes are an integral part of these financial statements.

These financial statements were approved by the Board of Trustees on 22 May 2023 and were signed on its behalf by:



Antha Williams, Chair of Trustees

C40 Cities Climate Leadership UK
Statement of cash flows for the year ended 31 December 2022

	2022 £'000	2021 £'000
Cash flow from operating activities:		
Net income / (expenditure) for the year	1,099	168
<i>Adjustment for:</i>		
Depreciation and amortisation charge	-	1
Decrease/(increase) in debtors	1,002	(1,055)
Increase/(decrease) in creditors	100	(26)
Net cash generated / (absorbed) by operating activities	1,102	(1,080)
Change in cash and cash equivalents in the year	2,201	(912)
Cash and cash equivalents at the beginning of the year	89	1,001
Cash and cash equivalents at the end of the year	2,290	89

The accompanying notes are an integral part of these financial statements.

C40 Cities Climate Leadership UK
Notes forming part of the financial statements for the year ended 31 December
2022

1) Basis of accounting and going concern

The financial statements have been prepared on the basis of historical cost in accordance with applicable accounting standards in the United Kingdom, the Companies Act 2006 and the Charities Act 2011. These financial statements are prepared in accordance with the Accounting and Reporting by Charities Statement of Recommended Practice (SORP 2015) under FRS 102 accounting framework.

The trustees have assessed whether the use of the going concern basis is appropriate. C40 Cities UK's funding for its expenditure is provided by grant income from C40 Cities Inc. C40 Cities UK and C40 Cities Inc work to a joint operational plan in order to fulfil a common set of objectives. C40 Cities UK therefore has a reasonable expectation that funding will continue to flow from C40 Cities Inc to enable these objectives to be achieved. There is no competition between the two entities and others in the group for sources of finance. C40 Cities Inc is considered to be a going concern on the basis that adequate funding agreements with Strategic Funders are either in place or have been pledged to cover the current Business Plan period, being 2021-2024.

The financial statements have been prepared on a going concern basis following consideration by the Trustees as detailed here.

The financial model of the charity is such that it only enters into activities to the extent it is confident that sufficient funding has been secured in excess of the fixed costs of running the charity. The charity has no specific commitments and no committed costs beyond the fixed costs of operating, which are detailed in note 5 to the accounts.

The Trustees have reviewed the cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that the charity will have sufficient funds to meet its liabilities as they fall due for that period. In the event that future funding is not available to allow C40 Cities UK to continue with its activities, C40 Inc has undertaken to provide unconditional and irrevocable financial support, either in the form of a grant or another form of support, to the value of GBP 1m to permit an orderly wind-down. The cash flow forecast used to assess the going concern basis of preparation does not rely on these arrangements.

Consequently, the Trustees are confident that the charity will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements.

A summary of the principal accounting policies, which have been applied consistently, is set out below.

C40 Cities Climate Leadership UK
Notes forming part of the financial statements for the year ended 31 December
2022

2) Accounting policies

a) Income

Income is included in the Statement of Financial Activities when the charity is entitled to the income, the income is probable, and the amount can be quantified with reasonable accuracy. Grant income is recognised when it becomes due in accordance with the grant agreements.

b) Expenditure

Expenditure is accounted for on an accruals basis.

Expenditure on fundraising includes the salaries of the fundraising staff and the direct costs associated with generating income. No support costs or overheads are allocated to expenditure on fund raising since the amounts would be immaterial.

c) Fund accounting

Unrestricted funds are used at the discretion of the trustees for the furtherance of the general objects of the charity. Designated funds are unrestricted funds which have been set aside by the trustees for specific purposes or projects. Restricted funds are those funds that have restrictions imposed by donors and can only be used for those purposes. They are not available for any other work than that specified by the donor.

d) Accounting estimates

An accounting estimate was used in the valuation of income received in kind, relating to the office space and associated services provided to the charity by Bloomberg L.P. The estimation technique used was based on the costs per square foot derived from local rental costs. The amount recognised reflects the value of the gift to the charity.

e) Tangible fixed assets

Tangible fixed assets, comprising computers and other equipment, are stated at cost less accumulated depreciation. Assets are depreciated on a straight-line basis over an estimated useful economic life of three years. Assets less than £1,500 are not capitalised.

f) Taxation

C40 Cities UK is a registered charity and is therefore not liable for corporation tax derived from its charitable activities as it falls within the exemptions available to registered charities. VAT, which is irrecoverable, is included within expenditure.

g) Pension

C40 Cities UK makes payments into a defined contribution pension scheme. The pension costs are allocated to activities and between restricted/unrestricted funds according to where the related staff costs are allocated.

C40 Cities Climate Leadership UK
Notes forming part of the financial statements for the year ended 31 December
2022

3) Income from donations

The charity's donations total is comprised solely of donations from C40 Inc and Bloomberg LP.

	Unrestricted 2022 £ '000	Restricted 2022 £ '000	Total 2022 £ '000	Unrestricted 2021 £ '000	Restricted 2021 £ '000	Total 2021 £ '000
Grant income	7,674	3,035	10,709	5,354	2,309	7,663
In-kind income	419	-	419	789	-	789
	8,093	3,035	11,128	6,143	2,309	8,452

Further information about the grant income from C40 Inc can be found in the Related Parties note 13.

4) Donated goods and services

C40 Cities UK receives in-kind income in the form of office space and associated services from Bloomberg LP. The accounting policy in relation to this is in note 2 d) Accounting estimates. See also related party disclosure in note 13.

5) Expenditure

	Direct costs 2022 £ '000	Support Costs 2022 £ '000	Total 2022 £ '000	Direct costs 2021 £ '000	Support Costs 2021 £ '000	Total 2021 £ '000
LS1: Plan	174	60	234	338	160	498
LS2: Deliver	5,048	1,231	6,279	3,601	982	4,583
LS3: Mainstream	1,064	439	1,503	1,054	407	1,461
LS4: Innovate	216	116	332	227	155	382
LS5: Lead	1,004	636	1,640	852	470	1,322
	7,506	2,482	9,988	6,072	2,174	8,246

Support costs above include:
Governance costs:

	2022 £ '000	2021 £ '000
Audit costs	39	32
Legal costs	31	50
Total	70	82

C40 Cities Climate Leadership UK
Notes forming part of the financial statements for the year ended 31 December 2022

6) Staff costs, trustee remuneration and expenses and costs of key management personnel

a) Staff costs comprise:

	2022	2021
	£ '000	£ '000
Wages and salaries	7,295	6,178
Social security costs	825	685
Pension costs	309	284
Other staff costs	5	22
	8,434	7,169

The average number of employees during the year was as follows:

2022	2021
No.	No.
127	123

Staff costs for the year include total termination benefits of £20,228 (2021: £40,281). This comprises ex-gratia payments and payments in lieu of notice.

Employee benefits, excluding non-contractual payments, employer pension costs and employer's NI, of higher paid staff within the following scales were:

	2022	2021
£60,000 - £69,999	10	4
£70,000 - £79,999	7	7
£80,000 - £89,999	1	-
£90,000 - £99,999	2	2
£100,000 - £109,999	2	-
£110,000 - £119,999	2	2
£120,000 - £129,999	-	-
£130,000 - £139,999	-	-
£140,000 - £149,999	-	-
£150,000 - £159,999	-	1
£160,000 - £169,999	-	-
£170,000 - £179,999	1	1
£180,000 - £189,999	1	-

As outlined in note 13, C40 Cities UK and C40 Inc are aligned with their charitable aims, and staff work in the pursuit of these aims. The disclosure in this note relates to staff who are employed by C40 Cities UK.

C40 Cities Climate Leadership UK
Notes forming part of the financial statements for the year ended 31 December 2022

None of the charity's trustees were paid or received any other benefits during the year, nor were any expenses incurred or reimbursed.

The total employee benefits received by key management personnel during the year were £1,151,538.

7) Tangible assets

	Total £ '000
Cost	
At 1 January 2022	6
Additions	-
At 31 December 2022	<u>6</u>
Depreciation	
At 1 January 2022	6
Charge for the year	-
At 31 December 2022	<u>6</u>
Net book value	
At 31 December 2022	<u>-</u>
At 31 December 2021	<u>-</u>

8) Debtors

	2022 £ '000	2021 £ '000
Prepayments	31	30
Due from other C40 entities	161	1,175
Sundry debtors	16	5
Total debtors	<u>208</u>	<u>1,210</u>

C40 Cities Climate Leadership UK
Notes forming part of the financial statements for the year ended 31 December 2022

9) Creditors

	2022	2021
	£ '000	£ '000
Trade creditors	46	64
Accruals	222	218
PAYE and National Insurance	297	183
Total creditors	565	465

10) Restricted funds

Restricted funds are those funds that must be used in accordance with donors' wishes.

C40 Inc These funds are an allocation of amounts granted to C40 Inc for work carried out by C40 Cities UK, and are restricted to the terms of the original grant agreements between C40 Inc and its funders.

	Balance at 1	Income 2022	Expenditure	Balance at 31
	January 2022		2022	December
	£ '000	£ '000	£ '000	2022
Restricted funds:				
C40 Inc	109	3,035	(2,762)	382
	109	3,035	(2,762)	382

11) Analysis of net assets between funds

	Unrestricted	Restricted	Total	Total
	2022	2022	2022	2021
	£ '000	£ '000	£ '000	£ '000
Fund balances at 31 December 2022 are represented by:				
Tangible Fixed Assets	-	-	-	-
Current assets	2,043	455	2,498	1,299
Creditors: amounts falling due within one year	(492)	(73)	(565)	(465)
Total net assets	1,551	382	1,933	834

12) Liability of member

The liability of the member is limited to £1.

C40 Cities Climate Leadership UK
Notes forming part of the financial statements for the year ended 31 December
2022

13) Related Parties

The sole member of C40 Cities Climate Leadership UK (C40 Cities UK) is C40 Cities Climate Leadership Group Inc (C40 Inc), a non-stock, non-profit corporation registered in the state of Delaware (registered address: 120 Park Avenue, 23rd Floor, New York, NY 10017, USA). C40 Cities UK and C40 Inc have common global goals which all staff work towards. A memorandum of understanding outlines how the two entities work together towards these shared charitable aims.

One of the trustees of C40 Cities UK is also a Director of C40 Inc. During the year, C40 Cities UK received grant income from C40 Inc totalling £10,708,574, being £7,673,969 unrestricted grant income and £3,034,605 restricted grant income. Of the total grant income, £9,837,066 was received in cash and £871,508 was received as non-cash income arising from expenditure on Bank of America credit cards by C40 Cities UK staff. The grant income received from C40 Inc represents 96% of C40 Cities UK's total income.

As identified in note 3, C40 Cities UK received income in kind in relation to office space and associated services from Bloomberg LP. Bloomberg Philanthropies is a donor of C40 Inc.

There were no other related party transactions.

Accounts

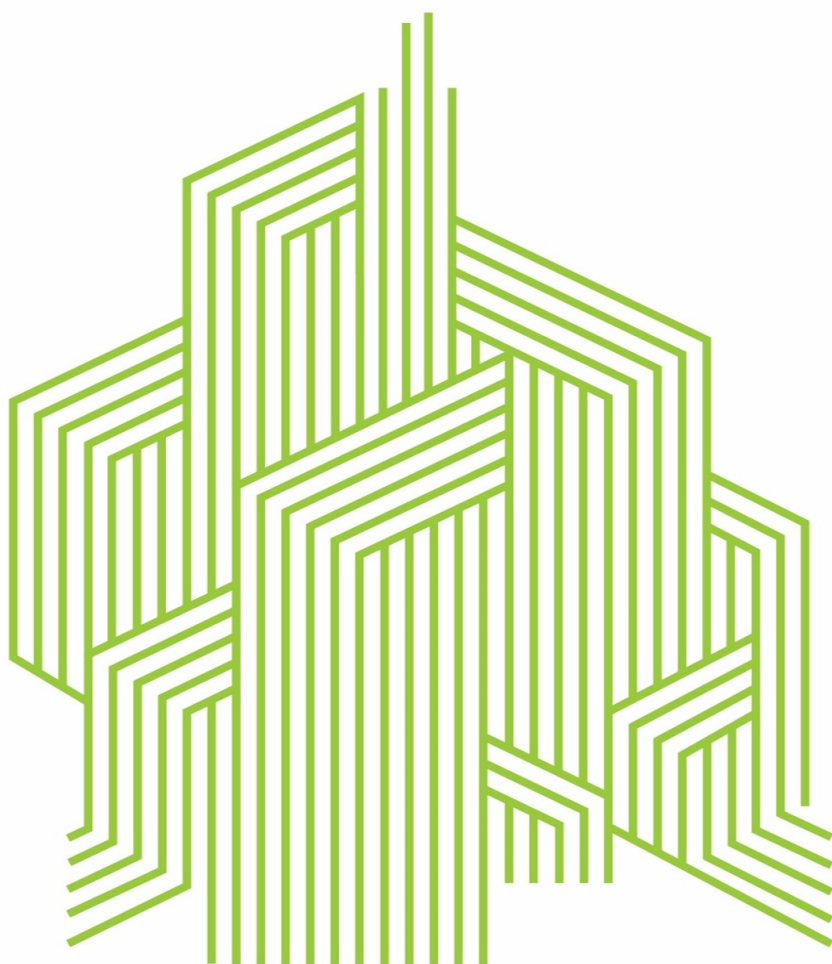
C40 Cities Climate Leadership UK

(C40 Cities UK)
(A company limited by guarantee)

Report and Financial Statements for the year ended 31 December 2021

Charity number 1173124

Company number 10401717



C40 Cities Climate Leadership UK

Report and Financial Statements For the year ended 31 December 2021

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C40 Cities Climate Leadership UK

Report and Financial Statements For the year ended 31 December 2021

Charity name	C40 Cities Climate Leadership UK
Principal and registered office	3 Queen Victoria Street, London, EC4N 4TQ
Charity number	1173124
Company number	10401717

Board of Directors

The trustees who served during the period were:

Anthia Williams (Chair)
Pelle Lind Bournonville
Jemma Read
Becky Bates (from 15 December 2021)
Henrietta Foster (until 8 December 2021)

Company Secretary	Juliette Carter
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Chief Executive	Mark Watts
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Auditor	KMPG LLP, Botanic House, 100 Hills Road Cambridge, CB2 1AR
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Solicitor	Bates Wells Brathwaite, 10 Queen Street Place London, EC4R 1BE
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Banker	NatWest Bank, 94 Moorgate, London, EC2M 6UR
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Report of the Directors for the year ended 31 December 2021

The Trustees (who are the directors) of C40 Cities Climate Leadership UK ("C40 Cities UK"), are pleased to present their report and financial statements for the charity for the year ended 31 December 2021.

The accounts (financial statements) have been prepared in accordance with the Statement of Recommended Practice (second edition): Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) effective 1 January 2019, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2015.

The charity is registered with the Charity Commission under registration number 10401717.

C40 Cities UK contributes towards the global strategy of its sole member, C40 Cities Climate Leadership Group Inc ("C40 Cities Inc"), therefore, throughout the Aims and Objectives and Achievement and Performance sections of this report, reference is made to the activities of C40 Cities Inc during this financial year.

Our Aims and Objectives

Purposes and Aims

The purposes and aims of C40 Cities UK, as set out in the objects contained in the company's Memorandum and Articles of Association, are:

The **advancement** of environmental protection and conservation of the natural environment, particularly by promoting the reduction of greenhouse gases (including carbon dioxide, methane and any other gases that may be identified from time to time as having a global warming potential);

- To promote sustainable development for the benefit of the public by the promotion of sustainable means of achieving economic growth and regeneration;
- To advance the education of the public in subjects relating to global warming, climate change, sustainable development and the protection, enhancement and rehabilitation of the environment and to promote study and research in such subjects provided that the useful results of such study are disseminated to the public at large; and
- Such other objects, as shall be exclusively charitable by the law of England and Wales as the Trustees shall decide

Sustainable development means "development which meets the needs of the present without compromising the ability of future generations to meet their own needs".

Public benefit

The achievement of the above aims drives C40 Cities UK's business planning. The beneficiaries of the charity are all global

citizens. The Achievements and Performance section below contains more information on how C40 Cities UK's work has contributed to the reduction of global greenhouse gas emissions over the last year.

The Trustees confirm that they have complied with the duty in section 17 of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit when exercising any powers or duties to which the guidance is relevant.

Mission

C40 Cities UK operates as part of the C40 Cities Network. C40 Cities Network is headed by C40 Cities Inc (the sole member of C40 Cities UK).

The Trustees of C40 Cities UK believe that operating as part of the broader C40 network and adopting the strategy set by the C40 network is the most effective way of maximising the charitable impact of C40 Cities UK. This approach allows C40 Cities UK to work in partnership with other organisations in the C40 network around the world and with other partner organisations in order to achieve its charitable objects (which are global in nature). The Trustees of C40 Cities UK continue to consider that operating as part of this network is in the charity's best interests, having contributed to and considered the C40 Cities Network's 2021 -2024 Business Plan which C40 Cities UK has worked towards during the last financial year.

What we do today will determine whether or not there is a thriving future for the C40 network's communities, cities and the natural world around us. We know that climate breakdown and rising inequality, compounded by the COVID-19 pandemic, require an unprecedented response to match the scale of the crises. The C40 Cities Network's mission is to halve the emissions of its member cities within a decade, while improving equity, building resilience, and creating the conditions for everyone, everywhere to thrive. The Trustees of C40 Cities UK consider that the charity's charitable purposes can be delivered through the C40 network's Chair's vision for a [Global Green New Deal](#), where key civic actors such as C40 city mayors work alongside a broad coalition of representatives from labour, business, the youth climate movement and civil society to go further and faster than ever before.

City-to-city sharing is the basis on which the C40 network was founded. The C40 network enables best practice to be rapidly replicated all around the world. Mayors and city officials are able to access free expert advice on what works, then leapfrog their peers. Moreover, the positive peer pressure means that when one city delivers a higher ambition policy, it sets a new standard for all cities. As such, C40 Cities UK's work during 2021 as part of the network, and its continuing membership of the network, not only helps it to deliver its charitable purposes more effectively in the UK but also allows it to support delivery of its charitable purposes globally through supporting growth of other cities within the network (in terms of their own work towards environmental protection and reduction of greenhouse gases).

C40 member cities earn their membership through action. The C40 network's most distinguishing feature is that it operates on performance-based requirements, not membership fees. The C40 network's [Leadership Standards](#) set the minimum requirements for all member cities and ensure the integrity of C40 as a network of climate leaders. Consequently, by being part of the network C40 Cities UK can hold itself to a set of external standards and be held to account for its work towards its charitable purposes by its regulators, the public and by the C40 network.

The C40 Business Plan 2021 - 2024 establishes five requirements for each city in the C40 Cities Network, which the trustees of C40 Cities UK decided to adopt and agree to in 2021. C40 Cities UK's contribution to that business plan is set out below ('Achievements and Performances').

Achievements and Performance

2021 was another successful year for C40 Cities UK. C40 Cities UK's contributions to the C40 network helped C40 cities to implement the highest impact actions, across the key sectors of mitigation and adaptation, in support of the charity's charitable purposes. In 2021, 68 new high-impact actions were implemented for the first time in C40 cities, bringing the total completed to 871 actions. These range from procuring exclusively zero-emissions bus fleets, to restricting single-use and non-recyclable materials and increasing urban green spaces and canopy cover in vulnerable areas.

Johannesburg and eThekweni (Durban) introduced policies towards net zero carbon new buildings, joining Cape Town and Tshwane, who were all supported through the C40 South Africa Buildings Programme. As of 2021, three more cities now require renewables for buildings, including Kuala Lumpur, and five more cities are phasing out fossil and solid fuels in buildings, such as Montreal. In a bid to reduce waste emissions, 79 cities now restrict single use and non-recyclable materials, a policy which six cities implemented for the first time in 2021, including Delhi. Three more cities now procure only zero emission municipal vehicles, including Shenzhen, bringing the total to 11. Nine more cities implemented restrictions to increase road safety and reduce transport emissions, such as Wuhan. To reduce urban heat risk, 17 cities have increased green spaces and urban canopy cover in vulnerable areas, eight of which did so for the first time in 2021, including Mexico City.

More than 32 million more C40 Cities Network city residents enjoyed improved air quality compared to 2020, according to WHO data. C40 cities saw a 5% improvement in the annual average $\mu\text{g}/\text{m}^3$ PM2.5 levels. More than 1,000 global cities joined the Cities Race to Zero to raise climate ambition and put the world on track to halve emissions within the next decade - the biggest subnational announcement to be made at a COP.

The C40 Cities Network supports mayors in putting equity and inclusion at the heart of climate policies and all other urban decision-making. This ensures that mayors can engage a wide range of communities and stakeholders, design and deliver policy with fairness and accessibility and distribute the benefits of climate action equitably. There is no climate justice without social justice, and action at the city level is critical to achieve both.

Inclusion starts with engagement. As a part of its work with the C40 network's Global Green New Deal pilots, Accra has held collaborative workshops with informal waste and recycling workers as well as conducting focus groups with communities to understand their needs as the city looks at improving its recycling rates and protecting livelihoods. Inclusion is also key to implementation. Barcelona has created a Climate Shelter Network of municipal facilities and public spaces available to vulnerable citizens that ensure they can keep cool during high temperatures. In 2021, the city more than doubled the locations in the network from 70 to 155; 90% of the population is now a 10-minute walk from a shelter. By 2030, the city aims to have the entire population five minutes away from one.

In the coming year, C40 Cities UK will support the C40 network to continue to drive science-based, equitable action. The network will be directing two thirds of its funding to the Global South, targeting global funding to ensure a fair and just urban transition, and leading a landmark rollout of air quality measures worldwide to nearly 100 cities.

Throughout 2021, C40 Cities UK contributed towards the progress of the C40 network towards the five goals for each city set out in the C40 Cities Network 2021 – 2024 Business Plan:

1. Plan: City has adopted a resilient and inclusive climate action plan aligned with the 1.5 °C ambition of the Paris Agreement, and updates it regularly

By the end of 2021, 61 C40 cities have a resilient and inclusive climate action plan. Collectively, C40 cities are committed to delivering their fair share of halving emissions by 2030. By the end of 2021, a significant majority of C40 cities had 1.5°C-aligned city action plans to protect residents, create jobs, address inequalities and tackle the global climate crisis. The remainder of C40 cities continue to work on completing their climate roadmaps, despite the ongoing challenges of COVID-19. As 2021 drew to a close, the C40 network's programme to help cities develop their Climate Action Plans concluded in record time.

Spotlight on City Climate Action Plan

In 2016, Rio de Janeiro committed to deliver the objectives of the Paris Agreement, and the C40 network has been proud to support the city in their journey. Supported by C40 Cities, UN Habitat, UNICEF and the British Government, the city launched its Plan for Sustainable Development and Climate Action in 2021. The plan sets a clear path to a sustainable, resilient and inclusive city embracing the commitment to reduce harmful greenhouse gas emissions by 20% in 2030, compared to the 2017 baseline, with Rio committing to reach net-zero emissions by 2050.

2. Deliver: In 2024, the city remains on track to deliver its climate action plan, contributing to increased resilience, equitable outcomes and halving the C40 network's overall emissions by 2030

C40 Cities Network mayors have been implementing ambitious climate action for years and have built a respected reputation as a result. As Time magazine said in their headline of November 2021: 'Countries Brought Big Promises to COP26. Cities Brought Actions'. Nonetheless, cities know they need to radically step up the pace of implementation during this decade.

In 2021, C40 cities implemented another 68 high-impact climate actions. These included implementation of city-wide speed restrictions to increase road-safety, restrictions for single use and non-recyclable materials to reduce emissions, actions for phasing out of fossil or solid fuel for heating and cooking, and an increase in green spaces and canopy cover in vulnerable areas to reduce urban heat risk.

Spotlight

1) Air Quality

London has become a world leader in tackling the issue through delivering substantive new policies and programmes to address the top causes of air pollution emissions. In April 2019, the Mayor of London launched the world's first Ultra Low Emission Zone (ULEZ), which contributed to a reduction of 44 % in roadside NO₂ in central London. In October 2021, London expanded the ULEZ to 18 times the previous central area and covering 4 million people. London supported 15,000 micro-businesses and lower-income residents to shift to greener transport options through a successful £61m scrappage scheme.

2) Financing

The C40 Cities Finance Facility, a joint partnership between the C40 network and GIZ, enables cities in Global South and emerging economies to access finance for implementation of inclusive and equitable climate infrastructure projects. The 15 infrastructure projects supported by the CFF are projected to access approximately \$648 million dollars of finance for implementation, contributing to 2.6 million tons of GHG emissions reduction. Cities such as Bogota, Curitiba, Jakarta, Mexico City, Rio de Janeiro, Durban, Guadalajara and Quezon City have already linked to the appropriate sources of finance, and many projects are already implemented or under implementation.

3. Mainstream: City uses the necessary financial, regulatory and other tools at their disposal to address the climate crisis and mainstreams their inclusive climate targets into the most impactful city decision-making processes

Climate action needs to be embedded across all city government activities if cities are to overcome the climate emergency and achieve a green and just recovery from the COVID-19 crisis. There is no single solution, as every city has its own set of institutional and political structures, and they are best placed to decide how to integrate their climate actions.

Spotlight

1) Climate Budget

One highly successful and innovative approach is climate budgeting¹. Oslo's pioneered this approach in 2017, and the [2021 climate budget](#) was their fifth such budget. Oslo's [Climate and Energy Strategy](#) outlines the city's ambitious climate goals, which include a 95% reduction in emissions by 2030 compared to 2009 – in line with the 1.5°C target of the Paris Agreement. Oslo's innovative approach is working. The city's emissions are declining, despite being one of the fastest growing cities in Europe. Cities - including Stockholm, Barcelona, Berlin, Montreal, Paris and Tshwane - have already adopted climate budgeting, either through creating and integrating full climate budgets across governance structures or by developing key elements of the approach.

2) Urban Nature

As a part of her Transform Freetown Agenda, Mayor Yvonne Aki-Sawyerr launched the #FreetownTheTreeTown campaign in January 2020, with the objective of planting, growing and digitally tracking one million trees, restoring 3,000 hectares of land and sequestering approximately 76,000 tons of CO2 by 2022. The approach harnesses innovative and low-cost digital technology for tree-tracking, while creating employment for women and youth: over 1,200 green jobs were created in 2020/21. In 2020 alone, 250,000 trees were planted, and work to plant another 300,000 trees, shrubs and grasses, including mangroves, was underway in 2021. The project is carried out by teams of community growers (88% youth and 44% women) and supported by Community Climate Action Ambassadors, made up of youth, women, business, religious, cultural and political leaders.

¹ A climate budget is a governance system which embeds climate targets and considerations into all decision-making, as part of a city's annual financial budgeting process. It presents the city's measures to reduce emissions along with their calculated effect and cost and appoints responsibility for delivering and monitoring them

4. Innovate: City innovates and starts taking inclusive action to address emissions and climate risk beyond the direct control of the city government, such as associated with goods & services consumed in their city

Today's proven solutions were yesterday's innovations. Tackling consumption-based emissions will require both leadership and innovation on topics like food and construction. The C40 network draws together existing data and practice to help its member cities explore the next level of city climate ambition.

Spotlight

Milan recently received international recognition for its work in the field of food waste. In 2021, the city was chosen as one of the first ever winners of the Earthshot Prize, the most prestigious global environment prize in history. Milan has created a series of local food hubs to recover surplus food from retailers and food service operators and redistribute them through organisations supporting those in need. This is part of an effort to reduce food insecurity, ensuring that no edible food is wasted, with the aim of cutting food waste in half by 2030. Currently, four local food hubs are active. Each month, more than 10 tons of surplus food is recovered, corresponding to the equivalent of 154,000 meals per year. Crucially, the hub scheme allowed Milan to respond rapidly to city residents' needs during the early stages of the COVID-19 pandemic, where ten food waste hubs were set up for people to donate food which was then collected and redistributed to those in need. Milan leads the C40 Food Systems Network and has been instrumental in working with other peer cities in the network to share good practice.

5. Lead: Mayor and the city demonstrate global climate leadership and inspire others to act in support of the Paris Agreement.

C40 mayors are most influential when they combine action at home with advocacy to those beyond their borders. C40 city mayors know that they need to build alliances with other cities, civil society, labour movements, business and national governments. The power of such alliances can influence the narrative around climate change, change public opinion, shift markets, and shape national policies and international climate talks – ultimately driving further ambition and action in the field of environmental protection, leading the world to achieving its target of keeping global heating under 1.5°C.

Spotlight

1) Cities Race to Zero

The C40 network's leadership and influence were recognised in the run-up to COP26 and at the crucial climate conference held in Glasgow for the C40 network's role in mobilising cities in the UN-backed High-Level Climate Champions Race to Zero campaign. The C40 network was critical in setting the ambition criteria of this campaign and aligning it with Deadline 2020. Under the C40 network's leadership, seven global partners came together to offer a single-entry point for cities. Through the Cities Race to Zero portal hosted by the C40 network, more than 1,000 cities committed to halve their emissions by 2030 and take immediate action.

C40 Cities Inc's then chair, Mayor Eric Garcetti of Los Angeles, was the city representative invited to announce the Cities Race to Zero contribution to the heads of states at the COP26 World Leaders Summit. Mayor Garcetti was also selected by the UK host as the sole representative of cities in the COP26 advisory body convened by the British Presidency called "Friends of COP".

Stats:

- 1049 cities signed onto the Race to Zero

- they are committed to 1.5°C – the global standard for climate action.
- New estimates from Global Covenant of Mayors for Climate & Energy show that this collective action has the potential to reduce global emissions by at least 1.4 gigatons annually by 2030.

1) Translating ambitions into accountability

In 2021, the C40 network announced that another 31 Danish municipalities had committed to develop climate action plans using the C40 Climate Action Planning Framework. They joined the existing 64 Danish municipalities that already are a part of the DK2020 project since its 2019 launch. This means that Denmark is close to having all its municipalities developing plans committed to keeping global heating below 1.5°C. The DK2020 project is inspired by the C40 network's Deadline 2020 project, which set a global framework for how cities and municipalities can contribute to achieving the objectives of the Paris Agreement. The partners behind the project are Realdania, Local Government Denmark (KL), and the five Danish regions, with CONCITO² and the C40 network leading the project, as well as being knowledge partners. Thanks to the success of this initiative, partners are now having discussions with partners in other countries of the world on how to adopt and adapt this model, globally.

2) Global Youth and Mayors Forum

Members of the 2020-21 C40 [Global Youth and Mayors Forum](#) have collaboratively created [a playbook](#) that can help strengthen meaningful youth engagement in climate action in cities across the world. It was launched at COP26. The playbook has been informed by insights shared by youth climate leaders and contributions from 15 cities, including case studies that showcase a variety of approaches to meaningful youth engagement that have driven increased and more inclusive climate action. The playbook also contains top tips for young people who are engaging with cities and decision-makers, gathered from youth climate leaders.

Fundraising

In 2021 C40 Cities UK's income was predominantly granted by C40 Cities Inc. C40 Cities UK does not currently and has no future plans to use third party fundraising organisations, nor does it carry out telephone or direct mail fundraising. C40 UK fundraising from external funders has been affected by Brexit. Some funders who previously funded C40 UK prefer to fund organisations based in the European Union. Organisations in the wider C40 network will now work with these funders. However, C40 Cities UK's ability to further its charitable purposes is unaffected by this change, as its majority funding has always been received from C40 Inc.

C40 Cities Inc has a small global fundraising team focused on securing income to enable the C40 network globally to deliver its programmes for reducing climate change and its impacts.

Key management personnel remuneration

The C40 Cities UK Board approved a remuneration policy in 2017. The main objective of the remuneration policy is to attract, retain and reward talented staff and management by offering compensation that is competitive within the sector. The intention of this is to motivate management to achieve C40 Cities UK's strategic objectives and encourage high levels of performance. Depending on the company's performance and financial position, and the level of inflation, the Management Team will aim to offer, at their discretion, an annual cost of living increase to staff salaries. Staff who are within the boundaries of their grade and

² Denmark's leading climate think tank

have demonstrated good performance over the year may also be paid an additional sum over and above inflation. The Board is responsible for approving the budget, of which salaries form part, on an annual basis. Any annual salary award is made to staff effective 1 January each year. The Executive Director works globally and is employed by C40 Cities UK. His remuneration is set by the Trustees of C40 Cities UK in agreement with the Board of C40 Cities Inc.

C40 Cities UK approves all new compensation arrangements based on, to the extent reasonably available, information about compensation paid by similarly situated not-for-profit or charitable organisations, or organisations in comparable sectors for similar services, current compensation surveys compiled by independent firms, actual written offers from similarly situated organisations, and other relevant information.

Key management personnel are the Management Team listed on Page 14.

Plans for Future Periods

On 1 January 2021, the C40 network's new strengthened membership requirements or "Leadership Standards" went into effect, unanimously approved by the C40 Steering Committee. As the trustees of C40 Cities UK consider that the charity's continued membership of the C40 network is in the charity's best interests in pursuit of its charitable purposes, C40 Cities UK is bound by these environmental focussed standards.

The C40 Leadership Standards 2021-2024 are as follows:

- 1. Plan.** City has adopted a resilient and inclusive climate action plan aligned with the 1.5°C ambition of the Paris Agreement, and updates it regularly;
- 2. Deliver.** In 2024, city remains on track to deliver its climate action plan, contributing to increased resilience, equitable outcomes and halving C40's overall emissions by 2030;
- 3. Mainstream.** City uses the necessary financial, regulatory and other tools at their disposal to address the climate crisis and mainstreams their equitable climate targets into the most impactful city decision-making processes;
- 4. Innovate.** City innovates and starts taking inclusive and resilient action to address emissions beyond the direct control of the city government, such as associated with goods and services consumed in their city;
- 5. Lead.** Mayor and the city demonstrate global climate leadership and inspire others to act in support of the Paris Agreement.

The C40 Business Plan for 2021-2024 was launched at the same time, which C40 Cities UK has agreed to support and implement as part of delivery of its charitable purposes. The overarching focus is on enabling accelerated implementation of cities' climate action plans and using this as a springboard for political leadership. The C40 network's aim is to support member cities as they implement their robust, science-based climate action plans which are aligned with the 1.5°C target of the Paris Agreement and prioritise increasing climate resilience and equity. If this is achieved, C40 cities will see emissions reductions consistent with halving their collective emissions by 2030.

The new C40 Business Plan reflects the immediate priorities of its cities' mayors in respect of tackling climate change and global emissions, building also on the Mayors' Agenda for a Green and Just Recovery, which translated the vision of the Global Green New Deal into the new context of the COVID-19 pandemic.

In the coming years, the C40 network will shift its in-depth regional resources to focus on the highest priority and highest impact climate actions in each region. When providing assistance, it will concentrate on its unique ability to support mayors in making the case for and enacting ambitious and sometimes difficult environmental policies, by building coalitions of support and facilitating peer-to-peer knowledge exchange. The C40 network will also work to elevate the voices and impact of civic actors even further, thereby shifting the regional and global debate on how to drive increased ambition and action. It will support city mayors to form coalitions with partners from business, labour, youth climate movements and wider civil society, and inspire more than 1,000 cities beyond C40's membership to commit to the same ambition and action. It will support its cities' key civic actors as they seek to partner with national governments to accelerate action and meet science-based targets, and the finance and investment community around the world to stop funding things that make climate breakdown worse and instead catalyse the urgent and transformative change the world needs to avoid climate breakdown. C40 will help its cities' civic actors to use their city's strong track records domestically to bring hope, energy, best practices, and a universal narrative to others. C40 Cities UK will contribute to these objectives as part of the C40 network.

The delivery of the 2021-2024 Business Plan is the priority of C40 Cities UK in the next few years, in particular supporting accelerated climate action implementation in cities, through best practice sharing, and direct support in key areas such as building energy efficiency, as part of the C40 network.

Financial Review

Fund balance, income and expenditure

During 2021, C40 Cities UK received income of £8.4m (2020: £7.2m) and incurred £8.3m of expenses (2020: £8.2m). C40 UK income in 2021 was in the form of a grant from C40 Inc. to deliver activities in the C40 Network business plan.

As a result, C40 Cities UK generated a net surplus of £0.1m in 2021, which increased the £0.7m brought forward reserves to £0.8m of reserves by the year-end. This comprises unrestricted reserves of £0.7m, and restricted reserves of £0.1m. This is in line with the board-approved reserves policy.

Reserves and Investment Policy

Unrestricted reserves are available to be applied, at the discretion of the Trustees, to any of C40 Cities UK's charitable purposes. Restricted reserves are to be applied to the specific project intended by the donor.

Trustees seek to retain a prudent level of reserves from unrestricted income.

Trustees base their reserves policy on the identified needs to:

- Ensure sufficient working capital for the following months, particularly to provide against a failure to receive funds for the income in budget in a timely fashion.
- Mitigate the risk of unforeseen expenditure, in particular the need to embrace new initiatives and opportunities when they arise, and which are not in budget.

- Support innovative programmes where they require a period of development and testing to prove their case.
- Maintain adequate funds to ensure an orderly winding down of discontinued operations.

C40 Cities UK is funded by restricted and unrestricted grants from C40 Cities Inc. C40 Cities UK requests and receives its grant income from C40 Cities Inc in sterling, and the majority of its expenditure is in sterling, so C40 Cities UK does not need to hold reserves against adverse movement in exchange rates.

C40 Cities Inc has committed to supporting C40 Cities UK in its statutory and contractual obligations to a maximum amount of £1 million for a period of two years from 12 April 2022 in order to permit an orderly wind-down.

Given the commitment it has received from C40 Cities Inc, the Trustees of C40 Cities UK require one month of total organisational expenditure to be kept as an unrestricted reserve. Based on the 2022 budget, C40 Cities UK seeks to hold unrestricted reserves in the region of £0.6m. As at 31 December 2021, unrestricted reserves were £0.7m, and the cash balance was £0.1m.

Trustees believe that unrestricted reserves, being in line with the reserves policy, stand at a satisfactory level.

Cash held on deposit

C40 Cities UK holds an interest-bearing bank account, and grant funds received from C40 Cities Inc in advance of expenditure are occasionally placed on deposit.

Structure, Governance and Management

Governing Document

The organisation is a charitable company limited by guarantee, incorporated on 29 September 2016 and registered as a charity on 22 May 2017. The company is governed under its Memorandum and Articles of Association. In the event of the company being wound up, members are required to contribute an amount not exceeding £1.

Member

The sole Member of C40 Cities UK is C40 Cities Climate Leadership Group Inc. ("C40 Cities Inc"), a non-stock, non-profit corporation registered in the state of Delaware, that is exempt from federal income tax under section 501(c)(3) of the US Internal Revenue Code. C40 Cities Inc is at the centre of a network of over 90 of the world's megacities committed to addressing climate change. The mayors of C40 Cities Inc's member cities elect representatives to a Steering Committee, which sets the strategic direction of C40 Cities Inc and elects C40 Cities Inc's Chair from its members. The Mayor of London, Sadiq Khan, is currently the Chair of C40 Cities Inc's Steering Committee. C40 Cities Inc also has a Board of Directors, made up of independent individuals representing various C40 network partners, which oversees its governance and management. Michael R. Bloomberg, founder of Bloomberg LP & Bloomberg Philanthropies, and former Mayor of New York City is the President of the C40 Cities Inc Board of Directors.

Charity Activities

The charity's income is comprised of donations from C40 Cities Inc. C40 Cities Inc is funded by unrestricted grants from its three strategic funders, Bloomberg Philanthropies, Children's Investment Fund Foundation

(CIFF) and Realdania, and by restricted grants both from its strategic funders and a variety of other funders.

Recruitment and Appointment of the Trustees

The Directors of the company are also charity Trustees for the purposes of charity law. Under the charity's Articles of Association, Trustees are appointed by the sole member, C40 Cities Inc. Trustees serve until the fourth Annual Retirement Meeting after their appointment, when they can be reappointed for an indefinite number of terms – however, we would expect Trustees to serve for no more than two terms, and we will plan succession on that basis.

During the period, all Trustees gave their time on a voluntary basis, and they did not receive any benefits from the charity.

Trustee Induction and Training

A Trustee induction is carried out for all new Trustees, covering the purpose of the charity, a review of the charity's governing documents, policies and procedures, and the roles and responsibilities of Trustees, including the Trustees' duty to act at all times in the interests of the charity and the Trustees' duty to avoid conflicts of interest. The Trustee induction includes meetings with senior staff. Trustee training is provided, most recently in March 2019. Training is scheduled for the second quarter of 2022.

Trustees are experienced in their fields, and were selected based on their varied skills sets, including climate change, fundraising, international operations, finance and charity governance. We are pleased to highlight the gender diversity of the Board, being 75% female leadership.

The Trustees are aware of and endeavour to comply with the Charity Governance Code. In particular, there is close coordination between the Trustees and senior management to ensure the effective management of the charity. The Trustees act with integrity and care, complying with a Code of Conduct and conflict of interest policy. Trustees manage risk through C40 Cities UK's risk register that is regularly reviewed by the Trustees.

Trustee Meetings

Trustees met formally two times during the period, at which meetings they approved a revised Safeguarding Policy, reviewed the Risk Register, approved the charity's 2020 Annual Report and Accounts for the period ending 31 December 2020, approved the 2022 budget, approved grant income, approved the charity's contribution to the C40 Cities network's global 2021-2024 Business Plan, and received reports from the Executive Director on the C40 network's global progress against its goals. Trustees receive updates on the charity's activities and delivery and those of the wider network between meetings as appropriate. Trustees also reviewed the management accounts against budget at each meeting.

Trustees and staff interact regularly between meetings: specifically, the Executive Director speaks with the Chair on a frequent basis; and the Director of Corporate Services and Deputy Executive Director speak with Board members in advance of each Board meeting.

Delegated Management

Executive management is delegated to the Executive Director, who is also the Executive Director of C40 Cities Inc, and to a global Management Team which includes employees of both C40 Cities UK and C40 Cities Inc. The members of the Management Team during the period were:

Executive Director
Deputy Executive Director
Managing Director of Corporate Services
Managing Director of Climate Planning, Finance and Partnerships
Managing Director of Regions and Mayoral Engagement
Managing Director of Climate Action Implementation
Managing Director of Communications and Events
Managing Director of International Diplomacy
Managing Director of Governance

Mark Watts
Kevin Austin
Juliette Carter
Andrea Fernandez
Hastings Chikoko
Shannon Lawrence
Lamia Senousi
David Miller
Anna Beech

Mark Watts, Kevin Austin, Juliette Carter, Andrea Fernandez, Shannon Lawrence, Lamia Senousi and Anna Beech are employed by C40 Cities UK. Hastings Chikoko and David Miller are employed directly or indirectly by C40 Cities Inc.

Principal risks and uncertainties

C40 Cities Inc maintains a global Risk Register in relation to the C40 Cities Network, as well as a C40 Cities UK specific risk register. Each risk and its mitigating action are owned by a member of the Management Team, who discuss and review the risks as required at quarterly meetings, and the register is reviewed formally on a monthly basis. The mitigating actions are put into place to reduce the likelihood or impact of any detrimental events.

The Trustees consider the key risk facing C40 Cities UK is the high concentration of funding received from C40 Cities Inc. To mitigate this risk, a Cooperation Agreement between C40 Cities Inc and C40 Cities UK is in place to record their ongoing relationship to strengthen their joint efforts in the service of environmental issues and to promote joint working between the parties.

The Trustees have also considered the impact of COVID-19 on the entity's ability to continue as a going concern though cash flow forecasts up to April 2023. These forecasts have been prepared on the basis of moderate growth in the current funding arrangements. Further details are set out in note 1. COVID-19 is not considered to have a material impact on these forecasts and therefore the entity's ability to continue as a going concern. The Trustees of C40 Cities UK, having considered its current funding arrangements believe it is appropriate to prepare the accounts on a going concern basis.

The Trustees report, which incorporates the strategic report was approved by the Board of Trustees on 26 April 2022 and signed on its behalf by:



Antha Williams
Chair

Statement of Trustees' Responsibilities in Respect of the Trustees' Annual Report and the Financial Statements

The trustees are responsible for preparing the Trustees' Annual Report³ and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the income and expenditure for that period. In preparing these financial statements, the [directors]/[trustees]¹¹ are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the charitable company or to cease operations or have no realistic alternative but to do so.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdiction.

Independent auditor's report to the members of C40 Cities Climate Leadership UK

Opinion

We have audited the financial statements of **C40 Cities Climate Leadership UK** ("the charitable company") for the year ended December 2021 which comprise the Statement of Financial Activities, Balance Sheet and Statement of Cash Flows and related notes, and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the charitable company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The trustees have prepared the financial statements on the going concern basis as they do not intend to liquidate the charitable company or to cease its operations, and as they have concluded that the charitable company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the trustees' conclusions, we considered the inherent risks to the charitable company's business model and analysed how those risks might affect the charitable company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the trustees' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the charitable company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud.

Our risk assessment procedures included:

- Enquiring of Trustees and management, and inspection of policy documentation as to the Charity’s high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Trustees Board minutes
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we performed procedures to address the risk of management override of controls, in particular the risks that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition as management has limited incentive or opportunity to manipulate income.

We did not identify any additional fraud risks.

We also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included the last five revenue journals, unusual journals posted to seldom used account codes and journals posted with unusual combinations.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with Trustees and management as required by auditing standards. Additionally, we discussed with management the relevant policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The Charitable company is subject to laws and regulations that directly affect the financial statements including, financial reporting legislation (including related companies legislation and the Charities SORP), distributable profits legislation and taxation legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst, the Charitable Company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or

disclosures in the financial statements. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the trustees and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The trustees are responsible for the other information, which comprises the Trustees' Annual Report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the Trustees' Annual Report, which constitutes the strategic report for the financial year, is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- the charitable company has not kept adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit[.]/[; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Trustees' responsibilities

As explained more fully in their statement set out on page 15, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

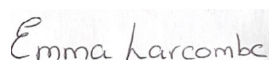
Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Emma Larcombe (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

Botanic House
100 Hills Road
Cambridge
CB2 1AR
28 April 2022

C40 Cities Climate Leadership UK
Statement of Financial Activities (including Income and Expenditure) for the year ended
31 December 2021

		Unrestricted 2021 £'000	Restricted 2021 £'000	Total 2021 £'000	Total 2020 £'000
	Notes				
Income from:					
Donations		6,143	2,309	8,452	7,160
Other income		1	-	1	4
Total Income	3	<u>6,144</u>	<u>2,309</u>	<u>8,453</u>	<u>7,164</u>
 Expenditure on:					
Raising funds		39	-	39	-
Charitable activities	5	5,963	2,283	8,246	8,231
Total Expenditure		<u>6,002</u>	<u>2,283</u>	<u>8,285</u>	<u>8,231</u>
 Net income / (expenditure) for the year		142	26	168	(1,067)
 Reconciliation of funds					
Total funds brought forward		583	83	666	1,733
Total funds carried forward		<u>725</u>	<u>109</u>	<u>834</u>	<u>666</u>

The accompanying notes are an integral part of these financial statements.

C40 Cities Climate Leadership UK
Balance Sheet at 31 December 2021

		2021	2020
		£'000	£'000
Fixed Assets	Note		
Tangible Assets	7	-	1
Current Assets			
Debtors	8	1,210	155
Cash at Bank and in Hand		89	1,001
		<u>1,299</u>	<u>1,156</u>
Current Liabilities			
Creditors	9	<u>(465)</u>	<u>(491)</u>
 Net Current Assets		 <u>834</u>	 <u>665</u>
Total Net Assets		<u>834</u>	<u>666</u>
Represented by:			
Funds and reserves			
Restricted funds	10	109	83
Unrestricted funds	11	<u>725</u>	<u>583</u>
Total funds		<u>834</u>	<u>666</u>

The accompanying notes are an integral part of these financial statements.

These financial statements were approved by the Board of Trustees on 26 April 2022 and were signed on its behalf by:



Antha Williams, Chair of Trustees

C40 Cities Climate Leadership UK
Statement of cash flows for the year ended 31 December 2021

	2021 £'000	2020 £'000
Cash flow from operating activities:		
Net income / (expenditure) for the year	168	(1,067)
<i>Adjustment for:</i>		
Depreciation and amortisation charge	1	2
(Increase) / Decrease in debtors	(1,055)	233
(Decrease) / Increase in creditors	(26)	(16)
Net cash absorbed by operating activities	(1,080)	219
Change in cash and cash equivalents in the year	(912)	(848)
Cash and cash equivalents at the beginning of the year	1,001	1,849
Cash and cash equivalents at the end of the year	89	1,001

The accompanying notes are an integral part of these financial statements.

C40 Cities Climate Leadership UK

Notes forming part of the financial statements for the year ended 31 December 2021

1) Basis of accounting and going concern

The financial statements have been prepared on the basis of historical cost in accordance with applicable accounting standards in the United Kingdom, the Companies Act 2006 and the Charities Act 2011. These financial statements are prepared in accordance with the Accounting and Reporting by Charities Statement of Recommended Practice (SORP 2015) under FRS 102 accounting framework.

The trustees have assessed whether the use of the going concern basis is appropriate. C40 Cities UK's funding for its expenditure is provided by grant income from C40 Cities Inc. C40 Cities UK and C40 Cities Inc work to a joint operational plan in order to fulfil a common set of objectives. C40 Cities UK therefore has a reasonable expectation that funding will continue to flow from C40 Cities Inc to enable these objectives to be achieved. There is no competition between the two entities and others in the group for sources of finance. C40 Cities Inc is considered to be a going concern on the basis that adequate funding agreements with Strategic Funders are either in place or have been pledged to cover the current Business Plan period, being 2021-2024.

C40 Cities UK continues to see some operational impacts from COVID-19, due to reduced ability for staff to travel and hold face-to-face meetings with member city governments. Despite this, C40 Cities UK has continued to operate effectively. C40 Cities UK staff work using a hybrid working arrangement, with employees working from both home and the office.

The trustees have assessed cash flow forecasts up to 30 April 2023 which show that C40 Cities UK can meet its liabilities as they fall due. These forecasts have been prepared with the key assumption being that there is moderate growth in the current funding arrangements. In the event that future funding is not available to allow C40 Cities UK to continue with its activities, C40 Inc has undertaken to provide unconditional and irrevocable financial support, either in the form of a grant or another form, to the value of GBP 1m to permit an orderly wind-down. The forecast used to assess the going concern basis of preparation does not rely on these arrangements. The trustees of C40 Cities UK, having considered its current funding arrangements and the status of the discussions for the next funding cycle, believe it is appropriate to prepare the accounts on a going concern basis.

A summary of the principle accounting policies, which have been applied consistently, is set out below.

2) Accounting policies

a) Income

Income is included in the Statement of Financial Activities when the charity is entitled to the income, the income is probable and the amount can be quantified with reasonable accuracy. Grant income is recognised when it becomes due in accordance with the grant agreements.

b) Expenditure

Expenditure is accounted for on an accruals basis.

Expenditure on fundraising includes the salaries of the fundraising staff and the direct costs associated with generating income. No support costs or overheads are allocated to expenditure on fund raising since the amounts would be immaterial.

Expenditure on charitable activities includes direct expenses incurred on the defined goals of the charity and attributable support costs including overheads. The basis of allocation of support costs is the proportion of C40 global staff costs spent on each of the goals of the charity. Support costs include governance costs such as legal and audit costs associated with meeting constitutional and statutory requirements.

C40 Cities Climate Leadership UK

Notes forming part of the financial statements for the year ended 31 December 2021

c) Fund accounting

Unrestricted funds are used at the discretion of the trustees for the furtherance of the general objects of the charity.

Designated funds are unrestricted funds which have been set aside by the trustees for specific purposes or projects.

Restricted funds are those funds that have restrictions imposed by donors and can only be used for those purposes. They are not available for any other work than that specified by the donor.

d) Accounting estimates

An accounting estimate was used in the valuation of income received in kind, relating to the office space and associated services provided to the charity by Bloomberg L.P. The estimation technique used was based on the costs per square foot derived from local rental costs. The amount recognised reflects the value of the gift to the charity.

e) Tangible fixed assets

Tangible fixed assets, comprising computers and other equipment, are stated at cost less accumulated depreciation. Assets are depreciated on a straight-line basis over an estimated useful economic life of three years. Assets less than £1,500 are not capitalised.

f) Taxation

C40 Cities UK is a registered charity and is therefore not liable for corporation tax derived from its charitable activities as it falls within the exemptions available to registered charities. VAT, which is irrecoverable, is included within expenditure.

g) Pension

C40 Cities UK makes payments into a defined contribution pension scheme. The pension costs are allocated to activities and between restricted/unrestricted funds according to where the related staff costs are allocated.

C40 Cities Climate Leadership UK
Notes forming part of the financial statements for the year ended 31 December 2021

3) Income from donations

The charity's donations total is comprised solely of donations from C40 Inc and Bloomberg

	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	2021	2021	2021	2020	2020	2020
	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000
Grant income	5,354	2,309	7,663	3,900	2,527	6,427
In-kind income	789	-	789	733	-	733
	6,143	2,309	8,452	4,633	2,527	7,160

Further information about the grant income from C40 Inc can be found in the Related Parties note 13.

4) Donated goods and services

C40 Cities UK receives in-kind income in the form of office space and associated services from Bloomberg LP. The accounting policy in relation to this is in note 2 d) Accounting estimates. See also related party disclosure in note 13.

	Direct costs	Allocation of support costs	Total
	2021	2021	2021
	£ '000	£ '000	£ '000
5) Expenditure			
Leadership Standard 1: Plan	338	160	498
Leadership Standard 2: Deliver	3,601	982	4,583
Leadership Standard 3: Mainstream	1,054	407	1,461
Leadership Standard 4: Innovate	227	155	382
Leadership Standard 5: Lead	852	470	1,322
	6,072	2,174	8,246

Support costs above include:	2021	2020
Governance costs:	£ '000	£ '000
Audit costs	32	13
Legal costs	50	56
Total	82	69

As set out in the Trustees Report, 2021 is the first year of C40's new Business Plan. Under the new Business Plan, expenses are categorised according to Leadership Standard. This is a change from the previous Business Plan under which expenses were categorised according to Goal. Expenditure for 2021 has therefore been analysed in this note by Leadership Standard, while the prior year expenditure remains analysed by Goal. As a result, expenditure for both 2020 and 2021 is disclosed according to the relevant Business Plan for each year.

C40 Cities Climate Leadership UK
Notes forming part of the financial statements for the year ended 31 December 2021

	Direct costs	Allocation of support costs	Total
	2020	2020	2020
	£ '000	£ '000	£ '000
Goal 1: Engage Mayoral leadership	766	90	856
Goal 2: Support Cities to prepare robust climate change inventories, targets and plans	1,345	569	1,914
Goal 3: Accelerate action through peer-to-peer exchange and direct support	1,922	630	2,552
Goal 4: Remove barriers to city climate action	1,068	115	1,183
Goal 5: Provide global thought leadership, agenda-setting communications and world class events	1,326	400	1,726
	6,427	1,804	8,231

6) Staff costs, trustee remuneration and expenses and costs of key management personnel

a) Staff costs comprise:	2021	2020
	£ '000	£ '000
Wages and salaries	6,178	6,136
Social security costs	685	639
Pension costs	284	268
Other staff costs	22	52
	7,169	7,095

The average number of employees during the year was as follows:

2021	2020
No.	No.
123	115

Staff costs for the year include total termination benefits of £40,281 (2020: £6,379). This comprises compensation payments and payments in lieu of notice. £30,103 of the total was accrued at the year end (2020: £nil).

C40 Cities Climate Leadership UK
Notes forming part of the financial statements for the year ended 31 December 2021

Employee benefits, excluding non-contractual payments, employer pension costs and employer's NI, of higher paid staff within the following scales were:

	2021	2020
£60,000 - £69,999	4	4
£70,000 - £79,999	7	7
£80,000 - £89,999	-	3
£90,000 - £99,999	2	1
£100,000 - £109,999	-	1
£110,000 - £119,999	2	2
£120,000 - £129,999	-	-
£130,000 - £139,999	-	-
£140,000 - £149,999	-	-
£150,000 - £159,999	1	1
£160,000 - £169,999	-	-
£170,000 - £179,999	1	1

As outlined in note 13, C40 Cities UK and C40 Inc are aligned with their charitable aims, and staff work in the pursuit of these aims. The disclosure in this note relates to staff who are employed by C40 Cities UK.

None of the charity's trustees were paid or received any other benefits during the year, nor were any expenses incurred or reimbursed.

The total employee benefits received by key management personnel during the year were £942,412.

7) Tangible assets	Total
	£ '000
Cost	
At 1 January 2021	6
Additions	-
At 31 December 2021	<u>6</u>
Depreciation	
At 1 January 2021	5
Charge for the year	<u>1</u>
At 31 December 2021	<u>6</u>
Net book value	
At 31 December 2021	<u>-</u>
At 31 December 2020	<u>1</u>

C40 Cities Climate Leadership UK
Notes forming part of the financial statements for the year ended 31 December 2021

8) Debtors	2021	2020
	£ '000	£ '000
Prepayments	30	38
Due from other C40 entities	1,175	113
Sundry debtors	5	4
Total debtors	1,210	155

9) Creditors	2021	2020
	£ '000	£ '000
Trade creditors	64	66
Accruals	218	233
PAYE and National Insurance	183	192
Total creditors	465	491

10) Restricted funds

Restricted funds are those funds that must be used in accordance with donors' wishes.

AXA Group These funds are restricted to the Infrastructure Interdependency project.
C40 Inc These funds are an allocation of amounts granted to C40 Inc for work carried out by C40 Cities UK, and are restricted to the terms of the original grant agreements between C40 Inc and its funders.

	Balance at 1 January 2021	Income 2021	Expenditure 2021	Balance at 31 December 2021
	£ '000	£ '000	£ '000	£ '000
Restricted funds:				
AXA Group	10	-	(10)	-
C40 Inc	73	2,309	(2,273)	109
	83	2,309	(2,283)	109

C40 Cities Climate Leadership UK
Notes forming part of the financial statements for the year ended 31 December 2021

11) Analysis of net assets between funds

	Unrestricted funds 2021 £ '000	Restricted funds 2021 £ '000	Total 2021 £ '000	Total 2020 £ '000
Fund balances at 31 December 2021 are represented by:				
Tangible Fixed Assets	-	-	-	1
Current assets	1,135	164	1,299	1,156
Creditors: amounts falling due within one year	(410)	(55)	(465)	(491)
Total net assets	725	109	834	666

12) Liability of member

The liability of the member is limited to £1.

13) Related Parties

The sole member of C40 Cities Climate Leadership UK (C40 Cities UK) is C40 Cities Climate Leadership Group Inc (C40 Inc), a non-stock, non-profit corporation registered in the state of Delaware (registered address: 120 Park Avenue, 23rd Floor, New York, NY 10017, USA). C40 Cities UK and C40 Inc have common global goals which all staff work towards. A memorandum of understanding outlines how the two entities work together towards these shared charitable aims.

One of the trustees of C40 Cities UK is also a Director of C40 Inc. During the year, C40 Cities UK received grant income from C40 Inc totalling £7,662,802, being £5,353,628 unrestricted grant income and £2,309,174 restricted grant income. Of the total grant income, £7,617,615 was received in cash and £45,187 was received as non-cash income arising from expenditure on Bank of America credit cards by C40 Cities UK staff. The grant income received from C40 Inc represents 91% of C40 Cities UK's total income.

As identified in note 3, C40 Cities UK received income in kind in relation to office space and associated services from Bloomberg LP. Bloomberg Philanthropies is a donor of C40 Inc.

There were no other related party transactions.

Accounts

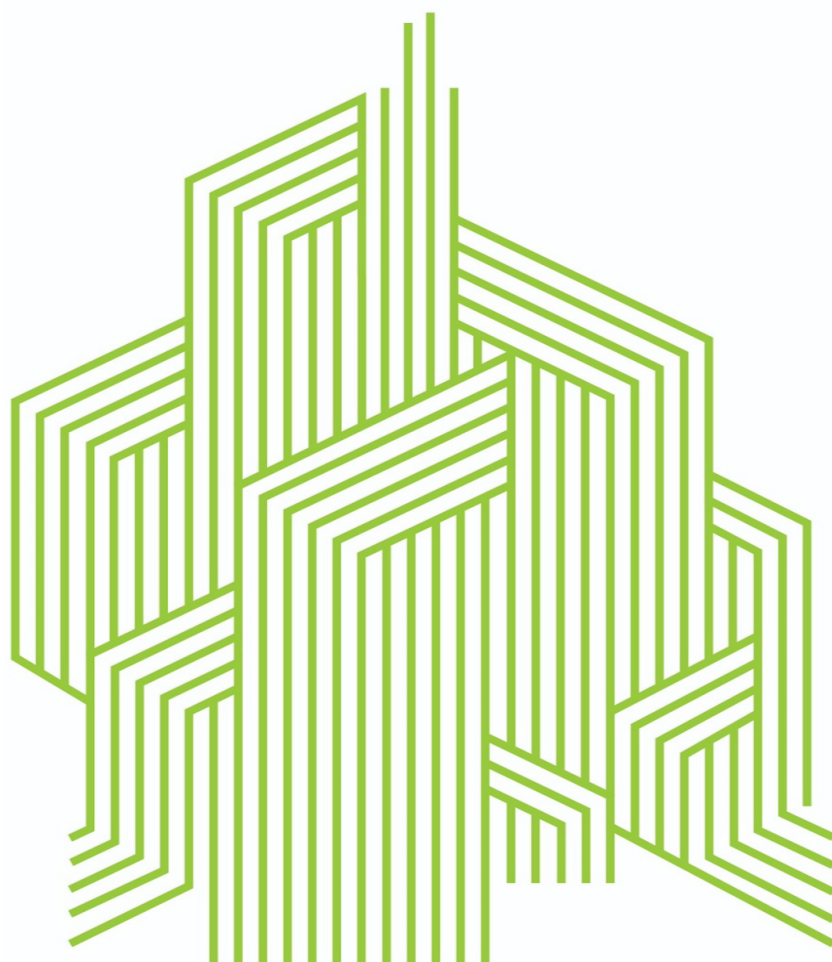
C40 Cities Climate Leadership UK

(C40 Cities UK)
(A company limited by guarantee)

Report and Financial Statements for the year ended 31 December 2020

Charity number 1173124

Company number 10401717



C40 Cities Climate Leadership UK

Report and Financial Statements For the year ended 31 December 2020

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C40 Cities Climate Leadership UK

Report and Financial Statements For the year ended 31 December 2020

Charity name	C40 Cities Climate Leadership UK
Principal and registered office	3 Queen Victoria Street, London, EC4N 4TQ
Charity number	1173124
Company number	10401717
Board of Directors	
The trustees who served during the period were:	
Antha Williams (Chair)	
Pelle Lind Bournonville	
Jemma Read	
Henrietta Foster	
Company Secretary	Kevin Austin
Chief Executive	Mark Watts
Auditor	KPMG LLP, 15 Canada Square, London, E14 5GL
Solicitors	Bates Wells Brathwaite, 10 Queen Street Place London, EC4R 1BE
Bankers	NatWest Bank, 94 Moorgate, London, EC2M 6UR

Report of the Directors for the year ended 31 December 2020

The Trustees (who are the directors) of C40 Cities Climate Leadership UK ("C40 Cities UK"), are pleased to present their report and financial statements for the charity for the year ended 31 December 2020.

The accounts (financial statements) have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2015.

The charity is registered with the Charity Commission under registration number 10401717.

C40 Cities UK contributes towards the global strategy of its sole member, C40 Cities Climate Leadership Group Inc ("C40 Cities Inc"), therefore, throughout the Aims and Objectives and Achievement and Performance sections of this report, reference is made to the activities of C40 Cities Inc during this financial year.

Our Aims and Objectives

Purposes and Aims

The purposes and aims of C40 Cities UK, as set out in the objects contained in the company's Memorandum and Articles of Association, are:

The **advancement** of environmental protection and conservation of the natural environment, particularly by promoting the reduction of greenhouse gases (including carbon dioxide, methane and any other gases that may be identified from time to time as having a global warming potential);

- To promote sustainable development for the benefit of the public by the promotion of sustainable means of achieving economic growth and regeneration;
- To advance the education of the public in subjects relating to global warming, climate change, sustainable development and the protection, enhancement and rehabilitation of the environment and to promote study and research in such subjects provided that the useful results of such study are disseminated to the public at large; and
- Such other objects, as shall be exclusively charitable by the law of England and Wales as the Trustees shall decide

Sustainable development means "development which meets the needs of the present without compromising the ability of future generations to meet their own needs".

Public benefit

The achievement of the above aims drives our business planning. The beneficiaries of the charity are all global

citizens. The Achievements and Performance section below contains more information on how our work has contributed to the reduction of global greenhouse gas emissions over the last year.

The Trustees confirm that they have complied with the duty in section 17 of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit when exercising any powers or duties to which the guidance is relevant.

Mission

C40 Cities UK operates as part of the C40 Cities Network. The C40 Cities Network is headed by C40 Cities Inc (the sole member of C40 Cities UK).

The C40 Cities Network is a network of nearly 100 mayors of the world's leading cities. It is working to deliver the urgent action needed right now to confront the climate crisis and create a future where everyone, everywhere can thrive. Mayors of C40 cities are committed to using a science-based and people-focused approach to help the world limit global heating to 1.5°C and build healthy, equitable and resilient communities. Through a Global Green New Deal, mayors are working alongside a broad coalition of representatives from labour, business, the youth climate movement and civil society to go further and faster than ever before.

The Trustees of C40 Cities UK believe that operating as part of the C40 Cities Network and adopting the strategy set by C40 Cities Inc is the most effective way of maximising the charitable impact of C40 Cities UK. This approach allows C40 Cities UK to work in partnership with other organisations in the C40 Cities Network around the world and with other partner organisations in order to achieve its charitable objects (which are global in nature).

Having worked towards C40 Cities Inc's 2017 – 2020 Business Plan (which was approved by the Steering Committee in 2016) throughout 2017 – 2019 period, the Trustees of C40 Cities UK decided that contributing to the C40 Inc Business Plan continued to be in the interests of the charity in support of its charitable objects for 2020. The Business Plan sets out a collaborative strategy for advancement of the common mission of organisations within the global C40 Cities Network. It sets out a bold agenda, with its central focus to enable each C40 Cities Network mayor to commit to a climate action plan for their city in line with what is needed to deliver the Paris Agreement on climate change.

The Business Plan establishes the following five goals for each organisation in the C40 Cities Network:

Goal 1 - Engage mayoral leadership

Goal 2 - Support cities to prepare robust climate inventories, targets and plans

Goal 3 - Accelerate action through peer-to-peer exchange and direct support

Goal 4 - Remove barriers to city climate action

Goal 5 - Provide global thought leadership, agenda-setting communications and world class events

The C40 Cities Network's Participation Standards for membership are conditions for ongoing C40 membership. They also encourage all cities to have developed and be implementing, by the end of 2020, a climate action plan compatible with the Paris Agreement goal to constrain global average temperature rise below 1.5°C, while improving resiliency and inclusivity.

Achievements and Performance

Despite the ongoing COVID-19 pandemic, C40 Cities UK enjoyed a successful year in 2020, during which it contributed to the implementation of the C40 Cities Network Business Plan goals, in support of its charitable objects. C40 Cities Inc and C40 Cities UK worked in co-operation to maximise impact in advancing their compatible objects which are global in nature.

C40 Cities UK substantively contributed to providing direct support to 97 cities of the C40 Cities Network. C40's key programmes are driven by data-based reports like Deadline 2020 and assigned quantifiable targets. Our progress on these targets is monitored thanks to reporting frameworks like the Global Protocol for Community-Scale Greenhouse Gas Emission Inventories (GPC), the Carbon Disclosure Project (CDP), and the Global Covenant of Mayors' Common Reporting Framework (CRF), ensuring consistency across our regions and with the work of partner organizations.

2020 presented unprecedented challenges for cities, countries, and communities around the world. A global pandemic, the deepest recession since before the Second World War, a reckoning with racial injustice: all these crises crossed borders, reached into our homes, and upended our lives -- and all were compounded by the impacts of a climate emergency.

By 2020, 88 C40 mayors have committed to develop 1.5°C climate action plans to help limit global heating to 1.5°C and build healthy, equitable and resilient communities. The majority of cities are finalising these plans early in 2021. The C40 Steering Committee formally adopted the requirement that all C40 cities demonstrate progress toward a 1.5°C action plan in order to stay in the organization. In 2020, C40 launched new initiatives, including the Green Ports Forum, the Water Security Network, and a Pilot Implementation Initiative supporting cities to deliver inclusive climate action, in line with the vision for a Global Green New Deal.

The citizens of 97 cities of the C40 Cities Network are the ultimate beneficiaries of the charity's achievements. These 97 cities are the world's leading cities, representing over 700 million citizens and one quarter of the global economy. The mayors of these cities are committed to delivering on the most ambitious goals of the Paris Agreement at the local level, as well as to cleaning the air we breathe. Ultimately, the charity's efforts will contribute towards a more liveable and sustainable future for all global citizens.

Throughout 2020, C40 Cities UK contributed towards the progress of C40 Cities Inc and the C40 Cities Network towards the five goals set out in the C40 Cities Network 2017 – 2020 Business Plan:

Goal 1: Engage mayoral leadership – mayors are engaged and show leadership in the climate change agenda

- 29 C40 Network mayors have pledged to procure only zero-emission buses from 2025 and to ensure that a major area of their city is zero emission by 2030, with a potential for more than 120,000 zero emission buses.
- 23 C40 Network mayors committed to all zero-carbon new buildings by 2030. This alone could result in equivalent carbon savings of shutting down nearly 50 coal-fired power stations.
- 21 C40 Network mayors committed to advance towards zero-waste, diverting 130 million tonnes of waste by 2030. 18 C40 Cities Network mayors are already banning single use plastic.

- 37 C40 Network mayors pledged to set targets and implement policies towards meeting WHO air quality guidelines by 2030.
- 14 C40 mayors committed to achieve a Planetary Health Diet for all and reduce food loss and waste by 50% by 2030. 19 C40 Network mayors are already implementing policies to encourage low-carbon diets.
- 10 C40 Network mayors committed to divest from fossil fuel companies and invest in green and just recovery from COVID-19 crisis. These green investments are already estimated to yield average returns of 6.9% per year for sustainable funds, as opposed to 6.3% per year for traditionally invested funds.
- 3 C40 Network mayors pledged to reduce by 50% embodied emissions for new buildings and major retrofits and from infrastructure projects in their cities by 2030, in collaboration with leading companies and innovative business communities
- C40 Cities UK staff have supported on the project management, technical support and communication of these commitments.

Goal 2: Support cities to prepare robust climate inventories, targets and plans consistent with 1.5 °C target

- In 2020, C40 Cities Inc continued to devote additional resources to supporting cities in across all regions, with additional in-depth assistance in Latin America, South East Asia, China, and Africa, to develop their climate action plans. It is a condition of membership that all member cities must have a Climate Action Plan. There have been some delays due to COVID, but 54 member cities are already compliant. The programme is supported by C40 Cities UK staff in project management and administrative roles.
 - C40 Network mayors committed publicly to tough climate targets to deliver and implement Paris compatible action plans. By mid-2021, a majority of C40 cities are expected to have developed such action plans.
 - The Climate Action Planning Resource Centre continued to support C40 Cities Network and non-C40 Cities Network cities with a wide range of tools and resources to help city climate planners in the process of delivering climate action consistent with the objectives of the Paris Agreement.

Goal 3: Accelerate climate change actions and reduce costs through peer-to-peer exchange and direct support in the C40 Cities Network

- Working across multiple sectors and issues, C40 Cities Inc convened peer-to-peer best-practice sharing networks which provided a range of services in support of cities' climate change efforts. C40 Cities Network currently has 19 networks and forums covering topics which are of the highest priority for C40 Cities Network cities and have potential for the greatest climate impact in mitigation, adaptation and sustainability.
- The Green Ports Forum, launched in November 2020, will newly connect port cities and ports around the world in implementing policies and programs that mitigate air pollution and greenhouse gas emissions from ports, shipping and supply chains.
- The Water Security Network, launched in October 2020, will be helping cities to plan for and deliver best practice solutions on securing water supply and sustainably managing water in a changing climate.
- The C40 Knowledge Hub provides unique insights and expertly curated content geared specifically towards city decision makers and practitioners across a wide range of topics, as well

as AI-driven peer-to-peer connection, training and engagement tools. In 2020 alone, it has been visited by 111,000 users from over 200 countries and 9,500 municipalities.

- Since the onset of the COVID-19 pandemic, C40 also supported member cities in their response and recovery, while building on sustainability principles. The C40 peer sharing networks were quickly repurposed to enable rapid exchange of lessons learned and even direct support between cities, like personal protective equipment. For example, the food systems network normally focuses on city policies for healthy and low carbon food in places like schools. It quickly pivoted to helping cities share lessons on distributing sustainable food packages to the most vulnerable. The air quality and transport networks helped cities open up over 220km of new bike lanes. The building networks advised cities on how to generate jobs quickly through building retrofits. The waste networks helped cities provide for vulnerable residents and protect key workers across public services. The land use planning network turned its attention to identifying sites for virus testing and to repurposing buildings as hospitals and homeless shelters.

Goal 4: Remove barriers to action – key barriers to climate action are removed

- The C40 Cities Finance Facility (“CFF”), work undertaken substantially by C40 Cities UK, continues to support cities to access financial resources. In 2020, the initiative supported 20 projects in 17 cities with in-depth technical assistance and capacity development. In December 2020, the CFF was recognised as one of the winners of the United Nations Awards in the category of Financing for Climate Friendly Investment.
- The Financing Sustainable Cities Initiative (“FSCI”), also substantially undertaken by C40 Cities UK, helps cities accelerate and scale-up investment in sustainable urban solutions through capacity building, peer knowledge-sharing, and technical assistance, across clean energy, transportation and adaptation projects. From 2018-2020, the program has provided technical assistance to at least 25 C40 cities through six Finance Academies.
- The C40 Divest/Invest forum is a first-of-its-kind initiative to help urban leaders make the leap to effective and efficient divestment and accelerate green investment. The Forum is designed to support cities and their pension funds in developing Divest/Invest strategies. The new C40 declaration “Divesting from Fossil Fuels, Investing in a Sustainable Future”, launched in November 2020 and signed by 10 major C40 cities, champions fossil fuel-free, green finance as a key strategy for rebuilding equitable, sustainable urban economies and increasing resilience against future crises.

Goal 5: Provide global thought leadership, agenda-setting communications and world-class events

The pandemic has not stopped C40 Cities Network mayors from delivering on their world-leading climate ambitions. C40 mayors have continued to lead by example and set global standards, both with regards to climate crisis and the COVID-19 response and green & just recovery.

- In March 2020, the C40 Chair and Mayor of Los Angeles convened a **virtual meeting of 45 mayors and senior city leaders representing 360 million people across 31 countries** to share experiences on how to save lives and protect livelihoods during the COVID-19 pandemic.
- In April 2020, C40 mayors united to **launch the Global Mayors COVID-19 Recovery Task Force**, to rebuild our cities and economies in a way that improves public health, reduces inequality and addresses the climate crisis. The Task Force released a set of governing Principles for a Green and

Just Recovery from the pandemic, such as that recovery should not be a return to 'business-as-usual' - because that is a world on track for 3°C or more of over-heating, and that the recovery must address issues of equity.

- In July 2020, while C40 was supporting cities in their battle against the pandemic outbreaks, the mayoral Task Force started advocating for a **Green and Just Recovery Agenda**. It calls on national and regional governments, central banks and international finance institutions to support cities in their efforts by ensuring recovery and stimulus packages support a fair and sustainable transition.
- In October 2020, the **Case for a Green and Just Recovery report**, commissioned by the Mayoral Task Force mayors, provided decision-makers with more information on how stimulus packages may affect cities. It compared how urban greenhouse gas emissions, health and jobs could fare under a green and just recovery compared to a return to a scenario where the world opts to spend stimulus funding on a high-carbon recovery (see main findings opposite).
- In October 2020, the call for a green and just COVID-19 recovery became **Urban 20 (U20) cities' central message to the G20**. The U20 communique also made a strong call for G20 countries to increase ambition ahead of COP26 by "substantially reducing GHG emissions with the aim to collectively deliver the 50% global reduction required by 2030 and reaching carbon neutrality no later than 2050" through carbon-neutral cities and nature-based solutions, among others.
- In December 2020, to **honour the 5th anniversary of the Paris Agreement**, the City of Paris, with support from C40, organised a Zero Carbon Forum, with 30 international mayors speaking and over 800,000 viewers tuning in through online platforms. The Forum celebrated the role of cities in the implementation of the Paris Agreement, and the progress made since 2015, with C40 announcing that 54 cities are now on track to deliver the Paris Agreement. At the Climate Ambition Summit in London the next day, 75 countries presented new commitments on mitigation, adaptation and finance.
- At the end of 2020, **C40 launched the "Cities Race to Zero" campaign alongside committed partners**, which looks to enlist 1,000 cities to sign on to our target commitments as part of the multi-stakeholder Race to Zero initiative of the High-Level Climate Champions. In the lead up to the UN Climate Change Conference (COP26) in late 2021, Cities Race to Zero will be the biggest climate action pledge ever made by any group of governments.
- The **C40 Knowledge Hub COVID-19 Portal** and associated articles were viewed more than 65,000 times during 2020, representing approximately 20% of all site traffic for the year.

Fundraising

In 2020 all of C40 Cities UK's income was granted by C40 Cities Inc. C40 Cities UK does not currently and has no future plans to use third party fundraising organisations, nor does it carry out telephone or direct mail fundraising. C40 UK fundraising from external funders has been affected by Brexit. Some funders who previously funded C40 UK prefer to fund organisations based in the European Union. Organisations in the wider C40 network will now work with these funders.

C40 Cities Inc has a small global fundraising team focused on securing income to enable the C40 Cities Network globally to deliver its programmes for reducing climate change and its impacts.

Key management personnel remuneration

The C40 Cities UK Board approved a remuneration policy in 2017. The main objective of the remuneration policy is to attract, retain and reward talented staff and management by offering compensation that is

competitive within the sector. The intention of this is to motivate management to achieve C40 Cities UK's strategic objectives and encourage high levels of performance. Depending on the company's performance and financial position, and the level of inflation, the Management Team will aim to offer, at their discretion, an annual cost of living increase to staff salaries. Staff who are within the boundaries of their grade and have demonstrated good performance over the year may also be paid an additional sum over and above inflation. The Board is responsible for approving the budget, of which salaries form part, on an annual basis. Any annual salary award is made to staff effective 1 January each year. The Executive Director works globally and is employed by C40 Cities UK. His remuneration is set by the Trustees of C40 Cities UK in agreement with the Board of C40 Cities Inc.

C40 Cities UK approves all new compensation arrangements based on, to the extent reasonably available, information about compensation paid by similarly situated not-for-profit or charitable organisations, or organisations in comparable sectors for similar services, current compensation surveys compiled by independent firms, actual written offers from similarly situated organisations, and other relevant information.

Key management personnel are the Management Team listed on Page 13.

Plans for Future Periods

On January 1st of 2021, C40's new strengthened membership requirements or "Leadership Standards" went into effect, unanimously approved by the C40 Steering Committee.

The C40 Leadership Standards 2021-2024 are as follows:

- 1. Plan.** City has adopted a resilient and inclusive climate action plan aligned with the 1.5°C ambition of the Paris Agreement, and updates it regularly;
- 2. Deliver.** In 2024, city remains on track to deliver its climate action plan, contributing to increased resilience, equitable outcomes and halving C40's overall emissions by 2030;
- 3. Mainstream.** City uses the necessary financial, regulatory and other tools at their disposal to address the climate crisis and mainstreams their equitable climate targets into the most impactful city decision-making processes;
- 4. Innovate.** City innovates and starts taking inclusive and resilient action to address emissions beyond the direct control of the city government, such as associated with goods and services consumed in their city;
- 5. Lead.** Mayor and the city demonstrate global climate leadership and inspire others to act in support of the Paris Agreement.

The C40 Business Plan for 2021-2024 was launched at the same time, outlining how C40 staff will support our mayors to achieve these Standards. C40's aim is to support our cities as they implement their robust, science-based climate action plans which are aligned with the 1.5°C target of the Paris Agreement and prioritise increasing climate resilience and equity. If this is achieved, C40 cities will see emissions reductions consistent with halving their collective emissions by 2030.

The new C40 Business Plan reflects the immediate priorities of our mayors, building also on the Mayors' Agenda for a Green and Just Recovery, which translated the vision of the Global Green New Deal into the new context of the COVID-19 pandemic.

In the coming years, C40 will shift our in-depth regional resources to focus on the highest priority and highest impact climate actions in each region. When providing assistance, we will concentrate on our unique ability to support mayors in making the case for and enacting ambitious and sometimes difficult policies, by building coalitions of support and facilitating peer-to-peer knowledge exchange. We will also work to elevate the voices and impact of our mayors even further, thereby shifting the regional and global debate on how to drive increased ambition and action. We will support mayors to form coalitions with partners from business, labour, youth climate movements and wider civil society, and inspire more than 1,000 cities beyond C40's membership to commit to the same ambition and action. We will support our mayors as they seek to partner with national governments to accelerate action and meet science-based targets, and the finance and investment community around the world to stop funding things that make climate breakdown worse and instead catalyse the urgent and transformative change we need to avoid climate breakdown. We will help our mayors to use their strong track record domestically to bring hope, energy, best practices, and a universal narrative to others.

The delivery of the 2021-2024 Business Plan will be the priority of the C40 Cities Network in 2021, in particular supporting accelerated climate action implementation in cities, through best-practice sharing, and direct support in key areas such as building energy efficiency. C40 Cities UK will contribute to the delivery of the business plan described above.

Financial Review

Fund balance, income and expenditure

During 2020, C40 Cities UK received income of £7.2m (2019: £8.4m) and incurred £8.2m of expenses (2019: £7.6m). C40 UK income in 2020 was primarily in the form of a grant from C40 Inc. to deliver activities in the C40 Network business plan. C40 UK intentionally generated a loss of £1.0m in 2020. This had the effect of reducing the £1.7m of brought forward reserves to £0.7m of reserves by the year-end.

At 31 December 2020, C40 UK had total reserves of £0.7m. This was broken down into unrestricted reserves of £0.6m, and restricted reserves of £0.1m. This is in line with the board approved reserves policy.

Reserves and Investment Policy

Unrestricted reserves are available to be applied, at the discretion of the Trustees, to any of C40 Cities UK's charitable purposes. Restricted reserves are to be applied to the specific project intended by the donor.

Trustees seek to retain a prudent level of reserves from unrestricted income.

Trustees base their reserves policy on the identified needs to:

- Ensure sufficient working capital for the following months, particularly to provide against a failure to receive funds for the income in budget in a timely fashion.
- Mitigate the risk of unforeseen expenditure, in particular the need to embrace new initiatives and

opportunities when they arise, and which are not in budget.

- Support innovative programmes where they require a period of development and testing to prove their case.
- Maintain adequate funds to ensure an orderly winding down of discontinued operations.

C40 Cities UK is principally funded by restricted and unrestricted grants from C40 Cities Inc. C40 Cities UK requests and receives its grant income from C40 Cities Inc in sterling, and the majority of its expenditure is in sterling, so C40 Cities UK does not need to hold reserves against adverse movement in exchange rates.

C40 Cities Inc has committed to supporting C40 Cities UK in its statutory and contractual obligations to a maximum amount of £1 million for a period of two years from 22 May 2020 in order to permit an orderly wind-down.

Given the commitment it has received from C40 Cities Inc, the Trustees of C40 Cities UK require one month of total organisational expenditure to be kept as an unrestricted reserve. Based on the 2021 budget, C40 Cities UK seeks to hold unrestricted reserves in the region of £0.6m. As at 31 December 2020, unrestricted reserves were £0.6m, and the cash balance was £1.0m

Trustees believe that unrestricted reserves, being in line with the reserves policy, stand at a satisfactory level.

Cash held on deposit

C40 Cities UK holds an interest-bearing bank account, and grant funds received from C40 Cities Inc in advance of expenditure are occasionally placed on deposit.

Structure, Governance and Management

Governing Document

The organisation is a charitable company limited by guarantee, incorporated on 29 September 2016 and registered as a charity on 22 May 2017. The company is governed under its Memorandum and Articles of Association. In the event of the company being wound up, members are required to contribute an amount not exceeding £1.

Member

The sole Member of C40 Cities UK is C40 Cities Climate Leadership Group Inc. ("C40 Cities Inc"), a non-stock, non-profit corporation registered in the state of Delaware, that is exempt from federal income tax under section 501(c)(3) of the US Internal Revenue Code. C40 Cities Inc is at the centre of a network of over 90 of the world's megacities committed to addressing climate change. The mayors of C40 Cities Inc's member cities elect representatives to a Steering Committee, which sets the strategic direction of C40 Cities Inc and elects C40 Cities Inc's Chair from its members. Los Angeles Mayor, Eric Garcetti, is currently the Chair of C40 Cities Inc's Steering Committee. C40 Cities Inc also has a Board of Directors, made up of independent individuals representing various C40 partners, which oversees its governance and management. Michael R. Bloomberg, founder of Bloomberg LP & Bloomberg Philanthropies, and former Mayor of New York City is the President of the C40 Cities Inc Board of Directors.

Charity Activities

The charity's income is comprised of donations from funders, primarily C40 Cities Inc. C40 Cities Inc is funded by unrestricted grants from its three strategic funders, Bloomberg Philanthropies, Children's Investment Fund Foundation (CIFF) and Realdania, and by restricted grants both from its strategic funders and a variety of other funders.

Recruitment and Appointment of the Trustees

The Directors of the company are also charity Trustees for the purposes of charity law. Under the charity's Articles of Association, Trustees are appointed by the sole member, C40 Cities Inc. Trustees serve until the fourth Annual Retirement Meeting after their appointment, when they can be reappointed for an indefinite number of terms – however, we would expect Trustees to serve for no more than two terms, and we will plan succession on that basis.

During the period, all Trustees gave their time on a voluntary basis and they did not receive any benefits from the charity.

Trustee Induction and Training

A Trustee induction is carried out for all new Trustees, covering the purpose of the charity, a review of the charity's governing documents, policies and procedures, and the roles and responsibilities of Trustees, including the Trustees' duty to act at all times in the interests of the charity and the Trustees' duty to avoid conflicts of interest. The Trustee induction includes meetings with senior staff. Trustee training is provided, most recently in March 2019.

Trustees are experienced in their fields, and were selected based on their varied skills sets, including climate change, fundraising, international operations, finance and charity governance. We are pleased to highlight the gender diversity of the Board, being 75% female leadership.

The Trustees are aware of and endeavour to comply with the Charity Governance Code. In particular, there is close coordination between the Trustees and senior management to ensure the effective management of the charity. The Trustees act with integrity and care, complying with a Code of Conduct and conflict of interest policy. Trustees manage risk through C40's risk register that is regularly reviewed by the Trustees.

Trustee Meetings

Trustees met formally three times during the period, at which meetings they approved a revised Safeguarding Policy, reviewed the Risk Register, approved the charity's 2019 Annual Report and Accounts for the period ending 31 December 2019 approved the 2021 budget, approved grant income, approved the charity's contribution to the C40 Cities Network's global 2021-2024 Business Plan, and received reports from the Executive Director on the C40 Cities Network's global progress against its goals. Trustees receive updates on the charity's activities and delivery and those of the wider network between meetings as appropriate. Trustees also reviewed the management accounts against budget at each meeting.

Trustees and staff interact regularly between meetings: specifically, the Executive Director speaks with the Chair on a frequent basis; and the Director of Corporate Services and Deputy Executive Director speak with Board members in advance of each Board meeting.

Delegated Management

Executive management is delegated to the Executive Director, who is also the Executive Director of C40 Cities Inc, and to a global Management Team which includes employees of both C40 Cities UK and C40 Cities Inc. The members of the Management Team during the period were:

Executive Director	Mark Watts
Deputy Executive Director	Kevin Austin
Director of Corporate Services	Juliette Carter
Director of Governance & Global Partnerships	Andrea Fernandez
Director of Regions	Simon Hansen
Director of Global Initiatives	Shannon Lawrence
Director of Communications	H�rve Marro (left August 2020)
Director of International Diplomacy	David Miller
Director of Governance	Anna Beech

Mark Watts, Kevin Austin, Juliette Carter, Andrea Fernandez, Shannon Lawrence and Anna Beech are employed by C40 Cities UK. Simon Hansen, H rve Marro and David Miller are employed directly or indirectly by C40 Cities Inc.

Principal risks and uncertainties

C40 Cities Inc maintains a global Risk Register in relation to the C40 Cities Network, as well as a C40 Cities UK specific risk register. Each risk and its mitigating action are owned by a member of the Management Team, who discuss and review the risks as required at quarterly meetings, and the register is reviewed formally on a monthly basis. The mitigating actions are put into place to reduce the likelihood or impact of any detrimental events.

The Trustees consider the key risk facing C40 Cities UK is the high concentration of funding received from C40 Cities Inc. To mitigate this risk, a Cooperation Agreement between C40 Cities Inc and C40 Cities UK is in place to record their ongoing relationship to strengthen their joint efforts in the service of environmental issues and to promote joint working between the parties.

With regard to Brexit, which took place on 31 January 2020, the impact on the charitable purposes of C40 Cities UK has been largely mitigated by the registration of C40 Denmark in August 2019 allowing the C40 Cities Network to continue to benefit from European Union (EU) funding which will no longer be available to C40 Cities UK. During the November 2019 board meeting, the C40 Cities UK Board approved C40 Cities UK to become a member of C40 Denmark. The Board also approved Kevin Austin, Deputy Executive Director as representative of C40 Cities UK to C40 Denmark. Any future funding received from the European Union will be received by C40 Denmark. The risk posed by Brexit relating to staff from mainland Europe employed by C40 Cities UK has also been mitigated by the EU Settlement Scheme, under which EU nationals who are living in the UK prior to the Brexit date can apply and will be granted a settled or pre-settled status depending on the length of their residence in the UK. Where staff may be hired from mainland Europe after the Brexit date, they will be required to apply for European Temporary Leave to Remain, followed by an application under the new immigration system, potentially requiring employer's sponsorship. C40 Cities UK will assess each case as it arises.

On 11 March 2020, the World Health Organization declared the outbreak of Coronavirus COVID-19 a pandemic. Most global governments took restrictive measures to contain the spread of the virus, including: isolation, quarantine, restricting the free movement of people, closure of public and private premises (except those of basic necessity and health), closure of borders and a significant reduction in air, sea, rail and land transport. The COVID-19 pandemic had a limited operational impact on C40, as employees continued to operate effectively from home. There was an impact on the number of face-to-face meetings C40 Cities UK could run, including workshops and conferences, but many of these meetings moved to be run virtually.

The Trustees have also considered the impact of COVID-19 on the entity's ability to continue as a going concern though cash flow forecasts up to 30 June 2022. These forecasts have been prepared on a downside basis with the key assumption being that there is no growth in the current funding arrangements. Further details are set out in note 1. COVID-19 is not considered to have a material impact on these forecasts and therefore the entity's ability to continue as a going concern. The Trustees of C40 Cities UK, having considered its current funding arrangements and the status of the discussions for the next funding cycle, believe it is appropriate to prepare the accounts on a going concern basis.

The Trustees report, which incorporates the strategic report was approved by the Board of Trustees on 10 May 2021 and signed on its behalf by:



Antha Williams

Chair

Statement of Trustees' Responsibilities in Respect of the Trustees' Annual Report and the Financial Statements

The trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law they have are required to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the income over expenditure for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed have been followed, subject to any material departures disclosed and explained in the financial statements; and
- assess the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



Independent auditor's report to the members of C40 Cities Climate Leadership UK

Opinion

We have audited the financial statements of C40 Cities Climate Leadership UK ("the charitable company") for the year ended 31 December 2020 which comprise the Statement of Financial Activities, Balance Sheet and Statement of Cash Flows and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2020 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the charitable company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The trustees have prepared the financial statements on the going concern basis as they do not intend to liquidate the charitable company or to cease its operations, and as they have concluded that the charitable company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the trustees' conclusions, we considered the inherent risks to the charitable company's business model and analysed how those risks might affect the charitable company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the trustees' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the charitable company will continue in operation.



Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud.

Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the charitable company’s high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Trustee Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls and the risk of fraudulent income recognition is recorded in the wrong period and the risk that management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

In determining the audit procedures, we took into account the results of our evaluation and testing of the operating effectiveness of the Company-wide fraud risk management controls

We also performed procedures including:

- Inspecting grant agreements to determine if income has been recognised in line with accounting policy
- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual income and cash related accounts.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the charitable company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation and the Charities SORP), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the charitable company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most



likely to have such an effect: health and safety, anti-bribery, employment law, regulatory capital and liquidity and certain aspects of charitable company legislation recognising the nature of the charitable company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The trustees are responsible for the other information, which comprises the Trustees' Annual Report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the Trustees' Annual Report, which constitutes the strategic report for the financial year, is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- the charitable company has not kept adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.



Trustees' responsibilities

As explained more fully in their statement set out on page 15, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

Lynton Richmond

(Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

London

E14 5GL

17th May 2021

C40 Cities Climate Leadership UK
Statement of Financial Activities (including Income and Expenditure) for the year ended 31
December 2020

		Unrestricted	Restricted	Total	Total
		2020	2020	2020	2019
		£'000	£'000	£'000	£'000
	Notes				
Income from:					
Donations		4,633	2,527	7,160	8,411
Other income		4	-	4	9
Total Income	3	<u>4,637</u>	<u>2,527</u>	<u>7,164</u>	<u>8,420</u>
 Expenditure on:					
Raising funds		-	-	-	35
Charitable activities		4,875	3,356	8,231	7,587
Total Expenditure	5	<u>4,875</u>	<u>3,356</u>	<u>8,231</u>	<u>7,622</u>
 Net (expenditure) / income for the year		(238)	(829)	(1,067)	798
 Reconciliation of funds					
Total funds brought forward		821	912	1,733	935
Total funds carried forward		<u>583</u>	<u>83</u>	<u>666</u>	<u>1,733</u>

C40 Cities Climate Leadership UK
Balance Sheet at 31 December 2020

		2020	2019
		£'000	£'000
Fixed Assets	Note		
Tangible Assets	7	1	3
Current Assets			
Debtors	8	155	388
Cash at Bank and in Hand		<u>1,001</u>	<u>1,849</u>
		1,156	2,237
Current Liabilities			
Creditors	9	<u>(491)</u>	<u>(507)</u>
Net Current Assets		<u>665</u>	<u>1,730</u>
Total Net Assets		<u>666</u>	<u>1,733</u>
Represented by:			
Funds and reserves			
Restricted funds	11	83	912
Unrestricted funds	11	<u>583</u>	<u>821</u>
Total funds		<u>666</u>	<u>1,733</u>

These financial statements were approved by the Board of Trustees on 10th May 2021 and were signed on its behalf by:



Antha Williams, Chair of Trustees

C40 Cities Climate Leadership UK
Statement of cash flows for the year ended 31 December 2020

	2020 £'000	2019 £'000
Cash flow from operating activities:		
Net (expenditure) / income for the year	(1,067)	798
<i>Adjustment for:</i>		
Depreciation and amortisation charge	2	7
Decrease / (Increase) in debtors	233	(184)
(Decrease) in creditors	(16)	(2,230)
Net cash absorbed by operating activities	(848)	(1,609)
Change in cash and cash equivalents in the year	(848)	(1,609)
Cash and cash equivalents at the beginning of the year	1,849	3,458
Cash and cash equivalents at end of the year	1,001	1,849

C40 Cities Climate Leadership UK**Notes forming part of the financial statements for the year ended 31 December 2020****1) Basis of accounting and going concern**

The financial statements have been prepared on the basis of historical cost in accordance with applicable accounting standards in the United Kingdom, the Companies Act 2006 and the Charities Act 2011. These financial statements are prepared in accordance with the Accounting and Reporting by Charities Statement of Recommended Practice (SORP 2015) under FRS 102 accounting framework.

The trustees have assessed whether the use of the going concern basis is appropriate. C40 Cities UK's funding for its expenditure is provided by a number of grants, the most important of which are provided by C40 Cities Inc. C40 Cities UK and C40 Cities Inc work to joint operational plan in order to fulfil a common set of objectives. C40 Cities UK therefore has a reasonable expectation that funding will continue to flow from C40 Cities Inc to enable these objectives to be achieved. There is no competition between the two entities and others in the group for sources of finance. C40 Cities Inc is considered to be a going concern on the basis that adequate funding agreements with Strategic Funders are either in place or have been pledged to cover the current Business Plan period, being 2021-2024..

On 11 March 2020, the World Health Organization declared the outbreak of Coronavirus COVID-19 a pandemic. Throughout 2020, most global governments took restrictive measures to contain the spread of the virus, including: isolation, quarantine, restricting the free movement of people, closure of public premises, closure of borders and a significant reduction in air, sea, rail and land transport. The trustees consider that COVID-19 will not have a material impact on the ability of the Strategic Funders to make grants to C40 Cities Inc and in turn C40 Cities UK due to their size and the level of reserves in place. C40 Cities UK has seen some operational impacts from COVID-19, due to reduced ability for staff to travel and hold face-to-face meetings with member city governments. Despite this, C40 Cities UK has continued to operate effectively with employees working from home. The pandemic has been particularly prevalent in large cities and therefore provides C40 Cities UK with additional opportunities to work with key targets.

The trustees have assessed cash flow forecasts up to 30 June 2022 which show that C40 Cities UK can meet its liabilities as they fall due. These forecasts have been prepared on a downside basis with the key assumption being that there is no growth in the current funding arrangements. COVID-19 is not considered to have a material impact of these forecasts, and therefore the entity's ability to continue as a going concern. In the event that future funding is not available to allow C40 Cities UK to continue with its activities, C40 Inc has undertaken to provide unconditional and irrevocable financial support, either in the form of a grant or another form, to the value of GBP 1m to permit an orderly wind-down. The forecast used to assess the going concern basis of preparation does not rely on these arrangements. The trustees of C40 Cities UK, having considered its current funding arrangements and the status of the discussions for the next funding cycle, believe it is appropriate to prepare the accounts on a going concern basis.

A summary of the principle accounting policies, which have been applied consistently, is set out below.

2) Accounting policies**a) Income**

Income is included in the Statement of Financial Activities when the charity is entitled to the income, the income is probable and the amount can be quantified with reasonable accuracy. Grant income is recognised when it becomes due in accordance with the grant agreements.

b) Expenditure

Expenditure is accounted for on an accruals basis.

Expenditure on fundraising includes the salaries of the fundraising staff and the direct costs associated with generating income. No support costs or overheads are allocated to expenditure on fund raising since the amounts would be immaterial.

C40 Cities Climate Leadership UK
Notes forming part of the financial statements for the year ended 31 December 2020

Expenditure on charitable activities includes direct expenses incurred on the defined goals of the charity and attributable support costs including overheads. The basis of allocation of support costs is the proportion of C40 global staff costs spent on each of the goals of the charity. Support costs include governance costs such as legal and audit costs associated with meeting constitutional and statutory requirements.

c) Fund accounting

Unrestricted funds are used at the discretion of the trustees for the furtherance of the general objects of the charity.

Designated funds are unrestricted funds which have been set aside by the trustees for specific purposes or projects.

Restricted funds are those funds that have restrictions imposed by donors and can only be used for those purposes. They are not available for any other work than that specified by the donor.

d) Accounting estimates

An accounting estimate was used in the valuation of income received in kind, relating to the office space and associated services provided to the charity by Bloomberg L.P. The estimation technique used was based on the costs per square foot derived from local rental costs. The amount recognised reflects the value of the gift to the charity.

e) Tangible fixed assets

Tangible fixed assets, comprising computers and other equipment, are stated at cost less accumulated depreciation. Assets are depreciated on a straight-line basis over an estimated useful economic life of three years. Assets less than £1,500 are not capitalised.

f) Taxation

C40 Cities UK is a registered charity and is therefore not liable for corporation tax derived from its charitable activities as it falls within the exemptions available to registered charities. VAT, which is irrecoverable, is included within expenditure.

g) Pension

C40 Cities UK makes payments into a defined contribution pension scheme. The pension costs are allocated to activities and between restricted/unrestricted funds according to where the related staff costs are allocated.

C40 Cities Climate Leadership UK**Notes forming part of the financial statements for the year ended 31 December 2020****3) Income from donations**

The charity's donations total is comprised solely of donations from C40 Inc, Bloomberg LP and Climate-KIC.

	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	2020	2020	2020	2019	2019	2019
	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000
Grant income	3,900	2,527	6,427	3,788	3,856	7,644
In-kind income	733	-	733	767	-	767
	4,633	2,527	7,160	4,555	3,856	8,411

Further information about the grant income from C40 Inc can be found in the Related Parties note 13.

4) Donated goods and services

C40 Cities UK receives in-kind income in the form of office space and associated services from Bloomberg LP. The accounting policy in relation to this is in note 2 d) Accounting estimates. See also related party disclosure in note 13.

	Direct costs	Allocation of support costs	Total	Total
5) Expenditure	2020	2020	2020	2019
	£ '000	£ '000	£ '000	£ '000
Goal 1: Engage Mayoral leadership	766	90	856	783
Goal 2: Support Cities to prepare robust climate change inventories, targets and plans	1,345	569	1,914	1,772
Goal 3: Accelerate action through peer-to-peer exchange and direct support	1,922	630	2,552	2,198
Goal 4: Remove barriers to city climate action	1,068	115	1,183	1,168
Goal 5: Provide global thought leadership, agenda-setting communications and world class events	1,326	400	1,726	1,667
	6,427	1,804	8,231	7,588

Support costs above include:

	2020	2019
	£ '000	£ '000
Governance costs:		
Audit costs	13	27
Legal costs	56	18
Total	69	45

C40 Cities Climate Leadership UK
Notes forming part of the financial statements for the year ended 31 December 2020

6) Staff costs, trustee remuneration and expenses and costs of key management personnel

a) Staff costs comprise:	2020	2019
	£ '000	£ '000
Wages and salaries	6,136	4,547
Social security costs	639	500
Pension costs	268	203
Other staff costs	52	-
	<u>7,095</u>	<u>5,250</u>

The average number of employees during the year was as follows:

2020	2019
No.	No.
115	90

C40 Cities UK made termination payments totalling £6,379 in 2020 (2019: Nil).

Employee benefits, excluding employer pension costs and employer's NI, of higher paid staff within the following scales were:

	2020	2019
£60,000 - £69,999	4	10
£70,000 - £79,999	7	3
£80,000 - £89,999	3	1
£90,000 - £99,999	1	1
£100,000 - £109,999	1	2
£110,000 - £119,999	2	-
£120,000 - £129,999	-	-
£130,000 - £139,999	-	-
£140,000 - £149,999	-	1
£150,000 - £159,999	1	-
£160,000 - £169,999	-	-
£170,000 - £179,999	1	1

As outlined in note 13, C40 Cities UK and C40 Inc are aligned with their charitable aims, and staff work in the pursuit of these aims. The disclosure in this note relates to staff who are employed by C40 Cities UK.

None of the charity's trustees were paid or received any other benefits during the year, nor were any expenses reimbursed.

The total employee benefits received by key management personnel during the year were £767,939.

C40 Cities Climate Leadership UK
Notes forming part of the financial statements for the year ended 31 December 2020

7) Tangible assets	Total	
	£ '000	
Cost		
At 1 January 2020	6	
Additions	-	
At 31 December 2020	<u>6</u>	
Depreciation		
At 1 January 2020	3	
Charge for the year	2	
At 31 December 2020	<u>5</u>	
Net book value		
At 31 December 2020	<u>1</u>	
At 31 December 2019	<u>3</u>	
8) Debtors	2020	2019
	£ '000	£ '000
Trade debtors - donations receivable	-	170
Prepayments	38	42
Due from other C40 entities	113	173
Sundry debtors	4	3
Total debtors	<u>155</u>	<u>388</u>
9) Creditors	2020	2019
	£ '000	£ '000
Trade creditors	66	197
Accruals	233	172
PAYE and National Insurance	192	138
Total creditors	<u>491</u>	<u>507</u>

C40 Cities Climate Leadership UK
Notes forming part of the financial statements for the year ended 31 December 2020

10) Restricted funds

Restricted funds are those funds that must be used in accordance with donors' wishes.

AXA Group	These funds are restricted to the Infrastructure Interdependency project.
C40 Inc	These funds are an allocation of amounts granted to C40 Inc for work carried out by C40 Cities UK, and are restricted to the terms of the original grant agreements between C40 Inc and its funders.
Climate KIC	These funds are restricted to the following projects: Reinventing Cities, Lower Emissions Economy Partnership and Circular Economy.
L'Oréal	These funds are restricted to the Women4Climate project.
Michelin Foundation	These funds are restricted to the Women4Climate project.

	Balance at 1 Jan 2020	Income 2020	Expenditure 2020	Balance at 31 Dec 2020
	£ '000	£ '000	£ '000	£ '000
Restricted funds:				
AXA Group	12	-	(2)	10
C40 Inc	624	2,600	(3,151)	73
Climate KIC	-	(73)	73	-
L'Oréal	256	-	(256)	-
Michelin Foundation	20	-	(20)	-
	912	2,527	(3,356)	83

11) Analysis of net assets between funds

	Unrestricted funds 2020 £ '000	Restricted funds 2020 £ '000	Total 2020 £ '000	Total 2019 £ '000
Fund balances at 31 December 2020 are represented by:				
Tangible Fixed Assets	1	-	1	3
Current assets	873	283	1,156	2,237
Creditors: amounts falling due within one year	(291)	(200)	(491)	(507)
Total net assets	583	83	666	1,733

12) Liability of member

The liability of the member is limited to £1.

C40 Cities Climate Leadership UK
Notes forming part of the financial statements for the year ended 31 December 2020

13) Related Parties

The sole member of C40 Cities Climate Leadership UK (C40 Cities UK) is C40 Cities Climate Leadership Group Inc (C40 Inc), a non-stock, non-profit corporation registered in the state of Delaware (registered address: 120 Park Avenue, 23rd Floor, New York, NY 10017, USA). C40 Cities UK and C40 Inc have common global goals which all staff work towards. A memorandum of understanding outlines how the two entities work together towards these shared charitable aims.

One of the trustees of C40 Cities UK is also a Director of C40 Inc. During the year, C40 Cities UK received grant income from C40 Inc totalling £6,500,000, being £3,900,000 unrestricted grant income and £2,600,000 restricted grant income. All the grant income was received in cash. The grant income received from C40 Inc represents 91% of total income.

As identified in note 3, C40 Cities UK received income in kind in relation to office space and associated services from Bloomberg LP. Bloomberg Philanthropies is a donor of C40 Inc.

There were no other related party transactions.