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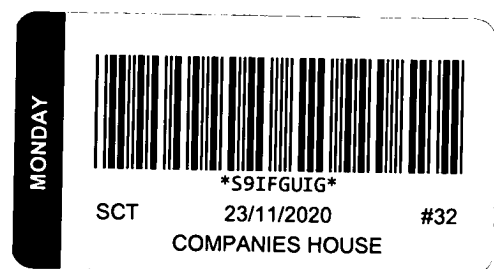
**THE GENERATION FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2019

COMPANY REGISTRATION NUMBER: 05536312

CHARITY REGISTRATION NUMBER: 1113061



CONTENTS

Foundation Details	2
Trustees' Annual Report	3
Independent Auditors' Report to the Trustees of the Generation Foundation	11
Statement of Financial Activities	14
Balance Sheet	15
Cash Flow Statement	16
Notes to the Financial Statements	17

FOUNDATION DETAILS

FOUNDATION DETAILS

Bankers

Royal Bank of Scotland
62/63 Threadneedle Street
London
EC2R 8LN

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

Registered Office

20 Air Street
London
W1B 5AN

Lawyers

Bates Wells & Braithwaite London LLP
10 Queen Street Place
London
EC4R 1BE

BOARD OF TRUSTEES

D W Blood (Appointed 13 February 2019)

P Coates (Appointed 1 July 2020)

K Dicker (Resigned 31 December 2019)

E Gilmore

P I Harris (Appointed 13 February 2019)

R Rajeswaran

L M Preston

Z Yin

TRUSTEES' ANNUAL AND STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The Trustees present their report and audited financial statements of The Generation Foundation for the year ended 31 December 2019. This Trustees' Report is also the Directors' Report and Strategic Report.

The financial statements have been prepared in accordance with the accounting policies set out in Note 1 to the financial statements and comply with the Charities Act 2011, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) effective 1 January 2019 (the "Charities SORP") and UK Generally Accepted Accounting Practice.

GOVERNANCE

The Generation Foundation (the "Company" or "Foundation") is a company limited by guarantee (No. 05536312), incorporated on 15 August 2005, and registered with the Charity Commission (No. 1113061) on 22 February 2006. The Company was established under a Memorandum of Association, which established the objects and powers of the Company and is governed under the Articles of Association.

The Foundation is administered and managed on a regular basis by the Board of Trustees. The Board is responsible for appointing new Trustees who possess the required expertise.

Details of the Foundation's advisors and other administrative details can be found on page 2.

TRUSTEES

The members of the Board of Trustees (the "Board") who were in office during the year and up to the date of signing the financial statements are set out on page 2. For the purposes of company law the individuals listed are both Trustees and Directors of the Company and are appointed in accordance with the Company's Articles of Association.

TRUSTEE INDUCTION AND TRAINING

When recruiting new Trustees, the Foundation seeks individuals with relevant experience of sustainable development and the wider objectives of the Foundation. A new Trustee is provided with sufficient information explaining the legal obligations of Trustees; the Foundation's governing document; the most recent annual report and financial statements; and any relevant Charity Commission guidance notes.

GUIDING FRAMEWORK

The Generation Foundation advocates for a more sustainable economic system; one that is aligned with a low-carbon, prosperous, healthy, safe and fair society. Our strategy in pursuit of this vision is to mobilise asset owners, asset managers, companies and other key participants in financial markets in support of the business case for Sustainable Capitalism. In our effort to accelerate the transition to a more sustainable form of capitalism, we primarily use a partnership model to collaborate with individuals, organisations and institutions across sectors and geographies and to provide catalytic capital when appropriate. In addition, the Foundation publishes in-house research, gives select grants related to the field of Sustainable Capitalism, engages with our local communities and supports a gift matching programme for the employees of Generation.

TRUSTEES' ANNUAL AND STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

OBJECTIVES

The objectives of the Foundation as set out in the governing documents are:

1. To advance the education of the public and organisations (profit and non-profit) in subjects related to sustainable development and the protection, enhancement and rehabilitation of the environment and to promote study and research in such subjects provided that the useful results of such studies are disseminated to the public at large.
2. To promote sustainable development for the benefit of the public by: the preservation, conservation and the protection of the environment and the prudent use of natural resources; the relief of poverty and the improvement of the conditions of life in socially and economically disadvantaged communities; and the promotion of sustainable means of achieving economic growth and regeneration.
3. To advance the education of the public in business ethics and related subjects with particular reference to the study and application of ethical standards; and the management and conduct of industry and business generally in the UK and elsewhere and to the development of corporate social responsibility and community involvement in the practices of industry and commerce both nationally and internationally.
4. To advance any other purposes that are charitable under the laws of England and Wales.

And for the purposes of these objectives "sustainable development" means development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

ACTIVITIES

The Foundation's objective is to accelerate the transition to a more sustainable form of capitalism; one aligned with a low-carbon, prosperous, healthy, safe and fair society.

We execute our mission through research, major partnerships, grant-making and the matched giving programme for Generation employees. In 2019, we continued to build strong partnerships in pursuit of our mission, while developing ambitious plans for 2020 and beyond.

The Foundation is funded by Generation members from Generation's distributable profit. During the year to 31 December 2019 the Foundation recognised income of £9,451,948 (2018: £7,691,447).

STRATEGIC GRANT-MAKING

The Foundation is now entering the next phase of its work, marked by a new strategy to kick off this decisive decade. The 2020 strategy is a response to the urgency of the issues we are facing, and a departure from incremental, behind-the-scenes work, to targeted interventions in areas that have the potential to shift the global economy in the right direction.

The principles of urgency and impact guided the formation of the new strategy. Climate change was immediately recognised as an urgent priority, but equally important is a fair and equitable society. Inequality and climate are deeply intertwined. One cannot be solved without the addressing the other. Therefore, the trustees agreed the two connected impact goals for the Generation Foundation would be:

- > **Climate Action:** Do whatever we can to limit warming to 1.5°C, preserving human life and the natural systems on which we rely.
- > **Fairness:** Ensure equality of opportunity and reduce inequality of outcomes.

TRUSTEES' ANNUAL AND STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

STRATEGIC GRANT-MAKING (CONTINUED)

To make progress on those goals, the trustees arrived at four strategic funding priorities grouped under Climate Action and Fairness, which are:

CLIMATE ACTION

- > **Investor climate action:** Capital must be reallocated from business models reliant on stranded assets. Engagement efforts have garnered results, but alone will not be successful in rapidly decarbonising the economy.
- > **A price on carbon:** Average global carbon price is \$2/tonne. Carbon risk must be priced at least \$75/tonne before 2030 to give us a chance of limiting warming to 1.5°C. We are well-positioned to increase the likelihood of that happening.

FAIRNESS

- > **Gender inclusion and empowerment:** We are experiencing a key moment to narrow the gender pay gap, improve diversity and gender balance in companies for mutual benefit of women, their employers, and investors. Progress toward equality and empowerment of women worldwide has been too slow – the Foundation is well-placed to catalyse action in this area.
- > **Action on economic inequality:** Economic inequality is threatening well-being, institutions, and action on existential threats like the climate crisis. Activities will include work to embed the business case for social mobility at company level and engaging with workers in a just transition. Eliminating extreme poverty worldwide is possible, and we intend to contribute to global efforts to end poverty and extreme inequality.

The Foundation plans to spend the endowment aggressively and effectively. This is a step-change in the Foundation's work and will tackle these challenges with the full weight of the Foundation's resources, Generation's wholehearted support, and the engagement of the ecosystem of clients and supporters in Generation's network.

STRATEGIC GRANTS IN 2019

Strategic grants are sourced through research and the identification of organisations that align to the Foundation's strategic priorities.

Strategic grants fall into two categories: major grants and capacity building grants. Major grants are long-term partnerships with organisations to achieve a particular set of outcomes through research or programmes. Capacity building grants provide unrestricted funding to organisations that are doing excellent work aligned to the Foundation's priorities. These grants support organisations to build capacity, take on new partnerships and innovate.

TRUSTEES' ANNUAL AND STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

MAJOR PARTNERSHIP GRANTS

The Foundation funds research and delivers programmes aimed at overcoming barriers to a sustainable economy through partnerships with organisations and institutions across sectors and geographies (Note 5).

Grants awarded in 2019

In 2019, the Foundation continued to build strong partnerships with organisations that accelerate the transition to a sustainable economy. These included a new partnership with the Social Mobility Foundation – a programme of work to ensure equality of access and opportunity for young people in the UK. The funding will support the creation of a new programme to help young people from disadvantaged backgrounds access high-status jobs in mission-driven companies; the expansion of the Social Mobility Employer Index; and the launch of the Department for Opportunities to advance social mobility throughout the UK. Aligned to the climate strategy, the Foundation initiated a new major partnership with Mission2020, a collaborative initiative (fiscally sponsored by New Venture Fund) which aims to drive urgent action to limit the effects of climate change through the convening power, tactical strength and networks afforded by its members and convener Christiana Figueres, former Executive Secretary of the United Nations Framework Convention on Climate Change.

Ongoing activities

The Foundation contributes more than money to our major partners and works closely in partnership over several years. Value is added through collaboration, support, networks, and research in pursuit of our charitable aims. One such partnership, established in 2018, was an ambitious programme of work called *A Legal Framework for Impact* in partnership with Principles for Responsible Investment ("PRI") and United Nations Environmental Programme Finance Initiative ("UNEP FI"). The project will investigate whether there are legal barriers to investing for impact targets. It will determine what, if any, legal impediments may face mainstream asset owners and investors in allocating capital to align with impact goals, like 1.5°C of warming or the achievement of the SDGs. It will highlight areas of excellence, where the legal conditions are most advanced, and it will identify the changes that need to be made (and by whom) to build the foundations for a sustainable financial system. An RfP process identified Freshfields as the legal partner for the project. Freshfields is currently undertaking a global legal assessment.

The Foundation continued its work on carbon risk and pricing with Navigant and CDP (formerly Carbon Disclosure Project), including the publication of papers entitled "Internal Carbon Pricing for Low-Carbon Finance" in July 2019 and "Internal Carbon Pricing for Future-Proof Supply Chains" in January 2020.

The Foundation awarded major partnership grants in 2019 totalling £2,154,831 (2018: £2,806,182).

CAPACITY BUILDING GRANTS

The other aspect of the Foundation's strategic grant-making is the provision of catalytic capital to build capacity for organisations doing crucial work for the advancement of sustainable capitalism. Unlike major partnerships, these grants focus on core funding to enable great organisations to flourish.

Capacity building was an important piece of the Foundation's work in 2019. The Foundation awarded grants to organisations addressing inequality and climate. On the inequality side, the Foundation supported The Investment Integration Project (TIIP), a US organisation seeking to publish practical guidance for investors on tackling inequality through active ownership and engagement. ShareAction received a grant which was used to fund their Pension Power Tool, which seeks to engage individual savers and investors in sustainable finance practice and climate action. In 2020, the Foundation's work will build on partnerships like these as we embark on a new ambitious grant-making strategy.

TRUSTEES' ANNUAL AND STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

On the climate side, long-time partners of the Foundation, Carbon Tracker Initiative, received funding to support their work for Climate Action 100+ and add resource to their research and communications teams. The Impact Management Project, an initiative of Bridges Impact Foundation, received a capacity building grant to help build the infrastructure of sustainable finance by bringing harmony to investor, company, and intermediary disclosures of non-financial data.

The Foundation awarded capacity building grants in 2019 totalling £640,276 (2018: £439,210).

SUSTAINABLE COMMUNITY GRANTS

The Foundation seeks to support the employees of Generation in their personal philanthropy. In 2019, we continued to make smaller grants to organisations brought to us by Generation employees that align to our vision of a low-carbon, prosperous, healthy, safe and fair society.

Generation team members may apply for a sustainable community grant of up to £25,000 for their chosen charitable organisation where they have a demonstrable personal commitment. In this, the Foundation supports Generation's employees in their embodiment of Generation's values. One example of a grant in this category was the Deworm the World initiative whose mission is to improve health and educational outcomes for young people in developing countries. Deworm the World was awarded £25,000 to fund the large-scale delivery of deworming medication to schoolchildren in areas most afflicted by worms.

The Foundation awarded Sustainable Community Grants in 2019 totalling £160,000 (2018: £197,807).

MATCHING EMPLOYEE CONTRIBUTIONS

The Foundation also matches charitable gifts and volunteer hours donated by Generation employees to eligible charities. This year, the Foundation matched donations at a 1:2 ratio (for every £1 donated to an eligible charity, the Foundation paid an additional £2 to that charity) and raised awareness of the matched giving programme. This campaign succeeded in raising employee participation from 96% in 2018 to 100% in 2019.

During the year the Foundation made matched-giving awards totalling £641,661 (2018: £557,399).

PEOPLE

The average monthly number of employees who served during the year equates to two (2018: one).

Salaries are reviewed annually in line with performance, subject to a calibration process having regard to the skills and attributes required for the particular roles. Proposed pay increases are presented to the Trustees for approval. The Trustees also have reference to compensation paid within the wider industry.

OTHER MATTERS

The Trustees consider the funding sources and expenditure in the year have supported the key objectives of the Foundation. In setting the Foundation's objectives and planning its activities, the Foundation's Trustees have considered section four of the Charities Act 2011. In doing so they are satisfied that they have complied with their duty to have regard to the Public Benefit guidance published by the Charity Commission.

TRUSTEES' ANNUAL AND STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

RESPONSIBILITIES OF TRUSTEES

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 the Trustees have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). 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 the affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period.

In preparing these financial statements, the Trustees are required to:

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

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each Trustee in office at the date the Trustees' report is approved, confirm that:

- a) so far as the Directors are aware, there is no relevant audit information of which the company's auditors are unaware; and
- b) the Directors have taken all the steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

FUTURE DEVELOPMENTS

In the coming years, the Trustees anticipate the continued involvement of the Foundation with its charitable partners in support of their goals and the Foundation's objectives as outlined on page 4. The Foundation anticipates maintaining the current grant partnerships and adding new partnerships.

RESERVES POLICY

The Trustees do not place restrictions on amounts of funds to be expended or retained in a given year. The total funds held by the Company at 31 December 2019 were £22,052,697 (2018: £16,821,150). All funds held were unrestricted.

TRUSTEES' ANNUAL AND STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

FINANCIAL REVIEW

The Trustees have assessed the major risks to which the Company are exposed, including those relating to financial, operational, compliance and governance issues. The Trustees review risks annually and are satisfied that systems are in place to mitigate exposure to those risks.

The most critical risk to the Foundation is the loss of funding from Generation, which supports the Foundation's objectives. If sufficient additional funding is not obtained this could restrict the Foundation's ability to grow further or means that grants and research activities may need to be scaled back. However, since Generation was launched more than 15 years ago, Generation has supported the Foundation.

PRINCIPAL FUNDING SOURCE

The Foundation's principal funding source is through donations of which a substantial proportion are recurring annually from the Members of Generation Investment Management LLP.

DONATIONS POLICY

The donations are made on a voluntary basis and are made at the discretion of the Members of Generation Investment Management LLP. The Foundation does not consider it appropriate at the current time to seek donations from the general public nor has it engaged any professional fund-raiser or commercial participator. Consequently, the Foundation has not joined any voluntary fundraising regulation scheme. The Foundation has not recorded any complaint regarding fundraising since inception.

RELATED PARTIES

Generation Investment Management LLP is a related party as all the Foundation's trustees are also members of the LLP (see Note 12 for further details of the Foundation's connection with this related party).

COVID-19

The Trustees have considered the impact of the latest developments surrounding COVID-19 on the Foundation, including its staff and beneficiaries. The Trustees note that:

- > The Foundation's staff have been able to work from home through the crisis;
- > The members of Generation Investment Management LLP have made additional donations to support charities that are helping with the COVID-19 emergency. Subsequently the Foundation have donated to charities that support the COVID-19 emergency;
- > There will be no severe impact to the beneficiaries that the Foundation have committed to; and
- > There will be no impact on the strategy of the Foundation, as our goals of tackling climate change and endorsing fairness are a long term strategy that is more important in the light of COVID-19.

TRUSTEES' ANNUAL AND STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

GOING CONCERN

The Trustees believe that the Foundation is well placed to manage its business risks successfully. After making inquiries including consideration of the ongoing COVID-19 situation, the Trustees have a reasonable expectation that the Foundation has adequate resources to continue in operational existence and meet its liabilities as they fall due for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Foundation financial statements.

Approved by the Board of Trustees on 23 July 2020 and signed on their behalf.



Rema Rajeswaran
Trustee
23 July 2020

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE GENERATION FOUNDATION

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

In our opinion, The Generation Foundation's financial statements (the "financial statements"):

- > give a true and fair view of the state of the charitable company's affairs as at 31 December 2019 and of its incoming resources and application of resources, including its income and expenditure, and cash flows, for the year then ended;
- > have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- > have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2019; the statement of financial activities (including income and expenditure account), cash flow statement for the year then ended; the accounting policies; and the notes to the financial statements.

BASIS OF OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENCE

We remained independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- > the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- > the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the charitable company's ability to continue as a going concern.

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE GENERATION FOUNDATION (CONTINUED)

REPORTING ON OTHER INFORMATION

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency

REPORTING ON OTHER INFORMATION (CONTINUED)

or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

TRUSTEES' ANNUAL REPORT

In our opinion, based on the work undertaken in the course of the audit the information given in the Trustees' Annual Report, including the Strategic Report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and the Trustees' Annual Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Trustees' Annual Report. We have nothing to report in this respect.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

RESPONSIBILITIES OF THE TRUSTEES FOR THE FINANCIAL STATEMENTS

As explained more fully in the Responsibilities of Trustees set out on page 8, the trustees are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The trustees are also 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.

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.

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE GENERATION FOUNDATION (CONTINUED)

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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 auditors' report.

USE OF THIS REPORT

This report, including the opinions, has been prepared for and only for the charity's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

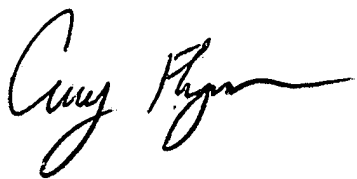
OTHER REQUIRED REPORTING

COMPANIES ACT 2006 EXCEPTION REPORTING

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

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

We have no exceptions to report arising from this responsibility.



Guy Flynn (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
24 July 2020

STATEMENT OF FINANCIAL ACTIVITIES

(INCLUDING INCOME AND EXPENDITURE ACCOUNT)

	NOTE	UNRESTRICTED TOTAL FUNDS FOR THE YEAR ENDED 31 DECEMBER 2019 £	UNRESTRICTED TOTAL FUNDS FOR THE YEAR ENDED 31 DECEMBER 2018 £
INCOME AND ENDOWMENTS FROM:			
Donations and legacies		9,451,948	7,691,447
Interest Income		71,266	21,014
TOTAL		9,523,214	7,712,461
EXPENDITURE ON:			
Charitable activities	4	(4,219,801)	(4,366,139)
TOTAL		(4,219,801)	(4,366,139)
NET INCOME BEFORE (LOSS) ON FOREIGN EXCHANGE ON INVESTMENTS		5,303,413	3,346,322
(Loss) on foreign exchange on investments		(71,866)	-
NET INCOME		5,231,547	3,346,322
NET MOVEMENT IN FUNDS		5,231,547	3,346,322
RECONCILIATION OF FUNDS:			
Total funds brought forward		16,821,150	13,474,828
TOTAL FUNDS CARRIED FORWARD		22,052,697	16,821,150

All recognised gains and losses have been included in the Statement of Financial Activities and the amounts included are derived from the continuing activities of the Foundation.

The notes on pages 17-23 form part of these financial statements.

BALANCE SHEET

AS AT 31 DECEMBER 2019

	NOTE	31 DECEMBER 2019 £	31 DECEMBER 2018 £
NON-CURRENT ASSETS			
Investments	8	250	-
TOTAL CURRENT ASSETS		250	-
CURRENT ASSETS			
Debtors	9	9,451,948	7,690,239
Investments	10	14,064,925	-
Cash at bank and in hand		2,801,911	12,715,131
TOTAL CURRENT ASSETS		26,318,784	20,405,370
LIABILITIES			
Creditors: Amounts falling due within one year	11	(2,631,416)	(2,775,483)
NET CURRENT ASSETS		23,687,368	17,629,887
TOTAL ASSETS LESS CURRENT LIABILITIES		23,687,618	17,629,887
Creditors: Amounts falling due after one year	12	(1,439,553)	(714,070)
Provision for liabilities	13	(195,368)	(94,667)
NET ASSETS		22,052,697	16,821,150
The funds of the charity:			
Unrestricted funds		22,052,697	16,821,150
TOTAL FOUNDATION FUNDS		22,052,697	16,821,150

Approved by the Board of Trustees on 23 July 2020 and signed on their behalf:



Rema Rajeswaran

Trustee

23 July 2020

The Generation Foundation (Company No: 05536312)

The notes on pages 17-23 form part of these financial statements.

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

		FOR THE YEAR ENDED 31 DECEMBER 2019	FOR THE YEAR ENDED 31 DECEMBER 2018
	NOTE	£	£
Net Income for the reporting year (as per the Statement of Financial Activities)		5,231,547	3,346,322
Adjustments for:			
Increase in debtors	9	(1,761,709)	(77,584)
Increase in creditors	11,12	581,416	1,459,186
Increase in provisions	13	100,701	54,606
NET CASH GENERATED FROM OPERATING ACTIVITIES		4,151,955	4,782,530
 Purchase of investments		(250)	-
NET CASH USED IN INVESTING ACTIVITIES		(250)	-
 Change in cash and cash equivalents in the year:		4,151,705	4,782,530
Cash and cash equivalent at 1 January 2019		12,715,131	7,932,601
CASH AND CASH EQUIVALENT AT 31 DECEMBER 2019		16,866,836	12,715,131

Reconciliation of cash at bank and in hand to cash and cash equivalents:

		FOR THE YEAR ENDED 31 DECEMBER 2019	FOR THE YEAR ENDED 31 DECEMBER 2018
	NOTE	£	£
Cash at bank and in hand		2,801,911	12,715,131
Short-term deposits (included in current asset investments)	10	14,064,925	-
NET CASH GENERATED FROM OPERATING ACTIVITIES		16,866,836	12,715,131

The notes on pages 17-23 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

- a) The financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and in accordance with the Companies Act 2006. The financial statements have also been prepared in accordance with the Charities Statement of Recommended Practice – Accounting and Reporting by Charities effective 1 January 2015, and the Charities Act 2011. The Charity is a public benefit entity.

The financial statements have been prepared on a going concern basis.

The other principal accounting policies, which have been applied consistently throughout the year, are set out below.

- b) Donations and legacies comprise of donations from Members of Generation Investment Management LLP ("Generation") equivalent to an annual allocation of distributable profit arising from Generation of £7,561,558 (2018: £6,152,192) and the associated gift aid recoverable from HMRC of £1,890,390 (2018: £1,538,047). These are accounted for on an accruals basis such that the donation in respect of the 2019 profits of Generation are recognised as at 31 December 2019.
- c) Interest income is recognised in the Statement of Financial Activities and comprises of interest on cash and cash equivalents and is accounted for using the effective interest method.
- d) Support costs entirely consist of governance costs which are those costs incurred to comply with constitutional and statutory requirements including related professional fees, and are accounted for on an accruals basis.
- e) As a registered charity, the Foundation is exempt from UK taxation on income and gains to the extent that these are applied in furtherance of its charitable objectives.
- f) Grant activities are payments made to third parties in the furtherance of the Foundation's charitable objectives. Single or multi-year grants are accounted for on an accruals basis when the recipient has a reasonable expectation that they will receive a grant as there are no attached significant performance conditions.
- g) Matched giving awards are made to third parties in relation to eligible donations to charities by staff and members of Generation. The awards are recognised at the point that the donation is made by staff and members of Generation.
- h) The Foundation is not registered for VAT. All expenditure is therefore stated inclusive of VAT where applicable.
- i) All of the funds of the Foundation are unrestricted. These may be used in accordance with the charitable objectives at the discretion of the Trustees.
- j) Provisions are recognised when the Foundation has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. The provisions recognised in Note 13 relate to the Employee Incentive Plan. Further details of this are given in Note 6.
- k) Transactions denominated in foreign currency are translated into sterling at the exchange rates ruling at the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate ruling at the balance sheet date. All foreign exchange gains and losses, realised and unrealised, are recognised in the Statement of Financial Activities.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

- l) Non-Current investments are financial assets held for continuing use in the business and include an investment in a Guernsey based limited partnership, Marvel (Deferred) Limited Partnership. Investments are held at fair value through profit or loss and are stated at fair value in accordance with market practice and gains and losses on revaluation are taken to the income statement as unrealised. For this investment it is considered that the price paid for the investment represents fair value.
- m) Debtors include amounts receivable on donations to which the Foundation is entitled including any recoverable gift aid. Debtors are measured at their recoverable amounts.
- n) Current asset investments are cash equivalent financial assets held in money market funds. These are held at fair value through profit or loss and are stated at fair value in accordance with market practice and gains and losses on revaluation are taken to the income statement as unrealised.
2. The preparation of financial statements in accordance with FRS 102 requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. Information about these judgements and estimates is included in the accounting policies and other notes.

The significant judgements are:

- The consideration that the Trustees are the controlling Persons of the Foundation (Note 13);
- The allocation of support costs to the Grants awarded by the Foundation (Note 5).

The significant estimates are:

- Recognition of grant obligations payable in later periods (Note 1 (f) and 5, 12);
- Future obligations and provisions are not subject to discounting (Note 10, 11, 12);

3. Guarantees

The Foundation is a company in which the liability of the company member is limited to an amount not exceeding £10.

4. Charitable activities

ACTIVITY	YEAR ENDED 31 DECEMBER 2019			YEAR ENDED 31 DECEMBER 2018		
	GRANT AWARDS £	SUPPORT COSTS £	TOTAL £	GRANT AWARDS £	SUPPORT COSTS £	TOTAL £
Charitable activities	3,583,268	636,533	4,219,801	4,000,598	365,541	4,366,139
	3,583,268	636,533	4,219,801	4,000,598	365,541	4,366,139

Governance costs are considered to be support costs. Included within support costs are staff costs (see Note 6 for further analysis) of £561,251 (2018: £302,518), research expense of £30,527 (2018: £25,072), fees payable to the auditors in respect of the statutory audit of £33,097 (2018: £9,103) and £3,000 (2018: £3,000) in respect of tax compliance services, and other professional fees to other providers of £11,658 (2018: £28,848).

Charitable activities include grants awards £2,941,607 (2018: £3,443,199) and matched-giving in respect of Generation's employees' donations £641,661 (2018: £557,399). For further analysis of grants awarded refer to Note 5.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. Grant activities

Major Partnership Grants

INSTITUTION	TOTAL GRANT EXPENSES INCLUDED IN SOFA	SUPPORT COST ALLOCATION	ORGANISATION DESCRIPTION
Social Mobility Foundation	£1,400,000	£248,697	A charity which aims to make a practical improvement in social mobility for young people. The Social Mobility Foundation was founded in 2005 in order to provide opportunities, and networks of support for 16 and 17 year olds who are unable to get them from their schools or families, in order to succeed in their desired careers.
Mission 2020	£741,331	£131,690	A collaborative initiative (fiscally sponsored by New Venture Fund) which aims to drive urgent action to limit the effects of climate change through the convening power, tactical strength, and networks afforded by its members and convener Christiana Figueres, former Executive Secretary of the UNFCCC.
Total Major Partnership Grants	£2,141,331 (2018: £2,806,182)	£380,387 (2018: £256,405)	

Capacity Building

INSTITUTION	TOTAL GRANT EXPENSES INCLUDED IN SOFA	SUPPORT COST ALLOCATION	ORGANISATION DESCRIPTION
London School of Economics	£75,000	£13,323	A research body within the London School of Economics, the Grantham Research Institute on Climate Change and the Environment is a leading centre for policy-relevant research and training on climate change and the environment, bringing together international expertise on economics, finance, geography, the environment, international development and political economy.
Carbon Tracker Initiative	£150,000	£26,646	An independent financial think tank that carries out in-depth analysis of the impact of the energy transition on capital markets and the potential investment in high-cost, carbon-intensive fossil fuels.
The Investment Integration Program	£140,370	£26,646	A charity that aims to help investors understand how health environmental, social and financial systems support long-term investment through the provision of proper guidance and tools.
Bridges Impact Foundation	£124,906	£24,935	The Foundation associated with Bridges Fund Management that established and manages the Impact Management Project, a forum that aims to build global consensus on how to measure, manage and report impact.
ShareAction	£150,000 (2018: £75,000)	£22,188	ShareAction is a charity focused on accelerating the practice of responsible investment through campaign-based activities: building a movement, reforming rules and incentives inside the investment system and unlocking the power of investors to catalyse social and environmental change.
Total Capacity Building Grants	£640,276 (2018: £439,210)	£113,739 (2018: £40,131)	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Sustainable Community

INSTITUTION	TOTAL GRANT EXPENSES INCLUDED IN SOFA	SUPPORT COST ALLOCATION	ORGANISATION DESCRIPTION
Total Sustainable Community Grants	£160,000 (2018: £197,807)	£28,422 (2018: £18,074)	Various institutions

INSTITUTION	TOTAL GRANT EXPENSES INCLUDED IN SOFA	SUPPORT COST ALLOCATION	ORGANISATION DESCRIPTION
Total Match-Giving Awards	£641,661 (2018: £557,399)	£113,985 (2018: £50,391)	Various institutions

Total Grants £3,583,268 (2018: £4,000,598)

All grants have been made to institutions. All grants over £75,000 have been included on an institution line by line basis in the above tables. This table represents 100% of total grants awarded by the Generation Foundation in 2019.

Support costs have been allocated by apportioning the value of each grant over the total grant expenditure recognised in the year.

As the Trustees believe that the future payments will be made without substantive review, amounts payable in future years (totalling £3,892,878) have been recognised in these financial statements and in earlier years. Of this, £2,453,325 is expected to settle within 2020. The following table shows the overall movement in the grant payment obligations.

	YEAR ENDED 31 DECEMBER 2019	YEAR ENDED 31 DECEMBER 2018
	£	£
Accrued grant payments brought forward	3,387,616	1,973,877
Amounts paid	(3,159,713)	(2,573,514)
Additional grant awards	3,583,268	4,000,598
Foreign exchange movements	81,707	(13,345)
	3,892,878	3,387,616

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. Employee information

Staff costs

	YEAR ENDED 31 DECEMBER 2019	YEAR ENDED 31 DECEMBER 2018
	£	£
Wages and salaries	391,803	207,845
Deferred Compensation	87,246	49,168
Social security costs	62,202	31,080
Other pension costs	20,000	14,425
	561,251	302,518

Wages and salaries include salary and taxable benefits in kind and other payments to employees. Other pension costs include employer's contribution to defined contribution pension schemes. The Deferred Compensation costs are incurred in relation to deferred cash bonuses awarded to employees. The ultimate cash value to be paid to employees is dependent upon the performance of certain Generation managed investment fund units. Awards vest after three years from grant date with proceeds paid to respective employees after five years. The level of incentives awarded are linked to an employee's level of seniority at grant date.

The average monthly number of employees who served during the year equates to two (2018: one).

There were two employees during the year with emoluments exceeding £60,000 (2018: one employee with emoluments exceeding £60,000). One employee received total employee compensation and benefits (excluding pension) within the band £310,000 - £320,000 and one employee received total employee compensation and benefits (excluding pension) within the band £150,000 - £160,000.

7. Payments to Trustees

The Trustees have not received remuneration or expenses during the year (2018: nil).

8. Investments

	31 DECEMBER 2019	31 DECEMBER 2018
	£	£
At 1 January	-	-
Additions	250	-
AT 31 DECEMBER	250	-

Further details on this investment are given in Note 1 (I).

9. Debtors

	31 DECEMBER 2019	31 DECEMBER 2018
	£	£
Other debtors	9,451,948	7,690,239
	9,451,948	7,690,239

Other debtors include donations received from the members of Generation of £7,561,558 (2018: £6,152,192) and the associated gift aid recoverable from HMRC of £1,890,390 (2018: £1,538,047).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. Current asset investments

	31 DECEMBER 2019	31 DECEMBER 2018
	£	£
At 1 January	-	-
Additions	14,136,791	-
Foreign exchange movement	(71,866)	-
AT 31 DECEMBER	14,064,925	-

11. Creditors: Amounts falling due within one year

	31 DECEMBER 2019	31 DECEMBER 2018
	£	£
Trade creditors	7,324	11,794
Grant commitments due within one year	2,453,325	2,673,546
Taxation and social security	121,703	66,919
Accruals	36,097	12,703
Amounts due to related parties	12,967	10,521
	2,631,416	2,775,483

Included within Accruals are the fees payable to the auditors in respect of the statutory audit of £33,097 (2018: £9,103) and in respect of other accountancy services and professional fees of £3,000 (2018: £3,600).

12. Creditors: Amounts falling due after one year

	31 DECEMBER 2019	31 DECEMBER 2018
	£	£
Grant commitments due after one year	1,439,553	714,070
	1,439,553	714,070

No discounting has been applied to these future obligations as the judgements made are immaterial.

13. Provisions for Liabilities

	31 DECEMBER 2019	31 DECEMBER 2018
	£	£
At 1 January	94,667	40,061
Additions dealt with in profit or loss	100,701	54,606
AT 31 DECEMBER	195,368	94,667

The Foundation provides deferred cash incentives ("awards") for employees. Awards take the form of a deferred entitlement to cash based on the performance of Generation-managed investment funds. For further details see Note 6.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. Related party transactions

Generation Investment Management LLP is a related party as all the Foundation's trustees are also members of the LLP. As the Foundation has a charitable status, the Foundation is excluded from the LLP's group consolidation due to the severe long-term restrictions which substantially hinder the exercise of the rights of the LLP over the Foundation.

As at 31 December 2019 a balance of £7,561,558 (2018: £6,152,192) was due from Members of Generation Investment Management LLP.

During the year, Generation Investment Management LLP settled expenses of £72,446 (2018: £30,922) on behalf of the Foundation of which £12,967 (2018: £10,520) was due at balance sheet date.

D W Blood, a trustee, serves on the board of World Resources Institute. There have been no transactions in the current year with the World of Resources Institute (2018: a match request from a Generation employee of £8,024 was awarded).

15. Ultimate controlling party

The ultimate controlling Persons of the Foundation are the Trustees as listed in the Trustees' Annual Report.

16. Subsequent Events

There were no events subsequent to the balance sheet date that required adjustment to or disclosure in the financial statements.