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# The Forum for the Future

**Annual report and financial statements  
for the year ended 31 December 2019**



Forum for the Future is an international non-profit organisation with a purpose to accelerate the big shift towards a sustainable future by catalysing change in whole systems. We operate in four offices located in the UK, US, Singapore and India. This annual report gives an overview of our ongoing work with business, government and wider civil society, all of which aims to create a fairer future and benefit for all.

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## Message from the Chief Executive

At Forum, our mission is to accelerate the shift toward a more sustainable future. It is increasingly clear to us that achieving this will require some fundamental shifts in our global economic model, and that all of our work should be driving towards shifting the goals of the current economic system to incorporate the principles of sustainable development and ensuring that it is in line with a 1.5°C future.

We want to see the emergence of a regenerative economic system that works for both people and planet. By this we mean a system that moves away from being extractive in nature, eroding both social and environmental capital, to one that balances the needs of nature, individuals and economy, offering equitable benefits to each. Concrete, targeted action over the coming decade will be critical to achieving this.

We've recently seen unprecedented levels of attention on the global climate and biodiversity crises. The emergency we face is gaining traction with the mainstream media and financial community, and, while long overdue, this has brought new investment and business models, innovative technologies and sustainability strategies with real potential to drive transformative change.

This is all promising progress, but the world remains on an unsustainable trajectory, heading toward climate catastrophe and wildly off course to meet the Sustainable Development Goals. We're already seeing the consequences of decades of unsustainable living and an economy framed around the pursuit of short-term profit maximisation. Increasing disruption from droughts, bush fires, floods, growing inequality, shrinking glaciers, record temperatures, crashing biodiversity, and more pose very real threats to our social and economic progress.

Add to this the ongoing mass disruption from the COVID-19 crisis. We are all aware of the public health face of COVID-19, and the tragic loss of life it has caused. We are increasingly aware of how it is exposing the very real cracks in our economic, health, social, political and financial systems. COVID-19 has shone a light on profound levels of inequality, the fragile nature of our global supply chains and the vulnerability of our essential workers. It has highlighted in a very dramatic way the inflexibility of our current economic system.

Crucially, COVID-19 has also demonstrated how unprepared we are to deal with turbulence and change, and has the potential to divert vital resources from the sustainability movement at a time when we were just beginning to gain momentum. At Forum, we're grappling with two pressing questions: what can we learn from COVID-19 that better equips us for the wider challenges that confront us? And *how* can we

*meaningfully* respond to what is a complex and interconnected set of sustainable development issues that need addressing simultaneously?

Enter 'system change' and futures practice, something Forum is uniquely placed to deliver. Our skills in these areas allow us to embrace uncertainty, understand the root causes of issues, build our understanding of *how* we create change, not just why it's needed, and intervene based on analysis of when and where we can make the biggest difference in the systems we depend on. They allow us to imagine what multiple futures could look like and shape a vision of the world we want to create. And crucially, they allow us to focus on specific levers with the potential to deliver multiple benefits across multiple systems, at scale and at pace.

Although challenging, transformational change will be critical to creating a truly sustainable world. It is possible, but only if we embrace complexity and really get serious about taking systemic approaches in the decade ahead. The first few months of 2020 have shown us just how adaptable we can be when crisis hits. As countries around the world respond to the COVID-19 pandemic, we have witnessed – and continue to witness - rapid and fundamental changes in the way we live and work.

While change inevitably brings uncertainty, we are also seeing positive outcomes: a stronger appreciation of social responsibility and of the vulnerable and those who work on the frontline of emergencies; reduced travel contributing to dramatic drops in air pollution; new coping skills emerging that could strengthen our resilience. Businesses and governments are showing they can make bold decisions with speed and resolve to support rapid behaviour change. Long-standing operating models are being dramatically reorganised. Could this all develop into new forms of business, collaboration and investment?

This must be COVID-19's legacy. Anything less, and in particular a return to life as we knew it, will be to miss an unparalleled opportunity to come back stronger and to accelerate the change we so urgently need to see.

On the back of the pandemic, Forum has strengthened its focus on how we can best help individuals and organisations grapple with uncertain times as part of creating a more resilient, post COVID-19 world. This involves helping to build an understanding of the complex and interconnected nature of the systems we rely on. It also involves providing support to navigate turbulence, and we will rapidly dial up our work on coaching and equipping our partners in these areas. This adaptability in where we focus builds on efforts in 2019 to refine our theories of change for major programmes of work, and to ensure that we are laser-focused on harnessing our expertise and our relationships to create change.

To that end, we continue to strengthen our team of committed change makers, and in 2019 welcomed 27 new colleagues to Forum across our London, Mumbai, New York and Singapore offices, along with six new Trustees. This reflects our ongoing international investment and is set to ensure our influence extends well beyond our UK roots.

We also continue to build relationships with our trusted partners across business, government and civil society. None of this would be possible without them.

For too long, the climate crisis has escalated faster than the world's readiness and ability to respond but, with the decade of delivery upon us, it's time for that to change. We have the opportunity, and more so, the social and economic imperative, to fundamentally reinvent the way the world works.

**Sally Uren OBE**

Chief Executive, Forum for the Future

3 June, 2020

## Message from the Chair

### **A values-driven approach to navigating new and existing crises**

Over the last 12 months, the climate emergency has dramatically intensified. According to the World Meteorological Organisation, 2019's global average temperature was 1.1°C above the pre-industrial period and the year became the second hottest on record. 2019 also concluded a decade of exceptional heat, retreating ice caps and rising sea levels. As a result, the 2020s are set for extreme turbulence as part of a climate crisis the consequences of which will eclipse those of the world's latest threat: COVID-19.

2020 has so far demonstrated just how extraordinary the times we live in really are. The inequalities and hugely unsustainable nature of our society are being laid bare and we're seeing widespread changes in social behaviour, economic systems and government priorities as the world responds to this new crisis. No one has been left untouched by the pandemic, which is vividly demonstrating the interdependencies between our key systems, and between the sustainability issues we are striving to tackle.

While COVID-19 has understandably driven a terrifying uncertainty for many, I am increasingly galvanized by the new opportunity it has created for us to transition at unprecedented speed to a net zero global economy by 2050 at the latest. We must all aim to capitalise on our limited recovery window to ensure the pandemic response bolsters, rather than detracts from, efforts and investment to tackle the climate crisis.

After all, the only thing more terrifying than the pandemic at its peak, is a world in which we failed to emerge from it stronger.

Over the past eight years during which I have served as Forum's Chair, the organisation has navigated a number of its own transitions that I believe make us well-placed to navigate this uncertainty and to make the most of opportunity to reimagine the future. We have invested in our ability to drive wholesale systems change through the development of our School of System Change, and our futures capability; we have focused our energy on how we can use those areas of expertise to catalyse action on key global challenges; we have prioritised strengthening of our operations in Asia and the US so that we provide truly international perspectives on these challenges; and we have built strong relationships with a diverse array of funders and investors in change.

This has been supported by our values-driven approach. Now more than ever, we need to be courageous, adaptive, inquisitive and empathetic. These values are deeply embedded across our teams and will guide us as we look not just to survive this storm, but to thrive – and to help others do the same. Together with our partners across civil society, business and government, we will show leadership and find solutions to both existing and emerging challenges.

On behalf of the Trustees, I want to thank Forum's staff for the continued passion they bring to their work, the impact of which is brought to life in this report. I also want to thank our partners for their ongoing support, without which none of this is possible. Our mission remains relevant and, regrettably, more urgent than ever.

**Keith Clarke CBE**

Chair, Forum for the Future

3 June, 2020

# Trustees report

## Introduction

The Trustees, who act as directors for the purposes of company law, present their report and audited financial statements for the year ended 31 December 2019, which have been prepared in accordance with current statutory requirements, the Memorandum and Articles of Association and the Statement of Recommended Practice: Accounting and Reporting by Charities, the SORP applicable to charities preparing their accounts in accordance with FRS 102. This report incorporates the Companies Act 2006 strategic report requirements.

## Overview – our mission

**Poverty, malnutrition, inequality, crashing biodiversity, civil unrest: the world today is facing complex challenges because our fundamental systems are not set up to deliver sustainable development.**

Climate change has emerged as the defining issue of our times, with climate breakdown and ecological crisis already underway. Tackling such intricate, complex and significant challenges cannot be achieved by any one party alone or through isolated or incremental changes that collectively, do not add up to deliver lasting, transformative change.

While some progress has been made, there is still a significant need to equip people and organisations with the skills and/or knowledge to develop and deliver the solutions needed at scale and at pace. What's more, we lack the alternative business models and market mechanisms needed to re-align our economy behind truly long-term sustainable goals as opposed to short-term profit maximisation. We urgently need new ways of doing business that are more equitable (with fairer distribution of value and risk between stakeholders), and “regenerative” (rather than just “less extractive”).

Forum for the Future's mission is to address critical global challenges by catalysing change in key systems – from food to apparel, energy to shipping. For 24 years, we have been working in partnership with business, governments and civil society to accelerate the shift towards a sustainable future.

## Strategic goals and how we work

Our three overarching strategic goals are to:

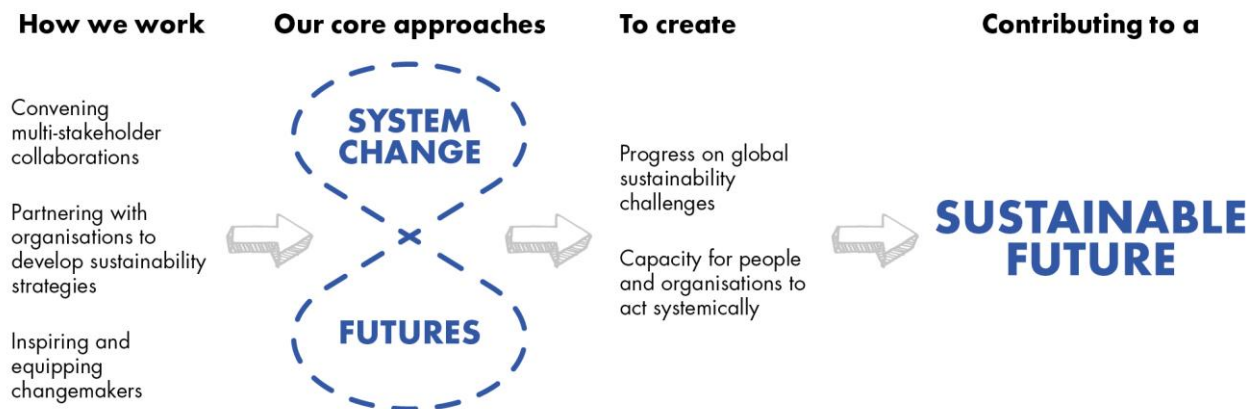
- deliver progress on complex sustainability challenges within areas of high change potential;
- inspire and equip people and organisations to deliver systemic change for sustainability;
- contribute to demonstrable progress in shaping a sustainable future.

From offices in London, New York, Singapore and Mumbai, we are **delivering these goals by:**

- convening transformational multi-stakeholder collaborations to drive change;
- partnering with organisations to help them develop their systems-changing strategies and lead by example;
- equipping people and organisations to drive systemic change.

This is captured in Forum's theory of change.

## Our theory of change



Forum is focused on playing a role in addressing three key global challenges: sustainable nutrition, sustainable livelihoods and value chains, and keeping the world within 1.5 °C net global warming. In each area of work we are developing and delivering a portfolio of projects, which demonstrate that creating a more sustainable future is possible, and ultimately that will help lead to the creation of a regenerative, distributive economic system that works for both people and planet. By this we mean a system that moves away from being extractive in nature to one that balances the needs of nature, individuals and economy, offering equitable benefits to each.

In 2019, Forum fine-tuned its theories of change for each of our key workstreams – climate, food, value chains, transformational strategies and systems change coaching - with a focus on understanding and maximising our contribution to the change that is needed. We are very aware of the scale of the challenges we are working on, and that success in addressing them will require cross-sector collaboration, with every organisation understanding its unique role and influence in creating change.

As a result, we have focused where we believe Forum can add the most value by leveraging our core assets: our deep relationships with global organisations, our geographic presence in key global markets, and above all, our expertise in system change and futures.

### **Forum is uniquely placed to deliver**

We have deep expertise in innovating solutions and as a trusted convener, are bringing together multi-stakeholder collaborations to deliver impact at scale. Our extensive partnerships and trusted relationships with leading global businesses, government agencies, NGOs, trusts and foundations allow us to challenge, ask the right questions, galvanise efforts and ensure focus is where it's needed most: on areas with genuine potential for lasting, transformative change.

Our leading-edge programmes, including the School of System Change, are equipping change makers to tackle the challenges they face and together, we are reinventing the way the world works by applying futures and systems change practices.

## **Systems change and futures**

### **Systems change**

Many of our fundamental systems are no longer fit for purpose. We are seeing unintended consequences and growing global challenges which necessitate new approaches of a scale and complexity never previously experienced. This is where systems change practice comes in.

Unless we can understand the bigger picture, the challenges in our systems and the root causes of these challenges, we will only end up mitigating problems or providing superficial solutions.

Forum has proven expertise and innovation in practical systems change for sustainability. We successfully use systems approaches to understand the web of interrelations that create complex problems, anticipate unintended consequences, and identify how and where to take action to drive sustainable development. Systems change practice teaches us to see how issues and challenges, along with individuals, places,

businesses, actions, and innovations are all interconnected. It is our way to respond to a complex, changing world – and the only way we will deliver truly transformational change.

## Defining terms

A **system** is a configuration of parts connected by a web of relationships towards a purpose. It can be an ecosystem, such as the marine environment and the food system, or socially created systems such as education and health.

A **systems approach** shifts the focus from individual parts to how the parts are organised, recognising that interactions are not static and constant but dynamic and fluid. This means we help to diagnose the challenge, determine transformational and systems changing strategies and support collaboration so that we can innovate and learn how to address key issues.

**Systems change** enables us to respond to a complex, changing world. It is a process designed to change how a system behaves so that a new, sustainable pattern can emerge. Systemic practices enable transformational, not incremental change.

There are many different ways in which it is possible to tell that a system is shifting. At Forum we design our work to contribute to one or more of these changes:

- **changing flows of information.** This refers to new and/or existing data becoming more readily available and in new, more accessible formats, thereby helping key actors of influence understand and act on an issue in more informed ways. Many of Forum's projects contribute to making information more accessible in ways that will drive change. For example, Forum's recent *Future of Food* report analysed the public commitments of 132 leading food companies to outline a five-point plan to encourage businesses to adopt practical steps towards a more sustainable global protein system (see page 16 for more information).
- **changing ways of organising.** This refers to shifts we are beginning to see in how the power and rules that govern a system are organised. Many of Forum's projects experiment with new ways of organising that can help shift power in a system. For example, we trial new business models, such as through our Kenya Tea Swaps project (page 18) and new delivery models such as our PowerPaired programme (page 22). We also experiment with new types of collaboration, such as the cross-sector collaboration to transform school lunch menus in the US that brings together school districts with food manufacturers to create new plant-based protein menus (page 17).

- **systems shifting to a new goal.** This means we are seeing activities which can start to allow entire systems to re-align behind different goals. This is more difficult to track, and is often seen through a laddering up of new behaviours, government policies and investment priorities. An example of this type of outcome that has been driven by Forum's work would be ways in which food manufacturers are beginning to define success not in terms of profit maximisation but by the contribution they are making to delivering nutritious, healthy food that doesn't create negative environmental impacts.
- **shifting mindsets and paradigms.** This is where some of the most fundamental change comes from, and it is where we are starting to see changes in how people think and feel about their place in the world, shifts in the values that underpin their beliefs, and about their role in creating change. This is often advanced by the creation of new narratives, and through engaging decision makers and influencers in the process of developing those narratives. Forum works on this across all our areas of work, but it is most explicit in the School of System Change (page 25) and on our broader thought leadership efforts, such as the *Future of Sustainability* campaign (page 30).

We are currently working to build this understanding of how change happens into an impact measurement framework, which will help make clear where Forum is having the greatest impact on shifting systems. This is highlighted in our overview of future plans (page 32).

## Futures

Given the uncertainty of the societal and economic response to some of the key trends impacting our world right now, it is not wise or even possible to predict the future. However, we can shape the future, and the best way to start is by imagining the future we want to see.

We use futures to help organisations and collaborations grapple with uncertainty and change. By revealing the complex interplay of dynamic trends around us, and identifying risks, opportunities and powerful innovations, **our futures work helps organisations to discover where to act for long-term success within the systems they operate in.**

We are leaders in **applied futures for sustainability**, known for using trends, visions and scenarios to create concrete, practical solutions and build the capacity of our partners for long-term thinking.

Systems change and futures go hand in hand. We have a global reputation for futures work and, over the last two decades, have designed and delivered a huge range of futures projects and thought leadership.

To do this, we use a range of different futures tools and methodologies, from horizon-scanning and frameworks such as the **Three Horizons** to a variety of scenario-building and visioning techniques. Our work is qualitative, grounded in thorough research, and enables key decision makers to think **very differently** about their responses to current challenges.

Our unique application of futures for sustainability enables us to challenge an organisation's assumptions about the world and help **map out routes to a sustainable future**.

**Find out more about our work at [forumforthefuture.org](https://forumforthefuture.org), [thefuturescentre.org](https://thefuturescentre.org), or via LinkedIn, Twitter and Facebook.**

## Objectives and activities

### Public benefit

The Trustees have referred to the Charity Commission's general guidance on public benefit when reviewing the aims and objectives of Forum and planning its future activities. The Trustees confirm that they have complied with the duty in section four of the Charities Act 2006 to have due regard to the public benefit guidance published by the Charity Commission in determining how planned activities will contribute to the aims and objectives that have been set.

Forum for the Future in the UK is a registered educational and sustainable development charity, and a company limited by guarantee and not having share capital. Its governing documents are the Memorandum and Articles of Association. Its charitable objects are to:

- Advance the education of the public in economic and social studies as they relate to individuals, communities, society at large and the planet as a whole, with special reference to their interrelationship with ecology, the natural world, health, technology, agriculture, sustainable development, philosophy and psychology.
- Promote sustainable development for the benefit of the public by the:
  - Preservation, conservation and protection of the environment and the prudent use of natural resources;
  - Relief of poverty and the improvement of the conditions of life in socially and economically disadvantaged communities;
  - Promotion of sustainable means of achieving economic growth and regeneration.

Forum's work provides direct public benefit by catalysing solutions to complex global challenges. This happens through our collaborative projects which bring together stakeholders from different sectors to discuss strategic responses to challenges, as well as to develop common methodologies and approaches.

We also work with organisations in the private and public sectors to help them provide public benefit, by putting sustainability at the heart of their strategies and developing products and services that are environmentally sound, economically viable and socially just.

Forum also aims to benefit the public by providing information about the path to a sustainable future. We communicate widely about our work through events, publications, our website, our annual Future of Sustainability report, and our digital Futures Centre platform, where we build communities and discussions

to accelerate change. Here, we share ‘sense making’ analysis and signals of change sourced through our projects, resources that we recommend, and thoroughly researched and referenced futures trends. We also strive for coverage of our projects in mainstream media across the globe as another way of sharing our work.

Forum has continued to deliver against these charitable objects in 2019.

Examples of progress against the three global challenges we are currently focusing on are outlined over the following pages. We also provide examples of where we have built the capacity of people and organisations to act systemically, and to understand emerging trends, risks and opportunities in the world around us.

**Sustainable nutrition**

**Overview of our work**

**Lesley Mitchell, Associate Director – Sustainable Nutrition, Forum for the Future**

“Food is at the heart of many of the world’s environmental, social and economic challenges. As it stands, the way we produce and consume it is pushing the planet and our systems to the limit. We know that the issues are complex and that a systemic approach is needed to build truly transformative solutions.

By 2030, Forum aims to have played a role in catalysing action toward a new system in which food is produced and consumed in a way that is safe, affordable, nutritious and sustainable for all. Our approach considers both people and planet, balancing health and nutritional outcomes with restoration of the key ecosystems and farming livelihoods on which we depend.

This means working to: ensure that sustainable diets are the norm; fast track the ability of the food industry to deliver sustainable nutrition outcomes for human and planetary health; and make regenerative, resilient agriculture the mainstream – thereby renewing soil health, protecting biodiversity and reducing carbon emissions.

To do this, we are directly engaging organisations of influence to understand the barriers and opportunities to sustainable solutions, piloting new interventions and business models to learn what it takes to create the enabling conditions for scaling, and providing the research and thought leadership needed to support others in making change happen.

## Programme highlights

### *[1] Regenerative agriculture gaining traction*

Agriculture sits at the nexus of some of the world’s most pressing challenges – from the need to reduce carbon emissions to ensuring healthy, resilient food supplies.

In 2019, Forum worked to help catalyse shifts towards regenerative agriculture – farming that restores, protects and enhances soil health, ecosystems and livelihoods. We have a number of projects in different parts of the world accelerating action by bringing together key actors to explore practical implications, opportunities and barriers to scaling regenerative agricultural practices.

We have partnered with leading food companies on the development and roll out of ground-breaking sustainability strategies that have significant potential to shift billions of dollars of agricultural production toward more regenerative models, including:

- US-based **General Mills**, on its approach to advance regenerative practices on 1 million acres of farmland by 2030
- one of the world’s largest agri-businesses, **Olam**, in rolling out its Living Landscapes Policy (LLP) at an operational level and helping shape how it delivers real change on the ground. This built upon our work in 2018 supporting Olam to define the LLP, which takes a net positive approach (one that sees the business put back more than it takes out in agricultural supply chains and landscape management) and aims to ‘re-imagine global agriculture’ in ways that deliver positive outcomes for both people and planet. Part of this support involves co-chairing Olam’s Living Landscape Stakeholder Forum, a group of more than 10 leading non-profit organisations, all of which are focused on making sustainable landscapes the norm.

In 2019, with support from the **Walmart Foundation**, we also began to explore the potential for scaling regenerative agriculture across the US. Over six months, the project will map the activities already taking place and the barriers that are preventing taking solutions to scale. It will bring together leaders from wide-ranging sectors and industries to explore how people can work together more effectively and to identify how we unlock co-ordinated action.

Equipped with a more holistic view of the gaps, barriers and opportunities, businesses, investors, researchers and other stakeholders will be able to make strategic decisions on how to best direct their resources to scale up regenerative agriculture. Findings will be made available in summer 2020.

Meanwhile, with support from the **John Ellerman Foundation** in the UK, we are working with a major food retailer and its farmers of key crops, to address how the supply chain can support and enable collaborative action by farmers on the ground to adopt more regenerative practices. By capturing and sharing the learning generated through this practical, collective action, we aim to help accelerate the wider adoption of regenerative agriculture in UK retail supply chains.

## ***[2] Shaping the future of food***

Protein is fundamental to our diets, but the way we produce and consume it depletes natural resources, while overconsumption can seriously impact human health. Food security is also a huge challenge for people in some parts of the world, with protein sources at risk for millions of people given dramatic reductions in global fish populations, for example.

Convened by Forum, the Protein Challenge 2040 is the first global, cross-sectoral collaboration exploring how we can ensure nine billion people can access the protein they need in a way that is affordable, healthy and good for the environment.

Despite growing awareness of the issues we face and the need for urgent, transformative change throughout the protein supply chain, action remains slow and fragmented. That's why, in November, Forum published a new analysis which explored the public commitments of 132 leading food companies and outlined a five-point plan to get businesses on track towards a more sustainable global protein system.

Launched as part of Protein Challenge 2040, the *Future of Food* report found that we're seeing the start of a widespread shift among businesses towards a more diverse protein offer, with one in every two companies working to increase the availability of consumer plant-based protein products. However, it also found that this is happening against a backdrop of concurrent growth in meat sales. Despite the almost weekly launch of new consumer plant-based product ranges, the more mainstream ranges are yet to be significantly reformulated. We also found that many approaches lack systemic potential - failing to account for both protein consumption and production, and failing to have impact beyond individual company boundaries.

The *Future of Food* called on businesses to put sustainable nutrition at the heart of their protein strategies, make public and time-bound commitments, embed action throughout the company, collaborate, and advocate for change. The report continues to influence the ongoing international debate on protein and focus businesses on the issues that matter most.

*“This report highlights the need for the industry to take an integrated approach to deliver a sustainable protein food system, and we are proud to be part of this conversation.”*

**Noel Mahony, Chief Executive, Baxter Storey, Protein Challenge member**

*“We support the Protein Challenge 2040 as a great example of driving collaboration on plant-based innovations. Cross-sectoral collaborations like this one accelerate global movement toward healthier and more sustainable diets.”*

**Megan Hellstedt, Ahold Delhaize, VP of Sustainable Retailing, Protein Challenge member**

### **[3] Transforming the US food system, starting with schools**

If we are to create a more sustainable protein system, it is key that plant-based food is seen as affordable, tasty and nutritious, and that people understand the benefits of including more plant-based protein in their diets.

As part of our long-term ambition in the US, Forum is working on the *US School Lunch Program*, bringing together school districts, corporate, academic and NGO partners to transform lunchtime menus and introduce future generations to meat alternatives.

10 school districts are now engaged, representing 40 million meals per year. In 2019, the program allowed us to explore approaches for driving healthier eating habits that deliver multiple benefits for human and planetary health. We brought together the foodservice industry and School Nutrition Directors in a new collaborative format to openly discuss the needs and challenges around delivering healthy plant-based options to students. In 2020, new plant-based options will be trialled on school menus alongside a behaviour change campaign set to encourage children and their surrounding communities to choose tasty, nutritional, plant-based meals.

Longer-term, we intend to work in partnership to scale the program. We will also apply learnings to other food service sectors ready for systemic interventions on protein: potentially the retail and restaurant industries.

## **Sustainable value chains and livelihoods**

### **Overview of our work**

**Charlene Collison, Associate Director – Sustainable Value Chains and Livelihoods, Forum for the Future**

“It should not cost the earth for supply chains to meet our needs, yet environmental degradation, poor working conditions, a lack of transparency, inefficient use of resources and unequal distribution of profits are firmly entrenched in many global supply chains.

By 2030, Forum wants to have played a role in transforming the value chains of key land-based commodities to be net positive (putting back more than they take out) through sustainable and regenerative agriculture, decent livelihoods and fair, transparent business models.

To achieve this, our work is focused on scaling sustainable production practices in commodity supply chains, enabling decent livelihoods for producers and workers throughout the value chain, and transforming business models to balance nature, people and economy.

We create impact by: bringing together key actors in sector-leading collaborations that address specific challenges and accelerate action; creating ambitious sustainable value chain strategies for leaders, whose influence will drive transformational change; and by identifying and testing new business models that challenge the way everyday goods and services are traded.”

### **Programme highlights**

#### ***[1] Kenya Tea Swaps pilots new ways to trade tea***

The future of tea is not secure. Millions of tea smallholders live in, or close to, poverty. Poor worker conditions on plantations dominate media headlines, while a changing climate is set to affect where and how tea is grown and traded across the world.

In 2013, Forum launched Tea 2030, a multi-stakeholder initiative bringing together leading organisations – from retailers and NGOs to trade associations and academics - to help create a sustainable future for tea. Over five years, Tea 2030 has explored the social, economic and environmental trends impacting the system to help identify long-term risks and opportunities facing the industry, including opportunities to pioneer new business models.

As part of this, Tea 2030 partnered with TeaSwap Ltd to launch Kenya Tea Swaps, a one-year project, concluded in November 2019, to pilot a new market mechanism aimed at smoothing price volatility in the Kenya tea market and, ultimately, reducing financial risk for smallholder farmers.

With funding from the UK government through the Business Innovation Facility, Tea Swaps allows buyers and sellers to agree a fixed price per kilogram of tea for a fixed period of time. While a 'swap' does not guarantee a 'better' price for a buyer or seller, it does protect against price fluctuations and guarantees that the seller's sale price will exceed production cost. This work also identified that tea swaps could be redeployed with the aim of improving farmers' access to credit, thereby delivering an immediate, positive impact on their finances.

Project findings will be published in 2020 as part of a series of commodity-based case studies available to all.

Kenya Tea Swaps is the final deliverable of Tea 2030, a collaborative project – now closed – that brought together leading organisations to help create a sustainable future for tea. Tea 2030's ambition is being carried forward in a new global coalition of tea packers and producers hosted by the sustainable trade initiative IDH and the Ethical Tea Partnership.

## ***[2] Cotton 2040 enters a new phase***

Cotton represents approximately 30% of all fibre used in the textile sector. Globally, around 30 million hectares are planted with cotton, accounting for more than 2% of total arable land and producing an estimated 25 million metric tonnes of cotton annually. Grown in more than 80 countries, cotton production supports the livelihoods of 350 million people – but its future is extremely uncertain.

Conventional cotton production is unsustainable. From the over-consumption of water and excessive pesticide use to soil depletion and low farmer incomes, the negative social, economic and environmental impacts can no longer be ignored. Additional climate change pressures include changing rainfall patterns, water availability, rising temperatures and competition for land and fuel.

Forum's response is spearheaded by the Cotton 2040 initiative, a multi-stakeholder collaboration kicked off in 2015 which brings together global brands, retailers and cotton standards with the aim of scaling the production and use of sustainable cotton internationally. In 2019, we focused efforts on addressing a key barrier to the uptake of sustainable cotton by brands and retailers: a lack of consistent and comparable ways to measure and monitor impact data across wide-ranging standards, programmes and codes. With a

first-of-its-kind draft measurement framework now in place – and an expectation to finalise this in early 2020 – the sector is set to benefit from much improved (and more easily gathered) data to inform their sustainability strategies.

In late 2019, we secured a significant three-year grant from **Laudes Foundation** to continue developing and implementing Cotton 2040. Our focus will be on three key areas:

- **Planning for adaptation:** Working with cotton producers, brands, retailers and industry initiatives, we will develop a common understanding across the cotton system as to how climate change will likely impact key stakeholders and regions, and agree on a shared set of priorities for action.
- **Sourcing sustainable cotton:** We will drive the uptake of sustainable cotton with brands and retailers by helping apparel industry professionals to develop and implement sourcing strategies across multiple cotton standards. We will also create a robust case for sustainable cotton, drawing on perspectives from investors and consumers. This work builds on previous years and is set to see us engage more brands across more markets.
- **Developing sustainable business models:** As with other key commodities such as tea and coffee, securing future supply of cotton will require a move towards alternative business models that ensure fairer distribution of value and risk between stakeholders and enable the regeneration of land and resources. Working with wide-ranging stakeholders, we will identify a range of sustainable business models or market-based mechanisms that meet the criteria of a viable, future-ready cotton value chain. In collaboration, we will then develop and pilot these business models and facilitate routes to scale.

### ***[3] Mapping the global coffee system***

Coffee is among the world's most sought-after commodities. Over 500 billion cups are drunk every year, with coffee farms providing the economic livelihood for millions of people. Yet the industry is facing a myriad of issues: among them, it is fuelling deforestation and there are inherent risks throughout the supply chain – from unpredictable and changing weather to pests and labour shortages.

The industry is also facing a price crisis. In late 2018, the benchmark price of coffee fell below one US dollar per pound, reflective of a deeply concerning reality: coffee farming has been a chronically unprofitable business for many producers for many years. Beyond the price crisis, climate change impacts, volatile economic markets and continually increasing production costs are compounding the problem.

In 2019, Forum worked alongside the Speciality Coffee Association's (SCA) Price Crisis Response team to take a systemic approach to the challenge. Through a series of convenings and a participatory research process, key players across the supply chain were brought together to define the issue and its underlying causes, and to look beyond one single value chain actor or transaction. By taking a broader view and mapping the complex relationships involved, we were able to explore the unequal value distribution at play, in part driven by a disproportionate concentration of power. Mapping the system is a critical first step to changing it, and the findings will help the SCA in its ongoing work to shape short and long-term recommendations to alleviate the price crisis.

*"...mapping the [coffee] system is a critical step in the quest to change it. This exercise results in a visual representation of the challenge – complete with players, relationships, flows of power, flows of assets, and knowledge centers – that enables us to identify the best leverage points for the change we want to affect."*

**Kim Elena Ionescu, Chief Sustainability Officer, Speciality Coffee Association**

*"The concentration of power in the coffee system and power dynamics emerged as a key root cause of the price crisis, effectively "locking in" the current unsustainable system.*

*Power is neither inherently good nor bad – but understanding how to rebalance power is critical to systems change, and changing our systems is critical to the pursuit of a sustainable and equitable future."*

**Samantha Veide, Associate Director, Forum for the Future US**

## **Keeping global warming to 1.5°C**

### **Overview of our work**

**Will Dawson, Associate Director – Climate and Energy, Forum for the Future**

"It's both sobering and terrifying to think that the world is already 1°C warmer than pre-industrial levels due to man-made greenhouse gas emissions. As a result, extreme weather events are becoming increasingly commonplace, reliable rains are failing and sea levels are rising – and this is just the beginning. It's clear that current levels of action to reduce emissions are nowhere near sufficient if we are to create a more sustainable future.

At Forum, we want to play our part in realising the UN Paris Agreement's ambition to limit temperature increase to 1.5°C above pre-industrial levels this century. This is only possible if businesses, governments, civil society and individuals take urgent and transformative action. By 2030, we want to make a significant contribution towards catalysing a rapid and just transition to a carbon positive economy – one that takes more carbon out of the atmosphere than it adds. This will mean the rapid decarbonisation of critical systems such as mobility, power and the built environment, along with the re-carbonisation of soils and ecosystems.

Much of our work on climate and energy is about experimenting with new projects and innovations that will help deliver rapid decarbonisation. Our impact lies in demonstrating what is possible and using this to influence others. We are working with communities to provide examples of ways in which citizens can be engaged to see a better future. We are bringing together powerful voices with compelling new narratives that will shift attitudes among the public and key decision makers. We're working with wide-ranging partners to diagnose what innovations could provide breakthroughs at the scale and pace needed, and to develop carbon-positive strategies that take a systemic approach.

The result will be carbon-positive communities, voices, solutions and organisations with the cumulative motivation, know-how and influence to limit temperature increase at the level needed."

## **Programme highlights**

### ***[1] PowerPaired builds momentum for community energy***

Around two-thirds of greenhouse gas emissions originate from the energy sector, with growing calls to scale up renewables and increase energy efficiency. There is an urgent need to transform our power system to a zero-carbon, 100% renewable energy system that will benefit everyone.

Community energy is a low-cost way of taking practical action on climate change and saving money. It brings people together, gives communities control over where their energy comes from and generates income which can support local causes.

Yet it can be hard to get a community energy project off the ground. One of the biggest barriers that community groups face is finding a willing asset owner – the owner or operator of land or buildings that could host a community energy project. For asset owners, the biggest challenge is finding a group to work with when they don't have the time or expertise themselves to get projects off the ground.

No one was meeting this need, which is why, in 2019, Forum publicly launched the PowerPaired platform to provide a first-of-its-kind ‘matchmaking’ service between community groups and the owners of sites with renewable energy potential. With the support of players of the **People’s Postcode Lottery**, the **Greater London Authority**, **Friends Provident Foundation** and the **National Grid**, by the end of 2019, PowerPaired had 85 community energy groups and 31 asset owners signed up, registering 109 assets.

We also built strategic partnerships with community energy charity **Pure Leapfrog**, **Local Energy Scotland** and the new, government-funded, **Energy Hubs**, so that asset owners feel confident that they will be supported through the process of working with a community energy group.

PowerPaired is putting energy back into community hands, and in 2020, we will continue to grow the project with one key focus: engaging public sector organisations, many of whom have declared climate emergencies. These organisations own many potential sites for community energy projects and have a big role to play in supporting local groups.

*“PowerPaired is a win-win solution, providing a matchmaking service between community energy groups and asset owners. The PowerPaired site is set to create transformative change in increasing the number of community-owned energy projects in a low-cost way whilst empowering local groups to take practical action on climate change and giving neighbourhoods control over where their energy comes from. We need a paradigm shift in the way that we develop energy projects and living in a time of climate crisis we need PowerPaired, now more than ever.”*

**Will Humpington, Climate Change and Environmental Programmes Advisor at People’s Postcode Lottery**

## **[2] MOVING US: helping shape the future of urban mobility**

By 2040, there will be an extra two billion people living in cities globally and assuming current transport models are scaled, this will mean another 500 million private vehicles on the roads. Already, vehicle emissions are responsible for 11% of global warming and local air pollution is now a bigger source of ill health and deaths than tobacco use.

In the US alone, 5,000km<sup>2</sup> of land would be needed by 2040 just to park approximately 300 million cars for the 95% of the time they are unused – creating an immense pressure on land that cannot be sustained. What’s more, the cost of electric vehicles means private ownership for low to middle-income families is out of reach.

There's an urgent need to transform the US urban mobility system and we know that city agencies have a key role to play through funding and regulation, but find it difficult to navigate an increasingly uncertain, dynamic and constantly evolving system. Alongside this, companies new to transport can find it difficult to work effectively with public authorities in what is a unique regulatory environment.

That's why Forum partnered with **the Transit Center** to launch MOVING US, a unique project aiming to improve public transit in ways that make US cities more just, environmentally sustainable and economically vibrant.

Together, we're using desktop analysis and research, and bringing together key stakeholders across the system to identify their role in a changing landscape. We're building understanding of how the system is changing, key roles and goals within that system, and how various stakeholders can best work both alone and alongside each other to create a more sustainable future.

In 2020, we will publish a co-created 'Collaboration Playbook' outlining guiding principles for 21st-century mobility. We will also produce a knowledge repository to help those working in transportation and mobility make sense of the increasingly complicated space by learning from existing practices and adapting them to their context.

### ***[3] Exploring the role of biofuels for shipping's decarbonisation***

Shipping currently emits 2-3% of global carbon emissions, highlighting an urgent need to decarbonise the maritime industry. We know that by 2050, we need to move away from our reliance on fossil fuels towards zero carbon alternatives, but what are these alternatives and how feasible are they?

In 2019, Forum worked alongside the **Sustainable Shipping Initiative (SSI)** to explore the availability and sustainability of biofuels for shipping. We conducted a desktop literature review, expert stakeholder interviews, face-to-face stakeholder roundtables and a webinar, before putting forward key findings on which conclusions were drawn by the SSI membership. The findings revealed the most contentious environmental, social and economic issues surrounding biofuels, and forecast the potential future availability of sustainable biofuels by mid-century.

More than 100 stakeholders were consulted through the inquiry, resulting in the launch of a comprehensive report at the 2019 United Nations Climate Change Conference, COP25, and the presentation of new information to help the industry make more informed investment decisions.

*“Getting to zero by 2050 is a bold ambition but it is possible. Shipping needs to kickstart its energy transition now, and for that to happen we need to explore all the sustainable options that can get us there.”*

**Andrew Stephens, Executive Director, Sustainable Shipping Institute**

#### ***[4] Working with Vector on EV battery recycling and community energy***

Electric vehicles (EV) offer huge potential in reducing greenhouse gas emissions, but there remain questions over how we can develop a robust recycling infrastructure for EV batteries that minimises end-of-life waste as part of a circular economy. To help address this, we partnered with New Zealand’s largest distributor of electricity and gas, **Vector**, on its ambition to create a new energy future. Through an ‘energy futures lab’, we brought together more than 30 private sector players - including EV and battery retailers, recycling and waste management solution providers, industry associations and regulators - to innovate solutions.

Exploring future scenarios for the battery value chain revealed three things: tackling the issue presents opportunities to create new market offerings and services; collaboration between the private sector and government is vital to devising collective frameworks such as a product stewardship scheme that will enable new market solutions; and consumers need to be engaged from the start, helping shape new markets and finesse solutions in a rapidly changing landscape.

#### **Building the capacity for systems change for sustainability**

Forum’s work to build the capacity for systems change broadly covers equipping and coaching individuals and organisations, and working with leading businesses on transformational sustainability strategies.

#### **[1]: Programme highlights: Equipping and coaching**

##### **Overview of our work**

**Dr Anna Birney, Director of Systems Change Learning and Community**

“In the face of complex challenges, there are not enough people or organisations operating with the capacity to shift systems or to adapt to current and potential challenges – including the need to transform the way we live our lives, and the way we do business.

‘Systems change’ is a globally emerging area of practice, meaning people need to learn from one another’s experience. At Forum, we believe that growing a global community of change agents with

the motivation, know-how and influence to drive change at scale and at pace is our best chance to accelerate a transition to a sustainable future.

That's where our **School of System Change** comes in. The School supports people to navigate multiple approaches, tools and methods for systems change. It's bringing together both accomplished and aspiring change agents in a unique programme that provides access to experts, peers and the latest thinking. It allows participants to build their awareness and understanding of how change happens, and to put theory into practice – better equipping them to navigate turbulent times.

Since its launch in 2016, the School has gone from strength to strength, now with more programmes running in more markets than ever before. In part, this is down to the continued evolution of the School's flagship programmes, Basecamp and Spark!"

### ***The School of System Change: Basecamp in the US***

Among the School's key learning programmes is Basecamp, a six-month learning journey involving two in-person workshops, a collaborative team 'Fieldwork' project, and continued online learning with peer coaching from the School of System Change team.

Our Basecamp in the US in late 2019 brought together a cohort of emerging and experienced change practitioners from the business, non-profit, philanthropy, and public sectors. With support from the **Garfield Foundation**, this Basecamp helped participants from across the US to focus on the five capability areas required to change systems: systemic diagnosis, leadership and learning, innovation, collaboration and engagement, and strategy design. Participants explored the interconnected nature of the challenges they face, and what this means for their role in creating and influencing real change.

Participants in small teams completed fieldwork projects for organisations in Brockton, Massachusetts and Traverse City, Michigan, as well as other organisations virtually.

Basecamp continues to build on previous success to expand its curriculum with a diverse facilitation team and key contributors.

*"Basecamp gave me a deepened understanding of the importance of supporting and providing learning opportunities for 'change makers' to build systems change capacity."*

**Jennie, Basecamp participant from the San Francisco Bay Area**

### ***Coaching FoodCorps to act systemically***

In 2018, US school cafeterias served nearly 7.5 billion breakfasts and lunches, with over 75% free or at a reduced price. School food has become an \$18 billion industry, yet schools face huge barriers to providing nourishing meals.

In 2019, we joined forces with US-based non-profit, **FoodCorps**, to support *reWorking Lunch*, a multi-sector, action-oriented initiative to help make healthy food in schools abundant and accessible. *reWorking Lunch* aims to reorient the school food system toward new goals by building greater understanding and collaboration across the food industry and the philanthropic, tech and non-profit sectors. Forum has coached FoodCorps to take a systemic approach to the problem, and this has seen us engage key influencers throughout the supply chain, identify barriers to delivering healthier food, define the roles various organisations can play in creating change, and innovate solutions to pilot.

### ***Working with the United Nations Global Compact on human and planetary health issues***

The world faces substantial challenges in creating healthy environments, with 91% of the population breathing polluted air, 2.1 billion people lacking access to safe drinking water and 2 billion people suffering from malnutrition. Public and planetary health are intricately linked, and in 2019, Forum supported the **United Nations Global Compact (UNGC)** to develop its *Business Leadership Brief for Healthy Planet, Healthy People* report.

Launched at the 74<sup>th</sup> session of the UN General Assembly, the report highlighted the urgent need to simultaneously address environmental and public health challenges by taking integrated approaches set to deliver multiple benefits across multiple systems. It also outlined the business case for doing this and provided practical guidance for evaluating the benefits. Our contribution to the report called for more systems change agents, while highlighting the need to fundamentally change the way we think and operate, and to embrace new ways of doing business, investing and collaborating.

*“Our intent with this brief is to inspire transformative action from companies that involves a shift in mindset and a willingness to take ambitious action that embraces change.”*

**Lise Kingo, CEO and Executive Director, United Nations Global Compact**

### ***Boundless Roots: creating the conditions for one planet living***

Our patterns of living have a huge impact on the world, from the food we eat and the products we buy to how we organise and relate to others. As more people wake up to the climate crisis, we’re grappling with

an existential question: what happens when our current ways of living become uninhabitable in a real and material sense?

With funding from the **KR Foundation**, Forum is developing the *Boundless Roots* community, a global group of individuals and organisations looking into how we can change the way we live to meet the scale of the climate challenge. Using insights from other non-profits as well as harnessing community and open events, the project is exploring what sustainable living means and how we can connect deeper with the idea that every one of us is part of the systems around us – giving us the power to change them.

Boundless Roots is looking to create a community of people testing different approaches and learning from experimentation.

## **[2] Programme highlights: Transformational strategies**

### **Overview of our work**

#### **James Payne, Associate Director – Transformational Strategies, Forum for the Future**

“The scale and urgency of the challenges we face mean that it’s vital that the decade ahead is one of transformational change in how business operates.

By 2030, businesses must move well beyond the idea of ‘doing less harm’ to embracing regenerative, net positive and distributive approaches, which means putting back more into society, the environment and economy than they take out. It means moving towards a different model of trading which ensures a fairer distribution of monetary value and of risk along the value chain.

This ambition can seem daunting, with many businesses struggling to understand what to do and how. Ultimately, we need to create a new norm, one in which businesses are climate positive and underpinned by equitable, distributive business models. Farming, land use and water stewardship must be regenerative. And overall, we must have made a decisive global shift from a linear ‘take-make-dispose’ economy to a circular one – eliminating waste and ensuring the continual use of resources.

So how will we get there? The world needs bold and decisive leaders who will act quickly, pioneering new practices and business models that focus on radical decarbonisation, regenerative agriculture and distributive practices. We need new standards and net positive benchmarks across key sectors such as energy, food and drink, construction and more.

At Forum, we're well placed to support leaders on this journey. As a critical friend, we work with leaders to understand the sustainability challenges they face, their root causes, and their implications. We advise on a strategy that has truly systemic potential, one that can deliver multiple benefits at multiple levels. And every step along the way, we coach and guide their teams to drive and embed lasting change.

Transforming business to put sustainability at its heart is not only the right thing to do; it will create a huge competitive edge for leading brands willing to step up. Big advances in future-proofing businesses will soon follow, along with a new paradigm for how brands can succeed in a net-zero world."

### ***Working with Pearson on an ambitious 2030 strategy***

As one of the world's biggest learning companies operating in 70 countries, **Pearson's** influence and impact is huge and in 2019, they recruited Forum to help develop an ambitious and truly systemic 2030 sustainability strategy. To do this, we engaged employees from across the business in an applied futures process to define the most material issues they face – both now and in the decade ahead. Our partnership is supporting Pearson's strategic aims of using their reach and influence to drive education for sustainable development, and to use education to address inequality.

This project reflects Forum's approach of working with a few influential businesses in positions of reach. By doing this, we are able to focus our time and energy into having a 'multiplier' effect that delivers greater impact.

### ***Helping Unilever to understand its unique strengths to drive change***

With the urgency of the climate crisis, we all need to be asking ourselves – either as businesses or as individuals – how can we have the biggest impact given our place and power in the systems around us?

We know that advocacy by leading businesses will play a critical role in unlocking change across areas such as waste and packaging, opportunities for women, sustainable sourcing and water use. The interconnected nature of these issues means that there are common levers to change, which, if pulled through concerted advocacy efforts, can deliver multiple benefits across multiple systems. That's why in 2019, Forum partnered with leading consumer goods company, **Unilever**, to identify how and where it can best use its advocacy to drive transformational change. This reflects a key aspect of Forum's work: helping our partners to understand how they can uniquely use their assets and resources to advocate for sustainable development.

The project continues to inform the development of Unilever's new sustainability strategy which will launch in autumn 2020.

### ***Temasek and the waste crisis***

The waste crisis is one of the most pressing challenges facing Asia-Pacific and last year, Forum produced a report for Singapore-based investment company, **Temasek**, on the role of business in advancing the circular economy. Our report considered the impacts of the crisis on Singapore and the wider region, and explored the barriers and opportunities businesses have to embed circular economy approaches into their own organisations and critically, into the wider ecosystems they are part of.

This work helps advocate for circular approaches across and beyond the industry that account not only for keeping resources in a perpetual loop of use and reuse, but that acknowledge the connections between, and influence of, key actors.

### **Understanding what is emerging**

From the physical environment that surrounds us to the behaviours and mindsets of individuals and the unforeseen implications of our actions, the world is constantly changing. So how can we prepare for uncertainty? Where are the risks and opportunities?

Forum's work is informed by our exploration of areas of high-change potential. We are constantly scanning for emerging themes, issues and developments which either inform existing programmes of work or help us define new ones. Doing this keeps us at the forefront of the world's most pressing sustainability challenges and opportunities.

Our work in this area is extremely broad, overlapping with many of our other programmes and often involving our futures or inquiries work.

### **Programme highlights**

#### ***[1] The Future of Sustainability 2019***

Forum's 2019 annual flagship report revealed seven trends impacting the future of sustainability: rising nationalism, the anti-plastics movement, global migration driven by the climate crisis, the emergence of the 'onlife', the rise of participatory democracy, changing consumerism in Asia and biodiversity in free fall.

As one of Forum's flagship thought leadership publications, the Future of Sustainability allows us to put the spotlight on the latest in futures thinking and to challenge the sector to step up. It encourages

understanding of how the world around us is changing and exploration of what this means for the years ahead.

Insights were drawn from our Futures Centre, a global online community tracking and making sense of change to identify opportunities to accelerate sustainability. By crowdsourcing signals of change from across the world using a publicly available website, the Futures Centre helps Forum and others to monitor the development of significant trends. It also provides analysis and thought leadership.

*"The interconnected nature of the trends in this report shows us that nothing short of systemic change will help us prepare for the future and sustain the agricultural systems we all rely on."*

**Sunny Verghese, Co-founder and Group CEO of Olam International and Chair of the WBCSD**

## ***[2] What could the future of fashion look like?***

Fashion is a fundamental part of our lives but as with all sectors, the fashion industry is not impervious to the threats presented by a very uncertain future. The 2020s will be game-changing, with climate change, resource scarcity, volatile economic conditions and changing consumer behavior already impacting the way brands source, create and distribute goods. So how can fashion houses understand the threats and opportunities ahead – and use this understanding to safeguard their futures?

Forum partnered with British luxury fashion house, **Burberry**, on a 'Climate Futures' project, in which we created a set of four qualitative scenarios that explore what fashion and nature might look like in the years ahead. These scenarios were used in workshops with senior staff, allowing them to work constructively with the uncertainty of climate change in order to identify implications, understand risks and opportunities, and develop strategic responses. Our final report presented a set of strategic recommendations for Burberry to take a leadership position in the present, while also creating long-term opportunity and resilience.

Our work continues to inform Burberry's ambitious Responsibility Strategy, through which it aims to positively impact 1 million people, be carbon neutral and revalue waste, and drive positive change through all products.

### ***[3] Circular Leap Asia gets innovative***

The apparel industry is now the second most polluting in the world and one of the most wasteful. Fast fashion is incentivising a throwaway culture, with 73% of discarded apparel getting burned or buried in landfill. Meanwhile, only around 12% gets collected for recycling in other non-apparel products, and less than 1% gets turned into new clothing.

In response, Forum is empowering apparel manufacturers across Asia to fast-track solutions towards a circular economy. Through the three-pilot Circular Leap Asia programme, supported by **Laudes Foundation**, we have been working with two Hong-Kong based companies - knitwear specialist, **Cobalt Fashion**, and leading logistics service provider, the **Fung Group** - to prototype and test reverse supply chain service solutions that enable increased recycling capacity for garments. The collaboration has paired Cobalt's skills in designing and using recycled knitwear in product designs with the Fung Group's advanced skills in supply chain management to drive more sustainable solutions for the fashion industry.

In a second pilot, we have been working with leading Taiwanese fabric manufacturer, the **Yee Chain Group**, to map out the dynamics between supply chain actors that are contributing to waste production in the manufacture of footwear fabric. This enabled us to identify intervention points in the system that have real potential to drive transformational change.

In 2020, a third pilot based in Southeast Asia will be implemented for the programme, with plans to host a Summit as a way of sharing learnings from all three with the wider industry.

## **Plans for the future**

Our 2018 Annual Report outlined four aspects to our plans for the future: advancing our work on global challenges; deepening our relationships with key partners; building the field of system change; learning and knowledge management. Progress against these areas have been highlighted in this report, with all these areas set to continue as key priorities in 2020 and beyond. Over the coming year we will also add new key areas of focus as outlined below:

### **1. Ensuring a just transition**

Over the past year it has become increasingly clear that a critical success factor in a rapid and resilient transition to a carbon-neutral world will be finding ways to ensure that the transition is fair and benefits all.

Moving forward, Forum will prioritise a number of projects that demonstrate the importance of this just transition, and ways in which it can support leaders in every sector to achieve their goals.

We will work to ensure the rapid development of the renewables industry in Asia is net-positive – bringing new, sustainable forms of energy on-stream in a way that benefits society as a whole and distributes the benefits broadly, while also avoiding any unintended environmental consequences. At the same time, we are exploring how we can work directly with major industries to help them radically transform their businesses in partnership with the communities that will be affected. In the UK this would involve working with major energy companies on plant closures and repurposing of their facilities in a way that brings the community with them.

We will also be exploring how the concept of a just transition can be applied across all our areas of work. For example, where we are prioritising shifts to more sustainable methods of production of key commodities such as cotton, we will explore how we can do it in a way that supports livelihoods and shifts the balance of power between primary producers and the value chain more broadly.

## **2. Regenerative approaches**

Forum recognises that regeneration is now a precondition for sustainability and that many of the fundamental problems in today's systems can only be truly addressed through a move toward more regenerative and equitable ways of doing business. The depletion of natural and social capital has reached a point where, in order to create the systems that can continue to sustain human needs, we have to actively regenerate the ecosystems and social systems on which we depend. On an environmental level, depleted soils and ecosystems need to be re-built so we can continue to grow the food and agricultural commodities we need. Farming and other communities need to build resilience so they can weather the stresses that increasing disruption will bring.

Simultaneously, momentum behind Capitalism 2.0 and Regenerative Capitalism is growing, essentially a vision for the economic system operating to a redefined set of goals that balance the needs of people, planet and profit.

Moving forward, we will explore what it means to adopt more regenerative approaches across all our workstreams. This ranges from our existing work to advance and scale the adoption of regenerative agriculture through to exploring the benefits of adopting more regenerative business models in key commodity value chains, and supporting the ambition and capacity of our partners to adopt regenerative ways of working as an essential part of the radical transformation needed to survive and thrive in an increasingly disrupted future.

### 3. Refining the School of System Change business model and building the field of system change

Over the past three years, Forum's School of System Change has come into its own. We have started building a powerful community, and believe we are at an inflection point for the uptake of system change practice by change makers across all sectors to tackle complex sustainability challenges.

Leading businesses are also beginning to recognise a need for systems change and it has recently become a buzz phrase in the philanthropic arena. Given Forum's expertise and applied, practical experience in this area, we see a key role for our organisation in helping to build the field of systems change, and working with others to accelerate the pace at which the tools and mindsets for systems change are shared more broadly.

As a result, over the coming year we will be examining the model and growth strategy for the School, with a focus on developing what we are describing as a 'networked approach'. This would see Forum collaborating with a wide range of partners, from business schools to other system change learning providers, and networks of change makers such as **Ashoka** and the **Bosch Alumni** network to deliver system change learning at scale.

### 4. Continuing to sharpen our focus and understand our impact

Building off our work to fine-tune our theories of change, Forum will be exploring the development of an impact dashboard to help us better understand how we are contributing to delivering the end states we believe are critical to ensuring a truly sustainable future. It will also help us to understand where we are being most effective, how we might adjust our efforts to achieve greater impact, and where we might usefully scale up or scale back different activities.

System change is not easy or straightforward to understand or to measure. The impact dashboard will represent one key element in our toolbox for how we understand the contribution we are making to system change. It will identify a suite of qualitative and quantitative indicators that will demonstrate the changes we are looking for, and will operate at all levels of the organisation, from our internal systems and processes through to higher level changes we are seeing in the external environment. Moving forward we aim to publish results that have been drawn from this impact framework on our website and in our Annual Report.

## 5. Equipping people to drive transformative change in a post COVID-19 world

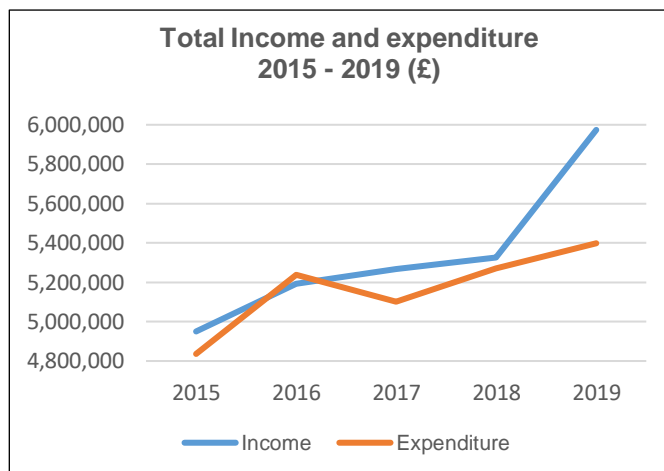
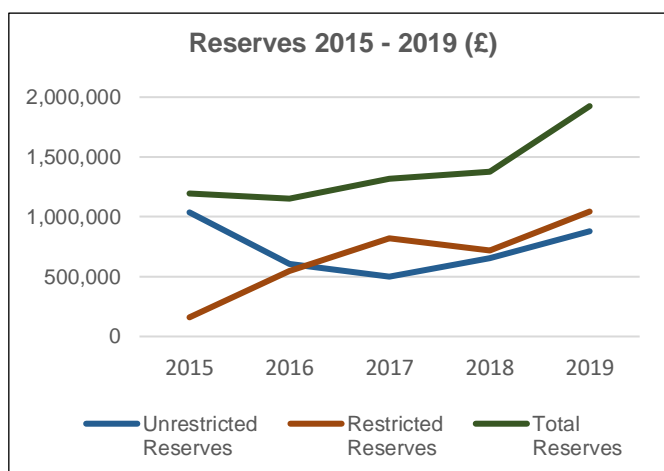
The COVID-19 crisis has shocked our current systems and has clearly highlighted their inflexible and unsustainable nature. Many of our partners are rightly asking how we can use the disruption that the pandemic has created to accelerate new ways of looking at the world and of operating that will allow us to emerge from the crisis in a better position to deliver true sustainability and greater equity for all.

Over the course of 2020, we are committed to working with our partners and others to help them navigate turbulence and drive greater resilience in the future. We are focused in particular on working in partnership with those that have the power to influence others – global networks of companies such as **WBCSD** and **UNGC**, for example, or networks of philanthropies such as the **European Venture Philanthropy Association** or the **Asia Venture Philanthropy Network**. We refer to these organisations as ‘multipliers’. Our hope is that by devoting energy to helping them adopt more systemic approaches, and to jointly imagine a new, more regenerative role for themselves and their members, we will have played an important role in helping society move towards a more sustainable future.

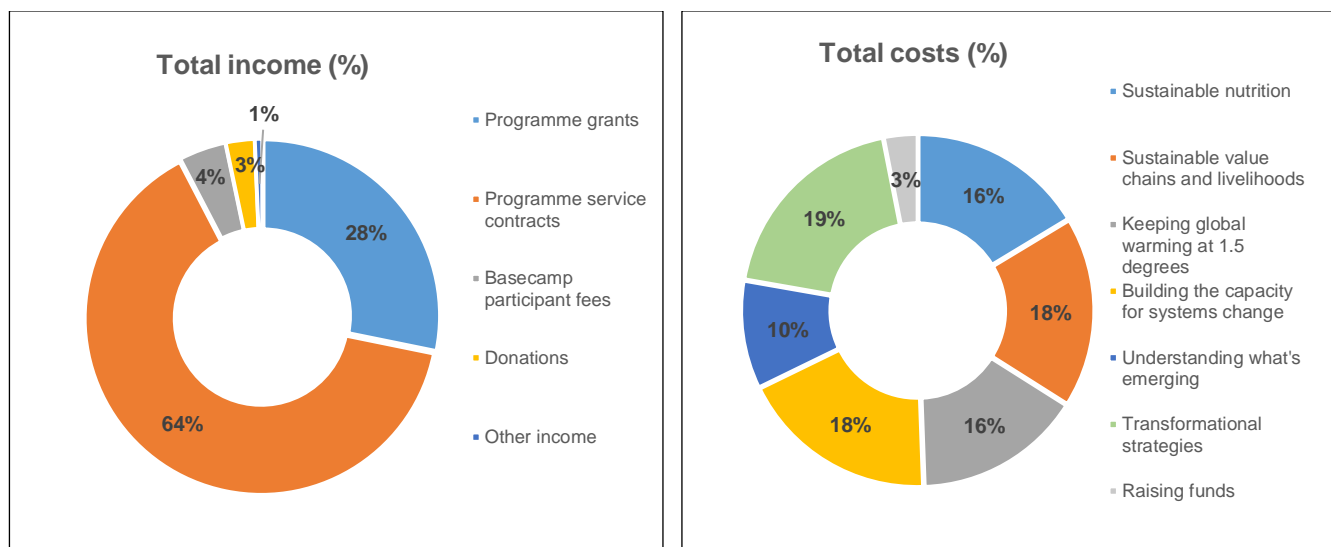
## Financial review

### Summary - 2019

In 2017 we embarked on a robust transformation plan to ensure our long term financial and operational sustainability, including stronger business planning procedures and an investment in our financial systems and processes. Our financial results for the year ended 31 December 2019 demonstrated the considerable progress we have made through this transformation. This is also demonstrated in the five year trajectory for reserves and income and expenditure.



Our overall income increased to £6.0 million (from £5.3 million), an increase of over 12%. Within this our income from grants and donations increased to £1.8 million (from £1.7 million), which represents 31% of total income (2018: 32%) helping us to deliver more innovative collaborative partnerships and other work outlined in this report. Our income in the US, Singapore & India increased to £2.8 million (2018: £1.9 million) representing 47% (2018: 36%) of our overall income. The split of income by income type and expenditure by programme area is shown below.



Our overall surplus for the year before currency exchange losses of £563,000 (2018: £58,000) is made up of an unrestricted surplus of £239,000 (2018: £153,000) and a restricted surplus of £324,000 (2018: restricted deficit of £95,000). The increase in our unrestricted surplus has enabled us to reach our minimum target level of reserves a year earlier than planned.

Total net assets have increased from £1.4 million to £1.9 million as a result of the overall surplus; and unrestricted reserves have increased from £656,000 to £859,000. Our year-end cash balance has increased from £0.6 million to £1.4 million reflecting both the increase in reserves and a reduction in debtors from the prior year.

The transformation in both our finances and our financial systems ensured we started 2020 in a stronger financial position than we have been for some years. However, the impact of COVID-19 has, and will continue to have, a significant impact on our projected income for the year. We anticipate a reduction in both income and unrestricted reserves in 2020. This is discussed in more detail in the section on going concern below.

### Reserves policy

The Trustees have set a policy to hold sufficient unrestricted reserves to cover working capital requirements, short term reductions in income, and unexpected expenditure. To do this, the Trustees have set a target for reserves of a minimum of 18% of overall expenditure (excluding direct project costs).

In 2017, the Trustees agreed a plan to build reserves up to the target level over the three year period to 31 December 2020.

As a result of the surplus generated in 2019, the unrestricted reserves at 31 December 2019 have increased to 18.6% of overall expenditure (excluding project costs) meeting the targeted minimum reserves level a year earlier than planned and representing a significant improvement from 31 December 2018 when reserves represented 14% of overall expenditure (excluding project costs).

## **Going concern**

The Trustees formally review financial performance on a quarterly basis including consideration of a rolling 12-month cash flow forecast to ensure that Forum can continue to be considered a going concern.

The onset of the global pandemic has caused considerable uncertainty for every organisation. In light of this, we have built far more detailed cashflow models than in previous years, and reviewed a number of possible scenarios based on the information we have now up to the date of signing these accounts to ensure we can remain a going concern for the foreseeable future.

In overall terms, we anticipate a reduction in income from 2019 levels. We have taken swift action to identify additional sources of income, to reduce our cost base where we can without reducing our impact and to utilise government financial assistance programmes to support our people. These actions have been designed to help ensure our ongoing financial viability and to maintain our team to continue to deliver strong positive change through and beyond this turbulent period. We expect to be able to maintain a viable cash balance throughout the period, sufficient to pay all creditors as they fall due. Overall, we also anticipate some reduction in our unrestricted reserves below our minimum target but not below a minimum viable level. Given the difficulty in forecasting the medium term impact of COVID-19 the Trustees are regularly monitoring a small number of indicators and have identified further actions we can take, should these be necessary, to reduce our cost base and ensure our going concern position.

Based on these detailed income and expenditure and cashflow models, the Trustees consider Forum to be a going concern for the foreseeable future.

## **Fundraising**

Philanthropic funding is critical to Forum's ability to create a shift to more sustainable world, enabling us to drive transformational system change and providing flexibility and freedom in how we achieve our mission. Our fundraising efforts focus on building long-term, strategic partnerships with corporates, trusts and foundations, statutory funders and individual philanthropists who share Forum's vision for a sustainable future. We do not make direct marketing appeals, carry out mass participation fundraising events, street or door-to-door fundraising, or fundraise from vulnerable adults. For this reason we are not registered with the Fundraising Regulator in the UK or equivalent regulators elsewhere.

However, we ensure the fundraising activities we do carry out comply with the legal and regulatory framework as it applies to charities and fundraising, and all fundraising is carried out by Forum employees in line with our safeguarding, anti-bribery and whistleblowing policies. Fundraising activities include collaborative events focusing on sustainability topics, strategic meetings with foundation partners and thought leadership publications and communications campaigns.

## Our environmental and social impact

As a charity that exists to promote sustainable development, we are very keen to lead by example when it comes to our environmental and social impacts.

Forum's key environmental and social impacts result from its:

- Core work with partners and others;
- Operations (i.e. staff, buildings, travel and supply chain).

Our operations generate negative impacts (for example carbon emissions) but also positive ones, including allowing Forum to enable change on a global scale.

### Environmental impact

The table below sets out a five year summary of some key statistics in relation to our carbon emissions<sup>1</sup>.

	2015	2016	2017	2018	2019
CO <sub>2</sub> ° from energy use in London office	16	20	14	6	10
CO <sub>2</sub> ° from flights for business travel	330	312	185	193 <sup>2</sup>	280
Km travelled by air	2,193,915	1,578,509	1,250,949	1,177,496	1,822,633
Offsets purchased (tonnes carbon)	400	400	281	300	400

The most material environmental impact from Forum's operations is the carbon emissions that result from air travel for business and these totalled 280 tonnes in 2019 (2018:193 tonnes). This increase on the

<sup>1</sup> Relevant and current Defra conversion factors are used to calculate emissions

<sup>2</sup> The figure for CO<sub>2</sub>° from aviation for 2018 has been recalculated for better comparison with the 2019 figure in which 'economy' class carbon conversions were used for non-business /premium class flights rather than 'average' conversions. We were able to use this different conversion thanks to more detailed analysis of the flight data for both years.

previous year is in part due to an overall increase in staff numbers (76 staff by the end of 2019 compared to 68 at the end of 2018) and an increase in the number of projects being run outside of Europe, particularly in the US, where travel across large distances is often necessary and ground transport options are limited. US, Singapore and India accounted for 47% of Forum's income in 2019 (2018: 36%).

We have also included the carbon emissions associated with direct energy use in our London office. We have focused on this office as both the largest and the one where we have most control over our energy usage. Carbon emissions from energy use at our London office have decreased somewhat since 2017 in part due to the organisation reducing from three floors in the building to two at the start in January 2018, in order to optimise efficiency of space and resource use. Office electricity in the UK is purchased through a 100% renewable tariff.

Every two years we conduct a travel survey to monitor how our staff commute to work, with the last survey undertaken in early 2019. Most of our staff commute by public transport (67%) or walk or cycle on most days (25%). We encourage staff to cycle or use public transport to work by providing a bike or season ticket loan, shower facilities and secure bike storage. Our annual Away Days take place in a rural setting but UK staff are encouraged to travel only by coach or train to the venue.

Forum's travel policy is to take land transport wherever feasible and also to fly economy class unless exceptional circumstances necessitate otherwise. This is supported by our analysis of air travel data where less than 2% of flights were business class and only 18% short-haul within Europe.

We believe that a certain amount of travel is critical to engaging with our partners (many of whom have a global presence) in order to drive the change we want to see in the world. Although we are increasingly using technology to meet and run workshops virtually, there is still a demand for face-to-face interaction, particularly at CEO level and at certain key stages of a project. We firmly believe the travel we undertake is outweighed by the reach and impact it allows for us to engage and equip our partners to work towards more ambitious, sustainable goals. At the same time however, we continue to innovate how we deliver our work and this includes looking at ways to increase our reach without necessarily having to travel – either through working virtually, increasing capacity of local staff or coaching through membership organisations that can enhance our impact via their own networks.

Although we recognise that reducing carbon emissions must be the key goal for any organisation, where we do have an impact in this area we offset our emissions with careful consideration of the projects we invest in. We make these offsets with Climatecare and in 2019 invested in projects that supply fuel-efficient cooking stoves to families in Ghana, reducing carbon emissions, toxic fumes and saving families money, as well as creating local jobs.

## People

Our skilled, professional, committed people are our most valuable resource. At 31 December 2019 we had 76 employees (2018: 68) across our four offices in London, Mumbai, New York and Singapore having welcomed 27 new people in 2019. Our annual Away Days in the summer are an opportunity to bring our entire staff team together to build our connectedness and learn from each other's experience. At 31 December 2019 women represented 77% of our workforce (2018: 76%). We are predominantly (76%) between 25 to 44 years old, with about 5% of us aged over 55. The majority (74%) of our staff are of Caucasian, white ethnic background.

We also benefited from the valuable skills and time of our affiliate network, which brings a combination of deep expertise not held directly within our team, and additional capacity to deliver, as well as from our twelve (2018: thirteen) interns based in three of our four offices.

Our people are guided by our values – **courageous** – rising to the urgency and scale of the sustainability challenges we face; **adaptive** – constantly sensing the world around us and changing for maximum impact; **empathetic** – understanding ourselves as connected to others and embedded in wider ecosystems; **inquisitive** – using inquiry to diagnose and solve complexity; **playful** in our learning and creativity, and **respectful** – building trust-based relationships that drive constructive action. We also expect all our people to adhere to our Code of Conduct which summarises a number of our policies that inform our organisational working practices and sets out expected standards of behaviour including: safeguarding, bullying & harassment, conflicts of interest and bribery and corruption. The Code of Conduct can be found on our website <https://www.forumforthefuture.org/organisational-policies>.

In 2019 we launched quarterly pulse surveys allowing us to closely track morale and a small number of other key questions and to respond much more swiftly than we may have been able to in the past. Through this survey we were able to see that staff felt more satisfied working at Forum and that on balance, staff felt that morale had improved quarter by quarter throughout 2019. Although staff turnover had an impact at the start of the year, the energy, new ideas, and more diverse thinking from new staff started coming through over the course of the year. The Away Days and related sessions played a strong part in people having a stronger shared sense of purpose, of feeling more connected and informed. Other motivating factors included improved financial stability and better alignment of our work with the theory of change.

### Reward policy

In 2019 we substantially reviewed our reward policy, starting by setting out the key principles which underpin our reward policy across all four of our offices.

We aim to be resilient, thriving, capable, cohesive, ambitious, agile and continuously learning.

Our approach to reward recognises our not for profit status and aims to be:

- reflective of the Civil Society Futures Report recommendations (<https://civilsocietyfutures.org/pact/>)  
– addressing power, accountability, connection and trust; with power and accountability being particularly relevant to reward policy
- clear and transparent to support us in attracting and retaining the best possible talent and give effective guidance to managers in what we should be paying our staff
- in line with our values
- supportive of our strategic plan ambitions including acting as a role model for the journey towards leadership within a systems changing organisation
- benchmarked periodically to ensure our salaries remain competitive
- adaptive to support our move to a more internationally balanced organisation, recognising pay differentials for different locations while still taking into account value for money
- equitable and inclusive to include an element of performance related pay, rewarding the value brought by individuals within an overall framework that recognises it takes everyone within Forum to deliver our work impactfully
- affordable to Forum, ensuring our ongoing financial stability.

We recognise that our staff are highly skilled and experienced, and many would be able to command higher monetary reward in other sectors; we do not seek to match those or reflect their external earning potential but to reward fairly for our sector and type of organisation. Forum aims to pay competitively relative to other international non-profits located in the relevant city (London, Mumbai, New York, Singapore) of a comparable size and in determining pay bands we will also take into account benefits packages frequently offered. In 2019 we undertook a robust benchmarking exercise of our UK & India salaries and intend to do the same for the US & Singapore in 2020. Our annual pay awards consist of a combination of market increases and performance related pay determined following consideration of both individual and organisational performance against annual set targets.

Our UK pay ratio highest to lowest is 5 to 1 with the highest paid members of staff being those on the Senior Management Team. We pay all our employees above the minimum wage and from January 2020 we will be paying our interns the respective cities' living wage.

## Principal risks and uncertainties

The risk register remains our primary tool to give the Trustees assurance that key risks are adequately managed. The policy requires that key risks are identified and ranked each year and that each identified risk is assigned to a named risk owner who constructs a risk mitigation strategy and monitors the progress of that strategy.

The Senior Management Team (SMT) reviews the overall register regularly to determine the ongoing risk profile and agree on mitigation strategies. The Audit and Assurance Committee (AAC) then reviews the risk register twice yearly to ensure all risks are captured, monitored and are being adequately mitigated and the full board review the risk register at least annually. The risk register has been updated to reflect the potential impact of Covid-19 on the underlying risks and their mitigation.

The following table sets out the major risks we faced during 2019 and continue into 2020 together with key mitigating actions.

Risk	Mitigating actions
A fall in income arising from external factors, meaning we cannot cover our cost base	<p>Over the last year we have been strengthening our income generating strategies and team. In particular we have been seeking to increase the proportion of our funding from trusts &amp; foundations. We have also been investing in the growth of our smaller offices (in India, Singapore and the US) to enable us to diversify our income away from the UK.</p> <p>Following the onset of the pandemic we have focused our income generation efforts around two main areas:</p> <ul style="list-style-type: none"><li>- Approaching current and former funders about new funding to support their grantees and on new COVID related work we can do together</li><li>- Creating new opportunistic approaches to how Forum can support others in addressing this crisis and repackage existing areas of work with a COVID lens</li></ul>
Pressure on reserves	<p>Over the last three years we have increased our unrestricted reserve to over 18% of our expenditure (excluding project costs).</p> <p>Reductions in income following the onset of the pandemic are being managed through:</p> <ul style="list-style-type: none"><li>- Regular review of key indicators</li><li>- A reduction in our expenditure</li></ul>

Risk	Mitigating actions
Ability to be focused and agile enough to continue to have impact through and beyond the disruption caused by COVID-19	<p>We are capturing insight and learning from COVID-19 about how to respond to complex and inter-connected challenges and building this learning into how we plan to create change.</p> <p>We have set up a rapid response team to sense make and communicate our insights.</p> <p>We continue to adapt our delivery plans to ensure we can continue our work in a non-face to face environment.</p> <p>We are focusing on building the skills needed both to deliver in the immediate term and adapt to the learnings about how change can be created</p>

## Structure, governance and management

### Governance

The governing body of Forum is the Board of Trustees, which meets at least four times a year. The Trustees are responsible for ensuring that Forum abides by its charitable aims, works within the law and delivers its mission effectively. They oversee the policies and objectives of Forum and ensure that the work of the organisation is properly monitored and evaluated.

Trustees give their time voluntarily and receive no benefits from the charity, with the exception of Jonathon Porritt who is paid for his services as an employee of Forum, with the consent of the Charity Commission. The Trustees serve for a three-year term, after which they must be re-elected. Any expenses reclaimed from the charity by the Trustees are set out in note seven to the accounts.

The Chair of Trustees, Keith Clarke, leads the Board. The Honorary Treasurer, Fiona Thompson, elected from the Trustees, leads the Audit and Assurance Committee (AAC), which meets at least four times a year to ensure the adequacy of Forum's internal controls and financial management, and considers and evaluates the work of the external auditors. The Remuneration Committee is responsible for assessing the performance of the Chief Executive and Founder Director. This Committee is also responsible, along with the Chief Executive, for assessing the performance of the Senior Management Team. The terms of reference of both the AAC and the Remuneration Committee were reviewed and updated in the year.

New Trustees are appointed by the Board following open advertisement. The Board maintains a list of required skills and competencies and seeks to ensure that recruitment fills any skill gaps left by retiring Trustees. New Trustees receive a comprehensive induction, which introduces Forum and a review of the duties of Trustees as defined by the Charity Commission. Six new Trustees were appointed in 2019

following an open recruitment process. The induction of the new Trustees was complemented by an all Trustee training session on governance of UK charities.

In 2019, the Trustees undertook a light touch review of Forum's governance and revised it to allow for the appointment of a Senior Independent Trustee.

## **Structure**

Consolidated group accounts have been prepared for 2019 along with UK company accounts.

Forum for the Future India Private Limited is a company limited by shares. Our Singapore office is operated out of Forum for the Future Asia Pacific Limited, a company limited by guarantee. Forum for the Future US is an independent 501(c)(3) organisation.

## **Statement of directors' responsibilities**

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

Company law requires the Trustees to prepare financial statements for each financial year that give a true and fair view of the state of 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 judgements and accounting 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;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Trustees are responsible for keeping proper accounting records that 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.

In so far as the Trustees are aware:

- There is no relevant audit information of which the charitable company's auditors are unaware;
- The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of it winding up. The Trustees are members of the charity, but this entitles them only to voting rights. The Trustees have no beneficial interest in the charity, with the exception of Jonathon Porritt who is paid for his services as an employee of Forum with the consent of the Charity Commission.

## **Auditor**

Our auditor, Sayer Vincent LLP, has expressed its willingness to continue in office.

Approved by the Board of Trustees on 3 June, 2020 and signed on their behalf by:

Fiona Thompson, (Director, Trustee and Honorary Treasurer).

## Reference and administrative details

The Forum for the Future is a charitable company limited by guarantee and is incorporated in England & Wales (company number 2959712, charity number 1040519).

The registered office address is: Overseas House, 19-23 Ironmonger Row, London, EC1V 3QN, United Kingdom.

[www.forumforthefuture.org](http://www.forumforthefuture.org)

### Trustees and directors

The Trustees, who act as directors for the purposes of company law, present their report and audited financial statements for the year ended 31 December 2019, which have been prepared in accordance with the Statement of Recommended Practice: Reporting and Accounting by Charities (SORP 2015), and the Companies Act 2006.

Trustees who served throughout 2019, except where stated, were as follows:

Keith Clarke (Chair)

Volker Beckers

Kelvyn Derrick

Charlotte Ersbøll (joined 24 June 2019)

Noa Gafni (joined 24 June 2019)

Heather Grady (joined 24 June 2019)

Laura McGonigal (joined 24 June 2019)

Jonathon Porritt (Founder Director)

Anita Tiessen

Fiona Thompson

Jonathan Wates (joined 24 June 2019)

Andrew Winston (joined 24 June 2019)

### Audit and Assurance Committee (AAC)

Fiona Thompson (Chair)

Kelvyn Derrick

Charlotte Ersbøll (joined 11 September 2019)

Laura McGonigal (joined 11 September 2019)

## Remuneration committee

Anita Tiessen (Chair)

Keith Clarke

Heather Grady (joined 21 August 2019)

## Company Secretary

Jenny Natasha Clayton

## Trustee attendance at 2019 board meetings

Meeting date	Attendance record
13 February 2019	<b>Present:</b> Keith Clarke, Volker Beckers, Kelvyn Derrick, Jonathon Porritt, Fiona Thompson, Anita Tiessen <b>Apologies:</b> none
24 June 2019	<b>Present:</b> Keith Clarke, Volker Beckers, Kelvyn Derrick, Jonathon Porritt, Fiona Thompson, Anita Tiessen <b>In attendance:</b> Charlotte Ersbøll, Noa Gafni, Heather Grady, Laura McGonigal, Jonathan Wates, Andrew Winston <b>Apologies:</b> none
23 September 2019	<b>Present:</b> Keith Clarke, Volker Beckers, Heather Grady, Laura McGonigal, Jonathon Porritt, Fiona Thompson <b>Apologies:</b> Kelvyn Derrick, Charlotte Ersbøll, Noa Gafni, Anita Tiessen, Jonathan Wates
18 November 2019	<b>Present:</b> Keith Clarke, Volker Beckers, Kelvyn Derrick, Charlotte Ersbøll, Heather Grady, Noa Gafni, Laura McGonigal, Fiona Thompson, Anita Tiessen, Jonathan Wates, Andrew Winston <b>Apologies:</b> Jonathon Porritt

## Senior management team

Sally Uren, Chief Executive

Jenny Natasha Clayton, Chief Operating Officer

Anna Birney, Director of System Change, Learning and Community

Stephanie Draper, Chief Change Officer (left 14 March 2019)

James Goodman, Director of Futures and Projects (left 19 April 2019)

Jane Lawson, Chief Development and Communications Officer

Ariel Muller, Director, Asia

Hannah Pathak, Director, UK/Europe (joined 7 June 2019)

Sandra Seru, Director of US

## **Bankers and auditors**

Bankers                      HSBC Commercial Banking  
                                    City of London Commercial Centre  
                                    60 Queen Victoria Street  
                                    London  
                                    EC4N 4TR

Auditors                    Sayer Vincent LLP  
                                    Chartered Accountants and Statutory Auditors  
                                    Invicta House  
                                    108-114 Golden Lane  
                                    London  
                                    EC1Y 0TL

# List of friends, partners and funders

## Lead supporters

Lead supporters are organisations that made contributions in excess of £100,000 to our programmes, or worked with us on projects designed to accelerate their own progress toward sustainability.

Danone North America

Diageo

FoodCorps

Garfield Foundation

KR Foundation

Lankelly Chase

Laudes Foundation

M&S

Omidyar Network

Pearson

People's Postcode Lottery

Sime Darby

Specialty Coffee Association

UK Aid from the UK Department for International Development (DFID)

Unilever

Walmart Foundation

## **Pioneer partners**

Pioneer Partners are organisations that made contributions in excess of £35,000 to our programmes, or worked with us on projects designed to accelerate their own progress toward sustainability.

Aditya Birla Group

Ahold Delhaize

Air New Zealand

American Express Foundation

Asia Pacific Rayon

British Embassy Moscow

British Land

Burberry

Friends Provident Foundation

Global Green Growth Institute

International Alumni Center

John Ellerman Foundation

Kering

Kimberly-Clark

Klöckner Pentaplast

Marina Bay Sands

Nestlé Research

Olam

Open Society Foundations

People Against Dirty

Sateri

SC Johnson

The Sustainability Consortium

Sustainable Shipping Initiative

Target

TransitCenter

Vector

Wagamama

Walgreen Boots Alliance

Whole Kids Foundation

Zoological Society of London

## **Partners**

Partners are organisations that made contributions in excess of £15,000 to our programmes, or that worked with us on projects designed to accelerate their own progress towards sustainability.

Asahi Kasei

Betty & Taylors of Harrogate

British Standards Institution

C&A

Calouste Gulbenkian Foundation (UK Branch)

Cargill

CEEW

China Navigation Company

The Co-operative Group

CTPA

David Rockefeller Fund

DBS Bank

EDB Singapore

Evonik

Firmenich

General Mills

Golden Agri-Resources

The Hershey Company

Kingfisher

Mitsubishi Corporation Fund for Europe and Africa

Mulberry

Musim Mas

Outerknown

P4G

Ports of Auckland

Pukka Herbs

Renewable Energy Buyers Alliance

Sainsbury's

Shakti Sustainable Energy Foundation

SIG Combibloc

Sky

Swiss Singapore Overseas Enterprises

Twin and Twin Trading

United Nations Global Compact

Value Retail

Volac

Wates Family Enterprise Trust

Wellcome Trust

Willmott Dixon

Wilmar International

World YMCA

WWF

### **Friends of Forum**

Friends of Forum are organisations that made contributions of at least £5,000 in support of our programmes.

American Express

Aviva Investors

BaxterStorey

British Aerosol Manufacturers' Association

Calysta

Canadian Forest Service, Natural Resources Canada

Capgemini

Certis Europe

Coca Cola European Partners

Cobalt Fashion

Colep

The Crown Estate

DFID India

Disney Consumer Products

EDF Energy

Fonterra Cooperative Group

Fung Group

Impossible Foods

InHarvest

John Lewis Partnership

Kimberly-Clark Foundation

Marlow Foods

Natural Environment Research Council

Onion Collective CIC

Organic Cotton Accelerator

Pret A Manger

Ramatex

Robert Bosch Stiftung

Small Foundation

Tata Global Beverages

Temasek

Tesco

Waitrose & Partners

World Business Council for Sustainable Development

World Health Organisation Europe

Yee Chain Intl

### **Catalyst Fund**

Catalyst Fund members give £10,000 or more each year to support the efforts of Forum for the Future and drive new areas of innovation.

Betty Lawes Foundation, the grant making charity associated with Volac International

Edward and Victoria Bonham Carter

Sir Ian Cheshire and Kate Cheshire

Steve Holliday

The Mark Leonard Trust

Tellus Mater Foundation

The Waterloo Foundation

# Independent auditor's report to the members of The Forum for the Future

## Opinion

We have audited the financial statements of The Forum for the Future (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise the consolidated statement of financial activities, the group and parent charitable company balance sheets, the consolidated statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 December 2019 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;
- Have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

## Basis for opinion

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

## **Conclusions relating to going concern**

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

- 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 group's or the parent 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.

## **Other information**

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

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

We have nothing to report in this regard.

## **Opinions on other matters prescribed by the Companies Act 2006**

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

- The information given in the Trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements;
- The Trustees' annual report has been prepared in accordance with applicable legal requirements.

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

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and Charities Act 2011 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept by the parent charitable company, 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 prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the Trustees' annual report and from the requirement to prepare a strategic report.

## **Responsibilities of Trustees**

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

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

## **Auditor's responsibilities for the audit of the financial statements**

This report is made solely to the charitable company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees;

- Conclude on the appropriateness of the Trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent charitable company to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Jonathan Orchard (Senior statutory auditor)

Date: 6 July 2020

For and on behalf of Sayer Vincent LLP, Statutory Auditor

Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

Sayer Vincent LLP is eligible to act as auditor in terms of section 1212 of the Companies Act 2006

## Financial statements

### Consolidated statement of financial activities for the year ended 31 December 2019

(Incorporating the income and expenditure account)

	Notes	Unrestricted £'000	Restricted £'000	2019 Total £'000	2018 Total £'000
<b>INCOME FROM</b>					
Donations	3	158	-	<b>158</b>	130
Charitable activities	4	4,140	1,688	<b>5,828</b>	5,197
<b>TOTAL INCOME</b>		<b>4,298</b>	<b>1,688</b>	<b>5,986</b>	<b>5,327</b>
<b>EXPENDITURE ON</b>					
Raising funds		(168)	-	<b>(168)</b>	(99)
Charitable activities		(3,891)	(1,364)	<b>(5,255)</b>	(5,170)
<b>TOTAL EXPENDITURE</b>	5-8	<b>(4,059)</b>	<b>(1,364)</b>	<b>(5,423)</b>	<b>(5,269)</b>
<b>Net income for the year</b>	9	<b>239</b>	<b>324</b>	<b>563</b>	<b>58</b>
Foreign exchange losses		(36)	-	<b>(36)</b>	-
<b>NET MOVEMENT IN FUNDS</b>		<b>203</b>	<b>324</b>	<b>527</b>	<b>58</b>
<b>FUNDS BROUGHT FORWARD</b>		<b>656</b>	<b>720</b>	<b>1,376</b>	<b>1,318</b>
<b>FUNDS AT 31 DECEMBER 2019</b>		<b>859</b>	<b>1,044</b>	<b>1,903</b>	<b>1,376</b>

The financial statements have been prepared in line with FRS 102.

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure relates to continuing activities.

The notes supporting the financial statements are on pages 65 to 84.

There is no material difference between the net incoming resources as stated and its historical cost equivalent

## Balance sheets for the year ended 31 December 2019

		The group		The charity	
	Notes	2019 £'000	2018 £'000	2019 £'000	2018 £'000
<b>FIXED ASSETS</b>					
Tangible fixed assets	12	99	135	96	127
Investments	13	-	-	1	1
		99	135	97	128
<b>CURRENT ASSETS</b>					
Debtors	16	1,871	2,206	1,450	1,480
Short term deposits and cash in hand		1,422	579	534	439
		3,293	2,785	1,984	1,919
<b>LIABILITIES</b>					
Creditors - due within one year	17-18	(1,489)	(1,544)	(870)	(858)
<b>NET CURRENT ASSETS</b>					
		1,804	1,241	1,114	1,061
<b>NET ASSETS</b>					
	19	1,903	1,376	1,211	1,189
<b>FUNDS</b>					
Unrestricted income funds:					
- general		859	656	689	660
Restricted funds	20	1,044	720	522	529
<b>TOTAL FUNDS</b>					
		1,903	1,376	1,211	1,189

Approved by the directors on 3 June 2020 and signed on their behalf by

Fiona Thompson  
Honorary Treasurer

Company number: 2959712

## Consolidated statement of cash flows for the year ended 31 December 2019

	Notes	2019 £'000	2018 £'000
<b>Cash flows from operating activities</b>	A		
Net cash provided by / (used in) operating activities		864	(475)
<b>Cash flows from investing activities</b>			
Purchase of fixed assets		(21)	-
Net cash used in investing activities		(21)	-
<b>Cash flows from financing activities</b>			
Cash payments to repay finance lease		-	(20)
Net cash used in financing activities		-	(20)
<b>Change in cash and cash equivalents in the year</b>		843	(495)
Cash and cash equivalents at 1 January		579	1,074
<b>Cash and cash equivalents at 31 December</b>	B	<b>1,422</b>	<b>579</b>

### A. Reconciliation of net income to net cash flow from operating activities

	2019 £'000	2018 £'000
Net income for the period	527	58
Adjusted for:		
Provision for tax (India)	32	6
Interest payable	6	-
Interest receivable	-	(5)
Depreciation charges	57	79
Losses on subsidiary revaluation	(36)	-
Decrease/(increase) in debtors	334	(1,128)
(Decrease)/Increase in creditors	(56)	515
<b>Net cash used in operating activities</b>	<b>864</b>	<b>(475)</b>

### B. Analysis of cash and cash equivalents

	2019 £'000	2018 £'000
Cash at bank and in hand	1,422	579
<b>Total cash and cash equivalents</b>	<b>1,422</b>	<b>579</b>

# Notes to the financial statements for the year ended 31 December 2019

## 1. Accounting policies

### Basis of accounting

The financial statements have been prepared in accordance with Accounting and Reporting by Charities Statement of Recommended Practice (SORP 2015) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), and the Companies Act 2006.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

These financial statements consolidate the results of the charitable company and its wholly-owned or controlled subsidiaries Forum for the Future Asia Pacific Limited, Forum for the Future India Private Limited and Forum for the Future US Inc. on a line by line basis. Transactions and balances between the charitable company and its subsidiaries have been eliminated from the consolidated financial statements. The amounts due to/from Forum for the Future and its subsidiaries are disclosed in aggregate in notes 16 and 17. Separate statements of financial activities, on income and expenditure accounts, for the subsidiaries are not presented because they have taken advantage of the exemptions afforded by section 408 of the Companies Act 2006.

### Public benefit entity

The charitable company meets the definition of a public benefit entity under FRS 102.

### Going concern

The onset of the global pandemic has caused considerable uncertainty for every organisation. In light of this, more detailed cashflow forecast models as well as a number of possible scenarios based on the information available up to the date of signing these accounts have been prepared and reviewed. Based on these detailed income and expenditure and cashflow models, the Trustees consider Forum to be a going concern for the foreseeable future. Further detail is given in the Trustees' report.

The Trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

## **Income**

Trading income is recognised: when the charity has entitlement to the funds; any performance conditions attached to the income have been met; it is probable that the income will be received; and that the amount can be measured reliably. Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Donated gifts and services are measured at their monetary value to the organisation and recorded as donations.

## **Interest receivable**

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity, this is normally upon notification of the interest paid or payable by the bank.

## **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.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

## **Expenditure and irrecoverable VAT**

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Costs of raising funds relate to the costs incurred by the charitable company in inducing third parties to make voluntary contributions to it, as well as the cost of any activities with a fundraising purpose.

Expenditure on charitable activities includes the costs of delivering services and educational activities undertaken to further the purposes of the charity and their associated support costs.

Irrecoverable VAT is charged as incurred and included in the support costs.

Staff untaken holiday and paid sabbaticals were calculated at staff actual salary rates as at the end of December 2019 (2018: average salary cost) and charged to the income statement in the period to which they relate.

### **Allocation of support costs**

Support costs are apportioned to Forum's programmes in line with the direct spend on each programme. The type of costs that are allocated in this way include all office costs (rent, rates, asset hire, utilities, stationery, telephone, insurance, depreciation) and support cost centres (finance, IT and people).

### **Foreign exchange**

Sales invoices raised in foreign currencies are entered into the accounts at the rate as of 1<sup>st</sup> of each month or in accordance with an exchange rate set in the contract, if applicable. The same treatment is applied to costs and bank account balances and revalued regularly throughout the year and at the year end.

### **Operating leases**

Rental charges are charged on a straight line basis over the term of the lease.

### **Tangible fixed assets**

Tangible fixed assets are stated at cost.

Where fixed assets have been revalued, any excess between the revalued amount and the historic cost of the asset will be shown as a revaluation reserve in the balance sheet.

Depreciation is provided using the straight-line method at the following annual rates in order to write off each asset over its estimated useful life.

Improvements to leasehold properties	20% on cost
Furniture and fittings	20% on cost
Software development	20% on cost
Computers and office equipment	33.33% on cost

No item of equipment is capitalised where the purchase price is less than £500. All fixed assets more than six years old are treated as having been disposed of in the financial statements.

## **Investments in subsidiaries**

Investments in subsidiaries are recorded at cost.

## **Debtors**

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

## **Cash at bank and in hand**

Cash at bank and cash in hand consists of cash only.

## **Creditors and provisions**

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

## **Pensions**

The charity operates a group personal pension plan which is a direct contribution scheme. Contributions are charged to the statement of financial activities in the periods to which they relate. The charity has no liability under the scheme other than for the payment of those contributions.

## 2. Statement of financial activities 2018

	Unrestricted	Restricted	Total
	£'000	£'000	£'000
<b>Income from:</b>			
Donations	130	-	<b>130</b>
Charitable activities	3,551	1,646	<b>5,197</b>
<b>Total income</b>	<b>3,681</b>	<b>1,646</b>	<b>5,327</b>
<b>Expenditure on:</b>			
Raising funds	(99)	-	<b>(99)</b>
Charitable activities	(3,429)	(1,741)	<b>(5,170)</b>
<b>Total expenditure</b>	<b>(3,528)</b>	<b>(1,741)</b>	<b>(5,269)</b>
<b>Net income/(expenditure) for the year</b>	<b>153</b>	<b>(95)</b>	<b>58</b>
Transfers of funds	3	(3)	-
<b>Net movement in funds</b>	<b>156</b>	<b>(98)</b>	<b>58</b>
<b>Reconciliation of funds:</b>			
Total funds brought forward	500	818	<b>1,318</b>
<b>Total funds carried forward</b>	<b>656</b>	<b>720</b>	<b>1,376</b>

## 3. Donations

	2019	2018
	Total	Total
	Unrestricted	Unrestricted
	£'000	£'000
Donations	<b>105</b>	87
Donated goods and services	<b>53</b>	43
	<b>158</b>	130

#### 4. Income from charitable activities

	<b>Unrestricted</b>	<b>Restricted</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>	<b>Total</b>	<b>Total</b>
			<b>£'000</b>	<b>£'000</b>
Programme grants	-	1,688	<b>1,688</b>	1,569
Programme service contracts	3,841	-	<b>3,841</b>	3,552
Basecamp participant fees	259	-	<b>259</b>	48
Other income	40	-	<b>40</b>	28
	<b>4,140</b>	<b>1,688</b>	<b>5,828</b>	<b>5,197</b>

<b>2018</b>	<b>Unrestricted</b>	<b>Restricted</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Programme grants	-	1,569	1,569
Programme service contracts	3,475	77	3,552
Basecamp participant fees	48	-	48
Other income	28	-	28
	<b>3,551</b>	<b>1,646</b>	<b>5,197</b>

#### Income from charitable activities by programme and geography:

	<b>UK/ Europe</b>	<b>Asia Pacific</b>	<b>India</b>	<b>US</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>Total</b>	<b>Total</b>
					<b>£'000</b>	<b>£'000</b>
Sustainable nutrition	490	14	-	568	<b>1,072</b>	799
Sustainable value chains and livelihoods	610	163	8	140	<b>921</b>	710
Keeping global warming at 1.5 degrees	354	118	72	93	<b>637</b>	724
Building the capacity for systems change	661	-	-	242	<b>903</b>	499
Understanding what's emerging	79	246	-	199	<b>524</b>	570
Transformational strategies	790	137	83	179	<b>1,189</b>	1,298
Other	483	37	15	47	<b>582</b>	597
	<b>3,467</b>	<b>715</b>	<b>178</b>	<b>1,468</b>	<b>5,828</b>	<b>5,197</b>

<b>2018</b>	<b>UK/ Europe</b>	<b>Asia Pacific</b>	<b>India</b>	<b>US</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Sustainable nutrition	542	15	-	242	<b>799</b>
Sustainable value chains and livelihoods	464	172	15	59	<b>710</b>
Keeping global warming at 1.5 degrees	577	75	67	5	<b>724</b>
Building the capacity for systems change	308	-	-	191	<b>499</b>
Understanding what's emerging	347	99	-	124	<b>570</b>
Transformational strategies	603	339	133	223	<b>1,298</b>
Other	433	40	2	122	<b>597</b>
	<b>3,274</b>	<b>740</b>	<b>217</b>	<b>966</b>	<b>5,197</b>

## 5. Total expenditure

	<b>Charitable activities</b>			<b>Raising funds</b>	<b>Support costs</b>	<b>2019 Total</b>
	<b>Programmes</b>	<b>Communications</b>	<b>Total</b>			
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Salary cost	2,583	215	2,798	97	584	<b>3,479</b>
Project costs	953	85	1,038	26	-	<b>1,064</b>
People	-	-	-	-	126	<b>126</b>
Office	-	-	-	-	432	<b>432</b>
Finance and Governance	-	-	-	-	176	<b>176</b>
IT	-	-	-	-	146	<b>146</b>
<b>Total</b>	<b>3,536</b>	<b>300</b>	<b>3,836</b>	<b>123</b>	<b>1,464</b>	<b>5,423</b>
Support cost apportioned:	1,308	111	1,419	45	(1,464)	-
<b>Total expenditure</b>	<b>4,844</b>	<b>411</b>	<b>5,255</b>	<b>168</b>	<b>-</b>	<b>5,423</b>

Governance costs are further analysed below:

	<b>2019 £'000</b>	<b>2018 £'000</b>
Staff cost	<b>20</b>	18
Trustee meetings and expenses	<b>2</b>	1
Audit fees	<b>31</b>	31
Indemnity insurance	<b>8</b>	6
	<b>61</b>	<b>56</b>

Total expenditure for 2018 was analysed by the expenditure type, rather than by function, as follows:

2018	Charitable activities			Raising funds	Support costs	2018 Total
	Programmes	Communications	Total			
	£'000	£'000	£'000	£'000	£'000	£'000
Salary cost	2,188	254	2,441	69	857	3,367
Other staff costs	12	15	27	-	123	150
Publishing	63	26	89	-	3	92
Travel and subsistence	245	2	248	-	27	275
Consultancy	545	4	550	-	69	619
Events	83	-	83	-	2	85
Depreciation	-	-	-	-	79	79
IT costs	1	1	1	-	81	82
Legal and professional	45	1	46	-	75	121
Office costs and other	102	1	102	-	297	399
	<b>3,283</b>	<b>304</b>	<b>3,587</b>	<b>69</b>	<b>1,613</b>	<b>5,269</b>
Support Costs	1,448	135	1,583	30	(1,613)	-
<b>Total expenditure</b>	<b>4,731</b>	<b>439</b>	<b>5,170</b>	<b>99</b>	<b>-</b>	<b>5,269</b>

## 6. Charitable expenditure by programme

	Programme costs	Support costs	2019 Total	2018 Total
	£'000	£'000	£'000	£'000
Sustainable nutrition	646	241	887	773
Sustainable value chains and livelihoods	700	255	955	757
Keeping global warming at 1.5 degrees	612	227	839	875
Building the capacity for systems change	725	270	995	580
Understanding what's emerging	399	142	541	1,158
Transformational strategies	754	284	1,038	1,027
	<b>3,836</b>	<b>1,419</b>	<b>5,255</b>	<b>5,170</b>

<b>2018</b>	<b>Programme costs</b>	<b>Support costs</b>	<b>2018 Total</b>
	£'000	£'000	£'000
Sustainable nutrition	536	237	773
Sustainable value chains and livelihoods	525	232	757
Keeping global warming at 1.5 degrees	607	268	875
Building the capacity for systems change	403	177	580
Understanding what's emerging	804	354	1,158
Transformational strategies	712	314	1,027
	<b>3,587</b>	<b>1,583</b>	<b>5,170</b>

## 7. Analysis of staff costs, Trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

	<b>2019</b>	<b>2018</b>
	£'000	£'000
Salaries and wages	<b>2,967</b>	2,823
Redundancy and termination costs	-	41
Social security costs	<b>278</b>	265
Employer's contribution to pension schemes	<b>234</b>	237
	<b>3,479</b>	3,366

In addition, the cost of agency staff in the year was £59,000. (2018: £89,000)

The following number of employees received the total employee benefits (excluding employer pension costs and employer social security costs) within each of the following bands:

	<b>2019</b>	<b>2018</b>
	£'000	£'000
£60,000 - £69,999	-	3
£70,000 - £79,999	<b>1</b>	-
£80,000 - £89,999	<b>2</b>	3
£90,000 - £99,999	-	1
£100,000 - £109,999	<b>1</b>	1
£110,000 - £119,999	<b>1</b>	-
£120,000 - £129,999	-	1
£130,000 - £139,999	<b>1</b>	-

The total pay, including employer's pension, for the higher paid staff, which includes the Senior Management Team and the Founder Director was £714,000 (2018: £880,000).

The key management personnel of Forum for the Future are considered to be the members of the Senior Management Team, consisting of the Chief Executive Officer, Chief Operating Officer, Chief Development and Communications Officer, Chief Change Officer, Director of System Change, Learning and Community, Director of UK/Europe, Director of Asia and Director of US. The total pay to the Senior Management Team in the year was £637,000 (2018: £673,000).

Jonathon Porritt is continuously paid for his services as an employee of Forum with the consent of the Charity Commission. In 2019, Jonathon Porritt's total remuneration was £77,000 (2018: £104,000).

Total travel and subsistence expenses claimed by one Trustee in 2019 were £1,926 (2018: £38, one claimant).

#### **Pension scheme:**

Forum for the Future operates a contract based, individual money purchase arrangement with Aviva in the UK. As at 31 December 2019 there was no payment owed to Aviva (2018: £33,000). There were 55 (2018: 47) staff enrolled on the pension scheme at 31 December 2019. Pension arrangements in Forum APAC for Singaporeans consist of the obligatory statutory payments to the Central Provident Fund. In the US the pension is arranged with TransAmerica and is a defined contribution scheme. There is no statutory obligation in India to provide a pension scheme for an organisation with under 20 staff.

## **8. Staff numbers**

The average number of employees (head count based on number of staff employed) during the year was 71 (2018: 65). The average full-time equivalent analysed by function was as follows:

	<b>2019</b>	2018
	<b>No.</b>	No.
Raising funds	<b>2.8</b>	1.1
Programmes	<b>46.0</b>	40.0
Communications	<b>3.9</b>	5.6
Support	<b>9.3</b>	10.3
Governance	<b>0.4</b>	0.4
	<b>62.4</b>	57.4

## 9. Net income for the year

	2019 £'000	2018 £'000
This is stated after charging:		
Depreciation	57	79
Operating lease rentals:		
I property	180	174
I office equipment	12	12
Forum for the Future Group auditors' remuneration (excluding VAT):		
I audit fee	16	17
I other services	-	-
Forum for the Future Asia Pacific Limited auditors' remuneration:		
I audit	6	4
Forum for the Future India Private Limited auditors' remuneration:		
I audit	1	1
Forum for the Future US Inc. auditors' remuneration:		
I audit	7	9
Foreign exchange losses	36	6

## 10. Related party transactions

Jonathon Porritt is a non-executive director of Willmott Dixon Holdings Ltd, from whom income of £18,000 (including VAT) was received during the year (2018: £30,000).

Charlotte Ersbøll, appointed a Trustee in 2019, is an employee of United Nations Global Compact, with whom Forum for the Future works. In 2019 the total services provided to UNGC were £26,000 and at the end of the year there was a debtor balance of £42,000.

Laura McGonigal, appointed a Trustee in 2019, is an employee of People Against Dirty Limited, Forum's Pioneer Partner who paid £87,000 for the services provided in 2019. There was no outstanding debtor balance as of 31 December 2019.

Forum received a donation of £15,000 from Wates Family Enterprise Trust, managed by Forum's Trustee, Jonny Wates. No donations were received from Trustees in 2018.

Stephanie Draper was Chief Change Officer of Forum (resigned in March 2019) and was also the Chair of the Sustainable Shipping Initiative (SSI). Forum charged SSI an annual management fee of £28,000 for the use of office space, administration, human resource, IT and accounting and payroll services. In 2019 SSI worked jointly with Forum on the Biofuels project and bought other services, totalling £77,000 (2018: £21,000) and had no outstanding debtor balance as of 31 December 2019 (2018: £6,000).

Forum for The Future has taken the exemptions conferred by paragraph 33 1A of FRS 102 in respect of disclosing transactions with group entities on the basis that the subsidiaries are wholly controlled and group accounts are prepared.

## 11. Taxation

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

Forum for the Future India Private Limited is a private limited company and as such is liable for tax on any taxable profits it has made. Details of the tax charge for this entity are shown in note 14.

## 12. Tangible fixed assets

All the assets are used for charitable purposes.

The group	Improvements to leasehold property £'000	Furniture and fittings £'000	Computer, office equipment & software £'000	Total £'000
<b>Cost</b>				
At the start of the year	63	19	464	<b>546</b>
Additions in year	-	-	21	<b>21</b>
At the end of the year	63	19	485	<b>567</b>
<b>Depreciation</b>				
At the start of the year	63	19	329	<b>411</b>
Charge for the year	-	-	57	<b>57</b>
At the end of the year	63	19	386	<b>468</b>
<b>Net book value</b>				
<b>At the end of the year</b>	-	-	<b>99</b>	<b>99</b>
At the start of the year	-	-	135	135

<b>The charity</b>	<b>Improvements to leasehold property £'000</b>	<b>Furniture and fittings £'000</b>	<b>Computer, office equipment &amp; software £'000</b>	<b>Total £'000</b>
<b>Cost</b>				
At the start of the year	63	19	438	<b>520</b>
Additions in year	-	-	21	<b>21</b>
At the end of the year	63	19	459	<b>541</b>
<b>Depreciation</b>				
At the start of the year	63	19	311	<b>393</b>
Charge for the year	-	-	52	<b>52</b>
At the end of the year	63	19	363	<b>445</b>
<b>Net book value</b>				
<b>At the end of the year</b>	-	-	96	<b>96</b>
At the start of the year	-	-	127	<b>127</b>

In 2017 the charity secured funding from Laudes Foundation for the development of the project management system (PSA) and accounting software (Financial Force). As of 31 December 2019 the net book value of the software was £72,000, which is included in the restricted funds (2018: £95,000).

### 13. Investments

The charity investments consist of the following entities:

<b>Entity</b>	<b>Type</b>	<b>No of shares/ cost</b>
Forum for the Future Asia Pacific Limited	subsidiary charitable company	-
Forum for the Future India Private Limited	subsidiary company limited	10,000 shares at 10 Rupees each (Total cost £1,094)
Forum for the Future US Inc.	subsidiary not for profit	-
GF Limited	dormant trading company	Two shares at £1 each

## 14. Subsidiary undertakings

### Forum for the Future Asia Pacific Limited

The charitable company is the sole member of Forum for the Future Asia Pacific Limited, a company limited by guarantee, registered in Singapore. All activities have been consolidated on a line by line basis in the statement of financial activities. The company accounts for Forum for the Future Asia Pacific Limited are audited separately by Moore Stephens LLP. The figures are then consolidated into the group accounts.

The aggregate of the assets, liabilities and funds was:

	<b>2019</b>	2018
	<b>£'000</b>	£'000
Income	<b>766</b>	740
Direct costs	<b>(625)</b>	(440)
Surplus	<b>141</b>	301
Administrative expenses	<b>(216)</b>	(194)
(Deficit)/ surplus for the year	<b>(75)</b>	106

The aggregate of the assets, liabilities and funds was:

Assets	<b>495</b>	349
Liabilities	<b>(428)</b>	(207)
Funds	<b>67</b>	142

### Forum for the Future India Private Limited

The charitable company owns 99.99% of the issued ordinary share capital of Forum for the Future India Private Limited, a company limited by shares and registered in India. The company accounts for the period from 1 April 2018 to 31 March 2019 were audited by Kumar Gandhi and Associates. Interim unaudited accounts for the period 1 January 2019 – 31 December 2019 were prepared and results consolidated into the group accounts.

	<b>2019</b>	2018
	<b>£'000</b>	£'000
Income	<b>406</b>	225
Direct costs	<b>(178)</b>	(129)
Deficit	<b>228</b>	96
Administrative expenses	<b>(42)</b>	(84)
Taxes	<b>(37)</b>	(6)
Profit for the year	<b>149</b>	6
Foreign exchange (losses)/gains	<b>(14)</b>	2
Profit for the year	<b>135</b>	8

The aggregate of the assets, liabilities and funds was:

Assets	<b>222</b>	467
Liabilities	<b>(91)</b>	(471)
Share capital	<b>(1)</b>	(1)
Funds	<b>130</b>	(5)

In 2019 the Trustees agreed to write off the historical intercompany balance between Forum for the Future Parent charity and Forum for the Future India, for the total of £162,000. A provision for the tax liability in India was made for the total of £34,000.

### Forum for the Future US Inc.

The US operation is a not-for-profit under Section 501(c)(3) of the Internal Revenue Code. The accounts are separately audited by Skody Scot & Company and consolidated as part of the Forum Group.

	<b>2019</b>	2018
	<b>£'000</b>	£'000
Income	<b>1,653</b>	966
Direct costs	<b>(952)</b>	(787)
Surplus	<b>701</b>	179
Administrative expenses	<b>(234)</b>	(184)
Surplus for the year	<b>467</b>	(5)
Foreign exchange losses	<b>(21)</b>	6
Profit for the year	<b>446</b>	1

The aggregate of the assets, liabilities and funds was:

Assets	<b>1,007</b>	628
Liabilities	<b>(511)</b>	(577)
Funds	<b>496</b>	50

## 15. Parent charity

The parent charity's gross income and the results for the year are disclosed as follows:

	<b>2019</b>	2018
	<b>£'000</b>	£'000
Income	<b>3,161</b>	3,396
Surplus (deficit) for the year	<b>22</b>	(58)

## 16. Debtors

	<b>The group</b>		<b>The charity</b>	
	<b>2019</b>	2018	<b>2019</b>	2018
	<b>£'000</b>	£'000	<b>£'000</b>	£'000
Trade debtors	<b>1,403</b>	1,227	<b>823</b>	541
Other debtors and prepayments	<b>191</b>	172	<b>110</b>	57
Amounts due from subsidiaries	<b>-</b>	-	<b>413</b>	570
Accrued income	<b>277</b>	807	<b>104</b>	312
	<b>1,871</b>	2,206	<b>1,450</b>	1,480

## 17. Creditors: amounts due within one year

	<b>The group</b>		<b>The charity</b>	
	<b>2019</b>	2018	<b>2019</b>	2018
	<b>£'000</b>	£'000	<b>£'000</b>	£'000
Trade creditors	<b>115</b>	170	<b>98</b>	158
Other creditors	<b>109</b>	159	<b>94</b>	118
Accruals	<b>216</b>	139	<b>172</b>	109
Deferred income (note 18)	<b>1,049</b>	1,076	<b>506</b>	473
	<b>1,489</b>	1,544	<b>870</b>	858

## 18. Deferred income

Movements on deferred income were as follows:

	The group		The charity	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Deferred income brought forward	1,076	485	473	305
Amount released to income in the year	(1,076)	(283)	(473)	(103)
Amount deferred in the year	1,049	874	506	271
Balance at the end of the year	1,049	1,076	506	473

All restricted grants for the delivery of the projects have been treated as performance related grants. Income on these grants has accordingly been recognised on the basis of the level of performance delivered by the year end. Grants received for the funding of central support functions have been recognised in full in the year of receipt.

## 19. Current year analysis of group net assets between funds

	Unrestricted £'000	Restricted £'000	Total funds £'000
Tangible fixed assets	27	72	99
Net current assets	832	972	1,804
<b>Net assets at the end of the year</b>	<b>859</b>	<b>1,044</b>	<b>1,903</b>

Prior year analysis of group net assets between funds

	Unrestricted £'000	Restricted £'000	Total funds £'000
Tangible fixed assets	40	95	135
Net current assets	616	625	1,241
<b>Net assets at the end of the year</b>	<b>656</b>	<b>720</b>	<b>1,376</b>

## 20. Movement in restricted funds

	Note	At the start of 2019 £'000	Income £'000	Expenditure £'000	At the end of 2019 £'000
<b>Projects with restricted funds:</b>					
Coaching and capacity building	a	182	408	(339)	251
Organisational development	b	313	325	(239)	399
Regenerative agriculture	c	-	272	(37)	235
Circular LEAP Asia	d	10	171	(181)	-
Boundless Roots	e	6	137	(121)	22
PowerPaired	f	127	125	(127)	125
Moving US	g	-	92	(92)	-
OneLess Campaign	h	-	63	(52)	11
Cotton 2040	i	-	46	(46)	-
Protein Challenge - Rebalancing Diets	j	49	-	(49)	-
Other	k	32	49	(81)	-
		719	1,688	(1,364)	1,043

a) The funding included grants from Lankelly Chase Foundation, British Embassy Moscow, Garfield Foundation, American Express Foundation, Mitsubishi Corporation Foundation, International Alumni Center Berlin and Rotary Charities.

b) This represents funds towards Forum's organisational development and includes funding from Laudes Foundation received in 2017, Postcode Earth Trust and Omidyar Network received in 2019.

c) The project has received funding from David Rockefeller Fund, John Ellerman Foundation and Walmart Foundation.

d) Circular LEAP delivered in Asia receives funding from Laudes Foundation and Singapore Economic Development Board.

e) Boundless Roots project receives funding from KR Foundation.

f) PowerPaired project received funding from the Postcode Earth Trust.

- g) Transit Center funds and works in partnership with Forum for the Future US to improve public transit in ways that make US cities more just, environmentally sustainable and economically vibrant.
- h) OneLess campaign received funding from the Zoological Society of London and is a coalition of organisations working together to tackle ocean plastic pollution.
- i) Cotton 2040 received funding from Laudes Foundation.
- j) Whole Kids Foundation funded the Protein Challenge workstream in US.
- k) Other restricted funding included monies from Partnership for Good, World Alliance of YMCAs, Yale School of Management and Walker Family Foundation.

#### **Movement in restricted funds 2018:**

	<b>At the start of 2018</b>	<b>Income</b>	<b>Expenditure</b>	<b>Transfers</b>	<b>At the end of 2018</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Projects with restricted funds:					
Coaching and capacity building	116	382	(316)	-	182
Future of Civil Society	119	159	(278)	-	-
Protein Challenge	63	154	(168)	-	49
Cotton 2040	-	147	(147)	-	-
Smarter Travel Solutions	-	233	(233)	-	-
Organisational development	388	250	(195)	-	443
Future of Community Business	87	-	(87)	-	-
Community energy asset bank	-	67	(70)	-	(3)
OneLess Campaign	-	60	(60)	-	-
Circular LEAP Asia	-	71	(61)	-	10
Other	45	122	(125)	(3)	38
<b>Total restricted funds</b>	<b>818</b>	<b>1,646</b>	<b>(1,741)</b>	<b>(3)</b>	<b>719</b>

## 21. Operating lease commitments

The group's total future minimum lease payments under non-cancellable operating leases are as follows for each of the following periods:

	Property		Equipment	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Payments due:				
Within one year	120	-	9	-
Within two to five years	120	356	-	18
	<b>240</b>	<b>356</b>	<b>9</b>	<b>18</b>

## 22. Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.