

THE CLIMATE CHANGE ORGANISATION

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THE °CLIMATE GROUP

Annual Report and Accounts 2014/15
12 months to 30 June 2015

COMPANY NUMBER: 4964424
CHARITY NUMBER: 1102909



Board of Trustees' Report

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Chairman's message

Since 2004, The Climate Group has focused resolutely on making the economic and business case for a low carbon economy, working with the organisations and individuals that can make the greatest difference in the shortest time. Along with our many partners, the historic outcome at COP21 in Paris in December shows that our approach is bearing fruit.

There is no doubt that at least part of the success of COP21 is a result of a tangible shift in attitudes across government and business. Six years ago, when the world last tried to seal a new global climate deal at COP15 in Copenhagen, the dominant narrative was that ambitious climate action entailed economic sacrifice. In Paris, by contrast, the language was very much one of opportunity waiting to be grasped. Driving this shift has been at the heart of our work over the last decade.

Nevertheless, there still remains much to be done. While the leaders in the investment, corporate and sub-national government communities have demonstrated that bold climate action can bear economic fruit and have called for greater policy certainty, the task now is to ensure that the mainstream majority replicate and follow this leadership. In addition, we must also ensure that the new climate commitments pledged by many countries are not only implemented but that ambition levels are raised further. This will be essential if we are to peak global emissions by the end of the decade and safeguard the possibility of keeping the global temperature increase well below two degrees.

The work of The Climate Group over the coming year and beyond is therefore clear: we will continue to work with our partners in government and business to develop and communicate the climate and clean-tech solutions that can be replicated and scaled to create low carbon economies and a prosperous world for all and I look forward to working with the Trustees, and Mark and his team, to do so.

Phil Levermore

Chief executive's message

The Climate Group's financial year 2014-15 marked the beginning of the countdown in earnest to the Paris Climate Conference, UNFCCC COP21. Scheduled for December 2015, governments had agreed in 2012 that this would be the deadline for securing a new international agreement that would set a clear pathway for keeping average global temperature increases below 2 degrees above pre-industrial levels.

The result of COP21 – the Paris Agreement – is now widely known. In setting a clear long-term goal, mechanisms for aligning short-term mechanisms with this goal and processes for building trust and transparency, along with individual commitments by over 180 countries, the Agreement met and even surpassed many of our hopes.

Although most of our programmes do not depend on international policy and are intended to drive climate action even in the absence of a global agreement, much of our work contributed to this successful outcome. Leaders from our state and regional government and corporate communities played a significant role, both in demonstrating to national government ministers and negotiators that robust climate action can be good for the economy and in cheerleading for an ambitious new agreement.

These efforts began at Climate Week NYC 2014. With over a hundred affiliate events, the People's Climate March, the UN Climate Summit and a Signature event featuring renowned leaders from business, government and the UN, media reach surpassed all previous achievements. Numerous new commitments were announced – including our own RE100 campaign to convince the world's most influential companies to commit to 100% renewable power, the Compact of States and Regions, the first target-setting and reporting platform for state and regional governments, and We Mean Business, a coalition of the world's leading NGOs working with businesses to accelerate the transition to a low carbon economy – and a real sense of positive momentum began to emerge.

As the year progressed, so the initiatives we launched during Climate Week NYC gained traction. By the end of 2015, over forty governments had committed to the Compact of States and Regions, fifty three companies had signed up to RE100 and over 400 businesses had made commitments through the We Mean Business platform. Alongside this, our Bijli project in India, generously supported by the Dutch Postcode Lottery, provided clean energy to over ten times the number of people originally targeted and identified the key components of successful business models that will underpin the long-term sustainable expansion of the Distributed Rural Energy sector in the country. Our LED work also continued apace with consultations and technical analysis that have encouraged ever more local and regional authorities to switch to low energy lighting. At the same time, we made significant internal improvements, in particular to our budgeting and financial projections and I am delighted that in 2014-15 we made a significant financial surplus which enabled us to eliminate our deficit on reserves.

That 2014-15 was such a successful year is testament to the creativity and unrelenting hard work of my colleagues and the tremendous support provided to us by our trustees, directors and supporters around the world. I cannot thank them enough. The success of COP21 in Paris, while the result of the efforts of hundreds of organisations and thousands of people, was in no small way a vindication of The Climate Group's work over the last twelve years; the burgeoning belief amongst leaders that addressing climate change offers economic opportunity is the very outcome we sought to achieve when we first started operations back in 2004. Over the coming year, through our communications, our convening and our collaborations on specific projects, we will continue to push this message and encourage our partners to seize the opportunity that the shift to a Net Zero carbon economy so clearly presents.

Mark Kenber

About us

The Climate Group is an award-winning, international non-profit. Our vision is a prosperous, low carbon future for all. We believe this will be achieved through a 'clean revolution': the rapid scale-up of low carbon energy and technology.

We work with corporate and government leaders to develop and communicate climate and clean energy solutions that are replicable and scale-able.

With our partners we seek to develop finance mechanisms, innovative business models and supportive policy frameworks. We convene leaders and share hard evidence of successful low carbon growth. Together, we are working to cut greenhouse gas emissions today and lay the foundations for future low carbon prosperity.

Our global staff of over 50 professionals are located in offices in Greater China (Beijing and Hong Kong), North America (New York City), India (New Delhi) and Europe (London).

Box 1. Public Benefit

We take full account of the Charity Commission's general guidance on public benefit to ensure that our work programmes contribute to our charitable objects and aims.

Our objectives – set out in our governing document are:

To promote for the benefit of the public the protection of the world's climate systems in such parts of the world and by such charitable means as the Trustees may from time to time think fit.

*To advance the **education of the public** and interested parties in the effective reduction of greenhouse gases and to promote and carry out for the **public benefit research** into the effects of climate change and to publish and **widely disseminate** the useful results of such research.*

The challenge

This century, climate change will challenge the natural, social and economic systems on which humanity's development and prosperity depends.

To avoid the worst impacts requires cutting global emissions of greenhouse gases by more than half by 2050¹ and virtually eliminate them by 2100.

This means changing the way we produce and use energy, restoring our forests, changing our agricultural systems and ending our dependence on fossil fuels to power our economies.

The opportunity

Large scale investment in the building blocks of a low carbon economy can cut emissions today and eliminate them tomorrow.

Rapid scale-up of renewable energy, clean transportation technologies, ultra-energy efficient homes and buildings will also drive business innovation, help create jobs, and deliver healthier, more vibrant cities, towns and communities.

The benefits will accrue to all, but the greatest rewards will go to those that lead.

¹ The Intergovernmental Panel on Climate Change states that a reduction in greenhouse gas emissions of around 40-70% from 2010 levels is necessary for a two-in-three chance of keeping the increase in global temperature to 2°C.

Our vision

A prosperous, low carbon future for all.

Our mission

To inspire and convince leaders in government, business and society to reduce carbon emissions now and accelerate the transition to a low carbon economy.

Our philosophy

We believe that tackling climate change is an opportunity – an opportunity for creating a low carbon world and a better, more prosperous life for all.

To make this happen, all our work is guided by four key insights:

Climate change is an economic issue not just an environmental concern. Government and business leaders are sensitive to moral imperatives, but they respond best to clear messages and proposals that combine economic, social and environmental benefits. Leaders also respond better to approaches that enrol and involve people. So we present solutions professionally and in business terms, making the economic case for their implementation.

A small community has a big influence. A small number of organisations have a huge influence on the future economy and its carbon intensity. If the 200 sector-leading global companies, 50 leading governments (national, regional and city), and most influential individuals within these organisations – CEOs, political leaders, ministers, governors, mayors, senior executives and advisers – pursue the economic, strategic, social and environmental benefits of a low carbon future, their actions and commitments can be decisive in making it happen.

Partnerships are more effective than organisations acting alone. Our active network of governments, business and other partners enables new, innovative partnerships to generate original, bold and exciting actions for low carbon growth. We look to partner like-minded organisations to ensure that the total of our efforts is greater than the sum of their parts.

Clear communication of practical success stories drives action. Information about the science and economics of climate change is extensive, occasionally overwhelming, and often inaccessible to decision and opinion makers. Much can be achieved by presenting case studies and evidence of success in new and compelling ways, and by communicating a positive vision of a low carbon future at the same time as demonstrating that this future is truly achievable.

Delivering our charitable objectives

We deliver our **charitable objectives of public education, research and communication** through a variety of means:

Activity	Relevant Charitable Objective
Building coalitions that bring leaders together, bridging sectors and regional boundaries, with a particular focus on leading state and regional governments, major corporations and clean technology providers.	Communication; education
Delivering carbon reductions whilst benefiting local communities, by developing and delivering, replicable transformational projects with our partners in North America, Europe, China and India (recent examples include energy-efficient LED street lighting, and off-grid solar energy projects).	Research; education; communication
Building awareness of solutions, rewarding leadership and driving new commitments through media and communications campaigns including our websites and social media channels.	Education; communication
Sharing knowledge, removing barriers and facilitating new partnerships for action through focused events, forums and bilateral meetings including Climate Week NYC, our major annual forum in New York.	Communication; education
Demonstrating the benefits and opportunities of increased action through conducting research and producing publications and briefings for our network and the general public.	Research; education; communication

Box 2. Our Philanthropic Supporters

As a charity with no regular government funding and to ensure our continued independence, The Climate Group depends on the support of like-minded donors who appreciate the scale of the challenge that we face and the time-limited nature of an effective response.

Philanthropic supporters give more than just financial support. We value their leadership and view of the world, which is often different to our corporate and government partners. As such, we will continue to invite philanthropic supporters to join our International Leadership Council or to become Ambassadors where their leadership can help drive forward our vision.

Our current philanthropic supporters include the Prince Albert II of Monaco Foundation, the British High Commission – Delhi, Climate-KIC, the ClimateWorks Foundation, Goldman Sachs Environmental Markets Group, the Nationale Postcode Loterij (Dutch Postcode Lottery) and the Rockefeller Brothers Fund, as well as a number of private donors.

Box 3. Our Partners

We are a partnership driven and centred organisation. To deliver effective action on climate change at the scale required, we work with our government and business members – it is their leadership and action that ultimately drives progress. We work with partners to deliver specific projects, events and reports. We also work with other non-government organisations (NGOs) where our combined efforts and expertise can drive change forward more quickly.

NGOs: CDP is an official partner in our Clean Revolution initiative. We also work with a range of other non-profits and academic organisations in delivery of our programmes worldwide. Recent partners have included the World Resources Institute, Carbon War Room, The Carbon Trust, WWF, Forum for the Future, Institute for Sustainability, Ceres, the Institutional Investors Group on Climate Change, Metropolis, NRG4SD, R20 and S3IDF.

IGOs: The World Bank, United Nations Global Compact, Climate Knowledge Innovation Centre (Climate-KIC) and IRENA.

Compact of States and Regions: CDP, Climate-KIC, nrg4SD, R20, Center for the New Energy Economy, ICLEI, ENCORE. *States & Regions Alliance:* Pacific Coast Collaborative (PCC), World Bank, Governor's Climate and Forest's Taskforce (GCF). *We Mean Business Coalition:* BSR, B-Team, CDP, Ceres, Corporate Leaders Group, WBCSD.

States & Regions: Government of Australian Capital Territory, Government of Baden-Württemberg, Government of the Basque Country, Government of Bavaria, Government of Brittany, Government of California, Government of Catalonia, Government of Connecticut, Government of Gujarat, Government of Ile-de-France, Government of KwaZulu-Natal, Government of La Réunion, Government of Lombardy, Government of Manitoba, Government of New York State, Government of New South Wales, Government of North Rhine Westphalia, Government of Ontario, Government of Québec, Government of Quintana Roo, Government of Rhone-Alpes, Government of Rio de Janeiro State, Government of São Paulo State, Government of Scotland, Government of South Australia, Government of Tasmania, Government of Upper Austria, Government of Victoria, Government of Wales, Government of Wallonia.

Corporate: Arup, Bloomberg, BT, Broad Group, CB Richard Ellis Group, CECEP, CLP Holdings Limited, Dell, Duke Energy, En+ Group, Goldman Sachs, Greenstone Carbon Management, Hanergy, HP, IKEA, IWC Schaffhausen, Landsea, News Corporation, Philips, Procter & Gamble, Suzlon, Swiss Re, Taobao, VantagePoint Venture Partners. We also work with aligned companies and industry associations in the development of our programmes and events (recent examples including CapGemini, CityMart.com, Coca-Cola Enterprises, DESSC, Facebook, GE Lighting, Intel, Johnson Controls International, Kingfisher, Knight Frank, Lockheed Martin, Marblar, Nike, Research Triangle Institute, Selco and SKF) and look to profile selected start-up companies developing innovative and transformational products and services (examples include Beijing XinAo Concrete, bioMASON, Ecovative, Lowfoot, NewLight, One Earth Designs and Solar City).

International Leadership Council: We are also honoured to count on the guidance and support of the international leaders that make up The Climate Group's International Leadership Council (ILC). Chaired by the Rt Hon. Tony Blair, the ILC brings together leaders in business and government from around the world, to accelerate global action on climate change and drive low carbon economic transformation. (*For a full list of Council members see page 20*).

Advisory Boards: We work with small groups of experts to help us shape and guide our initiatives. See page 21 for a full list.

Our 2014/15 work plan

In 2014/15 we set out to embed our new three year strategy and deliver the projects and support functions that we believed would enable us to meet our 2017 strategic objectives. Our work plan was built around our four programmatic 'pillars' and our internal operations.

States & Regions

We aimed to:

- Work with partners, such as nrg4SD, R20, CDP, and government partners to operationalise the 'Compact of States & Regions' on sub-national climate commitments and reporting
- Continue working with CDP to develop the states and regional emissions reporting pilot into a full program platform
- Further develop and begin to implement our 'Policy Innovation Lab' to identify and scale successful state and regional policy innovations, through interventions in each stage of the "policy diffusion" process- increasing the pace of policy adoption worldwide
- Continue to facilitate peer-to-peer experience sharing around key climate and energy policy themes through the States & Regions Peer Forums
- Continue to strengthen and improve the governance and management of our States & Regions Alliance and recruit new members in key regions

Low Carbon Finance

We aimed to:

- Continue to advance our work on LED street lighting in India
- Continue to successfully manage the 'Bijli' project on off-grid rural energy in India, as well as advance related financing work with Goldman Sachs and US-AID
- Work with our partners in China to implement the Financing Energy and Environment Solutions (FEES) project

Smart Business Action

We aimed to:

- Formally launch the RE100 project at Climate Week NYC 2014, and continue to expand corporate membership through the year
- Continue the LED consultation project, working closely with our partner, Philips
- Begin phase one of our proposed 'Home 2025' project with IKEA looking at the low-carbon house for the coming decade
- Continue our work with our 'Net Positive' partners to further develop and begin embedding the concept within mainstream business
- Further develop our work with Xin Ao Concrete on sustainable building construction
- Hold our inaugural Beijing Global Cleantech Summit in September 2014 and begin planning for our second in 2015

Clean Revolution Leadership

We aimed to:

- Hold our sixth annual Climate Week NYC in September 2014 and begin planning for a 2015 event
- Develop and implement our revised 'Leadership Program'
- Continue to support, promote and help to develop the We Mean Business coalition so that it has a substantive impact on efforts to secure a new global climate deal in Paris in December 2015
- Develop and deliver our second 'Future Academy' program in China

Organisational Excellence

- Implement the agreed 'Organisational Excellence' strategy to improve various support functions including HR, IT, fundraising, finance, and office management

Box 4. Dutch Postcode Lottery

We are fortunate to be one of the 92 long-term beneficiaries of the **Dutch Postcode Lottery**, the biggest private fundraiser in the world. Their funding allows us the financial confidence to plan strategically and to respond quickly to breaking news and changes in policy.



Our key achievements for 2014/15

States & Regions

In 2014/15 we:

- Fully operationalised the *Compact of States and Regions* and supported 20 state and regional governments to report their climate targets and actions by June 2015.
- Launched 'The State of Play – Emissions Reporting and Climate Change Action at the Subnational Level 2014' and worked with CDP to develop the states and regions emissions reporting pilot into a full platform aligned with the Compact of States and Regions.
- Facilitated peer-to-peer experience sharing on adaptation, clean tech innovation, emissions reporting and carbon pricing and supported 24 governments to share learning through our *Peer Forums*.
- Further developed the *Policy Innovation Lab* and released a report 'Age of Experiments – how states and regions are developing the next generation of climate and energy policies'.
- Strengthened the *States & Regions Alliance* governance holding quarterly steering group meetings and our annual General Assembly meeting attended by 15 governments at COP20 in Lima. 4 new member governments joined the Alliance in 2014-15.
- Announced the creation of the China Regional Low Carbon Alliance with the Gui'an New Area administration in July. The initiative is designed to push innovation and leadership of low carbon technologies in China.

Low Carbon Finance

In 2014/15 we:

- Wrapped up our BHC-funded LED street lighting work in India. This included the release of results in July from our street lighting pilot in Kolkata, which demonstrated a 40% electricity saving through use of LEDs. A workshop was also held in Mumbai in August focused on large scale deployment of LED street lights through public-private partnerships. A second workshop took place in March.
- Successfully grew the number of people connected to clean energy in rural India through our Bijli – Clean Energy for All project. By June 2015, some 50,000 people had been connected, far exceeding the original target of 5,360.
- Built on the success of our Bijli work, with the release of a report '*Business Case for Off-Grid Energy in India*' in partnership with the Goldman Sachs Centre for Environmental Markets at the RE INVEST 2015 conference in New Delhi. The report detailed business opportunities for investment and support in the renewable energy sector in India.
- Helped established the Clean Energy Access Network (CLEAN) in August, a South Asia alliance aiming to boost collaboration on clean energy between business, financiers, governments and civil society.

- Were awarded the prestigious Parivartan Sustainability Leaders Award in October for our India team's efforts in promoting energy efficiency and renewables through our Bijli and LED initiatives.

Smart Business Action

In 2014/15 we:

- Ran a series of international workshops between September and April as part of our global LED consultation initiative, in partnership with Philips. Workshops were held in Sao Paulo, Brazil; Singapore (twice); Austin, Texas; Beijing; and New Delhi. Each workshop covered a range of topics, including; LEDs technology options, framing business cases for cities, smart city concepts and future-proofing technologies, as well as highlighting the broader socio-economic benefits provided by modernised street lighting. A range of region-specific issues were identified leading to plans to release a range of briefing materials covering key topics to highlight regional findings recommendations and solutions.
- Formally launched the RE100 initiative at Climate Week NYC in September 2014. The aim of the initiative is to get major corporates (at least 100) to commit to procuring 100% renewable power for their operations in order to create a tipping point in the global demand for clean energy. By June, 20 leading business had joined the initiative, including IKEA, Swiss RE and Elion Resources Group, a major Chinese corporate.
- Acted as hosts for a series of workshops on energy as part of the 'Future Agenda' initiative – one of the world's leading 'foresight' projects. Workshops were held between February and June in London, New York, New Delhi, Beijing and Dubai and brought together energy experts from business government and civil society.

Clean Revolution Leadership

In 2014/15 we:

- Held our sixth and most successful annual Climate Week NYC in September 2014. The Week was opened in the presence of UN Secretary-General Ban Ki-moon, US Secretary of State John Kerry, World Bank Group President Jim Yong Kim, Apple CEO Tim Cook, and many other high profile leaders. The event coincided with the UN Climate Summit, also held in New York with the attendance of 125 world leaders. The Week achieved extensive exposure with a record 1,300 news stories and over 150 million tweets (a 38-fold increase in social media from last year). Some 144 affiliated events took place across the week.
- Formally launched the We Mean Business Coalition at Climate Week NYC 2014 together with our partners BSR, the B team, CDP, Ceres, the Prince of Wales' Corporate Leaders' Group and the World Business Council for Sustainable Development. This unique initiative brings together the world's leading NGOs working with business to amplify the call for an ambitious new global climate deal at the UN climate conference in Paris in December 2015.
- Held the first Beijing Cleantech Summit in September. The summit brought together the best knowledge, insights and expertise on how to scale up the deployment of clean technologies in China. The summit featured over 80 speakers and companies and investors from China, the US and Europe.
- Also hosted the first Climate Week Paris in May 2015. This was supported by and promoted as a 'We Mean Business' initiative. Held six months before the UN climate conference, the Week included 30 events with more than 2,000 attendees from over 50 countries. Francois Hollande,

President of France, Christiana Figueres, UNFCCC Executive Secretary and Al Gore came together with business leaders to call for action during the Week. The Week demonstrated the strong support from business for an ambitious new climate deal and generated over 200 million media impressions.

- Held a series of Future Academy workshops in China, working with a number of major Chinese corporates, including Tsinghua University, one of the country's leading tertiary institutions. The workshops allowed young professionals the chance to learn from business leaders and academics about China's approach to best-practice sustainable development, including with respect to climate change. Due to local funding challenges, however, it was agreed by the global management team to exit from this initiative in 2015.

Organisational Excellence

In 2014/15 we:

- Reviewed and strengthened our systems for budgeting and income projection.

What we will do in 2015/16

In 2015/16 we will continue to implement and develop the programs and projects of our current 2014-17 global strategy. Specific annual goals by programmatic pillar are:

States & Regions

1. At least 75% of the S&R Alliance members have committed to new climate actions and 20% are on track to implementing the targets, timetable and policies by 2017 consistent with achieving net zero emissions by 2050.
 - a. A large majority (>75%) of States & Regions Alliance members have signed up to and are reporting under the Compact of States and Regions
 - b. A large majority (>75%) of members are engaged in new policy development or policy adoption through involvement in Policy Innovation Lab and Peer Forum projects
 - c. A majority of members, along with potential members, actively engage in major public events global and social media opportunities including attendance at the Paris COP, S&R Summits in Lyon and Toronto to demonstrate sub-national climate leadership, action and support for an ambitious new global climate deal in Paris
 - d. Develop our subnational government work in India and China, in particular develop an India S&R engagement strategy and explore how to integrate the 'Green Alliance of New Areas' initiative with our global S&R Alliance work

Low Carbon Finance

2. We will have developed pilot projects that demonstrate the commercial financing of off-grid renewable energy and energy efficiency.
 - a. Establish an off-grid renewable energy debt fund for India
 - b. Build on our Bijli I success by developing new opportunities for scaling OGE systems in India
 - c. Deliver new insights into and solutions for energy efficiency financing in China

Smart Business Action

3. At least 50 corporate partners have committed to RE100 and at least one other platform that demonstrates the potential for radical decarbonisation of the business sector.
 - a. By January 2016 (when current phase of RE100 funding expires), we aim to have recruited 50 corporates globally, including at least 25 in the US, 25 in Europe and 20 each in China and India – at least on board with our regional capacity building programs. We also aim to generate over 10 million media impressions between June 2015 and January 2016 as a result of the RE100 communications and engagement strategies. By January 2016 we will have made at least six corporate sponsorship pitches since July and secured sufficient funds to continue RE100 for the remainder of the financial year and into the next.
 - b. Building on the regional LED workshops, we will develop briefings and recommendations to help bring focus to the some of the key adoption barriers identified; eg. capacity building for LED business case development, adoption of energy efficient LEDs in the face of investor

owned utilities, and new financing mechanisms for LED adoption in developing regions. We will also seek to bring clarity around the future role of smart and connected lighting solutions and move the focus of attention towards the significant benefits and savings from LED based indoor home and office lighting.

- c. Home2025 will deliver a major report that sets out the scale of carbon savings available from the home, describes the market and investment opportunity and identifies major policy action that can be taken.
- d. Develop necessary 'infrastructure' for the EP100 campaign by January 2016, including staffing, metrics and communications, with the aim to publicly launch in January 2016 - having secured six major corporates. By June 2016, aim to execute initial strategy in key territories, initially China and India followed by Brazil and South Africa. Also by June 2016, aim to have long term work plans developed for policy, reporting and metrics.

Clean Revolution Leadership

4. We have implemented a fully-funded global Climate Week programme that showcases our core programmes and provides a platform for the leadership needed to ensure global emissions are falling by 2020.
 - a. Deliver clearly linked Climate Weeks in New York, Beijing and India as a precursor to a formal global Climate Week programme
 - b. Develop global Climate Week concept into fully scoped, planned, staffed and funded program for full implementation in 2016/17
 - c. Deliver and complete other agreed leadership projects
 - d. Develop a cohesive leadership programme with buy in from core ILC members within the umbrella of a Climate Week global programme

Operational Excellence

5. We have unrestricted global reserves of at least £500k and have secured at least 2/3 of our 2016/17 funding requirements.
 - a. Rebuild global unrestricted reserves to £500k with zero deficits in each office
 - b. Secure 2/3 of our 2016/17 income by 30 June 2016
6. We have developed an organisational structure and/or the strategic partnerships necessary to maximise our impact over the period 2016 – 2020.
 - a. Embed new project development, management and budgeting processes across all offices
 - b. Reinvigorate staff training and development

Structure, governance and management

The Climate Group is an international not-for-profit organisation with representation in London, New York, Beijing, Hong Kong and New Delhi. This report is produced by our international headquarters, which is a UK charitable company limited by guarantee and registered under the legal name of The Climate Change Organisation. Our statutory objects and powers are established in a Memorandum of Association, and the company is governed under its Articles of Association.

Our Trustees are elected to serve for three years and can be re-elected for a second term. After six years, Trustees must take a minimum 12 months' break before being eligible for re-appointment. Trustees meet quarterly, with additional meetings if required, and delegate the day-to-day operations of the organisation to the Executive Management Team headed by the Chief Executive. All Trustees give of their time freely and no remuneration or expenses were paid in the year.

The Trustees look for a range of skills for representation on the board when recruiting and appointing new Trustees, including familiarity with the ways that leading businesses and governments should respond to climate change. Our current Board includes members with finance, communications, business and legal expertise.

The induction of new Trustees is tailored to the skills, knowledge and expertise of each individual. Our Chairman and Chief Executive brief new Trustees on recent progress, future plans, legal structure and finances, as well as Trustees' obligations in their role. We also encourage prospective Trustees to observe one or two Trustee Board meetings to familiarise themselves with our work before formal election.

The Board is supported by three committees. The Finance and Audit Committee strengthens oversight of our finances, budgeting and fundraising performance, meeting with and obtaining reports from the organisation's auditors. The Remuneration Committee recommends remuneration strategies and policies and the Board Appointments Committee advises on matters pertaining to the appointment of Trustees. The committees meet quarterly, or as required, in addition to the regular Trustee meetings.

The Trustees are responsible for ensuring that major risks facing The Climate Group are appropriately managed. The major risks identified are regularly reviewed and their potential impact assessed. Strategies and controls to manage each risk appropriately are in place, with some subject to continuous improvement. In those areas of our work where a degree of risk is inevitable, appropriate steps have been taken to mitigate that risk where possible. Updates to the register and key risks are reported to the Finance and Audit Committee.

The Climate Group is represented by legal entities in the US, China, Hong Kong and India which enable us to hire staff and raise and direct funds towards our work internationally (see Note 15 of the accounts for further details). They work closely with the UK charity, with local board positions for members of our Executive Management Team strengthening international relationships. Our Chief Executive sits on the corporation board of the US, and together with our International Programmes and Strategy Director, sits on the Chinese and Hong Kong corporation boards. Our head office's relationship with the regional offices is underpinned by legal contracts. These contracts cover co-ordination of work programmes and licensing of the name and trademarks to the regional representatives. Our UK trading subsidiary (The Climate Change Organisation Services Limited), carries out any trading or service activities of the charity, but has remained dormant in 2014/15.

Carbon Management Policy

According to organisational policy The Climate Group's operations and activities are (certified) carbon neutral. As well as endeavouring to keep our CO₂ emissions as low as possible by eliminating unnecessary travel, we offset unavoidable emissions using carbon credits certified under the Verified Carbon Standard or the Gold Standard.

UK Board, management team and advisers

Registered name	The Climate Change Organisation
Trading name	The °Climate Group
Charity number	1102909
Company number	4964424

Incorporation

14 November 2003 and registered as a UK charity on 26 March 2004

Principal office & Registered office

Second Floor, Riverside Building
County Hall
Belvedere Road
London SE1 7PB

Board of Trustees

Zoë Ashcroft
Greg Barker
Matt Brittin – *resigned 24 June 2015*
Richard Gledhill – *appointed 5 June 2015*
Abyd Karmali – *appointed 16 September 2015*
Phil Levermore (Chairman)
Joan MacNaughton
Andrew Smith – *resigned 16 December 2015*
Dominic Waughray

Company Secretary

Ian McLintock – *resigned 13 November 2015*

Chief Executive Officer

Mark Kenber

Executive Management Team

Jonathan Badger, Fundraising Director
Ben Ferrari, Director of Corporate Partnerships
Jack Frangou, Interim Finance Director – *from 1 December 2015*
Eduardo Gonçalves, International Communications Director – *until 18 December 2015*
Mark Kenber, Chief Executive Officer
Ian McLintock, International Operations Director – *until 13 November 2015*
Damian Ryan, Senior Policy Manager (International)

Amy Davidsen, Executive Director US
Krishnan Pallassana, India Director
Jim Walker, International Programmes & Strategy Director – *on secondment to the Climate Mobilization Fund*
Changhua Wu, Greater China Director

Accountants

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St. Brides House
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London EC4Y 8EH

Trustees / Directors of our International Boards

Professor Bill Moomaw, US
Steve Westly, US
Paul Dolan, US – *resigned 16 December 2014*
David L. Pogue, US
Douglas P. Lawrence, US
Jeffrey B. Gracer, US
Ariane de Vienne, US – *appointed 9 June 2015*
Plato K. Yip, Hong Kong
Uday Khemka, India
Dr. Kirit Parikh, India
Dr. Rana Kapoor, India
Ameya Prabhu, India – *appointed 19 August 2015*
Ishan Saxena, India – *appointed 19 August 2015*

International Leadership Council

Rt Hon Tony Blair (Chair)
HSH Prince Albert II, Sovereign Prince of Monaco
Dr. Sultan Al Jaber, Chairman, Masdar
Mr. Clesio Antonio Balbo, President, Balbo Group
Mr. Sunil Bharti Mittal, Chairman and Group CEO, Bharti Enterprises
Mr. Thor Björgólfsson, Chairman and CEO, Novator
Mr. Andrew Brandler, Non-Executive Director, CLP Group
Sir Richard Branson, Founder & Chairman, Virgin Group
Mrs. Joyce F. Brown, President, Fashion Institute of Technology
Lord Browne of Madingley, Managing Director, Riverstone
Mr. Stephen A. Cheney, CEO, American Security Project
Mr. John Coomber, Member of the Board of Directors, Pension Insurance Corporation
Mr. Philippe Couillard, Premier of Québec, Canada
Mr. Johan Eliasch, Chairman, The HEAD Group
Ms Deborah Fikes, Permanent Representative to the UN, World Evangelical Alliance
Dr. Steve Howard, Chief Sustainability Officer, IKEA
Mr. Bob Inglis, Former Republican Congressman
Mrs. Pam Johnson, President, National Corn Growers Association
Mr. Roger Johnson, President, National Farmers Union
Lady Barbara Judge, Eversheds
Dr. Rana Kapoor, Managing Director & CEO, Yes Bank Limited

Mr. David Kenny, CEO, The Weather Company
Chairman Li, Chairman, Hanergy
Mr. Dennis Mehiel, Chairman, US Corrugated
Mrs. Karen Mehiel, CEO, KAMPAK INC
Mr. James Murdoch, CEO, Twenty-First Century Fox, Inc.
Mr. Idan Ofer, Principal, Quantum Pacific Group
Mr. Mikael Ohlsson, Former President, IKEA
Mr. Boudewijn Poelmann, Co-Founder, Dutch Postcode Lottery
Mr. Anthony Pratt, Chairman of Pratt Industries
Mr. Jim Rogers, Former President and CEO, Duke Energy
Mr. Eric Rondolat, CEO, Philips Lighting
Mr. Alan Salzman, Co-Founder, CEO and Managing Partner, VantagePoint Capital Partners
Mr. Vinod Sekhar, President and CEO, Petra Group
Dr. Andrew Steer, President and CEO, World Resources Institute
Mr. Tulsi Tanti, Founder, Chairman, and Managing Director, Suzlon Energy Ltd.
Mr. Rajoy Urkullu, President, Basque Country
Mr. Steve Westly, Managing Partner, The Westly Group
Mr. Jay Weatherill, Premier South Australia
Mr. Ceccil Wilson, President, World Medical Association
Mr. Mark Wilson, Chief Executive Officer, Aviva
Mr. Zhang Yue, Former Chairman and CEO, Broad
Mr. Niklas Zennström, Co-Founder Skype, Atomico Investments and Zennström Philanthropies

Advisors

Bijli Clean Energy for All Project

Professor Gerard George, Director, Rajiv Gandhi Centre, Imperial College, London
Jeffrey Prins, Programme Manager, Stichting DOEN
Dr. Kirit Parikh, Chairman, Integrated Research and Action for Development (IRADe)
Dr. S P Gonchaudhuri, Chair, Ashden Sustainable Energy Collective

We Mean Business Corporate Advisory Board

Richard Gillies, Group Sustainability Director, Kingfisher
Steve Howard, Chief Sustainability Officer, IKEA
Abyd Karmali, Managing Director Climate Finance, Bank of America Merrill Lynch
Hanna Jones, Vice President Sustainable Business & Innovation, Nike
Jeff Seabright, Chief Sustainability Officer, Unilever
Jim Hanna, Director of Environmental Affairs, Starbucks
Gabriele Zedlamyr, VP and Chief Progress Officer, HP
Shankar Venkateswaran, Chief – Tata Sustainability Group, Tata Sons Ltd
Keith Tuffley, Founder and CEO of NEUW Ventures SA
Dr. Jeanne Ng Chi-yun, Director – Group Sustainability, CLP Power Hong King Limited

Financial results

The Statement of Financial Activities (page 28) and the following notes show our full financial results for the year. Financial information in this report relates to both the UK charity (indicated by “Charity” in the accounts) and the consolidated accounts of the UK, the US, Australia, China, Hong Kong and India (indicated by “Group”). Figures in this section reflect the consolidated Group figures.

Income

Our total income for the 2014/15 financial year was £4,523,053 (2014: £3,746,579), which consists of voluntary income of £4,381,926 (2014: £3,472,499), income from activities for generating funds of £139,437 (2014: £270,425) and investment income of £1,690 (2014: £3,655).

Development

We continued to develop our programmes with a diverse group of funders, but giving from individuals, foundations, government grants and corporate philanthropy remains challenging. This reflects the continuing economic down turn and a move away from giving to organisations working on the climate change agenda.

We directed 12% (2014: 21%) of our budget towards generating funds, with most allocated to staff costs.

Our new strategy makes a compelling fundraising case and we have also continued to invest in our fundraising capability and, consequently, are confident that we shall substantively increase our fundraising income over the coming year and beyond.

Expenditure

During the accounting period we spent a total of £4,796,174 (2014: £4,363,169), including £1,839,177 on research activities (2014: £1,119,831) which represents a significant investment in transformational technologies which will form case studies for the Clean Revolution, £1,184,653 (2014: £1,163,411) on raising awareness of climate change and its solutions, and £1,081,223 on education of business and government partners on leadership opportunities associated with ‘low carbon’ policy and strategy (2014: £1,049,503). The cost of generating funds was £569,491 (2014: £924,314) and governance costs were £121,630 (2014: £106,110).

Financial position at year end

We made a deficit of £273,121 (2014: £616,590 deficit) before gains and losses. We closed the reporting period with total surplus funds of £1,073,863 (2014: £1,349,048) comprising restricted funds of £1,055,337 (2014: £1,768,098) and unrestricted funds of £18,526 (2014: £419,050 deficit). The net movement in funds for the year was a deficit of £275,185 which included a loss on revaluation of foreign currency subsidiaries of £2,064 (2014: £26,814 gain).

Financial strategy

Reserves Policy

The Climate Group's long term objective remains to have 25% of expenditure held as unrestricted reserves, which is approximately £1.1million. This was set in order to secure The Climate Group's long term viability. The Board set in 2014 a financial objective to restore reserves within three financial years. To achieve this, the objective was to deliver operating surpluses to reduce the long standing unrestricted deficit on the balance sheet of £419,050 as at 1 July 2014 to zero by 30 June 2015 and to generate £500,000 surpluses in each of the two subsequent financial years.

The Group successfully achieved its target in 2014/15 delivering positive unrestricted reserves of £18,526. Total reserves at 30 June 2015 were £1,073,863 (2014: £1,349,048), of which £1,055,337 was restricted (2014: £1,768,000) leaving an unrestricted surplus of £18,526 (2014: deficit £419,050).

Going Concern

The Climate Change Organisation, like many charities, is dependent on voluntary income to meet its future commitments. The Climate Change Organisation's ability to generate voluntary income going forward is significantly dependent on the charity's strategy and planned income generation from strategic partners and trusts.

We do not have secure income to cover all of our fixed costs, as many of our programmes' funding revolves around annual bidding cycles or we seek funding for new programmes of work to support our vision.

The Trustees have considered the charity's strategic plan and current income forecasts for 2016/17 and beyond. The Trustees are confident in the charity's strategy for income generation and cost management. They have therefore prepared the Financial Statements on the going concern basis.

We will continue to manage down costs in line with our income, as well as focus on full cost recovery in proposals. We are pursuing opportunities to secure both one off and recurring income streams.

Financial Risk

The Group has a significant pipeline of projects both secure and unsecure which supports the business in achieving its long term objective. As with many charities we have faced challenges in securing unrestricted funding in a crowded, competitive sector around climate change. Many funders are reviewing their funding strategies as a result of the climate deal at COP21 in December 2015 and we have seen a major upturn in funding opportunities. We are currently progressing bids that will secure the financial strength of the Group; however this has resulted in a short term delay in funding being secured, causing a misalignment with our costs and income. The business is closely monitoring and forecasting cashflow to avoid unnecessary expenditure and avoid the use of restricted funds.

A key positive change has been in the way we have approached our funders to secure support in line with industry guidelines around full cost recovery, with the aim of reducing the burden on our limited unrestricted reserves or funding.

To manage risks we have been reviewing our policies and procedures to strengthen the commercial focus being placed on the bidding and running of projects and to raise the knowledge of our staff globally around fiscal control and commitments.

Globally we are assessing our strategy and organisations to create a robust, fit for purpose capability that is cost effective and aligned with the volume and scale of projects we will be undertaking to deliver our vision and mission, with scalability to drive flexibility in the cost base.

2015/16 will be a challenging year as we implement these changes and recover from the planned end of certain programmes and decisions made by funders following reviews of their own operations that altered the phasing and mode of secure funding.

Plans are now in place to bring costs back in line with our current workloads and to generate successful funding outcomes with key funders and stakeholders. We have been building strong collaborate relationships with an increasing range of funders and some of the key programmes being run such as States and Regions, RE100 and EP100 are starting to gather momentum and funding security.

With the activities underway we anticipate building unrestricted reserves nearer £500,000, falling short of the original plan to attain £1m by 30 June 2017.

As at 30 June 2015 we had £423,324 of deferred income and anticipate this climbing to nearer £1m by 30 June 2016 demonstrating the improving longer term pipeline of work.

Financial Strategy

Globally, income generation has been focused predominantly on the corporate, international foundations and, to a lesser degree, government sectors. Additional investments of time and personnel are being made to diversify income streams, with particular attention given to developing a pipeline of philanthropic high net-worth individuals.

Both fundraising resource and pipeline have grown significantly over the past two, although security of income streams remains a major challenge and, probably always will. Nonetheless, we have been able to access substantial funding from the We Mean Business Coalition. However, the successes of the UK have in large measure been degraded by weakening financial performance in the overseas offices and this is an issue that needs to be addressed. Building the global income generation team's scale and capacity will play a significant part in this.

Funding for India's Bijli – Clean Energy for All initiative has not only enabled us to deliver desperately needed technology to over 60,000 power-deprived villagers in rural India, but also enabled us to build substantially the small India office team in a key strategic area. The programme over delivered and come in significantly under budget. The Dutch Postcode Lottery kindly allowed us to use the saved funding to extend the programme beyond April 2015. Bijli has enabled us to build from a strong base, network and reputation with the Indian team, and a series of major programmes are currently being progressed to attempt to secure funding to extend much needed activity in India.

This is a very positive way forward through coordinating capabilities and assets, key programmes and events in a way that would help focus programmatic delivery more effectively, drive up income streams, and lose cost without impact through combining activities. This is being supported by new processes to manage project development that will provide a much more compelling case and suite of projects for potential funders.

Trustees' responsibilities in relation to the Financial Statements

The Trustees (who are also directors for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards).

Company law requires the Trustees to prepare financial statements for each financial year. 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 the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the charitable company will continue on that basis.

The Trustees are responsible for keeping proper 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 to enable them to ensure that the financial statements comply with the Companies Act 2006 and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Provision of information to auditors

Each of the persons who is a Trustee at the date of approval of this report confirms that:

- so far as he/she is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the Trustee has taken all the steps that he/she ought to have taken as a Trustee in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Members of the Board of Trustees who are directors for the purpose of company law and Trustees for the purpose of charity law, who served during the period and up to the date of this Report are set out on page 19.

Auditors

A resolution to re-appoint Crowe Clark Whitehill LLP as auditors will be proposed at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities (issued in March 2005).

Approved by the Board of Trustees on 22 March 2016 and signed on its behalf by:

A handwritten signature in black ink, consisting of a stylized initial 'P' followed by a horizontal line.

Phil Levermore
Chairman of the Board

Independent auditors' report to the Trustees

We have audited the financial statements of The Climate Change Organisation for the year ended 30 June 2015 set out pages 29 to 43.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees (who are also the directors of the charitable company for the purpose of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 30 June 2015 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter – going concern

In forming our opinion, which is not modified, we draw attention to the disclosures in Note 1(a) of the financial statements concerning the charitable company's ability to continue as a going concern.

As set out in Note 1(a) the Climate Change Organisation, like many charities, is dependent on voluntary income to fund its activities and therefore does not have adequate committed funding in place to meet its future commitments for the foreseeable future, being at least twelve months from the date of the approval of the financial statements. The Trustees are confident the Climate Change Organisation will be able to obtain sufficient funding and manage costs to continue to operate for the foreseeable future, but without committed funding consider that a material uncertainty exists that may cast doubt on the entity's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

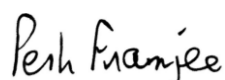
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- the parent 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 parent 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 take advantage of the small companies exemption in preparing the Trustees' Annual Report.



Pesh Framjee FCA
Senior Statutory Auditor
for and on behalf of
Crowe Clark Whitehill LLP
Statutory auditor
30 March 2016

St Bride's House
10 Salisbury Square
London
EC4Y 8EH

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE GROUP (INCLUDING AN INCOME & EXPENDITURE ACCOUNT)

For the year ended 30 June 2015

	Notes	Restricted	Unrestricted	Year ended 30 June 2015	Year ended 30 June 2014
		£	£	£	£
Incoming resources					
Incoming resources from generated funds					
<i>Voluntary income</i>					
Donations & similar funding		61,786	44,092	105,878	399,810
Grants	2	2,615,179	686,679	3,301,858	1,131,497
Membership and partnership income		206,776	767,414	974,190	1,941,192
		<u>2,883,741</u>	<u>1,498,185</u>	4,381,926	<u>3,472,499</u>
<i>Activities for generating funds</i>					
Other		63,153	76,284	139,437	270,425
		<u>63,153</u>	<u>76,284</u>	139,437	<u>270,425</u>
<i>Investment income</i>					
		-	1,690	1,690	3,655
Total incoming resources		2,946,894	1,576,159	4,523,053	<u>3,746,579</u>
Resources expended					
<i>Costs of generating funds</i>					
Costs of generating voluntary income		298,145	271,346	569,491	924,314
<i>Charitable activities</i>					
Research		1,395,209	443,968	1,839,177	1,119,831
Communications		1,085,916	98,737	1,184,653	1,163,411
Education & engagement		844,509	236,714	1,081,223	1,049,503
		<u>3,325,634</u>	<u>779,419</u>	4,105,053	<u>3,332,745</u>
Governance costs		33,812	87,818	121,630	106,110
Total resources expended	3	3,657,591	1,138,583	4,796,174	<u>4,363,169</u>
Net (outgoing) / incoming resources for the period (being the net expenditure) before other recognised gains and losses	4	(710,697)	437,576	(273,121)	(616,590)
Other recognised gains and losses					
(Losses) on revaluation of foreign currency subsidiaries		(2,064)	-	(2,064)	26,814
Net movement in funds		(712,761)	437,576	(275,185)	(589,776)
Funds at 30 June 2014		1,768,098	(419,050)	1,349,048	1,938,824
Funds at 30 June 2015	10	1,055,337	18,526	1,073,863	<u>1,349,048</u>

All of the above results derive from continuing activities. There are no gains and losses other than those disclosed above. Movements in funds are disclosed in Note 10 to the financial statements.

BALANCE SHEETS

COMPANY NUMBER: 4964424

As at 30 June 2015

	Notes	Group 30 June 2015 £	Group 30 June 2014 £	Charity 30 June 2015 £	Charity 30 June 2014 £
Fixed assets					
Tangible fixed assets	6	9,862	8,523	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
Current assets					
Debtors	7	695,462	796,615	949,525	848,403
Short term deposits		916,079	803,716	555,406	803,716
Cash at bank & in hand		534,573	1,218,795	397,032	890,517
		<hr/>	<hr/>	<hr/>	<hr/>
		2,146,114	2,819,126	1,901,963	2,542,636
Creditors: amounts falling due within one year	8	(1,082,113)	(1,478,601)	(901,695)	(1,167,814)
		<hr/>	<hr/>	<hr/>	<hr/>
Net current assets		1,064,001	1,340,525	1,000,268	1,374,822
		<hr/>	<hr/>	<hr/>	<hr/>
Net assets	9	1,073,863	1,349,048	1,000,268	1,374,822
		<hr/>	<hr/>	<hr/>	<hr/>
Represented by					
Restricted funds		1,055,337	1,768,098	981,566	1,793,687
Unrestricted funds		18,526	(419,050)	18,702	(418,865)
		<hr/>	<hr/>	<hr/>	<hr/>
Total funds	10	1,073,863	1,349,048	1,000,268	1,374,822
		<hr/>	<hr/>	<hr/>	<hr/>

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

The accounts on pages 29 to 43 were approved by the Board of Trustees and authorised for issue on 22 March 2016 and signed on its behalf by:



Phil Levermore
Chairman of the Board

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 June 2015

	Year ended 30 June 2015 £	Year ended 30 June 2014 £
Net cash (outflow) from operating activities (Note a)	(570,019)	(903,009)
Returns on investment and servicing of finance		
Bank interest received	1,690	3,655
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	(3,530)	(4,196)
(Decrease) in cash	(571,859)	(903,550)
Net cash at start of the year	2,022,511	2,926,061
Net cash at end of the year	1,450,652	2,022,511

NOTES TO THE CASH FLOW STATEMENT

a) Reconciliation of net outgoing / (incoming) resources to net cash inflow from operating activities

	2015 £	2014 £
Net (outgoing) resources for the year	(273,121)	(616,590)
Bank interest received	(1,690)	(3,655)
Depreciation	3,013	2,242
Foreign exchange differences, excluding gains arising on revaluation of fixed assets	(2,886)	27,547
Decrease) / (Increase) in debtors	101,153	(337,199)
(Decrease)/Increase in creditors	(396,488)	24,646
Net cash (outflow) from operating activities	(570,019)	(903,009)

NOTES TO THE ACCOUNTS

For the year ended 30 June 2015

1 Accounting policies

a) *Basis of accounting*

The financial statements have been prepared under the historical cost convention and in accordance with applicable UK accounting standards and follow the recommendations in Statement of Recommended Practice, Accounting and Reporting by Charities (SORP 2005) and the Companies Act 2006.

The statement of financial activities (SOFA) and balance sheet consolidate the financial statements of the charity and its subsidiary undertakings (see Note 14). The results of the charity and its five subsidiaries are consolidated on a line-by-line basis. No separate SOFA has been prepared for the charity alone as permitted by Section 408 of the Companies Act 2006.

Going concern

The Climate Change Organisation, like many charities, is dependent on voluntary income to meet its future commitments. The Climate Change Organisation's ability to generate voluntary income going forward is significantly dependent on the charity's strategy and planned income generation from strategic partners and trusts. As discussed in more detail in the Trustees' Report, as at March 2016 there was not sufficient committed funding in place to allow the charity to meet its forecast liabilities for the following 12 months. If income generation targets are not met then the charity would be unable to continue as a going concern.

However, the Trustees are content that the actions and measures in place will sustain the financial position of the charity in 2015/16 and support significant improvements in the coming two financial years.

The Trustees have considered the charity's strategic plan and current income forecasts for 2016/17 and beyond. The Trustees are confident in the charity's strategy for income generation and cost management. They have therefore prepared the Financial Statements on the going concern basis. The key issues and uncertainties in respect of the going concern assumption are set out in the 'Financial Risk' section of the Trustees' Report.

b) *Income*

Voluntary income is received by way of donations and gifts and is included in full in the Statement of Financial Activities when receivable. Donated services and gifts in kind are brought in at their value to the charity as income and the appropriate expenditure.

Income is credited to incoming resources when the conditions of entitlement, certainty and measurement have been met. Where income relates to a specific future period, it is deferred.

Membership and partnership income is recognised in the financial statements evenly over the period to which the fee relates.

Legacies, if received, are credited to the Statement of Financial Activities when the entitlement has been established, the amount receivable is known and the likely date of receipt has been fixed.

NOTES TO THE ACCOUNTS (CONTINUED)

For the year ended 30 June 2015

Grants for the purchase of fixed assets, if received, are credited to restricted incoming resources when received or receivable whichever is earlier. Depreciation on the fixed assets purchased with such grants is charged against the restricted fund.

c) Expenditure

Cost of generating funds are those costs incurred in the charity seeking voluntary contributions

Resources expended are recognised in the period in which they are incurred. Resources expended include attributable VAT which cannot be recovered.

Resources expended are allocated to a particular activity where the cost relates directly to that activity. Remaining support costs are apportioned to activities based on staff time, which is an estimate of the amount attributable to each activity. Note 3 shows how support costs have been allocated to each activity.

d) Fixed assets and depreciation

Fixed assets are stated at cost and such items of equipment are capitalised where the purchase price exceeds £1,000. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities.

Depreciation is provided on all tangible assets at rates calculated to write each asset down to its estimated residual value on a straight line basis as follows:

Office equipment	- 3 years
Furniture and fixtures	- 3 years

e) Fund accounting

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund together with a fair allocation of support costs.

Unrestricted funds are donations and other incoming resources receivable or generated for the objects of the charity.

f) Governance costs

Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with compliance with constitutional and statutory requirements.

g) Pension costs

Contributions to the defined contribution scheme are charged to the statement of financial activities as incurred.

h) Operating leases

Rental costs under operating leases are charged to the SOFA on a straight line basis over the lease life.

i) Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Foreign currency balances have been translated at the rates of exchange ruling at the balance sheet date. The results of overseas operations are translated at the closing rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date.

NOTES TO THE ACCOUNTS (CONTINUED)

For the year ended 30 June 2015

2 Grants

	Restricted £	Unrestricted £	Year ended 30 June 2015 £	Year ended 30 June 2014 £
Corporations	745,437	-	745,437	568,169
Government	110,317	-	110,317	67,571
Foundations & NGOs	1,759,425	686,679	2,446,104	495,757
	<u>2,615,179</u>	<u>686,679</u>	<u>3,301,858</u>	<u>1,131,497</u>

3 Analysis of total resources expended

	Direct staff costs £	Other direct costs £	Total direct costs £	Support staff costs £	Other support costs £	Total support costs £	Year ended 30 June 2015 £	Year ended 30 June 2014 £
Cost of generating funds	395,404	19,246	414,650	70,146	84,695	154,841	569,491	924,314
Research	896,308	474,364	1,370,672	220,179	248,326	468,505	1,839,177	1,119,831
Communications	620,817	271,382	892,199	144,644	147,810	292,454	1,184,653	1,163,411
Education & Engagement	622,923	169,250	792,173	134,424	154,626	289,050	1,081,223	1,049,503
Governance	36,618	54,250	90,868	15,021	15,741	30,762	121,630	106,110
Total 2015	<u>2,572,070</u>	<u>988,492</u>	<u>3,560,562</u>	<u>584,414</u>	<u>651,198</u>	<u>1,235,612</u>	<u>4,796,174</u>	<u>4,363,169</u>
Total 2014	<u>2,180,855</u>	<u>1,012,991</u>	<u>3,193,846</u>	<u>434,038</u>	<u>735,285</u>	<u>1,169,323</u>		

Support costs are apportioned to activities based on staff time, which is an estimate of the amount of effort attributable to each activity. Support costs include such expenditure as rent, office running costs and financial and legal services.

NOTES TO THE ACCOUNTS (CONTINUED)

For the year ended 30 June 2015

4 Net (outgoing) resources

is stated after charging:

	Year ended 30 June 2015 £	Year ended 30 June 2014 £
Operating lease rentals – buildings	258,447	248,943
Depreciation	3,013	2,242
Fees payable to charity auditors: audit of the charity's annual accounts	26,500	24,500
	<hr/>	<hr/>

No Trustee received any remuneration during the year (2014: nil). Expenses totalling £497 (2014: nil) were reimbursed to one Trustee (2014: zero Trustees) solely for travel costs incurred in attending meetings.

5 Employees

Staff costs during the period amounted to:

	Year ended 30 June 2015 £	Year ended 30 June 2014 £
Wages & salaries	2,344,717	2,026,014
Social security costs	184,414	165,478
Employer's pension contributions	142,422	167,566
Other staff costs	114,895	112,013
	<hr/>	<hr/>
	2,786,448	2,471,071
Temporary staff	370,036	143,822
	<hr/>	<hr/>
	3,156,484	2,614,893

Number of employees with emoluments exceeding £60,000

	2015 Number	2014 Number
£60,000 - £70,000 p.a.	1	0
£70,001 - £80,000 p.a.	0	0
£80,001 - £90,000 p.a.	4	3
£90,001 - £100,000 p.a.	0	1
£100,001 - £110,000 p.a.	1	1
£110,001 - £120,000 p.a.	2	1
£120,001 + p.a.	1	1

NOTES TO THE ACCOUNTS (CONTINUED)

For the year ended 30 June 2015

5 Employees (continued)

Retirement benefits are accruing to the nine higher paid staff under defined contribution schemes. Employer contributions of £52,981 (2014: £44,705) were made during the year.

The average weekly number of employees (full time equivalents) during the period was as follows:

	Year ended 30 June 2015	Year ended 30 June 2014
Fundraising & publicity	7.5	7.8
Research	4.9	5.6
Communications	10.7	11.0
Education & engagement	15.2	14.2
Support	15.2	10.9
Governance	2	1.9
	<hr/> 55.5	<hr/> 51.4

6 Tangible fixed assets (Group)

	Office Equipment £	Leasehold improvements £	Total £
Cost			
At 1 July 2014	274,016	4,035	278,051
Revaluation on consolidation	6,617	-	6,617
Additions	3,530	-	3,530
Disposals	(26,538)	-	(26,538)
At 30 June 2015	<hr/> 257,625	<hr/> 4,035	<hr/> 261,660
Depreciation			
At 1 July 2014	265,493	4,035	269,528
Revaluation on consolidation	5,795	-	5,795
Charge for the period	3,013	-	3,013
Disposals	(26,538)	-	(26,538)
At 30 June 2015	<hr/> 247,763	<hr/> 4,035	<hr/> 251,798
Net book value			
At 30 June 2015	<hr/> 9,862	<hr/> -	<hr/> 9,862
At 1 July 2014	8,523	-	8,523

NOTES TO THE ACCOUNTS (CONTINUED)

For the year ended 30 June 2015

6 Tangible fixed assets (Continued) (Charity)

	Office equipment £	Leasehold improvements £	Total £
Cost			
At 1 July 2014 and At 30 June 2015	193,466	4,035	197,501
Depreciation			
At 1 July 2014 and At 30 June 2015	193,466	4,035	197,501
Net book value			
At 30 June 2015	-	-	-
At 1 July 2014	-	-	-

7 Debtors

	Group 30 June 2015 £	Group 30 June 2014 £	Charity 30 June 2015 £	Charity 30 June 2014 £
Trade debtors	394,618	415,465	316,506	255,755
Other debtors	34,302	35,869	401	483
Due from subsidiary companies	-	-	383,671	265,109
Prepayments	74,872	62,934	59,494	44,709
Accrued income	191,670	282,347	189,453	282,347
	695,462	796,615	949,525	848,403

NOTES TO THE ACCOUNTS (CONTINUED)

For the year ended 30 June 2015

8 Creditors: amounts falling due within one year

	Group 30 June 2015 £	Group 30 June 2014 £	Charity 30 June 2015 £	Charity 30 June 2014 £
Trade creditors	119,304	131,822	106,284	112,027
Taxation & social security	58,036	62,869	52,132	52,318
Other creditors	37,091	25,000	12,589	19,791
Accruals	144,358	122,323	60,216	62,935
Short term loans	300,000	450,000	300,000	450,000
Deferred income	423,324	686,587	370,474	470,743
	1,082,113	1,478,601	901,695	1,167,814

Deferred income

	At 1 July 2014 £	Released to incoming resources £	Deferred in the year £	At 30 June 2015 £
Membership	445,743	(445,743)	370,474	370,474
Grants	25,000	(25,000)	-	-
Charity total	470,743	(470,743)	370,474	370,474
The Climate Group Inc	210,169	(210,169)	52,850	52,850
The Climate Group (Hong Kong) Limited	5,675	(5,675)	-	-
Group total	686,587	(686,587)	423,324	423,324

NOTES TO THE ACCOUNTS (CONTINUED)

For the year ended 30 June 2015

9 Analysis of net assets between funds (Group)

	Restricted funds £	Unrestricted funds £	Total funds £
Tangible assets	9,862	-	9,862
Current assets	1,280,128	865,986	2,146,114
Current liabilities	(234,653)	(847,460)	(1,082,113)
Net assets	1,055,337	18,526	1,073,863

Analysis of net assets between funds (Charity)

	Restricted funds £	Unrestricted funds £	Total funds £
Current assets	1,035,801	866,162	1,901,963
Current liabilities	(54,235)	(847,460)	(901,695)
Net assets	981,566	18,702	1,000,268

NOTES TO THE ACCOUNTS (CONTINUED)

For the year ended 30 June 2015

10 Movement in funds (Group)

	At 1 July 2014	Incoming resources	Outgoing resources	Transfers and exchange differences	At 30 June 2015
	£	£	£	£	£
Restricted Funds					
Bringing Light to India's Rural Poor	1,666,543	-	(802,025)	-	864,518
Clean Revolution Website	-	25,000	(25,000)	-	-
States and Regions	68,836	-	(68,836)	-	-
LED	16,512	87,356	(103,868)	-	-
Climate Week NYC	-	196,778	(196,778)	-	-
Climate Week Paris	-	56,965	(56,965)	-	-
Bijli – Clean Energy for All	41,795	-	(41,795)	-	-
We Mean Business	-	839,223	(799,225)	(39,998)	-
Climate KIC	-	142,505	(142,505)	-	-
Off-Grid Energy Finance	-	-	-	117,048	117,048
	1,793,686	1,347,827	(2,236,997)	77,050	981,566
China Programme	(42,220)	388,941	(464,652)	36,105	(81,826)
Hong Kong Programme	5,914	37,987	(34,786)	1,787	10,902
US Programme	(1,628)	1,153,634	(896,788)	(117,218)	138,000
India Programme	12,346	18,505	(24,368)	212	6,695
Total restricted funds	1,768,098	2,946,894	(3,657,591)	(2,064)	1,055,337
Unrestricted funds	(419,050)	1,576,159	(1,138,583)	-	18,526
Total funds	1,349,048	4,523,053	(4,796,174)	(2,064)	1,073,863

Total incoming resources for the charity were £3,041,034 (2014: £2,696,564) and the deficit for the year was £374,544 (2014: £809,715 deficit).

NOTES TO THE ACCOUNTS

For the year ended 30 June 2015

10 Movement in funds of the Group (continued)

Purpose of funds

Bijli – Clean Energy for All	Funding to reduce greenhouse gas emissions and enhance the lives of rural inhabitants across three states in India by deploying renewable energy technologies in addition to identifying sustainable off-grid electrification models whilst addressing the challenges of scalability.
Clean Revolution Website	Funding to develop the Clean Revolution website which is integral to our support and mentoring for the Clean Revolution Ambassadors.
States and Regions	Funding to engage state and regional government members to promote low carbon policy development.
LED	Funding to investigate key remaining barriers to scale up of LED public lighting and to produce recommendations for action.
We Mean Business	Funding to develop a powerful business coalition to advocate ambitious climate action; funding provided to develop the RE100 campaign and to support CWNYC.
Climate Week NYC	Funding to enable delivery of the 5 th Annual Climate Week NYC event. Convening business, government and civil society leaders and communicating their action through a strategic media and digital campaign.
Climate Week Paris	Funding to enable delivery of the international, high-level gathering to build momentum for the global climate talks in Paris and showcase how business is acting on climate and investing in a low carbon economy.
Climate KIC	Funding to develop a smart city pilot in Tianjin and to support the EPPA project investigating a European index of building Energy Performance Certification.
Off-Grid Energy Finance	Funding to carry out a major study on sustainable, clean energy and off-grid business models in rural India.
China Programme	Funding to engage China's government, cities and businesses.
India Programme	Funding to engage India's government, cities and businesses.
Hong Kong Programme	Funding to engage Hong Kong's government, cities and businesses.
US Programme	Funding to develop The Climate Group's outreach to US state governments, cities and businesses. The programme includes the development of relationships with key US states, cities and corporations.

NOTES TO THE ACCOUNTS (CONTINUED)

For the year ended 30 June 2015

11 Taxation

The Climate Change Organisation has charitable status and as such is partially exempt from tax on its income and gains to the extent that they are applied to its charitable objects.

12 Related party transactions

There were no related party transactions during the 12 month period to 30 June 2015.

13 Leasing commitments

The annual commitments under non cancellable operating leases are as follows:

	2015	2014
	Land and Buildings	Land and Buildings
	£	£
Expiring within 1 year	-	87,932
Expiring between 1 and 2 years	97,332	86,964
Expiring between 2 and 5 years	135,000	17,492

14 Subsidiaries

Advantage has been taken of the exemptions available under FRS8 from the disclosure of certain intra group transactions. The charity is represented by legal entities incorporated in the United States (registered on 5 March 2004), China (registered on 7 December 2007) and Hong Kong (registered on 10 January 2008). The charity also has a trading subsidiary in the UK called The Climate Change Organisation Services Ltd (registered on 1 May 2007). These entities operate in close conjunction with the UK charity with a relationship maintained via places on the boards for members of the charity's management team. All of these entities have a year-end date of 30 June except for the Chinese entity which has a 31 December year end due to local regulations.

United States – The Climate Group Inc

	2015	2014
Net assets as at 1 July 2014	£(1,628)	£(14,717)
Income for the year to 30 June 2015	£1,153,634	£762,761
Net surplus for the year to 30 June 2015	£139,628	£13,089
Net assets as at 30 June 2015	£138,000	£(1,628)

NOTES TO THE ACCOUNTS (CONTINUED)

For the year ended 30 June 2015

14 Subsidiaries (continued)

Australia – The Climate Group Limited

	2015	2014
Net assets as at 1 July 2014	£-	£-
Income for the year to 30 June 2015	£-	£501
Net deficit for the year to 30 June 2015	£-	£(501)
Net assets as at 30 June 2015	£-	£-

China – The Climate Group (China) Limited

	2015	2014
Net assets as at 1 July 2014	£(44,694)	£125,374
Income for the year to 30 June 2015	£393,032	£357,309
Net surplus/(deficit) for the year to 30 June 2015	£(78,971)	£(170,068)
Net assets as at 30 June 2015	£(123,665)	£(44,694)

Hong Kong – The Climate Group (Hong Kong) Limited

	2015	2014
Net assets as at 1 July 2014	£(441,780)	£(266,409)
Income for the year to 30 June 2015	£35,770	£54,226
Net (deficit)/surplus for the year to 30 June 2015	£(148,613)	£(175,371)
Net assets as at 30 June 2015	£(590,393)	£(441,780)

UK – The Climate Change Organisation Services Limited

	2015	2014
Net assets as at 1 July 2014	£(76)	£66
Income for the year to 30 June 2015	£-	£16
Net deficit for the year to 30 June 2015	£-	£(142)
Net assets as at 30 June 2015	£(76)	£(76)

India – The Climate Group (India) Limited

	2015	2014
Net assets as at 1 July 2014	£12,346	£14,008
Income for the year to 30 June 2015	£18,505	£17,666
Net (deficit)/surplus for the year to 30 June 2015	£(5,651)	£(1,662)
Net assets as at 30 June 2015	£6,695	£12,346