THE CHILDREN'S INVESTMENT FUND FOUNDATION (UK) ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Contents

Founder's Message

When founding CIFF in 2002, my aim was to address the significant injustices that affect the lives of children in low- and middle-income countries. While we deploy a rigorous approach to grant-making, the driving mission behind CIFF is not of the mind, but of the heart. For over 20 years, our approach as a philanthropy has been to combine our mission with a laser-focus on impact, to ensure that when we fund programmes, the communities we're serving truly benefit. I am excited to share this year's Annual Report which demonstrates this impact in action.

Our work with grantees in 2021 includes many examples of problems that are simple in concept but complicated in practice - they require an entrepreneurial mindset from CIFF staff and partners. From getting services back on track to deliver sight-saving trachoma surgeries in Ethiopia after the disruption of Covid-19, to helping ensure that micronutrients – an intervention proven to reduce the prevalence of low-birth-weight babies – are recommended in WHO guidelines for pregnant women, CIFF has the privilege of working with partners to support the implementation of complex solutions to difficult challenges. The highlights from this year also demonstrate the importance of long-term partnership. The successes achieved at COP this year, for instance, were only made possible through years of actions and collaboration between our network of tireless partners, many of whom I had the privilege to meet in person in Glasgow.

We face a huge amount of uncertainty in the world today, but that strengthens my resolve more than ever. Climate change is the most urgent and complex challenge the world faces. We are already seeing its impact, but under the current status-quo it's inevitable that large parts of the world will be become uninhabitable in the years to come. For all our work on health, nutrition, Sexual & Reproductive Health and Rights (SRHR) and girls' empowerment to make a difference, we also need to address the climate elephant in the room. I believe that CIFF can have an impact on a global scale and looking forwards, I want us to meaningfully address all problems we work on at their root cause. CIFF's CEO, Kate Hampton and I, therefore, continue to work with determination in furthering our vision for a kinder, greener world that enables children to thrive.

None of our impact to-date would be possible without the commitment of CIFF's trustees, advisors, staff and co-funders, as well as our grantees and partners, over the past 20 years – I welcome the continued opportunity to work together over the next 20 years.

C Hohn

Sir Christopher Hohn
Founder and Chairman
30 June 2022

CEO's Message

2021 was a highly anticipated year for CIFF staff and grantees as it marked the delayed COP26 summit and Generation Equality Forum, and promised to be the start of efforts to recover from the pandemic. Despite this promise, the impacts of the pandemic continued to put further pressure on childhood indicators and we saw a rebound to record levels of energy-related carbon dioxide emissions. Hopes of 'building back better' are fading as multiple crises - pandemic, conflict and climate change - and their socio-economic impacts combine and the fallout of Covid-19 had already resulted in what the head of the IMF has described as a "great divergence" between wealthier and poorer economies.

In this context, the work of our grantees in 2021 was more vital than ever. This was reflected in our new multi-year commitments, with 2021 marking CIFF's highest ever level of grant-making, an increase of over 100% from 2020 to $772 million. Our desire to step up was motivated by an alarming and sudden shortfall in funding to essential programmes in Sexual & Reproductive Health & Rights (SRHR), Neglected Tropical Diseases (NTDs) and nutrition due to the shrinking aid budgets of wealthier donor countries, most significantly the UK's reduced aid target from 0.7 to 0.5% of GNI. Moreover, with the outcome of COP26 hanging in the balance, CIFF was also able to provide a surge in climate funding, well beyond our original 2021 Business Plan forecast, including to target the private financial flows from companies, banks and asset managers that are fuelling emissions growth.

Throughout the year, we had the privilege of continuing to work with extraordinary partners to fulfil our charitable objectives. Despite significant headwinds, the successes achieved with these partners at COP, at GEF and across all our programmatic work are evident throughout this Annual Report. Partnership has always been key to our approach, but moving forwards we will do even more to put strategic relationships at the centre of our efforts to solve problems, whether aligning around a practical common purpose or combining voices on the urgent challenges we face as a human family. We continue to enable more locally-led grant-making, with strategy increasingly being led from our offices in Addis Ababa, Beijing, Delhi and Nairobi, and strive with determination for greater diversity, equity and inclusion in all aspects of our work.

At the time of writing, the headlines in Europe are dominated by the disastrous Russian invasion of Ukraine. Adding to existing inflationary pressures, the increase in energy and food prices associated with the conflict has created cost-of-living challenges worldwide, with ever-greater numbers of vulnerable people facing food insecurity and energy poverty. If ever one were needed, this conflict should provide yet another clarion call to accelerate the global exit from fossil fuels and increase our collective determination to protect the most vulnerable.

I hope that through our work at CIFF we will be able to play a part in this. Through meaningful collaboration, our aim is to have a positive impact on the lives of children and young people in 2022 and create a better future for the generations of children to come.

Kate Hampton
CEO
30 June 2022

Trustees' Report

At a Glance: Portfolio Highlights

CIFF's strategies are delivered by our network of exceptional partners, who we are proud to fund and with whom we are excited to work on strategy and programme design. Some of the highlights in 2021 include:

COP26 marked the culmination of several years' work for many of our partners, who turned out in force in Glasgow to demand that world leaders agree to new targets and new actions to keep the 1.5°C goal alive. Countries left having agreed a new ratchet mechanism to increase the ambition of pledges every year but were found wanting when it came to finance for developing and climate-vulnerable countries.

The landmark Generation Equality Forum (GEF) secured a total of $40 billion in commitments to drive progress on gender equality, including significant new commitments for SRHR. Key successes included the launch of SEMA, a new partnership designed to build more resilient SRH markets, and the production of the Africa Young Women Beijing +25 Manifesto, led by CIFF's partner Nala Feminist Collective, which had 8 of its 10 policy demands integrated into the official GEF Action Coalition blueprints.

In 2021, our partners rolled out **India's first and largest skilling and employment impact bond.** In this first-of-its-kind bond, the impact will be measured not by the inputs (how many women and girls receive skilling) but by the ultimate results (how many become engaged in long-term employment). This was led by the British Asian Trust and in collaboration with India's National Skill Development Corporation (NSDC), with CIFF as an outcome funder.

CIFF and UNICEF together launched a $100 million partnership to End Child Wasting, building on the Global Action Plan (GAP) on Wasting. In 2021, 22 countries that are part of GAP and have the highest burden of wasting developed roadmaps to bring together prevention, early detection and treatment. CIFF and UNICEF's Match Fund allows these countries to unlock funding support - for every dollar, naira or shilling each country invests in nutrition, the fund will match it.

CIFF responded to the unprecedented shortfall in funding for SRHR and NTDs, due to shrinking financial commitments from donors most significantly the UK's reduced aid target. To protect those in urgent need, CIFF partnered with the Bill and Melinda Gates Foundation, ELMA and other philanthropies, to make an emergency commitment of $130 million to these areas, aiming to stabilise activities, ensure progress is not lost, and mobilise additional domestic and international funding.

Trustees' Report

At a Glance: Financial Highlights

$772m

Charitable Investment Approved

CIFF approved $772 million of charitable investments in 2021. The exceptional level of approvals means we expect disbursements to increase further in coming years.

$468m

Grant Disbursements

CIFF disbursed grants of $468 million in 2021. Grant disbursements increased in 2021 by $124 million compared to 2020.

8%

Operating Expenses

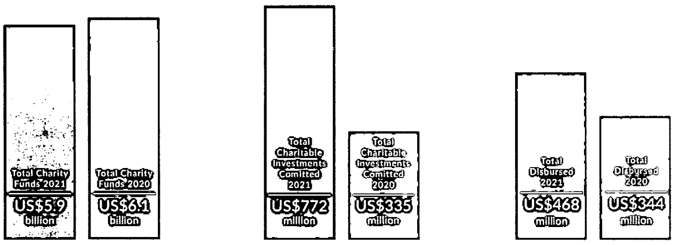
The Foundation's disbursements increased at a higher rate compared to operating expenditure in 2021, bringing the ratio of these costs to grant disbursements down to 8%.

$5.9bn

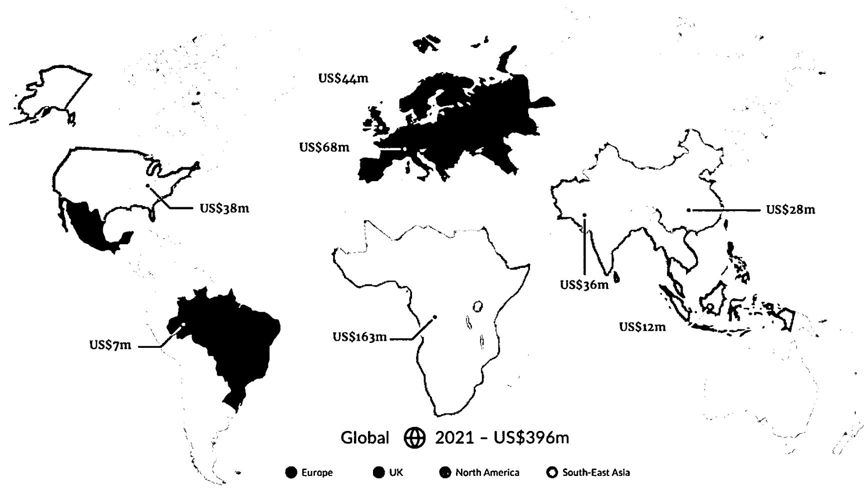
Endowment

Investment returns and income from our endowment assets remained strong in 2021, however expenditure slightly outweighed income resulting in a marginal reduction of the endowment to $5.9 billion. The size of the original endowment and the excellent investment returns achieved over the years gives us the financial strength and stability to make substantial long-term commitments to the work of our grantees.

At a Glance: 2021 Charitable Activities



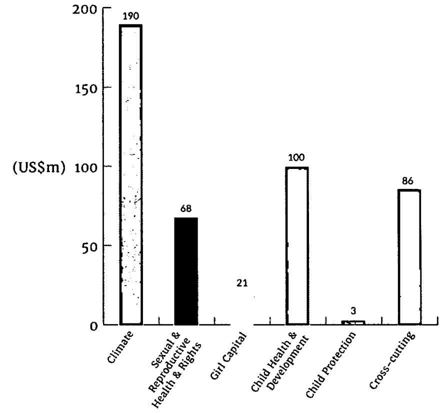
Investment Regions – Distribution of charitable grant payments



The map represents grant distributions by location of grantee activity.

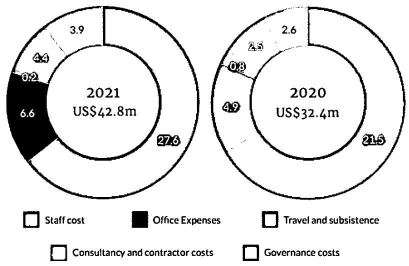
Note: Regional data for grant disbursements of $72m is not available and therefore has been excluded from the diagram

Charitable grant payments by sector (US$m)



Total grant payments US$468m

Support cost by type – 2021 and 2020



Climate Change

Climate Change

CIFF is committed to accelerating solutions that will mitigate climate change, to keep the 1.5°C target a reality and create a climate-safe future for current and future generations. For CIFF, along with our partners in the wider climate community, 2021 was a critical year. The publication of the UN's IPCC report in August provided a global reality check, showing that climate change is widespread and intensifying, with the impacts already being felt across the world. COP26 was the first litmus test on the Paris agreement, cutting across all our climate strategies, from energy and air quality to food systems and finance.

As part of our expanding ambition on climate and in line with our localisation drive, CIFF strengthened its teams in Beijing, Delhi, Nairobi and Addis Ababa with additional hires in all locations. We also added a director with a regional focus on South-East and East Asia, based out of Seoul.

Net Zero and Climate Action Plans

A key goal of CIFF's work on **climate finance** has been to ensure the integrity of corporate and financial Net Zero pledges. CIFF worked with partners and supported direct advocacy which helped unlock a new UN expert group tasked with defining standards for credible non-state Net Zero pledges. This was a major announcement from the UN Secretary-General at COP26 and CIFF will now play a key role with partners in helping to establish this group.

More broadly, throughout the year CIFF supported several other key initiatives to move corporate and financial climate targets from **voluntary to regulatory**, and from **2050 net-zero pledges to short-term climate action plans**. These include the International Sustainability Standards Board (ISSB) common disclosure standard under the International Financial Reporting Standards (IFRS), the Voluntary Carbon markets Integrity Initiative (VCMI) to ensure activity under carbon markets becomes an enabler of more ambition on corporate and country transition plans in their pathway towards regulation, as well as the UK Treasury Transition Plan Taskforce which will define the gold standard for mandatory disclosure of short-term plans.

To accelerate this regulatory process, CIFF is supporting **strategic litigation** against heavy emitters and financial institutions to force 1.5°C-aligned conduct. This builds on the historic Shell victory - which drew upon data from CIFF's partner CDP - where the oil giant was ordered to halve its emissions by 2030. Accompanying this have been successful challenges to fossil fuel infrastructure, including ClientEarth's win against a petrochemicals plant in Belgium and FILE's support to accelerate the UK's shift away from oil production.

Real Economy

In 2021 over 100 countries signed the Global Methane Pledge and committed to a collective goal of reducing global methane emissions by at least 30 percent from 2020 levels by 2030. Transitioning away from methane is vital, given that over a 20-year period it is 80 times more potent at warming than carbon dioxide. Recognising the importance of this methane moment, a group of philanthropies including CIFF, High Tide, Hewlett and MacArthur Foundations, jointly established the Global Methane Hub, through which more than $200 million will be pooled to provide technical assistance and support advocacy, campaigns and leverage new data from methane satellite technologies.

There was also significant progress on the **phase out of hydrofluorocarbons** (HFCs), which are potent and man-made greenhouse gases found in cooling equipment. The Kigali Amendment to the Montreal Protocol is an international and legally binding agreement to reduce HFCs. By the end of the year, 129 counties had ratified the agreement - including China and India in 2021, which are two of the biggest HFC producing and consuming countries in the world. 35 countries have also submitted revised nationally determined contributions (NDCs) that include HFC emissions reductions and efficient cooling measures that are in line with or beyond the scope of the agreement. This was the result of years of work from our partners, including the Institute for Governance and Sustainable Development.

In alignment with our **Clean Air and Cities** work, our partners ClimateWorks and the Climate Leadership Initiative led the Drive Electric campaign, which is an ambitious, philanthropy-powered, global effort to accelerate the electrification of all road vehicles by 2050. This campaign was showcased at the TED Countdown Summit, in October, with the significant announcement of $300 million in funding from the Audacious Project - which will enable scalability in the years to come.

Solidarity and Justice

2021 saw action on land use and nature, with CIFF grantees driving COP26 commitments from 141 countries to halt deforestation by 2030. CIFF also contributed to a joint donor statement on forests and a $1.7 billion finance pledge to support indigenous people and forest tenure rights.

CIFF and our partners are working to ensure that countries most vulnerable to the impacts of climate change have access to dedicated finance for addressing **loss and damage**. At COP26, CIFF and the Climate Emergency Collaboration Group (CECG) supported key interventions on these issues through the Climate and Development Ministerial Process, and the Loss & Damage dialogues, as well as supporting the Climate Vulnerable Forum and the High Ambition Coalition.

In the final hours of COP, these and other efforts helped mobilise philanthropic partners to create a kick-start fund of $3 million to advance the loss and damage agenda, supporting those who are dealing with the tragic and irreversible impacts of climate change on a daily basis. However, more progress is needed in this area from the wider global community, to address the fundamental inequity at the heart of the climate crisis.

Sexual & Reproductive Health & Rights

Sexual & Reproductive Health & Rights

2021 marked the year of the **Generation Equality Forum (GEF)** a landmark moment to begin mainstreaming gender transformational work through Sexual & Reproductive Health & Rights (SRHR). As a co-lead of the Bodily Autonomy & SRHR Action Coalition, CIFF announced new investments focused on scaling gender transformative approaches to contraception, safe abortion and post-abortion care services. These will be achieved by programmes that ensure quality Sexual and Reproductive Health (SRH) commodities are available at a low cost, and frontline services reach millions of women and girls.

In 2021 we also refined our focus on three priority areas: **increasing SRH choices; de-medicalising SRHR and supporting self-managed care; and championing reproductive rights**. All our bold SRHR investments will work to serve those ambitions and strive to deliver the promises made at the Nairobi International Conference on Population and Development Summit (ICPF+25), in 2019, and at GEF.

Increasing SRHR Choices

The launch of SEMA Reproductive Health, at GEF, was a key highlight of 2021. This **new global partnership** was announced by CIFF with the Governments of Burkina Faso, Nigeria and Uganda, alongside the Government of France and the Bill & Melinda Gates Foundation. SEMA will support countries to develop data-driven strategies and address the most crucial market barriers, ensuring everyone can access the products they want and need to control their health and futures.

In the course of the year, CIFF also responded to the unprecedented shortfall in funding for SRH with Covid-19 and major donor cutbacks shrinking the financial commitments. CIFF approved a set of investments to prevent service disruption, ensure SRH commodity security and move the sector towards a more sustainable future. These included partnering with the Foreign Commonwealth and Development Office (FCDO) to scale SRH service delivery across West and Central Africa; a new strategic partnership with MSI Reproductive Choices; and a partnership with the Bill and Melinda Gates Foundation and other philanthropies to make an emergency $50 million commitment to UNFPA to stabilise supplies and mobilise additional domestic and international funding.

2021 also saw significant new work to expand the HIV Prevention landscape, with additional investment to support product and delivery innovations. This remains anchored on the development of the Dual Prevention Pill and planning for greater ambition on HIV Prevention ahead of the Global Fund replenishment in 2022. At the same time, CIFF's large-scale work to support HIV self-testing reached a crucial milestone with the successful completion of the four-year partnership with OraSure Technologies to scale access to the saliva-based self-test. A robust and growing market of 10 million tests per year is now in place and proved vital during the Covid-19 pandemic as self-testing became even more important for the continuity of HIV testing and treatment programmes.

De-medicalising SRHR and support self-managed care

A significant milestone in our Self-Care work, which focuses on **de-medicalising SRH care and enabling individuals to manage their own healthcare needs**, was the World Health Organization's (WHO) release of new guidance on over-the-counter access for emergency contraception, pregnancy tests, and availability of lubrication for sexual health. To build on this momentum, CIFF partner, the Self Care Trailblazer Group (SCTG), hosted the first-ever Self Care Learning and Discovery Series (SCLAD) to build a community of practice around self-care with over 1000 participants sharing evidence and experiences. The SCTG also supported 10 countries to develop self-care advocacy strategies.

CIFF's Delivering Innovations in Self Care (DISC) project, launched an ambitious demand generation campaign in partnership with the Governments of Nigeria and Uganda. So far, the campaign has achieved more than 25 million social media views and early data from Uganda indicates that efforts are beginning to shift norms among women around self-injection. This work has bolstered the continuing DMPA-SC (an injectable contraceptive) global partnership with the Bill & Melinda Gates Foundation, FCDO, UNFPA and USAID, with over six million women accessing this contraceptive choice in 2021, and a growing trend towards home and self-injection in countries where this is supported.

Championing Reproductive Rights

2021 saw strengthened efforts by funders to address preventable deaths from unsafe abortion. CIFF joined the Swedish International Development Agency (Sida), Norwegian Agency for Development Cooperation (Norad) and The David and Lucile Packard Foundation to organise and convene partners and align funding priorities and collaboration. The result of this work includes continuing the momentum towards quality-assured care; stronger communication efforts to address misconceptions; and a significant commitment at the GEF summit with 26 signatories from Governments, funders and civil society.

Child Health & Development

Children's Investment Fund Foundation (CIFF UK) | Page 15

Child Health & Development

In recent years, there has been great progress to reduce under-five mortality, but the impact of Covid-19 on health services and economies has continued to be a significant obstacle to many health programmes well into 2021. Many improvements in the survival, health and well-being of children are urgent but also achievable and affordable. CIFF's Child Health & Development team take a holistic view of child health, focusing on maternal health interventions in our nutrition programmes and taking a full infrastructure approach to our water, sanitation, and hygiene (WASH) work.

Nutrition and Maternal Health

One of the key focuses of CIFF's nutrition portfolio is child wasting, the most extreme form of malnutrition. At any given time, an estimated 47 million children suffer from child wasting, putting them at an 11 times increased risk of death compared with their healthy peers. Even though effective treatment for child wasting costs only around $100 per child, only an estimated one in four children suffering from wasting can access it. Covid-19 has exacerbated the problem, with a projected 9.3 million more cases of child wasting in 2022 due to food and health systems disruptions and the economic impacts.

CIFF also partnered with UNICEF to launch the End Child Wasting Collaborative, which included a shared $100 million commitment. Along with support for country programmes on prevention of wasting, the collaborative includes a Match Fund for nutrition commodities that provides a 1:1 match, so for every dollar, naira or shilling each country invests in nutrition commodities for the prevention and treatment of child wasting, the fund will contribute an additional one. Within six months, country demand for the fund has already exceeded expectations, with nearly $4 million of domestic financing leveraged from countries including Mauritania, Nigeria, Senegal, and Uganda.

In addition, throughout the year, CIFF progressed its work advocating for Multiple Micronutrient Supplements (MMS) for pregnant women, which can have a dramatic impact on newborn and child health outcomes. One of the key successes in 2021 was the development and approval of a locally produced MMS in Bangladesh.

CIFF also partnered with the New York Academy of Sciences (NYAS), to set up the first Global Task Force on calcium, which consists of over 20 leading experts from academia, think tanks and the private sector, to guide the global calcium agenda and advocate for increased calcium intake during antenatal care. The Calcium Task Force will cover both supplementation and food-based approaches, aiming to help policymakers make informed decisions on calcium interventions and develop country-specific guidance.

Our approach to CHD, NTDs and WASH is increasingly localised and embedded into our country and regional strategies, particularly the Resilient Communities work in Africa. For more on the outcomes of this work in 2021 see page 25 for Africa, and page 28 for India.

Girl Capital

Girl Capital

CIFF's Girl Capital strategy is premised on the strong body of evidence that giving girls and young women **agency and opportunities** in the form of education and skills while tackling regressive social norms can have a catalytic impact. These actions help prevent child marriage, delay the age of first pregnancy and increase female participation in the workforce. This in turn has a cascading effect across all the issues CIFF cares about, from malnutrition to child trafficking.

In 2021, CIFF's Girl Capital work in India focused on implementing its $69 million active portfolio and developing a pipeline of proof-of-concept investments. The year saw the team mobilising the broader donor field, leveraging significant co-funding and influencing collaboratives and philanthropies to **prioritise evidence, girls' rights and access to digital education**. 2021 also saw the significant step of establishing the Girl Capital team in Africa, which made its first investments as a pillar of the Africa Strategy.

The shared global vision of our Girl Capital work is that **only when *all* girls have equal rights, opportunities and agency to achieve their full potential, can we have truly resilient, prosperous and just societies.**

Foundation of Education and Life Skills

In the last 2 years, Covid-19 has highlighted the increasing urban-rural and gender digital divide in India. This divide is most acute in the context of digital learning. To address this CIFF launched an ambitious programme to provide personalised adaptive digital learning to one million girls in grades 8 to 12 between the ages of 14 and 18, working in partnership with the government of Rajasthan to improve their learning outcomes and pass rates.

Also in 2021, the Life Skills Collaborative disseminated India's first life skills glossary of definitions and worked on common assessment frameworks that will help transform learning ecosystems and enable young people to thrive. CIFF is a key partner within this landmark collaborative, which also includes Echidna Giving, Michael and Susan Dell Foundation, Omidyar Network India and Porticus as donors, as well as 14 practitioner organisations, working with the state governments of Mizoram, Maharashtra, Rajasthan and Uttarakhand.

Social Norm Change and Strategic Prioritisation of Women and Girls

Girl Capital continued the critical work of tackling social norms by supporting the Girls First Fund, a donor collaborative that champions community-led efforts to end child marriage globally. In 2021, work with Girls First Fund focused on strengthening monitoring, evaluation and safeguarding practices to advance the effectiveness of grassroots-led efforts. CIFF also supported Co-Impact, a Gender Justice Fund to tackle systemic gender equity barriers and create opportunities for women and girls to exercise leadership, agency, and power.

Child Protection

Child Protection

For the child protection community, 2021, the second consecutive year of living through a pandemic, was a wake-up call like nothing before. With millions pushed into poverty and an entire generation losing years of schooling as many were restricted at home without access to online education, the vulnerability of children to abuse and exploitation became sharp and visible. The rapid shift to online and digital ways of living also saw an increase in the use of online channels for exploitation including recruitment and grooming. 2021 saw the child protection system's response to children in crisis critically affected. It also demonstrated the strength of community and commitment, as well as the undeniable importance of evidence-based work.

In this context, the need for CIFF to revisit our Child Protection strategy and reconsider the basics of our approach became essential. CIFF's Child Protection work aspires to bring the **voice of the child centre stage** and make child protection everybody's business.

Going forward CIFF hopes to strengthen communities and partnerships with all stakeholders to prevent abuse and exploitation while keeping sustainability, localisation, and diversity, equity and inclusion as core principles.

India and South Asia

Throughout the past year, the two pillars of our work to date, **choking demand and breaking impunity of perpetrators**, were implemented primarily through work in India and South Asia. CIFF's aim in India and the wider South Asia region has been to bring together the many small-scale child protection programmes and set sector-wide standards while integrating successful models into government policy for sustainability. One highlight from our work has been the adoption of our successful community and policing programme in Bharatpur, Rajasthan by the concerned State Government for Statewide scale up.

Our work with BRAC in Bangladesh to prevent cross border trafficking and provide last mile support to survivors showed some positive results. In 2021 this pilot demonstrated that the model, which incorporates safe migration centres with a focus on livelihoods and awareness, could be immensely effective if better engagement and alliances across borders are established.

Global and Online

CIFF also continued to work in 2021 to **increase global awareness of child exploitation and actions to protect children**. Highlights from 2021 include our partner C3P's campaign for survivors of Child Sexual Abuse Material (CSAM) around Twitter's 15th birthday, which highlighted the struggles of those trying to get CSAM related to them removed from Twitter. This creative campaign was a follow-up to C3P's report that showed Twitter ranked poorly among other online platforms when it came to the ease of reporting CSAM. C3P also published a transparency report showcasing the actions - or lack of - taken so far by the tech industry.

Our learnings from 2021 will inform changes in our strategies and investments going forward, especially in the shift towards preventing abuse and exploitation, keeping communities and children at the heart of all that we do. The voices of children, survivors and communities will inform, sustain and drive our activities in the time ahead.

Cross Cutting

Cross-Cutting

Critical to CIFF's mission to be an impactful, responsive, and catalytic funder lies the role of cross-cutting teams. This includes our Evidence, Measurement & Evaluation (EME), Organisational Development (OD) and Impact Investing teams. They support and lead grant-making, delivering activities such as developing new methods to engage key stakeholders and audiences, evaluating the impact of grants, ensuring grantees have effective capacity and impact capabilities, and investing in commercial enterprises in line with CIFF's objectives. This is done with a focus on making our strategies as effective and innovative as possible.

Evidence, Measurement & Evaluation (EME)

EME is at the core of all our programmes. Only by investing in data and evidence can we measure the impact of what we do, learn and course-correct; without this we are guessing. EME therefore plays a vital role in improving the rigour of CIFF strategies and investments. One of the significant investments that EME supported in 2021, was Say on Climate, through an evidence review of shareholder activism and its effects.

In 2021, as well as supporting the assessment of grants across CIFF's priority areas, the EME team had significant success in executing new policy analyses. This included **expanding the Green Pathway research programme**, which details country-specific green policy areas that could deliver particularly strong benefits for climate and the economy and pave the way towards sustainable development and a prosperous future. CIFF also worked with academic partners to develop a novel analytical approach for understanding the impact of strategic communication interventions, using advanced machine learning techniques.

In 2021, CIFF also supported the launch of Children in All Policies 2030 (CAP-2030), whose mission is to **centre children's health and well-being in all policies**, to ensure an equitable, sustainable future. CAP-2030 will be working to implement the recommendations of the WHO-UNICEF-Lancet Commission on child health. CIFF also launched the Adolescent Atlas, in partnership with the Population Council, a tool for sub-national policy-maker decision making, which allows users to interrogate adolescent health data in a simple to consume format.

Organisational Development (OD)

CIFF's Organisation Development team is responsible for **strengthening grantee capacity** to implement programmes while **increasing their resilience and long-term impact**. The team grew in 2021, building its capacity and localised expertise in Africa with the appointment of an OD Manager in Nairobi. We worked with a range of grantees in 2021 to help them scale and achieve sustainability, reduce risk, and develop leadership capacity. Some of the grantees that the team supported include Triggerise, C40 and Client Earth.
During 2021 we worked with our partner Bridgespan to conduct the grantee and co-funders survey to understand the perception of CIFF as a funder. Our grantees reported positively on CIFF's distinctive and rigorous evidence-based approach to grant-making, our role as thought leaders, as well as our willingness to make long-term commitments and fund innovative approaches. We also heard the need to continue simplifying our grant management processes and calls to further involve grantees in strategy co-creation and building communities of practice. We will embed the full results of this survey into our approach moving forwards.

Impact Investing

CIFF's Impact Investing team are responsible for a portfolio of investments, aligned with the Foundation's charitable objectives, which change to: in some cases, may also involve the potential for a financial return. The team has the flexibility to utilise the most appropriate instruments for each area and, to date, the focus has been to build a portfolio of fund investments representing the best-in-class for their particular sector.

The momentum gathered in 2020 has continued in 2021, with the execution of six new investments. Over the year, CIFF's portfolio diversified, with sectors covered **including carbon capture, alternative proteins and women's health**. CIFF's Impact Investing team worked closely in the year with our Climate and SRHR teams to leverage their technical capabilities and align with already established strategies.

Our investments have already started to achieve impact. In the case of the Global Health Investment Fund (GHIF), the fund is currently estimated to have saved 28,000 lives to date, through investing in advancements in health technology such as drugs, vaccines and diagnostics. It is projected that the fund will save **52 million lives over the next 15 years**. On the climate side, our investments in the Carbon Direct Fund, Clean Energy Venture Fund and Southeast Asia Clean Energy Facility have seen results in reducing net Greenhouse Gas emissions.

Big Win Philanthropy (BWP)

As set out in CIFF's 2020 Annual Report, the conditional agreement of the Foundation to make a charitable endowment grant of $360 million to Big Win Philanthropy (UK) (BWP), an English registered charity became effective in December 2020. As of 31 December 2021, CIFF had paid four instalments of the BWP Grant, totalling $72 million. The specified purpose of the grant to BWP is the improvement of the lives of children, young people and families in need in developing countries or countries in crisis.

Regional Activities

Africa

Focus: Kenya, Ethiopia and Nigeria

CIFF's work in Africa, led by our teams in Nairobi and Addis Ababa, is underpinned by the overarching vision of **a future where girls have the health, economic opportunity and agency to contribute to a thriving and self-determining Africa.** This vision is supported by three core pillars, (1) For Africa By Africa, supporting African giving and self-funding, and equipping African institutions to deliver their development agenda; (2) Resilient Communities, with cross-cutting programmes across WASH and NTDs, building sustainable food-systems and climate-specific programmes; and (3) Girl Capital, helping girls prepare for life-determining decisions (as detailed in our Girl Capital Strategy on page 18).

CIFF's **Girl Capital** work in Africa commenced in 2021. This saw a pivot across a number of our existing SRHR investments in the region, to take on a more holistic approach to investing in the whole girl. One such programme is the In Their Hands impact bond, implemented primarily through our partner Triggerise and co-funded by the UK's Foreign Commonwealth and Development Office. This is designed to **digitally disrupt the healthcare industry** by delivering a new kind of sexual health service to teenage girls, aiming to have more girls access sexual health services, more regularly. This programme reached its mid-point in 2021 and is starting to see impact with an increase in the number of girls visiting sexual health clinics and pharmacies. The bond has allowed the programme to scale to 320,000 girls, 130% of its target.

Another of CIFF's Girl Capital programmes in Africa is the RISE investment. Through "Smart Start" training, this programme works with a network of Health Extension Workers (HEWs) to **encourage the use of contraception** using financial planning as an entry point and positioning contraception as a tool to achieve young couples' self-defined goals. While the programme experienced delays in 2021 due to the political and security challenges in Ethiopia, CIFF's implementing partner PSI is on track to reach its target of serving 500,000 adolescents.

Our work in Africa to build **Resilient Communities** aims to ensure children are born healthy, can thrive in communities, and health systems that are equipped to prepare and respond to shocks. Going forward, this pillar will aim to integrate our work in CHD, NTDs, WASH and Climate to collectively drive child health outcomes and strengthern underlying systems that are critical for long-term sustainability. In 2021 activity commenced on Water4Life+, one of CIFF's largest investments to date. This programme aims to **provide safe water and electricity** to healthcare facilities and schools across 8 regions of Ethiopia, serving over 550,000 students and 1.3 million people. Over the course of the year, CIFF's partners, including World Vision Ethiopia, conducted preparatory work, developing detailed designs of the water supply systems and conducting pilot solar electrification. In the same year, CIFF also approved the first WASH investment in Kenya, where we will be collaborating with one of the most impactful African organisations, Shining Hope for Communities. Focusing on Kibera, the largest slum in Kenya, this investment will provide safe water access to 51 schools, 11 HCFs and 36,222 people.

Our NTD portfolio has also been impacted by the tightening of international donors' aid budgets. This **critical funding gap** meant that the progress towards eliminating NTDs in some of the world's most vulnerable countries was at risk of being undone. In 2021, CIFF, therefore, worked with global partners to address this gap, mobilising additional funding from the Bill and Melinda Gates Foundation and ELMA. Together, our organisations jointly spearheaded a new investment, ARISE-NTDs, which will use $100 million to support 13 countries to achieve their NTD elimination goals.

Also in 2021, our five-year grant with the Carter Centre to support their **Guinea Worm Eradication Programme** came to an end. 2021 marked the lowest reported number of human cases of Guinea worm since the programme's inception in the 1980s, with only 14 human cases reported. CIFF also partnered with Orbis Ethiopia and the Ethiopian Federal Ministry of Health on **Operation Sight**, to clear the backlog of trachomatous trichiasis (TT) cases. In total, over 27,000 people receivedsurgery through this programme in 2021, who otherwise would have been at risk of losing their sight. We had several milestones in our work in Africa improving **maternal, newborn and child health (MNCH)** outcomes. Preliminary results from a new randomized control trial (RCT) of Living Good's programme in Uganda show a 30% reduction in under-five child mortality and 27% reduction in infant mortality. This is powerful evidence of what the Audacious Project has enabled over the past four years, and again proves what we have long known to be true: well-supported Community Health Workers CHWs save lives and can do so at scale. This is the second such RCT of Living Good's program to demonstrate a significant mortality reduction, and at nine times the scale of the first (with 4,500 CHWs versus 500) and amid a lower overall mortality rate—thus making it even harder to achieve this level of impact.

2021 was the last year of the Digital Dividends pilot implemented by our partner PharmAccess Foundation. Over the last two years, the project has significantly improved birth outcomes for pregnant women driven by increasing access to MNCH services - this improved the average pregnancy journey score (a metric measuring the quality of a mothers' journey) to 78% compared to a baseline of 48%. Also in 2021, our Newborn Essential Solutions and Technologies (NEST360) programme rolled out in 65 hospitals across Malawi, Kenya, Tanzania and Nigeria, achieving 100% of their target with 34 facilities fully equipped with NEST newborn equipment bundles. The NEST360 newborn toolkit for small and sick newborn care (SSNC) was also launched on World Prematurity Day. This ground-breaking open-source toolkit was co-created with WHO, UNICEF and over 300 experts around the world. It provides a one-stop shop with tools and infromation to guide the implementation of SSNC globally. In the first 2 weeks after launch, the toolkit website had been viewed by users across 103 countries. And finally, our partner Jhpiego had success developing a National Antenatal Care (ANC) Guideline, the first of its kind for implementation in Ethiopia, which will help to reduce the prevalence of low-birth-weight babies by developing an integrated model of care.

As part of an **integrated approach to health and climate**, CIFF worked with the African Institute for Development Policy (AFIDEP) and London School of Hygiene and Tropical Medicine (LSHTM) to launch "Making the case for Planetary Health in Sub-Saharan Africa" investment. The evidence generated by this programme will inform key indicators for both climate vulnerability and resilience in the health sector, addressing the gap at the country and regional level. The team has begun to embed the climate-health link in the Kenyan national agenda through engagements with national leadership, policy development and capacity building. Their first policy brief 'Positioning Health in Climate Change Action Plans' was published in November 2021.

India

India

Our team and grantees in India showed extreme resilience despite incredibly challenging circumstances during 2021, with the devastating second wave of Covid-19. Our **Girl Capital** work in India was affected, given the national and state-level closures of schools and skilling centres along with movement restrictions. Our programmes had to adapt and move to alternate digital and hybrid models. Similarly, the SRH programme, Faya (Feminist, Adolescent and Youth-led Action) adapted its strategy, pivoting to deliver comprehensive sexuality education through audio stories and animations.

Another significant milestone for **Girl Capital** in India was the achievement of Udaan which successfully enrolled over 43,000 additional girls in school, between grades 9 and 10. It also **improved knowledge and attitudes on SRH and gender** among adolescents and increased usage of injectable contraception among users in the age group of 15-25, thereby significantly preventing child marriage and averting teenage pregnancies. Over the course of the year, CIFF also supported Glowing Livelihoods Opportunities for Women (GLOW) to partner with over 13 organisations and create opportunities **towards increasing women's employment and participation** in urban India.

Our **Child Health and Development** investments focused on perinatal health have saved lives at scale through community and facility-based approaches. Our FLAG (Facility, Learning and Action Groups) investment, in partnership with Ekjut and University College London, enabled **community-led initiatives to reduce neonatal mortality**. This saw impressive results in 2021, with a 24% reduction in neonatal mortality, equating to 11,803 newborn lives saved, over the 42-month period of the grants. CIFF also worked with Jhpiego and the International Planned Parenthood Federation (IPPF) under the Safe Childbirth Checklist investment, to **improve the quality of care for mothers and newborns** through a facility-based approach. Together, we shared learnings in the wider South Asia region across Bangladesh, Afghanistan, Nepal and Pakistan.

Our community-based model, which scales Participatory Learning and Action (PLA) in Jharkhand received a huge push from the government of India, in 2021. In addition to our implementation support in the state of Jharkhand, the government has provided funding of $1.2 million towards replicating the PLA model to four other states: Rajasthan, Uttarakhand, Madhya Pradesh and Meghalaya.

Educately, a digital knowledge hub for educators on adolescent reproductive and sexual health was a noteworthy example of success, with more than 150,000 visits and over 4000 enrolments in 2021. Our partners in India played a vital role in championing this platform and have worked collaboratively with the Government to secure their approval. In the state of Uttar Pradesh our partners also helped the state government to develop a 10-year Adolescent Health Operational Plan.

There were several significant **climate** developments in India during 2021, which CIFF and our partners supported. In November, the Government announced India's revised Nationally Determined Contribution (NDC) with a long-term strategy to be **Net-Zero by 2070 and enhanced 2030 targets**. CIFF grantees TERI, CEEW and WRI India engaged with the government, providing inputs on sectoral targets and scenarios for the long-term strategy. Earlier in the year, Prime Minister Modi announced the vision of making India 'energy-independent (from imports) by 2047' and launched the National Hydrogen Mission, which aims to make India a global hub for **green hydrogen**. In India, the intense and unrelenting heatwave has exposed the poor and the vulnerable communities to extreme warming and health impacts. Our programme, Alliance for Sustainable Habitat, Energy Efficiency and Thermal Comfort for All (**SHEETAL**) is supporting implementation of sustainable cooling solutions and ensuring thermal comfort for all. India ratified the Kigali Amendment to the Montreal Protocol to phase down HFCs, where our partners played a key role in providing the policy nudge.

Under our Transport Decarbonisation project, our partner **Rocky Mountain Institute** (RMI) played an important role in developing Maharashtra's new Electric Vehicle policy, with a mandate to ensure that 10% of all new vehicle registration in the state are electric by 2025. RMI in partnership with NITI Aayog also launched the **Shoonya campaign**, which aims to improve air quality in India by accelerating the deployment of electric vehicles for ride-hailing and last-mile deliveries.

In addition to these national-level initiatives, we also saw progress on climate and the environment at a local level. Our partner, the Centre for Science and Environment (CSE) in collaboration with the Rajasthan State Pollution Control Board (RSPCB) conducted a **pollution hotspot mapping exercise** in Jaipur and initiated a new project with National Institute for Urban Affairs (NIUA) and India Resources Trust to support city-level climate action planning and solutions in three cities each of Maharashtra. Under our **Project Unnat Kheti,** over 4000 farmers adopted natural farming/low carbon agriculture practices across pilot villages in the states of Uttar Pradesh, Gujarat and Madhya Pradesh.

China

China

CIFF's work in China is an integral pillar of our climate strategy and portfolio. After becoming fully operational in 2020, our Beijing office continued to grow throughout 2021, with enhanced programme capacity, enabling CIFF to strengthen relationships with our partners and grantees in the region.

The team endeavours to support the smooth implementation of China's carbon peaking and carbon neutrality goals. From national climate ambition to sub-national low carbon transition, from international Track-II dialogues to domestic policy recommendations and from greening financial system to phasing down HFCs, CIFF works closely with partners to support China to cope with climate and environmental challenges.

There were several significant developments in China's climate policy in 2021. At a national level, CIFF partnered with Energy Foundation China (EFC) to support the acceleration of China's climate ambition and encourage action through platforms such as the China Council for International Cooperation on Environment and Development (CCICED). The outcomes of these efforts were seen in the run-up to COP26 when China published its updated NDC along with other macro policy documents outlining the principles of its climate ambitions.

CIFF also supported China to strengthen the greening of its financial system. Specifically, our partners worked with China, the UK and the EU to help align their financial strategies and further strengthen green finance cooperation across geographies. The past year witnessed China and the EU publishing a common ground taxonomy, which is expected to support green finance cooperation and mobilise cross-border climate financing by lowering the green certification cost for cross-border transactions.

2021 marked the launch and conclusion of the first compliance cycle of Emissions Trading Scheme (ETS) which caps the emissions of the power sector. This covered 2,162 power companies, which collectively contribute 4.5 billion tons of CO_2 emissions each year. Our partners in China have been working to strengthen the ETS' implementation, including organising training programmes and enhancing understanding among a broad set of stakeholders to help get companies prepared.

China's ratification of the Montreal Protocol Kigali Amendment came into effect in 2021, which strengthens the control of non-CO_2 greenhouse gases and accelerates the global effort to phase out Hydrofluorocarbons (HFCs). In line with this, CIFF's grantee EFC has been working to improve the energy efficiency of cooling equipment while phasing down HFCs in China and will continue its effort to further promote China's green cooling transition.

Internationally, CIFF helped facilitate China-EU-UK dialogues leading up to and during the COP26, to enable the constructive exchange of thoughts on international climate governance and collaboration. The Green Development Guidance led by CIFF's grantee World Resources Institute, provided important recommendations for greening China's overseas investments. In 2021 China committed to stop building coal power projects in other countries, which will help spur the global green energy transition.

Europe

Europe

This year, CIFF and European partners have focused on implementing and driving progress on the EU's Fit for 55 package, a series of legislative packages aimed at translating the **EU Green Deal** into actions and regulation. Through the European Climate Foundation (ECF), CIFF has supported successful diplomatic dialogues that focus on NDC implementation, leveraging Europe's diplomatic power. This also includes undertaking campaigns for decarbonising trade, such as ensuring that the Carbon Border Adjustment Mechanism (CBAM) is high on the political agenda.

With ECF and partners like Europe Beyond Coal, CIFF has continued to support the push for **coal phase-out**. 2021 saw significant progress, with 21 countries now either coal free, or in possession of a coal phase out plan. Portugal became the fourth country in Europe to stop burning coal, joining Belgium, Austria and Sweden.

The achievements across CIFF's work on European **Industry** are wide and include Germany's proposal on financing the transition to low-carbon technologies for steel, cement, lime and ammonia through carbon contracts for difference through ECF. There has also been major progress on fossil-free steel production through Hybrit, a green steel venture from Sweden, and crucial first steps taken in building the enabling infrastructure needed to decarbonise industry, in no small part enabled through the technical advocacy and policy rigour of CIFF's partner, Bellona Europa.

Throughout the year, CIFF's investments in **climate litigation** helped maintain net zero integrity. In France, our partner FILE supported the Grande Synthe victory, in which the French Government was ordered to strengthen its emission reduction targets. Similarly, in Germany our partners advocated for an increase in ambition under the country's climate law and the government responded by bringing its net-zero target forward to 2045.

CIFF's programmatic work in Europe also included a significant focus on the **COP26** summit, given it was hosted by the UK in November 2021. Our CEO, Kate Hampton, was a Friend of COP, working closely with the UK Government to provide advice and scrutiny ahead of the summit. Together with partners, CIFF helped to ensure that the conference itself was inclusive, by enabling the UK Government to host convenings with representatives from climate-vulnerable countries and young people. And in addition to the many cross cutting and global results from COP26, our partners also had local impact - for example the British Academy of Film and Television Arts (BAFTA) launched the Climate Content Pledge with the 12 largest broadcasters in the UK committing to improve climate story telling.

Strategic Report

Strategic Report

Section 172(1) Statement

In preparing the Strategic Report, the Trustees have considered their duty to promote the success of the Foundation under section 172(1) of the Companies Act as interpreted in accordance with section 172(2) given the Foundation's charitable objectives. As such, the Board confirms that in its decision-making, it considers:

- Long-term consequences
- The interests of employees
- The public benefit of the Foundation's work
- Impacts on the community and the environment
- Maintaining a reputation for high standards of conduct
- The need to foster relationships with suppliers and grantees

Engagement with the Foundation's stakeholders is integral to developing and executing on the strategy to achieve its charitable objectives. The voices of its beneficiaries, grantees, partners and employees are not only heard but promoted to increase the effectiveness of its work for the public benefit. These voices form part of the Foundation's commitment to continual learning and development, in the context of specific charitable programme objectives but also in terms of how the Foundation operates and its aim to address matters such as diversity, equity and inclusion in all its work.

In making decisions about the Foundation's charitable work, the Trustees consider many factors and most importantly, in relation to its grant-making activities, the opinions and advice of independent experts appointed to its Investment Committees (as described further below). Grant-making activity is also informed through regular engagement with grantees, including through a grantee survey which enables grantees to provide valuable input regarding the Foundation's programmes. Grantees are also encouraged at all times to raise issues or concerns and these are relayed to the Trustees (and other advisors) through regular portfolio review meetings. During the year the Foundation's charitable work continued to be affected by the impact of Covid-19. The Investment Committees and the Board were provided with regular updates on the impact of the pandemic on its charitable objectives to inform decision-making generally but also in the context of progammes that were directly affected, such as those involving close contact between individuals. The information provided to the Investment Committees and the Board was obtained through regular engagement with grantees, independent experts and other foundations.

Similarly, during the year, the UK Government made significant reductions to its overseas development aid budget which had the potential to materially impact the Foundation's charitable objectives. Expert consultants were engaged to provide information and insights about the potential impact and grantees were surveyed to understand the direct impact on their operations. The Foundation also engaged with the Government in relation to this specific area, as well as specific programmes, to provide information on the impacts on charitable beneficiaries and also understand more about Government policies. This information was relayed to the Board so they could make decisions that supported the Foundation's long-term charitable strategy and goals. This led to substantially increased charitable expenditure being approved during the year compared to the previous year with a view to both protecting the impact of existing programmes and addressing some of the damage from funding cuts. In order to support this type of decision-making the expert advice of the Foundation's Finance, Audit and Investments Committee was sought, including in relation to the performance of the endowment and spend scenarios. Decisions by the Board in relation to the Foundation's endowment are taken following advice from the Finance, Audit and Investments Committee, who oversee the investment management arrangements (as further described below). This information is crucial so that the Board have an understanding of the financial consequences of the Foundation's strategies.

The Trustees also regularly rely on the advice of external charity lawyers regarding regulatory and other matters related to the management and operation of the Foundation. This advice is received from experts that are able to advise on modes of governance, operation and transactions in a manner that fully reflects regulatory requirements, Charity Commission guidance and general best practice. Appropriate legal and other technical advice is obtained from local experts in relation to the Foundation's overseas operations and programmes. This advice, as well as advice from the General Counsel is relied upon by the Board in making decisions that ensure the Foundation's reputation for high standards of conduct are maintained. The Foundation's General Counsel and Head of Compliance provide the Board with updates on any incidents that take place in the context of the Foundation's work at every Board meeting. Legal and Compliance are also integrally involved in all programmes that the Foundation develops and implements.

The Foundation is actively engaged with its staff and a detailed description of that engagement is set out on pages 36 to 37. The Board and the Remuneration Committtee receive information regarding the Foundation's employees, mainly based on information obtained from employee surveys conducted throughout the organisation. This information serves as a backdrop to the Board's decision-making and covers matters such as work-life balance, remuneration, job satisfaction and culture.

The Foundation, like many organisations, has been on a learning journey in relation to diversity, equity and inclusion and anti-racism. This journey has been informed by a number of stakeholders, from employees to grantees and beneficiaries. All employees have received information and training on these issues both internally and through third party experts and advisors.

Covid-19

Covid-19 has significantly changed the way we work with the majority of the Foundation continuing to work from home for the past year. Our focus throughout the pandemic has been maintaining the health and wellbeing of staff, grantees and partners while making every effort to continue to deliver our charitable objective of improving children's lives.

During 2021 and into 2022 we have worked with our grantees and partners to understand the impact of the pandemic and seek solutions to the challenges faced. In some cases, deliverables, timelines and outcomes have had to change but we continue to be focussed on overcoming the obstacles and delivering our charitable objectives. Despite the challenging environment we are happy to have increased our charitable grant disbursements in 2021 to US$468 million (2020: US$344 million). This increase in disbursements reflected a strategic shift during the year to addressing the impacts of UK Government overseas aid cuts on the Foundation's programmes and objectives, in addition to increasing funding to organisations committed to addressing the climate emergency.

Recent Developments

Grant to Big Win Philanthropy (UK)

As set out in the Foundation's annual report for the period ended 31 December 2020, the conditional agreement of the Foundation to make a charitable endowment grant of US$360 million to Big Win Philanthropy (UK) (BWP), an English registered charity ("the BWP Grant") became effective in December 2020. As at 31 December 2021, the Foundation had paid four instalments of the BWP Grant, totalling US$72 million and payments made to BWP Grant are reported as part of the Foundation's normal charitable expenditure.

During the year, the matter of legal costs arising from the appellate proceedings was resolved, with the Foundation making payments to Ms Jamie Cooper and Dr Marko Lehtimaki, as ordered by the Supreme Court and in amounts agreed between the respective parties. The Foundation was ordered to pay the legal costs of the Attorney General who was also a party to the proceedings but as at 31 December 2021, the Attorney General had not made any claim for such costs. Whilst the Foundation has taken advice that it has complied with all its obligations in relation to those costs, an amount of £250k has been reserved in the event that a claim is made. Save for the matter of the Attorney General's legal costs, the legal proceedings are now complete and there are no further rights of appeal or review in relation to those proceedings.

The total legal costs incurred by the Foundation in relation to the governance issues affecting the Foundation (over which its Governance Committee had oversight from its establishment in April 2015), including in relation to the BWP Grant, from year ended August 2014 up to the year ended 31 December 2021 stand at US$12,870k (in the year ended 31 December 2021 US$4,003k (31 December 2020 US$1,301k)) which total amount includes US$3,181k in legal fees ordered by the courts to be paid to certain parties in the above-mentioned proceedings relating to the BWP Grant.

Social Impact of CIFF's Operations

Improving our culture and championing diversity

The overarching aspiration of the Foundation's People Strategy is: "To build world-class talent and capability to transform the lives of children, and provide an environment where all members of the CIFF Family can be at their best and realise their full potential." Working towards this aspiration, in 2021 the Foundation worked to strengthen the base of our HR processes and to further build the HR team around the pillars of the People Strategy, including the introduction of localised HR Business Partners in India and Kenya.

Over the course of the year the Foundation also launched and consolidated initiatives across each of the four HR pillars. As part of the Leadership Development pillar, the Executive Team's learning journey continued in 2021, with executive coaches sourced and objectives aligned to CIFF's leadership framework, as well as to the Foundation's core purpose. The Foundation also conducted an organisation-wide training needs analysis and developed programmes for priority needs. This included the Communications Academy, enabling staff to refine their written and verbal communications skills. To further develop a coaching mindset across the organisation, CIFF began working with an external partner to roll out an all-staff holistic coaching learning journey, which will continue into 2022.

Helping progress CIFF's Winning Culture, the Foundation launched two new initiatives in 2021, which will help the organisation to engage with staff and further embed a culture of trust, transparency, and collaboration. Launched in September, Speak Up @ CIFF is an integral part of the organisation's work to build this culture and enable greater psychological safety - it provides clear guidance on how individuals can speak up, to whom, and what you can expect to happen as part of this process. In December, the Foundation also launched the Employee Forum, which provides a platform for staff to discuss CIFF wide issues and initiatives impacting the business.

As part of our Strategic Talent Management pillar, the Foundation delivered a new integrated talent review process which ties together development, succession and planning. Quarterly Talent Review Meetings are now embedded and the process identified areas where more visibility and guidance would be beneficial. The HR team also established a new recruitment strategy, which included outputs such as a recruitment toolkit for managers and panellists. The Foundation also refreshed its approach to onboarding, with new materials, helping the organisation onboard 74 new staff over the course of the year.

Key highlights from the Foundation's efforts to ensure it is a rewarding place to work (the fourth pillar of the People Strategy) include the opening of the new office in Nairobi and as well as the introduction of a hybrid working policy, allowing staff to work flexibly. The aim of this work it to support the adapting needs of our organisation. More broadly, in 2021, CIFF commenced an extensive review of our approach to rewards, the outputs of which are expected in 2022.

Cutting across all the pillars of the People Strategy. Diversity Equity and Inclusion (DEI) is increasingly at the heart of our HR work, as we work to transform our organisational culture, leadership values and behaviours and people processes and support systems through this lens. In 2021, the Foundation rolled out an internal DEI vision and strategy with key activities including: the continuation of an all-staff Anti-Racism Learning Journey; a review and update of key people policies and the recruitment process with a DEI lens; and the development of a DEI Hub to provide a home for key resources. The objective of this work is to ensure that DEI is hardwired within the organisation and to enable us to champion diversity in its broadest sense.

Reducing the environmental impact of our operations

CIFF remains committed to protecting the environment as we continue to focus on improving the environmental footprint of our buildings and our operations. We also recognise wider consideration of the Foundation's value chain is required to fully assess the environmental impact.

Given a significant portion of our value chain's environmental impact is the financed emissions associated with our endowment investment portfolio, this year we are reporting on emissions in relation to our public equity positions for the first time.

Buildings and Operations

Activities in 2021 continued to be significantly disrupted by Covid-19 resulting in less office use and negligible travel. We recognise the resulting positive impact of a reduction in our carbon emissions would not be reflective of a standard year of operations.

In relation to CIFF's operations, in a normal year our greatest source of emissions will continue to be flights as we visit our projects around the world. During 2022, we will be actively tracking and reporting our flight emissions internally, encouraging the use of virtual meetings and alternative lower carbon forms of transport wherever possible.

CIFF has appointed Carbon Footprint Ltd, a leading carbon and energy management company, to independently assess its Greenhouse Gas (GHG) emissions for our buildings and operations in accordance with the UK Government's *'Environmental Reporting Guidelines: Including Streamlined Energy and Carbon Reporting Guidance'.*

The GHG emissions have been assessed following the ISO 14064-1:2018 standard and has used the 2021 emission conversion factors published by Department for Environment, Food and Rural Affairs (Defra) and the Department for Business, Energy & Industrial Strategy (BEIS). The assessment follows the location-based approach for assessing Scope 2 emissions from electricity usage. The operational control approach has been used.

We have been assessing our carbon emissions with the support of Carbon Footprint since 2019, including backdated estimates to aid the purchase of carbon credits back to July 2016. CIFF previously chose to calculate our emissions using a reporting year that differs from our Annual Report (1st July 2019 to 30th June), however have aligned the two periods during 2021. The table below summarises the GHG emissions of our buildings and operations for reporting year 2021 together with prior period actuals.

Acivity	Jul'19 to Jun'20 (12 months)	Jul'20 to Jun'21 (18 months)
Total energy consumed (kWh)	244,920	174,679
Total Gross Location-Based Emissions (tCO_2e)	1,705	325

CIFF purchase carbon credits equal to carbon emitted for buildings and operations, plus the following years estimated carbon emitted, plus 8% to create a net positive impact. Carbon emissions for CIFF buildings and operations have been calculated for the period from July 2016 to December 2021 and estimated for 2022, totalling 10,400 tCO_2e. During 2019 CIFF purchased carbon credits of 11,520 tCO_2e made up of 50% Gold Standard Projects and 50% European Union Allowance credits.

Investment portfolio

CIFF has an investment portfolio of $6 billion that finances our charitable expenditure. CIFF's endowment is subject to restrictions to ensure we remain invested in companies that are aligned to CIFF's ethical values. Find out more about our Investment Policy on page 42.

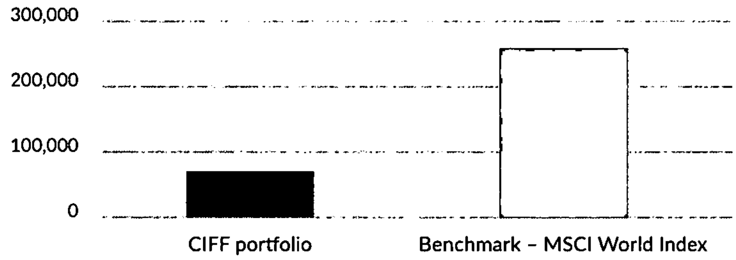
CIFF are committed to working with our investment manager to actively engage companies we invest in to mitigate climate change. We are supportive of the work our investment manager has completed to date, such as seeking greater disclosure of greenhouse gas emissions, encouraging the implementation of low carbon transition plans and in some instances filing shareholder resolutions.

The outcome of our investment managers engagement, which we value as a key enabler to reducing climate change is not depicted by the reporting of our financed investment emissions, however following best practice guidance we have started disclosing financed emissions below.

The CIFF investment portfolio is made up of public equities (2021: 70% of investments) together with unlisted debt, equity and fund investments. The availability and accuracy of emissions data for unlisted investments are limited, therefore the reporting only includes public listed equities. During 2022 we will continue to investigate approaches to capture emissions for the remainder of the investment portfolio with the aim of continuing to enhance our emissions reporting annually.

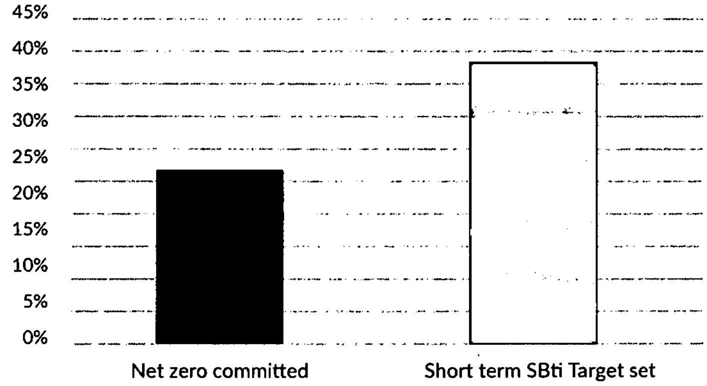
For our public equites, we recorded a scope 1 and 2 emission footprint of **69,097 tCO_2e** as at 31 December 2021 which is significantly below the emissions of the MSCI World Index benchmark for a portfolio of the same size at **274,724 tCO_2e**. The emission footprint calculation is based on guidance set out by the Partnership of Carbon Accounting Financials (PCAF)[1] and emissions data collected directly from company financial statements for reporting period 31 December 2021 or where the reporting period is not aligned, the closest reporting to 31 December 2021 that is available.

Public equities Carbon Footprint (tCO_2e) as at 31 December 2021



In addition to emissions, CIFF track the % of the portfolio with climate targets, where made to the organisation Science Based Targets.[2]

% of investments with Climate Targets



We are supportive of our investment manager's approach to climate risk and engagement with companies in the publicly traded equities portfolio. This includes seeking full disclosure of greenhouse gas emissions, ensuring companies develop and implement science based 5-year climate action plans and in some instances, where necessary, filing shareholder resolutions and voting against directors as a tool to hold boards accountable.

[1] The methodology used to calculate the CIFF share of company's emissions follows the guidance produced by the Partnership of Carbon Accounting Financials (https://carbonaccountingfinancials.com/).

[2] Data available from Science Based Targets (https://sciencebasedtargets.org/companies-taking-action) is used to ascertain companies with short-term science-based targets and science-based net zero commitments. Targets set are certified by Science Based Targets and commitments are made directly to Science Based Targets.

Financial Review

Five-year summary of income and expenditure

Summary of income and expenditure

	2017	2018	2019	2020	2021
	US$m	US$m	US$m	US$m	US$m
Incoming resources	283	82	106	97	29
Net Investment gains/(losses)	491	131	1,013	431	695
Foreign exchange	6	(3)	2	(1)	(0)
Total incoming resources including recognised gains and (losses)	**781**	**211**	**1,121**	**527**	**724**
Investment management costs	67	34	98	14	19
Charitable activities	247	247	289	369	828
Total resources expended	**315**	**281**	**387**	**383**	**848**
Net movement in funds	**466**	**(70)**	**734**	**144**	**(124)**

Summary of assets and liabilities

	2017	2018	2019	2020	2021
	US$m	US$m	US$m	US$m	US$m
Investments	5,233	5,342	5,484	5,973	5,909
Current assets	550	307	650	232	454
Total liabilities	(599)	(521)	(272)	(200)	(481)
Total assets less Total liabilities	**5,183**	**5,128**	**5,862**	**6,005**	**5,881**

Summary of financial and operational information

	2017	2018	2019	2020	2021
Grant disbursements (m)	208	232	269	344	468
5-Year disbursement ratio*	4.4%	4.8%	5.2%	4.8%	5.4%
Average headcount (FTE)	80	95	115	132	167
Operating expense as a % of disbursements**	11.7%	12.1%	11.8%	9.1%	8.3%

* The 5-year disbursement ratio is defined as the average spend divided by the average assets over a 5-year rolling period.
** For this ratio, operating cost do not include the exceptional expenses included in 2017, 2018, 2019, 2020 and 2021.

Charitable activities

The Foundation committed US$829 million to charitable activities (2020:US$369 million), which consisted of US$783 million of charitable grant commitments (2020:US$335 million), US$3 million of activities undertaken directly (2020:US$2 million) and US$43 million of operating cost (2020: $32 million).

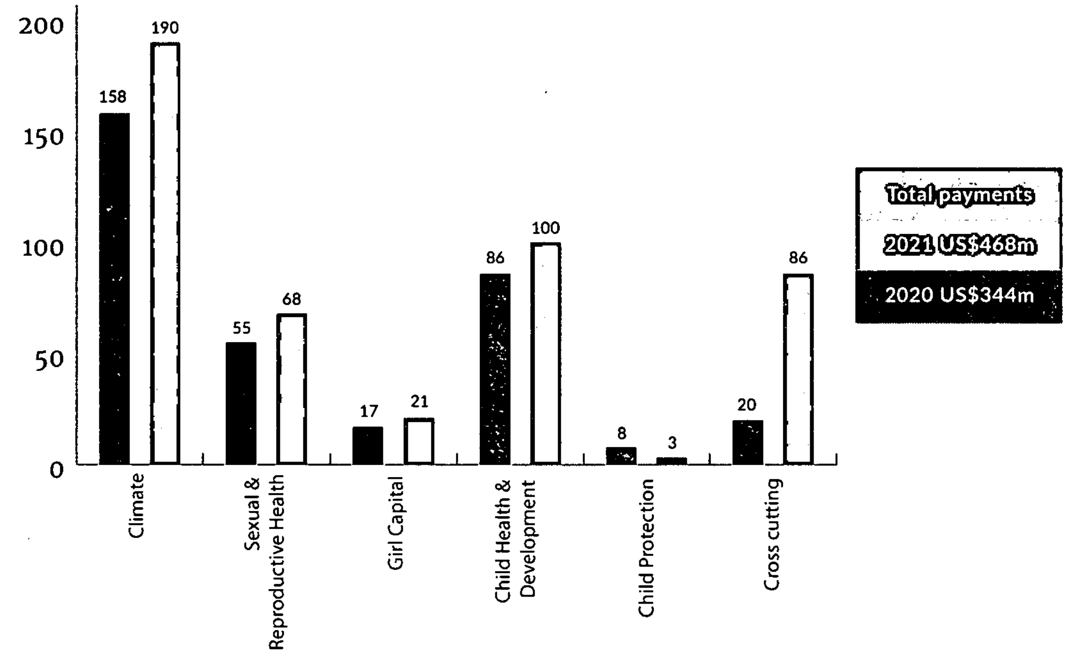
Activities undertaken directly (DCA)

The direct expenditure of US$3 million (2020:US$2 million) on charitable activities was mainly to further CIFF's mission by convening conferences and events, providing technical assistance and training to grantees and other charitable organisations, and publishing and disseminating research findings.

Grant Disbursements

The Foundation made US$468 million of charitable grant payments in 2021, which is the fourth successive year of increased disbursements and represents a 36% increase on the prior year (2020: US$344 million). The chart below shows the grant payments made in 2021.

Charitable grant payments by sector (US$m)



Investment Review

Investment strategy

The Trustees have developed an investment strategy which provides for investing in a diverse portfolio of financial investments with a long-term investment horizon. The Foundation's investment objective is to:

- seek an inflation-adjusted return of at least 6% per annum over a 10-year rolling period;
- manage its investment portfolio to ensure appropriate liquidity and risk controls while also permitting illiquid investments with the potential for a high return; and
- diversify its investments across a range of asset classes and industry sectors.

It is the intention of the board to maintain the endowment for the long term while continuing to fund CIFF's work. .

Asset growth

Since inception, the Foundation has received voluntary income, donations and donations-in-kind of over US$2.4 billion. Over the last 10 years, the Foundation's net assets have grown through investment to US$5.9 billion as at 31 December 2021 (2020:US$6.1 billion), after charitable activities, governance costs and investment management costs of over US$3.5 billion (2020:US$2.7 billion).

Investment returns

Total incoming resources were US$29 million (2020: US$97 million), consisting of, dividends, interest received and rental income from the Group's equity and fixed income investment portfolio together with donations. Investment gains in the year were US$695million (2020: US$431 million). The combined net investment return for the financial year ended 31 December 2021 was 12% (2020: 8%), reflecting continued strong investment performance, with a cumulative performance of 471% since April 2009, equivalent to 15% per annum return (net of fees). Cumulative investment performance is measured from April 2010.

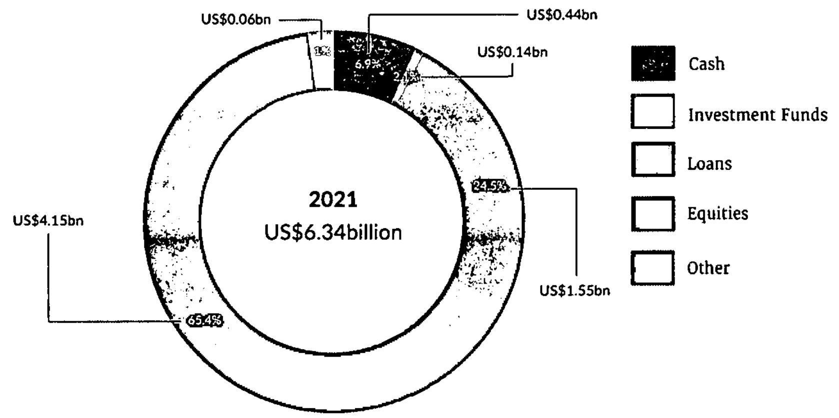
Investment management costs

Investment management costs in 2021 were US$19 million (2020: US$14 million), which mainly related to managing subsidiaries holding endowment investments including brokerage and charges intermediary fees accrued to a third-party real estate advisor (see note 25 for further details of service providers). No fees are charged by TCI Fund Management Limited in relation to management of the endowment assets.

Asset allocation

The investment manager, TCI Fund Management Limited (TCI FM), invests the Foundation's assets in different classes and sectors within the parameters set by the Foundation's investment management restrictions, adopted by the Trustees. The Foundation and its subsidiaries (the "CIFF Group") operate a diversified portfolio, invested in a number of different types of financial instruments across a wide range of sectors (with certain limitations - see investment policy on page 42). The allocation by asset type is set out in the chart set out in the chart below.

Percentage of total asset allocation by asset type (including cash)



Risk Management and Key Policies

Risk Management

The Trustees are responsible for the management of the risks faced by the Foundation and have examined the major strategic, business and operational risks to which the Foundation is and may be exposed. The principal manageable risks identified by the Trustees are those related to safeguarding of beneficiaries and staff of grantees, exposure to cyber-attacks and fraud and the impacts of Covid-19 on the well-being of staff and impact of programmes. The Trustees also identified cuts to the UK overseas development aid budget as a risk to achieving its charitable objectives in some countries, while regulatory changes regarding the receipt of foreign charitable funds in India also risked the success of some programmes.

The Trustees are satisfied that sub-committees, systems, controls and policies are in place to mitigate and manage exposure to risks identified by the Trustees through the process described below. They continue to review current processes, recognising that systems can only provide reasonable, but not absolute, assurance that major risks have been adequately managed.

The management of major risks is carried out in accordance with guidance by the Charity Commission. The Foundation has established organisational risk working groups that review, identify and manage risks through the Foundation. The risk working groups are in each case comprised of relevant staff from throughout the Foundation and cover the following areas: Country/Local, Legal and Compliance, Finance and Investments, Operations, Partners, People and Political and Reputational. These groups meet semi-annually (in some cases attended by external advisers, such as external legal counsel) to discuss the risks faced by the Foundation and mitigating actions. The groups each prepare reports that assign ratings to the risks identified based on the likelihood and impact of the risk, which is then adjusted for relevant mitigants. The final reports from the risk working groups are moderated by the Executive team before being presented to the Board for review and adoption, also on a semi-annual basis.

The Foundation maintains a comprehensive set of compliance policies that are intended to address many of the risks it faces. These include policies regarding safeguarding, bribery, corruption and fraud and use of IT. The Foundation publishes a Modern Slavery Statement on its website, which reflects its internal process for assessing modern slavery risks in its work. The statement was published on a voluntary basis despite advice that the Foundation was not formally required to publish such a statement under the Modern Slavery Act 2015. Publication of the Modern Slavery Statement reflects the Foundation's commitment to ensuring modern slavery does not occur in its own supply chains or its charitable work. The Foundation will seek to continue to review, provide training and monitor compliance issues within the Foundation and its programmes. Its compliance policies and processes are reviewed on a regular basis to ensure they reflect best practice and staff are provided regular training, including in induction but also at regular intervals thereafter.

Investment Risk Management

Investment Policy

The Foundation implements its Investment Policy in accordance with its charitable objects and investment powers, as set out in its Memorandum of Association and in accordance with applicable guidance from the Charity Commission (including Charity Commission guidance "Charities and Investment Matters" ("CC14")) through direct and indirect investments, including via investment subsidiaries.

The Trustees remain mindful of their duty to review and monitor regularly the management of the Foundation's investments. The Finance, Audit and Investments Committee (the "Finance Committee"), chaired by Mr Emmanuel Roman, acts as an advisory body to the Board on finance, audit and investment matters. In addition, since February 2018, the Trustees had delegated to the Investments Sub-Committee certain decisions in relation to the Foundation's endowment. The Investment Sub-Committee was comprised only of the non-conflicted and un-recused Trustees. In December 2021, the Board resolved to dissolve the Investment Sub-Committee, noting that in the event of any potential conflicts in relation to decisions regarding the endowment, these would be managed in accordance with the relevant provisions in the Foundation's articles of association.

The Foundation's investment policy prohibits investments in companies or entities that:

- Generate any turnover from the business of manufacturing tobacco products and tobacco marketing.
- Market breast milk substitutes unless they have committed to adopt the World Health Organisation's International Code of Marketing Breast Milk Substitutes.
- Generate 10% or more of turnover from extracting, stockpiling, distributing or trading fossil fuels.
- Generate 25% or more of turnover from the development, production, manufacture, distribution, stockpiling, transfer or sale of arms.

If a company in which the Foundation is invested falls into one of these categories, the investment manager has 12 months to divest. However, the investment manager may invest in companies or entities that market breast milk substitutes as described above if the investment manager encourages the relevant company or entity to adopt a publicly available policy committing to adopting the Code of Marketing Breast Milk Substitutes.

Taking into account the advice of the Finance Committee, the Board is satisfied with the current investments and their allocation, although the Board will continue to monitor and review the investment strategy, through the Finance Committee. Following the impact of the Covid-19 pandemic on global capital markets, the Finance Committee is regularly reviewing the performance of the endowment and engaging with the investment manager to understand the impacts and actions of the manager. The views of the Finance Committee will be shared with the Board so that the non-conflicted Trustees can assess whether they believe any changes to the Investment Policy or the investment management arrangements are required.

The Trustees are aware of the potential conflict of interest which exists between the Foundation and Sir Christopher Hohn as both a Trustee and his position as Managing Partner of TCI FM, the investment manager to certain entities within the Foundation's Group, and accordingly carefully and appropriately manage the relationship.

The members of the Finance Committee complete a full review of the Investment Policy at least annually, which includes a review of the investment manager, benchmarking its returns and also benchmarking the intermediary fees of the third party real estate advisor. Further details of the investment portfolio can be seen in the notes to the consolidated financial statements.

Cash Management Policy

The Foundation has a Cash Management Policy, which was adopted by the Trustees on 11 March 2013 and was most recently updated by Trustees in March 2021. The Cash Management Policy is reviewed at least annually by the Finance Committee and the Trustees and, if necessary, amended.

The Cash Management Policy sets out:
- The principal objective of cash management at the Foundation, which is to ensure that the Foundation has sufficient cash available to meet its working capital requirements. The Foundation does not seek to maximise investment returns through its cash management activities;
- The cash management activities that are permitted by the Foundation and the applicable limitations upon those activities; and
- Who is required to authorise cash management activities.
- The Foundation implements the Cash Management Policy in accordance with its charitable objects and investment powers, as set out in its Memorandum of Association and in accordance with applicable guidance from the Charity Commission (including CC14).

Financial risk management

Internal controls

The Foundation's internal controls are designed to provide assurance to the Board of Trustees that adequate procedures are in place and operating effectively to mitigate the risk of material financial loss or misstatement.

The Foundation reviews internal operational and financial process controls on an on-going basis, with external support where appropriate, and implements improvements. CIFF continue to invest significantly in IT security, including annual external reviews and the onboarding of an internal resource focused on IT security.

The Foundation's budgets are prepared annually. The Foundation's support and governance spend is set by reference to total planned charitable disbursements to ensure it remains reasonable and proportionate. The Executive Directors review and approve guidance for budget holders and staff to monitor and control operating cost and government-related expenditure. Further details of financial risk management can be seen in Note 15 of the consolidated financial statements.

Granting Policy

The Foundation currently adopts a "multi-year agreement" approach for multi-year programmes. This multi-year agreement permits, for example, a five-year programme to be contracted for the full five-year term of the programme, but subject to programme reviews and conditionality such that it remains consistent with Statement of Recommended Practice ("SORP") guidance, with expenditure being recognised annually in the Consolidated Statement of Financial Activities.

For each new grant programme, or "investment", a full programme budget and mapped work plan is developed by the grantee and the CIFF sector teams during the due diligence phase in order to obtain the necessary approval by the Board, Programme Investment Committees (PICs), or, in the case of investments of a programme with a budget of US$1 million or less, the CEO (see also the Foundation Governance Structure section on page 45).

Upon approval by the Board or PICs, the full programme budget is agreed for the full-term of the programme, subject to the performance reviews that take place during each year of the multi-year programme or any other specific conditionality or "gating" requirements imposed by the Board or PICs. During performance reviews, the relevant CIFF sector team reviews the progress of the grant and, if appropriate, agree the work-plan going forward, budget, KPIs, milestones and deliverables.

The performance review process is set out as a condition of the agreement with the grantee, with release of funding being conditional upon adherence to the work-plan, budget, KPIs, milestones and deliverables by a specific date set out in the multi-year contract.

Failure to complete the performance review process and adhere to the work-plans, budgets, KPIs, milestones and deliverables by the relevant date specified may result in termination of the grant agreement.

Reserves Policy

The Foundation maintains three internal reserves to assist in achieving these financial objectives: Restricted Funds, an Expendable Endowment Fund and Unrestricted Funds. The level of these Reserves, considered on a ten-year time horizon, is the key determinant in the amount of capital which the Group is able to distribute each year to charitable activities. The Trustees review reserves annually and are satisfied that the CIFF group is in a position to meet all its current and anticipated future commitments.

Unrestricted reserves

Designated funds

As at 31 December 2021, the Trustees have earmarked US$951 million (2020: US$643 million) of reserves as designated funds in recognition of funds which may be called upon to fund approved multi-year programmes within the next 1 to 5 years.

Operational Reserves

The Foundation's unrestricted funds have also been used in 2021 and previous years as "Operational Reserves" to finance the Foundation's grant expenditure and direct charitable activity expenditure, operating cost and governance costs and to provide a short-term buffer for grant-making and other costs.

Cash flow projections for income and expenditure are reviewed to ensure that the level of disposable net assets is adequate, and that the Foundation is in a position to meet all its grant-making and working capital commitments. In the event that the Foundation is unable to meet its commitments from reserves of unrestricted funds at their disposal, the Foundation will, as referred to below, draw on the expendable endowment to meet those commitments as necessary.

In view of the high level of liquidity of a large proportion of the Foundation's assets, the Trustees do not consider that it is necessary or justifiable to carry unrestricted operational reserves and therefore working capital surpluses are transferred to the expendable endowment. The unrestricted operational reserves as at 31 December 2021 was US$nil (2020: US$nil).

Restricted Funds

Restricted funds are generated when a donor stipulates how their donation may be spent. In most cases, there will be a time lag between when such funds are received and when they are expensed. The Trustees ensure that these funds are expensed in accordance with the terms under which they have been donated to the Group. The restricted fund balance as at 31 December 2021 was US$8 million (2020: US$7 million) which consisted of fixed assets relating to drilling equipment for water wells.

Expendable Endowment Funds

The Group's endowment is expendable at the Trustees' discretion. The Trustees have the power to convert any required amount of this endowment into an income which can then be utilised by the Foundation to further its charitable objects. The Trustees' intention is to monitor the value of the expendable endowment fund in real terms over a multi-year period to ensure that the Group can maintain its existing level of annual charitable expenditure and increase it gradually as they see necessary to meet the Foundation's charitable objectives for future years. At the year end, the value of the expendable endowment fund was US$4,922 million (2020: US$5,356 million).

Structure and Governance

The Foundation is a company limited by guarantee, incorporated on 8 February 2002 and registered as an English charity on 12 March 2002. The charity number is 1091043.

Subsidiary Companies

The Foundation has ten directly or indirectly owned vehicles within its Group as at 31 December 2021 that have a mixture of purposes including to hold endowment investments and to help achieve the charitable objectives of the foundation. For the period to 31 December 2021, the reported results of the subsidiary undertakings of CIFF are disclosed in the note 13. These results of the CIFF Group are consolidated and are presented in the consolidated financial statements.

The Board of Trustees

The members of the Board of Trustees are set out below. For the purposes of company law, the individuals listed are Directors of the Foundation and are appointed in accordance with the Foundation's constitution. The Board of Trustees meets to review and update the Foundation's strategy and areas of activity, including consideration of grant-making, investment, reserves and risk management policies and performance. The Trustees who were in office during the period and up to the date of signing the financial statements were:

Sir Christopher Hohn
Dr Graeme Sweeney (resigned 13 May 2021)
Mr Ben Goldsmith
Mr Masroor Siddiqui
Ms Ana Marshall (appointed 30 September 2020)
Mr Marko Lehtimaki (appointed 13 May 2021)

The Trustees are selected on the basis of their skills and expertise, particularly in the areas of business management. The Trustees determine the strategy and policies of the Foundation and monitor implementation and impact. The Trustees also serve as resources to the Foundation, sharing new and relevant research and projects, and directly supporting key aspects of operations.

All Trustees give their time freely and no Trustee remuneration was paid in the year. Details of Trustee expenses and related party transactions are disclosed in notes 9 and 24 to the financial statements. Trustees are required to disclose all relevant interests and review the Board Members' Register of Interests at each Board meeting. Trustees must register all relevant interests with the Company Secretary and, in accordance with the Foundation's Articles of Association and its policy on conflicts of interest, withdraw from decisions where a conflict of interest arises.

The Foundation provides a formal induction programme for new Trustees and new committee members, including the provision of the Foundation's key governance, policy and financial documents, relevant Charity Commission guidance and details of the organisational structure of the Foundation (including delegated authority levels).

Induction sessions are also arranged to explain the legal obligations of Trustees and committee members and provide briefings from senior operational personnel and professional advisors.

The Finance, Audit and Investment Committee

The Finance, Audit and Investment Committee was established in May 2006 and is constituted by not less than four members appointed by the Board, one of whom must be a Trustee. Other members with appropriate skills and expertise, who need not be Trustees, may be appointed to the Committee by the Board. The current trustee member is Masroor Siddiqui and the five independent members of the Committee are Emmanuel Roman (Chair), Kevin Davis, Richard Hayden, Jacob Schimmel and Ellen Shuman. CIFF's Chief Financial Officer, Director of Financial Control, General Counsel and Deputy General Counsel, are regular attendees of the Committee. The Finance, Audit and Investment Committee has delegated responsibility on behalf of the Board for advising the Trustees on audit, finance and investment matters.

Programme Investment Committee, Climate

The terms of reference of the Programme Investment Committee, Climate ("PIC Climate") were approved in October 2015 and most recently updated in December 2020. The PIC Climate is constituted by at least three Trustees, the Foundation's CEO, CFO and at least three (but no more than eight) independent advisers. The PIC Climate has delegated responsibility on behalf of the Board for advising on grant-making activities in relation to the Foundation's environmental objectives (advancing environmental protection or improvement, including preservation and conservation of the natural environment) and the promotion of sustainable development to mitigate climate change ("Climate Purposes"). The PIC Climate has decision making authority for grant proposals regarding Climate Purposes up to and including US$30 million.

Programme Investment Committee, Children

The terms of reference of the Programme Investment Committee, Children ("PIC Children") were approved in August 2015 and most recently updated in December 2020. The PIC Children is constituted by at least three Trustees, the Foundation's CEO, CFO and at least three (but no more than eight) independent advisers. The PIC Children has delegated responsibility on behalf of the Board for advising on grant-making activities in relation to the Foundation's non-Climate Purposes. The PIC Children has decision-making authority for grant proposals regarding non-Climate Purposes up to and including US$30 million.

Impact Investment Committee

The Impact Investment Committee ("IIC") was established with the terms of reference approved in May 2020. The IIC is constituted by at least three Trustees, the Foundation's CEO, CFO and up to two independent two independent advisers (subject to a maximum of six members). The IIC has delegated responsibility on behalf of the Board for advising on the Foundation's impact investments (as defined in "Charities and Investment Matters Guide for Trustees" (CC14) or Charities (Protection and Social Investment) Act 2016, as may be amended). The IIC has decision-making authority for impact investments up to and including US$100 million.

CEO Delegated Authority

The Board has delegated to the CEO responsibility for receiving, considering and making decisions upon certain grant proposals up to and including US$1 million. The Terms of Reference for the CEO's delegated authority were approved by the Board on 11 February 2014 and amended on 4 February 2015, 15 August 2015, 23 March 2019 and 10 June 2019. In 2020, this authority was subject to a maximum aggregate limit of 10% of forecast multi-year value ("MYV") of new programmes set out in the relevant financial year's business plan. The CEO also has delegated authority to approve evidence, measurement and evaluation, as well as grantee organisational development grants, in each case up to 1% of MYV.

Risk and Impact Committee

The Risk & Impact Committee ("RIC") was established in May 2020 with final terms of reference approved in March 2021. The RIC is constituted bythe General Counsel (Chair), the Chief Impact Officer, CFO, Head of Strategic Engagement and Communications, the Director of Impact Investments and such other of the Foundation's Executive Directors and Directors as the Committee shall determine, subject to a maximum of seven members. The RIC provides quality assurance reviews on the Foundation's impact investments and has delegated decision-making authority for impact investments up to and including a value of US$1 million, subject to i) a maximum aggregate of US$ 10 million in any financial year and ii) the terms of reference.

Remuneration Committee

The Remuneration Committee was established in February 2015 and is constituted by at least two Trustees. The current Trustee members are Sir Christopher Hohn and Ana Marshall (Chair). The Remuneration Committee has delegated responsibility on behalf of the Board for determining and reviewing policy for executive remuneration, approving principles and policies of reward throughout the Foundation (including the design of any performance-related pay schemes operated by the Foundation) and determining the total individual remuneration package of the CEO (including annual bonus).

Remuneration Report and Other Governance

The principles of the remuneration policy

The Foundation aims to develop and maintain remuneration strategies and policies in line with the corporate strategy, culture and objectives of the organisation. Our reward and recognition strategies and policies are designed to attract and retain motivated and talented people. We will remain competitive within the markets in which we work to manage a skilled and diverse workforce. Salaries are bench-marked periodically using external market data. Exceptional personal performance, giving due consideration to each role, is reflected in discretionary bonus awards and annual salary reviews.

Remuneration of Key Management Personnel

	31 December 2021 US$'000	31 December 2020 US$'000
Executive Directors	3,664	3,248
Employer Pension Contributions	61	73
Employer National Insurance Contributions	374	309
Total Consideration	**4,099**	**3,630**

The Key Management Personnel of CIFF for the purposes of remuneration disclosure have been defined as the:

- The Board of Trustees (who are not remunerated in their capacity as Trustees)
- The Executive Directors of the Foundation, who are responsible for the day to day running of the organisation.

The total remuneration to Key Management Personnel is summarised in the table above. Remuneration includes salaries, benefits in kind, bonuses, termination payments and employer pension contributions.

Relationship with Other Charities

The Foundation is a co-founder and collaborator in a number of projects with a range of other UK and international donors, including, but not limited to foundations, government agencies and private individuals.

Foundation Objectives and Public Benefit

The Foundation's objectives, as stated in its governing document, are the general purposes of such charitable bodies or for such other purposes for the benefit of the community as shall be exclusively charitable as the Trustees may from time-to-time determine.

In setting the Foundation's objectives and planning its activities, the Foundation's Trustees have considered section 17 of the Charities Act 2011. In doing so they are satisfied that they have complied with their duty to have regard to the Public Benefit guidance published by the Charity Commission. The Foundation's activities and achievements are outlined throughout this Trustees' Report and we believe fully demonstrate that the Foundation is providing public benefit.

Charity Governance Code

CIFF applies the majority of the principles in the Charity Governance Code (the "Code"). In some cases, including trustee engagement, decision-making and evaluation of charity impact, CIFF is in many ways exceeding the best practice stated in the Code. In other areas, such as equality, diversity and inclusion, CIFF has been undertaking a comprehensive assessment to help it build more effective practices to further its charitable purposes.

Trustees' Responsibility and Financial Statements

Statement of trustees' responsibilities in respect of the trustees' report and the financial statements

The trustees are responsible for preparing the trustees' report which includes the strategic report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland as applied in accordance with the provisions of Companies Act 2006.

Under Company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Foundation and of the incoming resources and application of resources including its income and expenditure for that year. In preparing these financial statements, the trustees are required to:

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

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

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

Independent Audit

The auditors, KPMG, have expressed their willingness to remain in office for a further year.

In approving this Trustees' Annual Report, the Trustees are also approving the Strategic Report in their capacity as company directors.

C Hohn

On behalf of the Board
Sir Christopher Hohn
Chairman
30 June 2021

Independent Auditors Report to the members of the Children's Investment Fund Foundation (UK)

KPMG
Audit
1 Harbourmaster Place
IFSC
Dublin 1
D01 F6F5
Ireland

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE CHILDREN'S INVESTMENT FUND FOUNDATION (UK)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of The Children's Investment Fund Foundation (UK) ("the Foundation") and its subsidiaries ('the Group') for the year ended 31 December 2021, which comprise the Consolidated Statement of Financial Activities, Consolidated and Foundation Balance Sheets, Consolidated Cash Flow Statement, and related notes, including the summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is UK Law and *FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

In our opinion:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with ethical requirements that are relevant to our audit of financial statements in the UK, including the Financial Reporting Council (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

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

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

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

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

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

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group or the Foundation will continue in operation.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE CHILDREN'S INVESTMENT FUND FOUNDATION (UK) (continued)

Detecting irregularities including fraud

We identified the areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements and risks of material misstatement due to fraud, using our understanding of the entity's industry, regulatory environment and other external factors and inquiry with the directors. In addition, our risk assessment procedures included: inquiring with the directors and management as to the Group's policies and procedures regarding compliance with laws and regulations and prevention and detection of fraud; inquiring whether the directors have knowledge of any actual or suspected non-compliance with laws or regulations or alleged fraud; inspecting the Group's and Foundation's regulatory and legal correspondence; and reading Board and Finance Committee minutes.

We discussed identified laws and regulations, fraud risk factors and the need to remain alert among the audit team.

The Group is subject to laws and regulations that directly affect the financial statements including companies and financial reporting legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items, including assessing the financial statement disclosures and agreeing them to supporting documentation when necessary.

The Group is not subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements.

Auditing standards limit the required audit procedures to identify non-compliance with these non-direct laws and regulations to inquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. These limited procedures did not identify actual or suspected non-compliance.

We assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. As required by auditing standards, we performed procedures to address the risk of management override of controls. On this audit we do not believe there is a fraud risk related to revenue recognition.

In response to risk of fraud, we also performed procedures including: identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation; evaluating the business purpose of significant unusual transactions; assessing significant accounting estimates for bias; and assessing the disclosures in the financial statements.

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

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

Other information

The trustees are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the trustees' report which includes the strategic report. The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

KPMG

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE CHILDREN'S INVESTMENT FUND FOUNDATION (UK) (continued)

Opinions on other matters prescribed by the Companies Act 2006

Based solely on our work on the other information undertaken during the course of the audit:

• we have not identified material misstatements in the trustees' report;
• in our opinion, the information given in the trustees' report is consistent with the financial statements; and
• in our opinion, the trustees' report have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Respective responsibilities and restrictions on use

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 48, the trustees are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group's and Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud, other irregularities or error, and to issue an opinion in an auditor's report. 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, other irregularities or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

Our report is made solely to the Foundation's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Foundation'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 Foundation and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

Brian Clavin

Brian Clavin
Senior Statutory Auditor
for and on behalf of
KPMG Statutory Auditor
1 Harbourmaster Place
IFRS
Dublin 1
Ireland

30 June 2022

THE CHILDREN'S INVESTMENT FUND FOUNDATION (UK)
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Unrestricted Funds US$ '000	Restricted Funds US$ '000	Expendable Endowment US$ '000	Year ended 31 Dec 2021 Total US$ '000
Income from					
Donations and legacies	24	-	4,290	-	4,290
Investments	3	-	-	24,468	24,468
Total incoming resources		-	4,290	24,468	28,758
Expenditure on					
Raising funds	3	19,335	-	-	19,335
Charitable activities	4	825,349	2,902	-	828,251
Total resources expended		844,684	2,902	-	847,586
Net gains on investments	13	-	-	694,914	694,914
Foreign Exchange losses	13	(456)	-	-	(456)
Exchange differences on translating foreign currency operations		-	-	-	-
Net Income/(expenditure)		(845,140)	1,388	719,382	(124,370)
Transfers	20	1,153,414	-	(1,153,414)	-
Net movement in funds		308,274	1,388	(434,032)	(124,370)
Fund balances carried forward at 1 January 2021		642,579	6,711	5,356,222	6,005,512
Fund balances carried forward at 31 December 2021		950,853	8,099	4,922,190	5,881,142

The consolidated Statement of Financial Activities ("SOFA") has been prepared on the basis that all activities are continuing.
All gains and losses recognised in the year are included in the SOFA.
The accounting policies and the notes on pages 57 to 90 form part of the Consolidated Financial Statements.

THE CHILDREN'S INVESTMENT FUND FOUNDATION (UK)
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Unrestricted Funds US$ '000	Restricted Funds US$ '000	Expendable Endowment US$ '000	Year ended 31 Dec 2020 Total US$ '000
Income from					
Donations and legacies	24	60,615	18,561	-	79,176
Investments	3	-	-	17,496	17,496
Total incoming resources		60,615	18,561	17,496	96,672
Expenditure on					
Raising funds	3	13,656	-	-	13,656
Charitable activities	4	357,360	11,850	-	369,210
Total resources expended		371,016	11,850	-	382,866
Net gains on investments	13	-	-	430,914	430,914
Foreign Exchange losses	13	(1,197)	-	-	(1,197)
Exchange differences on translating foreign currency operations		-	-	-	-
Net Income/(expenditure)		(311,598)	6,711	448,410	143,523
Transfers	20	296,206	-	(296,206)	-
Net movement in funds		(15,392)	6,711	152,204	143,523
Fund balances carried forward at 1 January 2020		657,971	-	5,204,018	5,861,989
Fund balances carried forward at 31 December 2020		642,579	6,711	5,356,222	6,005,512

The consolidated SOFA has been prepared on the basis that all activities are continuing.
All gains and losses recognised in the year are included in the SOFA.
The accounting policies and the notes on pages 57 to 90 form part of the Consolidated Financial Statements.

THE CHILDREN'S INVESTMENT FUND FOUNDATION (UK)
CONSOLIDATED AND FOUNDATION BALANCE SHEET
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	**Group 31 Dec 2021 US$ '000**	Group 31 Dec 2020 US$ '000	**Foundation 31 Dec 2021 US$ '000**	Foundation 31 Dec 2020 US$ '000
Fixed Assets					
Intangible assets	**11**	**500**	500	**-**	-
Tangible assets	**12**	**9,234**	7,502	**1,204**	1,030
Investments	**13**	**5,899,121**	5,964,867	**6,788,913**	6,137,140
of which loans		***1,554,960***	*2,489,243*	***5,934,320***	*5,499,737*
of which other investments		***4,344,161***	*3,475,624*	***854,593***	*637,403*
Total fixed assets		**5,908,855**	5,972,869	**6,790,117**	6,138,170
Current Assets					
Debtors	**16**	**14,571**	33,071	**993**	3,319
Cash at bank and in hand	**17**	**424,160**	104,371	**64,284**	55,942
Cash pledged as collateral	**17**	**14,770**	95,016	**-**	-
Total current assets		**453,501**	232,458	**65,277**	59,261
Creditors: amounts falling due within one year	**18**	**(257,349)**	(165,357)	**(756,664)**	(193,462)
Net current assets/liabilities		**196,152**	67,101	**(691,387)**	(134,201)
Total Assets less current liabilities		**6,105,007**	6,039,970	**6,098,730**	6,003,969
Creditors: amounts falling due after one year	**19**	**(223,865)**	(34,458)	(217,000)	-
Net Assets		**5,881,142**	6,005,512	**5,881,730**	6,003,969
Total funds of the charity:					
Expendable endowment fund	**20**	**4,922,190**	5,356,222	**4,930,877**	5,361,390
Restricted funds	**20**	**8,099**	6,711	**-**	-
Unrestricted funds:					
Designated funds	**20**	**950,853**	642,579	**950,853**	642,579
Total charity funds		**5,881,142**	6,005,512	**5,881,730**	6,003,969

The financial statements on pages 53 to 91 were approved by the Trustees and authorised for issue on 30 June 2022, and signed on their behalf by:

C Hohn

Sir Christopher Hohn
Chairman
30 June 2022

The accounting policies and the notes on pages 57 to 90 form part of the Consolidated Financial Statements.

Consolidated Cash Flow Statement

	31 Dec 2021 US$ '000	31 Dec 2020 US$ '000
Net cash used in operating activities	**(223,811)**	(390,039)
Cash flow from investing activities:		
Dividends received	**20,817**	14,816
Interest received	**1,574**	5,430
Rental income received	**1,685**	-
Proceeds from the sale of:		
Investments	**2,318,360**	1,670,671
Purchase of:		
Tangible fixed assets	**(2,183)**	(7,026)
Investments	**(1,796,044)**	(1,743,588)
Net cash used in investing activities	**544,209**	(59,697)
Cash flows from financing activities		
Interest paid	**(153)**	(211)
Net cash used in financing activities	**(153)**	(211)
Change in cash and cash equivalents in the reporting year	**320,245**	(449,947)
Cash and cash equivalents at the beginning of the reporting year	**104,371**	555,515
Effect of exchange rate movements on cash and cash equivalents	**(456)**	(1,197)
Cash and cash equivalents at the end of the reporting year	**424,160**	104,371

Reconciliation of incoming resources to net cash flows

	31 Dec 2021 US$ '000	31 Dec 2020 US$ '000
Net gain/(loss) for the reporting year (as per the statement of financial activities)	**(124,370)**	143,523
Adjustments for:		
Net gain on investments	**(456,570)**	(408,826)
Dividends income	**(21,209)**	(14,262)
Foreign exchange movements	**456**	1,197
Interest income on investments	**(1,574)**	(3,234)
Interest expense	**317**	184
Depreciation charges	**451**	361
(Increase)/decrease in debtors	**17,207**	(17,132)
(Increase)/decrease in cash pledged as collateral	**80,246**	(19,036)
(Decrease)/increase in creditors	**281,235**	(72,814)
Net cash used in operating activities	**(223,811)**	(390,039)

The accounting policies and the notes on pages 57 to 90 form part of the Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

1. BASIS OF PREPARATION

a) Basis of accounting

The Consolidated Financial Statements have been prepared on a going concern basis, under the historical cost convention as modified by the revaluation of investments, and have been prepared in accordance with the Statement of Recommended Practice ("SORP") 'Accounting and Reporting by Charities' (published 2015), the Charities Act 2011, Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland ("FRS 102") and the requirements of the Companies Act 2006.

The Children's Investment Fund Foundation (UK) (the "Foundation") including its subsidiaries undertakings (the "Group") applied the recognition and measurement provisions of International Financial Reporting Standards ("IFRS") 9 'Financial Instruments' and the disclosure and presentation requirements of Sections 11 and 12 of FRS 102 to account for all of its financial instruments.

The Foundation is a public benefit entity and has adapted the Companies Act formats to reflect the Charities SORP and the nature of the Foundation's activities.

The Foundation meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements.

The Trustees made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the Trustees are not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the financial statements are prepared on the going concern basis.

b) Functional currency and presentational currency

These financial statements are presented in United States Dollar ("US$"), which is the Group's functional currency. 'Functional currency' is the currency of the primary economic environment in which the Group operates. The Group's investments, grants and expenditures are denominated and paid mostly in US$. Accordingly, the Board has determined that the functional currency of the Group is United States Dollar. All amounts have been rounded to the nearest thousand, unless otherwise indicated and the terminology 'k' will be used to refer to thousands through the financial statements.

c) Basis of consolidation

The Consolidated Statements of Financial Activities ("SOFA"), Balance Sheets and Cash Flow Statements incorporate the results of The Children's Investment Fund Foundation (UK) (the "Foundation") and its subsidiary undertakings, CIFF (UK) Trading Limited ("CIFF Trading"), CIFF (UK) Newco Limited ("CIFF Newco"), Talos Capital Designated Activity Company ("Talos"), CIFF Nutrition (UK) Limited ("CIFF Nutrition"), CIFF Capital UK LP ("CIFF Capital"), CIFF Investments LLP ("CIFF Inv"), CIFF Investments II Limited ("CIFF II"), CIFF Investments III LLP ("CIFF III"), CIFF IP Co Limited ("CIFF IP"), CIFF Water Limited ("CIFF Water"), CIFF General Partner Limited ("CIFF GP"), 86th Street Lender LLP ("86th LLP"), 11th Avenue Lender LLP ("11th LLP") and Chiswick Riverside LLP ("Chiswick"). The consolidated entity is referred to as the "Group". No separate SOFA and Cash Flow Statement have been presented for the Foundation alone as permitted by Section 408 of the Companies Act 2006 and SORP. Intra-group balances are eliminated fully on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to align the accounting policies used with those used by the Group.

2. ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated and separate Financial Statements are set out below in paragraphs (a) to (q). The policies have been consistently applied to all periods presented, unless otherwise stated.

a) Critical accounting estimates and judgements in applying accounting policies

In preparing the financial statements, the Group makes estimates and assumptions that affect the reported valuations of assets and liabilities within the financial year. Actual results may differ from those estimates. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The key assumptions are explained in the respective accounting policy notes below and in Notes 13 and 14 for investments.

b) New and amended standards and interpretations

There have been no adoptions of new or amended standards during 2021 that resulted in a significant impact to the Group.

There are presently no new standards, amendments or interpretations to existing standards that are not yet effective that would be expected to have significant impact on the Group.

c) Incoming resources

All incoming resources are accounted for when the Group is legally entitled to the income and the amount can be quantified with reasonable certainty.

Interest income earned on loan investments is recorded within 'Net gains on investments' due to the loans being held at fair value. Interest income on cash balances is recorded in SOFA within 'Income from investments'. Dividend income and expenses, when the underlying security is held directly by the Group, is recognised on ex-dividend date, net of foreign withholding taxes in SOFA within 'Income from investments'. Withholding tax is accounted for on an accruals basis. For those securities held via an intermediary, the dividends are accounted for when notified. Rental income earned from the investment property is recorded within 'Income from investments' on an accruals basis and is receivable monthly in advance.

Donations are recognised when the Group is legally entitled to the income and the amount can be quantified with reasonable accuracy.

d) Resources expended

Resources expended are accounted for on an accruals basis. Expenditure is allocated to either the sectoral charitable activity areas or cost categories. For expenditure incurred across the sectors, amounts are attributed to each area based on the granting activities undertaken during the financial period. Constructive obligations (including grants payable) are accounted for as liabilities where it is probable that there will be a transfer of economic benefits and the amount of the obligation can be reliably estimated and communicated to the recipient. Multi-year grants are subject to periodic reviews and conditionality such that the liability is recognised in most cases annually, when the criteria for recognising the liability are met.

Support costs, other than direct costs for each sectoral activity area and excluding any restricted expenditure, are re-allocated to each of the activities on the following basis, which is an estimate based on annual grant commitments levels, excluding Big Win Philanthropy commitments:

	2021	2020
Climate Change	**50.5%**	45.2%
Sexual & Reproductive Health & Rights	**20.0%**	18.9%
Girl Capital	**2.5%**	3.1%
Child Health & Development	**22.7%**	25.0%
Child Protection	**0.2%**	1.9%
Cross Cutting	**4.1%**	5.9%

Activities undertaken directly relate to expenditure incurred by the Foundation through direct service provision or work undertaken by the Foundation that contributes directly to the Foundation's objectives.

Other sectoral teams that have continued to support the Foundation's activities, i.e. Strategic Engagement and Communications, Evidence, Measurement & Evaluation, Organisation Development and Impact Investing are classified under Cross Cutting.

Expenditure incurred in relation to the Foundation's restricted activities are costs specifically identifiable and relevant to the restrictions assigned to those activities and therefore can be allocated to the restricted funds.

e) Financial assets and liabilities

i) Financial assets

Initial recognition and measurement

As per paragraphs 11.2 and 12.2 of FRS 102 the Group has elected to adopt the recognition and measurement requirements of IFRS 9.

Under IFRS 9 'Financial Instruments', financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income ("OCI"), or fair value through profit or loss ("FVPL"). Purchases and sales of investments are recognised on their trade date, which is the date on which the Foundation commits to purchase or sell the asset. Investments are initially recognised at fair value and transaction costs for such investments are expensed as incurred. Investments are de-recognised when the rights to receive cash flows from the investments have expired or the Foundation has transferred substantially all risks and rewards of ownership.

Subsequent to initial recognition, financial assets are measured at FVPL. Gains and losses arising from changes in the fair value of the investments category are included in the SOFA in the year in which they arise and are based on the First-In, First-Out ("FIFO") method.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

The Group classifies its financial assets as subsequently measured at amortised cost or measured at FVPL on the basis of both:

- The Group's business model for managing the financial assets
- The contractual cash flow characteristics of the financial asset

In accordance with IFRS 9, the Group classifies its financial assets at initial recognition into the categories discussed below.

2. ACCOUNTING POLICIES (CONTINUED)

Financial assets measured at amortised cost
A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI"). The Group includes in this category short-term non-financing receivables including cash at bank and in hand, cash pledged as collateral and debtors.

Financial assets measured at fair value through profit or loss
A financial asset is measured at FVPL if:

(a) Its contractual terms do not give rise to cash flows on specified dates that are SPPI on the principal amount outstanding; or
(b) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell.

The Group includes in the FVPL category all investments in loans, concessionary loans, real estate loans (principal amount plus accrued interest receivable), listed equities, derivatives in an asset position, investment properties, corporate bonds, private placement and investment funds.

Impairment of financial assets
The Group assesses on a forward looking basis the expected credit loss ("ECL") associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For these financial assets, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group classifies the following financial assets under amortised cost: cash at bank and in hand, cash pledged as collateral and debtors. Cash at bank and in hand and cash pledged as collateral comprise cash at banks and in hand, on demand and interest bearing deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value and their carrying amounts approximate amortised cost. The loss allowance is based on lifetime expected credit losses. All material counterparties have an investment grade credit rating by Moody's/S&P of A1/A+ or higher and there is no history of defaults/non-payment and all receivables' balances are short term (<1 year).

The Group only holds receivables with no financing component and which have maturities of less than 12 months at amortised cost and therefore has adopted the simplified approach to ECLs. No ECL impairment allowance has been recorded against the Group's receivables during the year. The ECL is not relevant to financial assets at fair value through profit or loss and financial liabilities designated at fair value through profit or loss.

Derecognition of financial assets
The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset. On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset that is derecognised) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in the SOFA under 'Net gains on investments'. Any interest in such transferred financial assets that are created or retained by the Group is recognised as a separate asset or liability.

ii) Financial Liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL and include loans and borrowings, payables, and derivatives in a liability position, as appropriate. All financial liabilities are recognised initially at fair value.

Financial liabilities measured at amortised cost
Financial liabilities measured at amortised cost include all financial liabilities, other than those measured at FVPL. The Group includes in this category amounts due to brokers, grants, accruals and deferred income and other payables.

Financial liabilities measured at fair value through profit or loss
Financial liabilities at FVPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in SOFA in the year in which they arise and are based on the FIFO method. Financial liabilities designated upon initial recognition at FVPL are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

The senior delayed drawdown variable rate notes ("Notes") were designated at FVPL at inception. The Group did not designate any derivatives as hedges in a hedging relationship and includes in this category derivative contracts in a liability position.

2. ACCOUNTING POLICIES (CONTINUED)

f) Investments

Listed and unlisted securities

Securities listed or quoted on any securities exchange and regularly traded thereon are valued at fair value. The fair value of an investment is based on its quoted market price.

Unlisted securities or listed securities not regularly traded, or in respect of which no prices as described above are available, other than loans and receivables, will be valued at their fair value based on information provided by TCI Fund Management Limited's ("TCI FM" or the "Investment Manager") portfolio management team such as using the latest available redemption price for investment funds.

Because of their inherent uncertainty, estimated fair values may differ from the values that would have been used had a ready market for the securities existed.

Unfunded commitments

The Group may invest in loans and securities which incorporate a commitment that it will be obliged to pay at a future date if called upon by the counterparty. The timing and amounts of settlement of these potential obligations are uncertain at year end.

Due to these uncertainties the Group does not recognise these amounts as liabilities on its Consolidated Balance Sheet, however these amounts are disclosed as contingent commitments in Note 22.

Derivative contracts

Derivative contracts ("derivatives") are recognised at fair value on the date on which the derivative is entered into and are subsequently re-measured at their fair value on an ongoing basis. Fair values are obtained from quoted market prices in active markets, including recent market transactions. Where quoted prices are not available the investments are valued using information provided by counterparties to the contracts.

All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. The best evidence of the fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received). Subsequent changes in the fair value of any derivative instrument are recognised immediately in the SOFA.

The Group enters into forward foreign exchange contracts. Forward foreign exchange contracts are fair valued on a daily basis using the forward contracted rate derived from readily available market data. When the contract is closed, the Group records realised gains/losses equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed. Forward foreign exchange contracts are fair valued using the forward contracted rate derived from readily available market data. As at 31 December 2021 the Group held forward foreign exchange contracts with an aggregate fair value and net liability position of US$406k (2020: net liability position of US$54,974k).

The Group enters into swap agreements which represent agreements that obligate two parties to exchange a series of cash flows at specified intervals based upon or calculated by reference to changes in specified prices or rates for a specified amount of a particular security or index and a specified notional amount. The payment flows are usually netted against each other, with the difference being paid by one party to the other. Therefore, amounts required for the future satisfaction of the swap may be greater or less than the amount recorded. The realised gain or loss depends upon the prices at which the underlying financial instruments of the swap is valued at the swap's settlement date and is included in the SOFA. Unrealised gains or losses are fair valued in and the resulting movement in the unrealised gain or loss is recorded in the SOFA. As at 31 December 2021, the Group held equity swaps with an unrealised loss of US$222k (2020: US$ nil).

Investment funds

The Group invests in investment funds ("Investee Funds") which are subject to the terms and conditions of the Investee Funds' offering documentation. The investment in the Investee Funds are primarily valued based on the latest available redemption price of such units for the Investee Fund, as determined by the administrator of the Investee Fund. Where a readily ascertainable market valuation is not available, the Investee Funds are valued at cost less any expected losses (see Note 13). When a share/unit is sold the Group recognises the realised gains/(losses). Other changes in fair value of the Investee Funds are recorded as unrealised gains/(losses). At 31 December 2021, the Group held investment fund positions of US$61,001k (2020: US$66,482k).

Investment property

The Group invested in an investment property comprising wholly of UK-based freehold land and buildings leased to third parties. The Group's policy is to include the investment property within investments at their fair value, which is usually equivalent to the open market value.

Leased assets

The annual rentals for operating leases are charged to the SOFA on a straight-line basis over the lease term.

Investments in subsidiaries

Investments in subsidiaries are held at cost, less impairment in the Foundation Balance Sheet, apart from the investment in CIFF Capital UK LP which is held at fair value.

2. ACCOUNTING POLICIES (CONTINUED)

Loans
The Group invests in Real Estate and Corporate Loans which are accounted for on a fair value basis. Fair values are calculated with reference to discounted cash flow models on the expected future cash flows of each loan investment constructed by external valuers. The movements in the fair values are included within "Net gains on investments" in the SOFA. Please refer to Note 14 which details information surrounding the significant unobservable inputs of these loan investments.

Private placement
Private placement securities are not registered for public sale and are carried at an estimated fair value at each valuation point, as determined by the Group, in consultation with the Investment Manager's portfolio management team, with reference to recent funding rounds and performance updates provided by the investment management's team. At 31 December 2021, the Group held one private placement position (2020: one private placement position), which has been fair valued at US$nil (2020: US$nil).

Programme related investment
Programme related investments are a type of social investment and are made directly in pursuit of the Foundation's charitable purposes. The primary motivation for making a programme related investments is not for financial gain but to further our charitable objects. Programme related investments can generate some financial return, and the funding may or may not be provided on commercial terms. The current programme related investments portfolio consists of a number of fund and private placement investments which follow the respective investments accounting policy and as at 31 December 2021 amounted to US$12,633k (2020: US$25,439k).

The Foundation also classified concessionary loans as programme related investment as the primary purpose for this investment is to further the accomplishment of their charitable purposes through facilitating the success of the number of Programmes. The Foundation has elected to initially recognise and measure the loan at the amount paid with the repayments reflected in subsequent years. Concessionary loans for the year ended 31 December 2021 amounted to US$3,000k (2020: US$8,000k) and are presented within Programme Related investments throughout the notes to the accounts.

Mixed motive investments
Mixed motive investments are made in pursuit of the Foundation's charitable purposes and financial gains. The current mixed motive investment portfolio consists of a number of fund investments which follow the investment policy. Mixed motive investments as at 31 December 2021 amounted to US$34,265k (2020: US$11,410k).

g) Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated into US$ at the foreign currency spot rate of exchange at the balance sheet date. Transactions in foreign currencies are recorded at the foreign currency spot rates of exchange at the date of the transaction. Differences arising on settlement and translation of monetary items are recognised in the SOFA.

The year end rate prevailing on the balance sheet date was US$1 : £0.74 (2020: US$1 : £0.73). For consolidation purposes, balance sheets of subsidiaries reported in Pound Sterling currency ("GBP" or "£") have been converted into US dollar at the foreign exchange rate as at 31 December 2021. For all GBP reported profit and loss accounts of subsidiaries, the average foreign exchange rate for the relevant period has been applied at USD rate of US$1 : £0.73 (2020: US$1 : £0.78).

h) Intangible assets and amortisation

Intangible assets that are acquired and developed by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment loss.

Amortisation is calculated on a straight line basis so as to write off the cost of an asset over the estimated useful economic life of 10 years. The amortisation will commence once the intangible product's development is completed.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in the SOFA as incurred.

i) Tangible fixed assets and depreciation

Tangible fixed assets are capitalised at cost. Depreciation is calculated on a straight line basis so as to write off the cost of an asset over the estimated useful economic life. The estimated useful economic lives of fixtures and fittings is 5 years and plant and machinery is 8 years.

Tangible fixed assets are reviewed annually for impairment. Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the Group expects to consume an asset's future economic benefits.

2. ACCOUNTING POLICIES (CONTINUED)

j) Cash and cash equivalents

Cash and cash equivalents include amounts due from the Group's counterparties on demand and interest bearing deposits with original maturities of less than 3 months. For each separate account at each prime broker, cash can only be withdrawn so long as there is a sufficient collateral excess within the account.

k) Cash pledged as collateral

Cash pledged as collateral includes balances held at year end with the Group's prime brokers and other counterparties. The use of these amounts is restricted based upon the Group's contractual margin requirements with each broker at the year-end date.

l) Amounts due from/to brokers

Amounts due from brokers include cash from investments sold but which have not yet settled and cash for forward foreign exchange contracts closed but awaiting settlement. Amounts due to brokers include cash from investments purchased which have not yet settled and cash for forward foreign exchange contracts closed but awaiting settlement.

m) Debtors

Amounts due from debtors are measured at transaction price, less any impairment.

n) Creditors

Amounts due to creditors are measured at the transaction price.

o) Funds

Designated funds are the unrestricted funds that have been set aside for a particular purpose by the Trustees. Unrestricted funds comprise those funds which the Trustees are free to use in accordance with the charitable objectives of the Foundation.

Restricted funds comprise those funds that can only be used for particular restricted purposes within the objectives of the Foundation. Restricted funds arise when the funds are specified as such by the donor or when funds are raised for particular restricted purposes.

The Expendable Endowment Fund represents those assets held by the Trustees principally in investments. Income on investments is accounted for within the Expendable Endowment Fund. When the Foundation is unable to meet its commitments from reserves of Unrestricted Funds, there would be a transfer from the Expendable Endowment to Unrestricted Funds to meet those commitments.

p) Taxation

The Foundation is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Foundation is exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of the Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

q) Operating Leases

The investment property was leased to tenants under operating leases with rentals payable monthly. The Group has also entered into an operating lease for plant and machinery for US$nil consideration.

Although the Group is exposed to changes in the residual value at the end of the current leases, the Group typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.

3. INCOME FROM INVESTMENTS AND EXPENDITURE ON RAISING FUNDS

3 (a) Income from investments

The investment income arises from interest received on cash deposits, interest income earned on loans and receivables is recorded, rental income from investment properties, and dividend income from equity securities within the portfolio held by the Group. The dividend income is recorded at ex-dividend date, gross of foreign withholding taxes. Withholding tax is recorded on an accruals basis. All rental income is derived from investment properties in the United Kingdom.

	Group year ended 31 December 2021 US$ '000	Group year ended 31 December 2020 US$ '000
Dividend income	**21,209**	14,262
Interest income	**1,574**	3,234
Rental income	**1,685**	-
	24,468	17,496

3 (b) Expenditure on raising funds

The expenditure of raising funds of US$19,335k (2020: US$13,656k) includes expenditure relating to managing subsidiaries holding endowment investments including brokerage charges, intermediary fees and investment management fees.

4. EXPENDITURE ON CHARITABLE ACTIVITIES

	Grant funding of activities 2021 (2) US$ '000	Activities Undertaken Directly 2021 (1) US$ '000	Support Cost 2021 (3) US$ '000	Total Charitable Activities 2021 US$ '000
Climate Change	213,494	440	18,065	**231,999**
Sexual & Reproductive Health & Rights	84,706	286	7,707	**92,699**
Girl Capital	10,693	-	838	**11,531**
Child Health & Development	95,919	262	6,183	**102,356**
Child Protection	688	-	994	**1,682**
Cross Cutting (4)	377,242	1,750	8,984	**387,976**
	782,742	**2,738**	**42,771**	**828,251**

	Grant funding of activities 2020[4] US$ '000	Activities Undertaken Directly 2020[4] US$ '000	Support Cost 2020[4] US$ '000	Total Charitable Activities 2020[4] US$ '000
Climate Change	151,397	611	11,275	**163,283**
Sexual & Reproductive Health & Rights	63,226	281	5,836	**69,343**
Girl Capital	10,251	25	605	**10,881**
Child Health & Development	83,737	79	6,714	**90,530**
Child Protection	6,431	-	1,165	**7,596**
Cross Cutting (4)	19,734	1,057	6,786	**27,577**
	334,776	**2,053**	**32,381**	**369,210**

(1) See note 5
(2) See note 6
(3) See note 7
(4) The Group's and Foundation's activities including Strategic Engagement and Communications, Evidence Measurement & Evaluation, Organisation Development and Impact Investing are classified under Cross Cutting.

5. ACTIVITIES UNDERTAKEN DIRECTLY

The direct expenditure of US$2,738k (2020: US$2,053k) on charitable activities was mainly to further CIFF's mission; providing technical assistance and training to grantees and other charitable organisations; and publishing and disseminating reports on research findings.

6. GRANT FUNDING OF ACTIVITIES

Group and Foundation 2021	Climate Change US$ '000	Sexual & Reproductive Health & Rights US$ '000	Girl Capital US$ '000	Child Health and Development US$ '000	Child Protection US$ '000	Cross Cutting US$ '000	Total US$ '000
Grantees receiving charitable grants							
Becton Dickinson	-	5,750	-	-	-	-	**5,750**
Big Win Philanthropy	-	-	-	-	-	360,000	**360,000**
C40 Cities climate Leadership Group Inc.	15,500	-	-	-	-	-	**15,500**
CDP	5,044	-	-	-	-	-	**5,044**
Clean Air Fund	6,700	-	-	-	-	264	**6,964**
Client Earth	5,455	-	-	-	-	341	**5,796**
Crown Agents	-	-	-	13,128	-	-	**13,128**
DKT International	-	4,680	-	-	-	-	**4,680**
Energy Foundation China	11,600	-	-	900	-	-	**12,500**
European Climate Foundation	42,959	-	-	-	-	314	**43,273**
Foundation for International Law for the Environment	21,955	-	-	-	-	300	**22,255**
Global Fund to fight AIDS, Tuberculosis and Malaria	-	5,931	-	-	-	-	**5,931**
Instituto Clima e Sociedade	4,686	-	-	-	-	-	**4,686**
IPE Global Limited	-	-	3,618	5,946	-	-	**9,564**
Living Goods	-	-	-	6,247	-	752	**6,999**
Marie Stopes International	-	19,441	-	-	-	-	**19,441**
Meridian Institute	4,450	-	-	-	-	-	**4,450**
One Acre Fund	-	-	-	5,372	-	-	**5,372**
Other Grantees[1]	57,686	21,088	7,075	27,120	688	14,771	**128,428**
PSI	-	9,422	-	-	-	-	**9,422**
Rockefeller Philanthropy Advisors, Inc	18,767	-	-	-	-	500	**19,267**
Sightsavers	-	-	-	4,915	-	-	**4,915**
Splash.org	-	-	-	4,770	-	-	**4,770**
Swiss Philanthropy Foundation	4,728	-	-	-	-	-	**4,728**
The Sunrise Project	7,164	-	-	-	-	-	**7,164**
Triggerise	-	8,394	-	-	-	-	**8,394**
United Nations Children's Fund	-	-	-	10,818	-	-	**10,818**
United Nations Population Fund	-	10,000	-	-	-	-	**10,000**
World Resources Institute	6,800	-	-	-	-	-	**6,800**
World Vision Ethiopia	-	-	-	16,703	-	-	**16,703**
Total charitable grants	**213,494**	**84,706**	**10,693**	**95,919**	**688**	**377,242**	**782,742**

Group and Foundation 2020	Climate Change US$ '000	Sexual & Reproductive Health & Rights US$ '000	Girl Capital US$ '000	Child Health and Development US$ '000	Child Protection US$ '000	Cross Cutting US$ '000	Total US$ '000
Grantees receiving charitable grants							
ALMA Fiscal Agent, Malaria No More	-	-	-	-	-	3,749	3,749
CDP	8,431	-	-	-	-	-	8,431
Client Earth	8,468	-	-	-	-	-	8,468
Climate Works Foundation	3,214	-	-	-	-	-	3,214
DKT International	-	4,988	-	-	-	-	4,988
Educate Girls	-	-	3,500	-	-	-	3,500
Energy Foundation China	7,250	-	-	-	-	-	7,250
European Climate Foundation	52,214	-	-	-	-	160	52,374
Federal Ministry of Health, Ethiopia	-	-	-	4,436	-	-	4,436
Foundation for International Law for the Environment	12,754	-	-	-	-	300	13,054
Global Alliance for Improved Nutrition	-	-	-	3,992	-	-	3,992
Global Fund to fight AIDS, Tuberculosis and Malaria	-	9,000	-	-	-	-	9,000
Instituto Clima e Sociedade	4,614	-	-	-	-	-	4,614
IPE Global Limited	-	-	1,124	3,500	-	17	4,641
Jhpiego	-	-	-	3,029	-	-	3,029
Living Goods	-	-	-	7,247	-	-	7,247
One Acre Fund	-	-	-	7,424	-	-	7,424
Orbis	-	-	-	4,893	-	-	4,893
Other Grantees[1]	36,465	25,493	5,627	22,324	6,431	15,128	111,468
PSI	-	17,921	-	-	-	-	17,921
Splash.org	-	-	-	5,830	-	-	5,830
The Power of Nutrition	-	-	-	3,491	-	75	3,566
The Sunrise Project	7,487	-	-	-	-	-	7,487
Triggerise	-	5,824	-	-	-	55	5,879
United Nations Children's Fund	-	-	-	3,595	-	250	3,845
United Nations Office for Project Services	5,500	-	-	-	-	-	5,500
William Marsh Rice University	-	-	-	8,150	-	-	8,150
World Resources Institute	5,000	-	-	-	-	-	5,000
World Vision Ethiopia	-	-	-	5,826	-	-	5,826
Total charitable grants	**151,397**	**63,226**	**10,251**	**83,737**	**6,431**	**19,734**	**334,776**

[1] The grants included within 'Grants to other organisations' for 2021 totalled less than US$4.0m (2020: US$3.0m) in value for each organisation. The threshold for disclosure of individual grantees has been increased in 2021 for presentational purposes. The 2020 disclosure has been restated to align to the higher threshold.

7. ALLOCATION OF SUPPORT COSTS

2021	Climate Change US$ '000	Sexual & Reproductive Health & Rights US$ '000	Girl Capital US$ '000	Child Health and Development US$ '000	Child Protection US$ '000	Cross Cutting US$ '000	Total US$ '000
Support costs							
Staff costs (Note 9)	11,079	4,736	501	3,370	760	7,155	**27,601**
Office expenses	3,328	1,308	166	1,479	16	322	**6,619**
Governance costs (Note 8)	2,242	890	112	1,009	7	180	**4,440**
Travel and subsistence	80	28	6	42	7	24	**187**
Consultancy and contractor costs	1,336	745	53	283	204	1,303	**3,924**
Total support costs allocated to charitable activities	**18,065**	**7,707**	**838**	**6,183**	**994**	**8,984**	**42,771**

2020	Climate Change US$ '000	Sexual & Reproductive Health & Rights US$ '000	Girl Capital US$ '000	Child Health and Development US$ '000	Child Protection US$ '000	Cross Cutting US$ '000	Total US$ '000
Support costs							
Staff costs (Note 9)	6,987	3,790	342	4,148	853	5,410	**21,530**
Office expenses	2,267	896	142	1,185	107	314	**4,911**
Governance costs (Note 8)	1,146	478	78	634	49	148	**2,533**
Travel and subsistence	234	156	10	191	78	120	**789**
Consultancy and contractor costs	641	516	33	556	78	794	**2,618**
Total support costs allocated to charitable activities	**11,275**	**5,836**	**605**	**6,714**	**1,165**	**6,786**	**32,381**

The allocation method of support costs have been discussed in Note 2(d).

8. GOVERNANCE COSTS

	Group year ended 31 December 2021 US$ '000	**Group year ended 31 December 2020 US$ '000**
Auditors' remuneration	**296**	358
Legal fees	**4,074**	1,919
Professional fees	**70**	256
	4,440	**2,533**

The auditors' remuneration, for the year ended 31 December 2021 is split between KPMG US$274k (2020: US$340k), S.P. Nagrath (India liaison office auditors) US$10k (2020: US$10k),Mazars (China office auditors) US$8k (2020: US$8k) and MSE Auditors Partnership (Ethiopia office auditors) US$4k (2020: US$nil). In 2021 non-audit fees paid to KPMG were US$nil (2020: US$13k) in relation to other professional services.

9. STAFF COSTS

	Group and Foundation year ended 31 December 2021 US$ '000	Group and Foundation year ended 31 December 2020 US$ '000
Wages and salaries	22,701	16,830
Social security costs	1,924	1,436
Other pension costs	1,054	762
	25,679	19,028
Other staff costs	1,922	2,502
Total staff costs	**27,601**	**21,530**

The average monthly number of employees (based on the 12-month period) who were employed during the year totalled: 167 (2020: 132). The staff numbers were split between direct activities: 132 (2020: 102) and indirect support: 35 (2020: 30). The number of employees of the Group and Foundation whose remuneration paid in the financial year fell within the following bands were:

Total Remuneration Bandings	Group and Foundation 2021	Group and Foundation 2020
$85k - $99k	**9**	7
$99k - $113k	**17**	12
$113k - $127k	**7**	7
$127k - $141k	**11**	9
$141k - $155k	**6**	3
$155k - $169k	**5**	3
$169k - $183k	**1**	8
$183k - $197k	**11**	-
$197k - $211k	**2**	4
$211k - $225k	**2**	2
$225k - $239k	**2**	2
$239k - $254k	**1**	1
$254k - $268k	**5**	1
$268k - $282k	**2**	1
$282k - $296k	-	1
$296k - $310k	**2**	2
$338k - $352k	**1**	-
$352k - $366k	**1**	-
$366k - $380k	**1**	2
$394k - $408k	-	1
$408k - $423k	-	1
$423k - $437k	**2**	-
$437k - $451k	**1**	-
$451k - $465k	**1**	-
$465k - $479k	-	1
$521k - $535k	-	1
$591k - $605k	**1**	-

Charity SORP requires disclosure of the number of employees whose total employee benefit (excluding employer pension costs) exceeded £60k during the reporting period split in bands of £10k. CIFF use a functional and presentational currency of USD therefore a threshold of $85k and bandings of $14k have been used, which materially translate to the GBP SORP requirements. Salaries include benefits in kind and are paid in a number of currencies including GBP, which has been translated at the average rate of US$1:£0.73 (2020: US$1:£0.78).

The contributions in the year for the provision of a defined contribution pension scheme to employees of the Foundation were US$981k (2020: US$684k). The number of staff who were members of the scheme was 211 (2020: 150).

The Trustees did not receive any remuneration for their services during the year (2020: US$nil). The Trustees' expenses reimbursed for travel and subsistence during the year amounted to US$12k (2020: US$1k). In 2021, the reimbursed expenses are related to one trustee (2020: one trustee).

Remuneration of Key Management Personnel	31 December 2021 US$'000	31 December 2020 US$'000
Executive Directors	3,664	3,248
Employer Pension Contributions	61	73
Employer National Insurance Contributions	374	309
Total Consideration	**4,099**	**3,630**

The Key Management Personnel of CIFF have been defined as the:

- The Board of Trustees (who are not remunerated in their capacity as Trustees)
- The Executive Directors of the Foundation, who are responsible for the day to day running of the organisation.

The total remuneration to Key Management Personnel is summarised in the table above. Remuneration includes salaries, benefits in kind, bonuses, termination payments and employer pension contributions.

10. TAXATION

The Group Companies, CIFF Capital, CIFF Trading, CIFF Newco, CIFF Nutrition, CIFF Inv, CIFF II, CIFF III, CIFF IP, CIFF GP, CIFF Water, 86th LLP, 11th LLP and Chiswick did not realise any taxable profit in this financial year, therefore have no tax liability. The subsidiary company, Talos, incurred US$1k (2020: US$1k) of Irish corporation tax and US$nil of withholding tax (2020: US$672k). In 2021, the subsidiary company, CIFF II, incurred US$3k deferred tax expense (2020: US$3k deferred tax assets).

11. INTANGIBLE FIXED ASSETS

Group	31 December 2021 US$ '000	31 December 2020 US$ '000
Cost brought forward	500	500
Additions during the year	-	-
At year end	**500**	**500**
Amortisation brought forward	-	-
Charge for the year	-	-
At year end	**-**	**-**
Net book value		
At year end	**500**	**500**

The intangible asset continues to be under development and testing during 2021. As per FRS 102, no amortisation is recorded as the intangible asset is not ready for its intended use.

12. TANGIBLE FIXED ASSETS

Group	Machinery 31 December 2021 US$' 000	Fixtures and Fittings 31 December 2021 US$' 000	Total 31 December 2021 US$' 000	Total 31 December 2020 US$' 000
Cost brought forward	6,472	1,982	8,454	1,428
Additions during the year	1,558	625	2,183	7,026
Disposals during the year	-	-	-	-
At year end	**8,030**	**2,607**	**10,637**	**8,454**
Depreciation brought forward	-	952	952	591
Charge for the year	-	451	451	361
At year end	**-**	**1,403**	**1,403**	**952**
Net book value				
At year end	**8,030**	**1,204**	**9,234**	**7,502**

The machinery has been under construction during the year. As the asset is not ready for its intended use no depreciation is recorded in 2021.

Foundation	Fixtures and Fittings 31 December 2021 US$' 000	Fixtures and Fittings 31 December 2020 US$' 000
Cost brought forward	1,982	1,428
Additions during the year	625	554
Disposals during the year	-	-
At year end	**2,607**	**1,982**
Depreciation brought forward	952	591
Charge for the year	451	361
At year end	**1,403**	**952**
Net book value		
At year end	**1,204**	**1,030**

13. INVESTMENTS

Group Investments

The tables below present the Group investments asset and liability composition:

Group Financial Assets	**Notes**	**31 December 2021 US$ '000**	**31 December 2020 US$ '000**
Equities		4,147,104	3,372,112
Investment funds	**13(d)**	61,001	66,482
Investment properties		71,945	-
Mixed motive investments	**13(c)**	34,265	11,410
Programme related investments	**13(b)**	12,633	25,439
Forward foreign exchange contracts		17,213	180
		4,344,161	3,475,623
Loans and receivables		1,554,960	2,489,244
Total Financial Assets		**5,899,121**	**5,964,867**

Group Financial Liabilities	**Notes**	**31 December 2021 US$ '000**	**31 December 2020 US$ '000**
Equity swaps		222	-
Forward foreign exchange contracts	**18**	17,619	55,154
Total Financial Liabilities		**17,841**	**55,154**

Gains/(losses) recognised in relation to financial assets and liabilities at fair value through the SOFA	**Year ended 31 December 2021 US$ '000**	**Year ended 31 December 2020 US$ '000**
Realised gains/(losses) on financial assets and liabilities	645,569	616,642
Unrealised gains/(losses) on financial assets and liabilities	49,345	(185,728)
	694,914	430,914
Foreign exchange gains/(losses) on financial assets and liabilities	(456)	(1,197)
	694,458	**429,717**

The table below presents the movement of the group financial assets from the 31st of December 2020 to the 31st of December 2021:

Group	**Fair value at 31/12/20 US$ '000**	**Additions US$ '000**	**Disposals US$ '000**	**Investment gains/(losses) US$ '000**	**Fair value at 31/12/21 US$ '000**	**Cost at 31/12/21 US$ '000**
UK	802,137	318,417	(736,023)	(2,085)	382,446	477,090
Overseas	1,790,438	65,965	(484,828)	(19,216)	1,352,359	1,518,910
Total unquoted	**2,592,575**	**384,382**	**(1,220,851)**	**(21,301)**	**1,734,805**	**1,996,000**
UK	-	66,114	-	6,801	72,915	66,114
Overseas	3,372,292	1,345,548	(1,097,509)	471,070	4,091,401	3,292,273
Total quoted	**3,372,292**	**1,411,662**	**(1,097,509)**	**477,871**	**4,164,316**	**3,358,387**
Total	**5,964,867**	**1,796,044**	**(2,318,360)**	**456,570** (1)	**5,899,121**	**5,354,387**

(1) The difference between total gains above of US$456,570k and the SOFA gain of US$694,458k, (sum of net gains on investments of US$694,914k and foreign exchange losses of US$456k) is due to the interest on loans of US$143,715k and unrealised loss on short forward foreign exchange contracts of US$94,173k which are disclosed within creditors: amounts falling due within one year and foreign exchange movements on the cash balances held by the Group throughout the period as well as gains and losses incurred through the foreign exchange overlay.

The table below presents the movement of the group financial assets from the 31st of December 2019 to the 31st of December 2020:

Group	**Fair value at 31/12/19 US$ '000**	**Additions US$ '000**	**Disposals US$ '000**	**Investment gains/(losses) US$ '000**	**Fair value at 31/12/20 US$ '000**	**Cost at 31/12/20 US$ '000**
UK	602,558	156,839	(11,598)	54,337	802,137	1,385,626
Overseas	1,709,003	767,979	(616,597)	(96,946)	1,790,438	1,815,610
Total unquoted	**2,311,561**	**924,818**	**(628,195)**	**(15,609)**	**2,592,575**	**3,201,236**
UK	-	-	-	-	-	-
Overseas	3,171,563	818,770	(1,042,476)	424,435	3,372,292	2,814,233
Total quoted	**3,171,563**	**818,770**	**(1,042,476)**	**424,435**	**3,372,292**	**2,814,233**
Total	**5,483,124**	**1,743,588**	**(1,670,671)**	**408,826** (1)	**5,964,867**	**6,015,469**

(1) The difference between total gains above of US$408,826k and the SOFA gain of US$429,717k, (sum of net gains on investments of US$430,914k and foreign exchange losses of US$1,197k) is due to the interest on loans of US$204,367k and unrealised loss on short forward foreign exchange contracts of US$183,476k which are disclosed within creditors: amounts falling due within one year and foreign exchange movements on the cash balances held by the Group throughout the period as well as gains and losses incurred through the Foreign exchange overlay.

Foundation Investments

The table below presents the Foundation's investment composition:

	Notes	31 December 2021 US$ '000	31 December 2020 US$ '000
Investment in subsidiaries	**13(a)**	764,257	556,414
Programme related investments	**13(b)**	12,633	25,439
Mixed motive investments	**13(c)**	34,265	11,410
Loan to subsidiary	**13(e)**	5,931,320	5,491,737
Investment funds	**13(d)**	46,438	52,140
Total Financial Assets		**6,788,913**	**6,137,140**

The table below presents the movement of the Foundation's investments held at fair value from the 31st of December 2020 to the 31st of December 2021:

	Fair value at 31/12/20 US$ '000	Additions US$ '000	Disposals US$ '000	Investment gains/(losses) US$ '000	Fair value At 31/12/21 US$ '000	Cost at 31/12/21 US$ '000
UK	6,041,320	512,761	(549,583)	682,731	6,687,229	6,004,498
Overseas	88,989	19,394	(19,644)	4,597	93,336	153,721
Total unquoted	**6,130,309**	**532,155**	**(569,227)**	**687,328**	**6,780,565**	**6,158,219**

The table below presents the movement of the Foundation's investments held at fair value from the 31st of December 2019 to the 31st of December 2020:

	Fair value at 31/12/19 US$ '000	Additions US$ '000	Disposals US$ '000	Investment gains/(losses) US$ '000	Fair value At 31/12/20 US$ '000	Cost at 31/12/20 US$ '000
UK	-	5,491,737	-	549,583	6,041,320	5,491,737
Overseas	5,845,194	16,699	(5,975,801)	202,897	88,989	137,967
Total unquoted	**5,845,194**	**5,508,436**	**(5,975,801)**	**752,480**	**6,130,309**	**5,629,704**

The table below presents the movement of the Foundation's investments held at cost from the 31st of December 2020 to the 31st of December 2021:

	Cost at 31/12/20 US$ '000	Additions US$ '000	Disposals US$ '000	Cost at 31/12/21 US$ '000
UK	6,831	1,586	(69)	8,348
Total quoted	**6,831**	**1,586**	**(69)**	**8,348**

The table below presents the movement of the Foundation's investments held at cost from the 31st of December 2019 to the 31st of December 2020:

	Cost at 31/12/19 US$ '000	Additions US$ '000	Disposals US$ '000	Cost at 31/12/20 US$ '000
UK	41,882	6,712	(41,763)	6,831
Total quoted	**41,882**	**6,712**	**(41,763)**	**6,831**

13. INVESTMENTS (continued)

13 (a) Investments in subsidiaries

The table below details the investments held by the Foundation in its subsidiaries:

Entity	Incorporated in	% Holding	Purpose	Profit/(loss) US$ '000	
				2021	2020
CIFF (UK) Trading Limited ("CIFF Trading")*	England & Wales	100	(1)	-	(3)
CIFF (UK) Newco Limited ("CIFF Newco")*	England & Wales	100	(2)	-	(3)
Talos Capital Designated Activity Company ("Talos")	Ireland	100	(3)	4	4
CIFF Nutrition (UK) Limited ("CIFF Nutrition")*	England & Wales	100	(4)	-	(2)
CIFF Capital UK LP ("CIFF Capital")	England & Wales	100***	(5)	(680,924)	(549,583)
CIFF Investments LLP ("CIFF Inv")	England & Wales	100**	(6)	15,945	7,926
CIFF IP Co Limited ("CIFF IP")	England & Wales	100	(7)	(20)	(17)
CIFF Investments II Limited ("CIFF II")	England & Wales	100**	(8)	12,496	15,707
CIFF Investments III LLP ("CIFF III")	England & Wales	100**	(9)	5,022	4,713
CIFF General Partner Limited ("CIFF GP")	England & Wales	100	(10)	-	-
CIFF Water Limited ("CIFF Water")	England & Wales	100	(11)	(34)	(15)
86th Street Lender LLP ("86th LLP")	England & Wales	100**	(12)	274	1,070
11th Avenue Lender LLP ("11th LLP")	England & Wales	100**	(13)	(42,127)	(461)
Chiswick Riverside LLP ("Chiswick")	England & Wales	98	(14)	517	-

* In liquidation
** Indirect holdings
*** Economic entitlement only

(1) In April 2020, CIFF Trading resigned from CIFF Inv and transferred its interest in CIFF Inv to CIFF II. In November 2021, it was placed into voluntary liquidation and the voluntary liquidator was appointed. As of 31 December 2021, the liquidation is ongoing.

(2) CIFF Newco was a holding company for certain CIFF UK investment. In November 2021, it was placed into voluntary liquidation and the voluntary liquidator was appointed. As of 31 December 2021, the liquidation is ongoing.

(3) Talos held an underlying investment portfolio that was managed to provide the Foundation with investment return prior to restructure in 2020. During the restructuring in 2020, investment assets held by Talos were transferred to CIFF Capital. At 31 December 2021, its total assets amounted to US$45,644k (2020: US$17,674k), total liabilities amounted to US$45,624k (2020: US$17,658k), and net assets amounted to US$20k (2020: US$16k).

(4) CIFF Nutrition was established to promote ready-to-use Therapeutic Foods in developing countries in furtherance of the Foundation's charitable activities. In November 2021, it was placed into voluntary liquidation and the voluntary liquidator was appointed. As of 31 December 2021, the liquidation is ongoing.

(5) CIFF Capital was formed by limited partnership deed between the Foundation, TCI General Partner Limited and TCI Fund Management Limited. It has been established to hold investment assets for the Foundation. In 2020, CIFF GP replaced TCI General Partner Limited as general partner. CIFF Capital at all times acts through CIFF GP. Between May 2020 and October 2020, it acquired all economic interests in the Foundation's endowment investment portfolio, previously held by Talos, to provide the Foundation with investment return. At 31 December 2021, its total assets amounted to US$6,673,572k (2020: US$6,140,368k), total liabilities amounted to US$5,992,648k (2020: US$5,590,785k) and net assets amounted to US$680,924k (2020: US$549,583k).

(6) CIFF Inv is a limited liability partnership between CIFF Capital and CIFF II that hold certain assets from the investment portfolio. In May 2020, the participating membership in CIFF Inv was transferred by Talos to CIFF Capital and, in April 2020, the non-participating membership in CIFF Inv was transferred by CIFF Trading to CIFF II.

(7) CIFF IP holds licenses to intellectual property rights in support of the charitable activities of the Foundation.

(8) CIFF II holds certain assets from the investment portfolio. In May 2020, the entire issued share capital of CIFF II was transferred by Talos to CIFF Capital. CIFF Inv is also a non-participating member in CIFF Inv, CIFF III, 86th LLP and 11th LLP.

(9) CIFF III was incorporated on 20 November 2019 by limited liability partnership deed between Talos and CIFF II to hold assets from the investment portfolio. CIFF III is a limited liability partnership between CIFF Capital and CIFF II to hold assets from the investment portfolio. In May 2020, the participating membership in CIFF III was transferred by Talos to CIFF Capital.

(10) CIFF GP was incorporated on 19 March 2020 as a wholly owned limited company of the Foundation and in April 2020, became general partner of CIFF Capital.

(11) CIFF Water Limited was incorporated on 18 June 2020 as a wholly owned subsidiary of the Foundation. The principal activity of CIFF Water is to purchase and lease assets to support charitable activities.

(12) 86th LLP was incorporated on 3 September 2020 as a limited lability partnership between Talos and CIFF II and shortly thereafter acquired an interest in an endowment asset from Talos. In October 2020, the participating membership in 86th LLP was transferred by Talos to CIFF Capital. On 10 March 2022, 86th LLP disposed of its sole privately placed loan investment. The Members will assess whether to continue with 86th LLP's investment objective going forward.

(13) 11th Ave was incorporated on 7 December 2020 as a limited lability partnership between CIFF Capital and CIFF II and shortly thereafter acquired an interest in an endowment asset from CIFF Capital. 11th Ave will continue operating for the foreseeable future. Under the loan sale agreement for the privately placed loan that was disposed of, 11th Ave gave customary representations and warranties to the purchaser, with a survival period of 12-months from the 3 December 2021 closing. As at this date the Members of 11th Ave were not aware of any breach of such representations or warranties.

(14) Chiswick Riverside LLP was incorporated on 3 August 2021 as a limited liability partnership between the Foundation and The CH Foundation (UK).

13 (b) Programme Related Investments

The Foundation classified these investments as a Programme related investments ("PRI"), as the primary motivation for making the investment is not financial, but to further the objects of the Foundation.

The Foundation invested US$0.4m (2020: US$1.5m) in programme related investment funds during the year. These investments support the charitable objectives of the Foundation. The Foundation committed US$23.8m, of which US$0.6m (2020: US$1.0m) remains outstanding to be drawn down as at 31 December 2021.

In 2021, the Foundation committed to loan US$3m to a non-profit organisation to assist funding for a charitable programme which is aligned to the charitable objectives of the Foundation. The total loan is contracted at 0% interest rate, and US$3m (2020: US$nil) remains outstanding to be drawn as at 31 December 2021. The loan will be repaid during 2022. There is no accrued interest and impairment recorded as at 31 December 2021.

13 (c) Mixed Motive Investments

The Foundation classified these investments as a Mixed Motive Investments ("MMI"), as the investments furthers CIFF's charitable aims as well as anticipate financial returns. In accordance with CC14 (Charities and investment matters: a guide for trustees), the Foundation considered the level of private benefit to third parties created by investing to be reasonable and appropriate.

The Foundation invested US$22.2m (2020: US$10.7m) towards Mixed motive investments in funds. The Foundation invests in early-stage companies that have the potential and the high-level ability to address global health challenges along with climate and food and nutrition issues which are consistent with the charity's objectives. The Foundation committed US$76.0m (2020: US$32.0m) towards mixed motive investments, of which US$42.7m (2020: US$18.6m) remains outstanding to be drawndown as at 31 December 2021.

13 (d) Investment Funds

As at 31 December 2021, unquoted investments of US$46.5m (2020: US$52.2m) included US$43.9m (2020: US$43.9m) in an investment fund investing in development properties in India. The properties are being constructed for sale.

Where the underlying assets are under construction, the fair value of the investment cannot be reliably determined, the directors are required to make their best estimate of the fair value. Where sufficient progress has been made such that a readily ascertainable market value can be obtained for the underlying assets, the investment fund is valued at fair value. Fair value is determined using a combination of valuation methodologies, including comparable precedent transactions and discounted cash flows. Key sensitivities include timing of future cash flows and the discount rate used to determine the net present value of future cash flows.

Unquoted investments also comprised US$2.6m (2020: US$8.3m) of investments in underlying assets held with an unquoted investment fund. The investments are held at market value based on the valuation report supplied by the investment fund as at 31 December 2021 with any gains and losses being taken to the SOFA.

13 (e) Loans to subsidiary

The Foundation loaned US$5.93 billion (2020: US$5.49 billion) to CIFF Capital. The Foundation is the sole limited partner of CIFF Capital and is the only partner entitled to any return from, or share in the investment assets of CIFF Capital.

14. KEY INVESTMENTS AND UNCERTAINTIES

For Investments in the Group held at fair value, the Group note there may be unobserveable inputs in the valuation of these investments outlined below.

The following table presents additional information about valuation techniques and significant unobservable inputs used for unlisted assets and liabilities, which are measured at fair value, as at 31 December 2021 and as at 31 December 2020:

31 December 2021

Asset category	Valuation method	Fair value at 31 December 2021 US$ '000	Significant unobservable input	Range of estimated (weighted average) for unobservable input	Sensitivity to changes in significant unobservable input
Loans	Discounted cash flow	1,554,960	Discount rate	9.10% to 23.62%	An increase in the discount rate would result in a lower fair value
Investment Funds	Discounted cash flow	57,575	Weighted Discount rate	18%	An increase in the discount rate would result in a lower fair value

31 December 2020

Asset category	Valuation method	Fair value at 31 December 2020 US$ '000	Significant unobservable input	Range of estimated (weighted average) for unobservable input	Sensitivity to changes in significant unobservable input
Loans	Discounted cash flow	2,489,244	Discount rate	7.12% to 20.74%	An increase in the discount rate would result in a lower fair value
Investment Funds	Discounted cash flow	57,575	Weighted Discount rate	18%	An increase in the discount rate would result in a lower fair value

When determining fair value, the Group uses valuation techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. The valuation techniques used by the Group to determine the fair value are considered to be an income approach.

Income approach provides an estimation of the fair value of an investment based on expectations about the cash flows that the investment would generate over time. The Group used the yield calibration method to derive the discount rates of the loan investments. In applying the Yield calibration method, discount rate is determined by first estimating the implied yield-to-maturity, yield-to-exit, or yield-to-worst as of the latest date where the loan investment was involved in an arm's length transaction (the "Transaction Date"). The yield as of the Transaction Date provides an observable measurement of compensation a market participant requires to hold a security. Qualifying transactions often consist of: (1) the initial primary market transaction, (2) secondary transactions and (3) amendments where the investment was re-priced. In addition, inputs used under the yield calibration method include assessment of the credit spread of comparable securities and indices and changes in credit quality of the borrower as at 31 December 2021.

Although the Group believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value.

The Group believes that use of different methodologies or assumptions in determining the fair value of the above financial instruments would result to immaterial changes in fair value.

The Group's reporting systems and the nature of the instruments and the valuation models do not allow it to accurately analyse the total annual amounts of gains/losses that are attributable to observable and unobservable inputs.

15. FINANCIAL RISK MANAGEMENT

Principles of Risk Management

The Group's investment programme seeks to maximise the returns derived for the level of risk to which the Group is exposed and seeks to minimise potential adverse effects on the Group's financial performance (the "Investment Programme").

The Group has appointed an Investment Manager to provide investment management services in relation to the portfolio of investments it holds. These services, as part of the investment management agreement (the "Investment Management Agreement"), include monitoring and managing the risks associated with holding such investments through the application of the Investment Programme as agreed with the Foundation's Trustees.

The Group's Investment Programme seeks to diversify its investments across a range of asset classes, industry sectors, and counterparties, and also to limit the use of leverage and off balance sheet commitments.

All investments present a risk of loss of capital. The maximum loss of capital on long equity and debt securities is limited to the fair value of those positions. The maximum loss of capital on investments carried at amortised cost is the carrying value of those investments as well as any associated accrued interest receivable. On written call options, short positions on equity and debt sold short the maximum loss of capital can be unlimited. The maximum loss of capital on written put options, equity swaps and forward foreign exchange contracts is limited to the notional contract values of those positions. For loans and securities which incorporate a future commitment there is a risk of loss of capital in excess of the carrying amount of those positions on the Consolidated Balance Sheet. The Group may be obliged to settle these commitments at a time when the investment is impaired and therefore the maximum additional loss is the total amount of commitments as disclosed in Note 22.

The Group is exposed to operational risks such as settlement and custody risk. Custody risk is the risk of loss of financial assets and liabilities held in custody occasioned by the insolvency or negligence of the custodian. Settlement risk is the risk that a counterparty does not deliver a security or its value in cash as agreed when the security was traded after the Group has already delivered security or cash as per the trade agreement. Although an appropriate legal framework is in place that reduces the risk of loss of value of the financial assets and liabilities held by the custodian or counterparty, in the event of its failure, any cash balances held by the Group are at risk of being lost and the ability of the Group to transfer securities might be temporarily impaired.

With respect to the privately placed loan agreements the Group is exposed to a wide variety of operational risks specific to such investments. These risks are mitigated by the engagement of industry experts, legal advisors and independent loan servicing agents during the pre-commitment due diligence process and throughout the life of the deal.

The Group invests in readily tradeable equity securities and forward foreign exchange contracts. These investments are generally traded in active secondary markets and the time taken to exit a position and the value received would depend upon factors including the size of the position relative to the total issue size, the daily average traded volume and the prevailing market trends of the period in which the trade is executed. The Group also invests in privately traded equity securities, bank debt and loans. The market for these types of investments is illiquid and secondary market transactions are infrequent. It is more difficult to predict the time and exit price of these type of investments.

The Group's activities expose it to a variety of financial risks: market risk (including other price risk, interest rate risk and foreign currency risk), credit risk and liquidity risk. In accordance with the Investment Programme, the Investment Manager uses different methods to measure and manage the various types of risk to which the Group's investments are exposed; these methods are explained below.

Impact of COVID-19

The Trustees have assessed the impact of market conditions arising from the Covid-19 outbreak on the Group's ability to meet its investment objectives, and to operate within the investment and risk parameters that have been established.

There has been no material impact to the Group as a result of COVID-19 during the financial year ended 31 December 2021.

The Trustees are actively monitoring the situation and, with the support of the Investment Manager, continue to manage the Group's assets within their investment and risk parameters that have been established. The Trustees will continue to review the situation in order to navigate through this period of heightened uncertainty.

The Investment Manager conducts regular reviews of the loans and engages with the loan servicer to monitor progress, and may also seek expert third party opinions where required. The Trustees gain assurance from the Investment Manager through the regular review meetings, as well as the collateral assessments that are carried out on an annual basis.

Furthermore, the Group's policy is to manage price and credit risk through diversification and selection of securities and other financial instruments within specified limits set in the Investment Programme.

Market Risk

(a) Price risk

The Group is exposed to securities price risk and derivative price risk. This arises from investments held by the Group for which prices in the future are uncertain. Where non-monetary financial instruments such as equity securities are denominated in currencies other than the US dollar, the price initially expressed in foreign currency and then converted into US dollar will also fluctuate because of changes in foreign exchange rates. Paragraph (b) 'Foreign exchange risk' sets out how this component of price risk is managed and measured.

The Group's policy is to manage price risk through diversification and selection of securities and other financial instruments within specified limits set by the directors of the General Partner of CIFF Capital in the Investment Programme. The Investment Programme contains restrictions on overall market exposure (the "Exposure Policy"). The Exposure Policy regarding overall exposure states that market exposure shall not exceed 100% of the Reference NAV.

The use of the term "Reference NAV" within the risk management policies refers to the value of the net assets of the Group, excluding any obligations under the Delayed Drawdown Variable Rate Notes. The Investment Programme seeks to manage the Group's exposure to price risk by analysing the investment portfolio by industrial sector.

The table below is a summary of the sector exposures which are included in the Reference NAV for the purpose of monitoring the investment restrictions.

	% of Reference NAV	
	31 December	**31 December**
Sector	**2021**	**2020**
Industrials	34.0%	36.8%
Real estate loans	24.6%	32.2%
Information technology	12.2%	5.8%
Financials	6.6%	2.3%
Consumer discretionary	6.5%	9.4%
Other	11.2%	12.0%
	95.1%	**98.5%**

The paragraph below summarises the sensitivity of the Group's equity (the "Equity Investments") to equity price movements, derived by regressing the daily returns of the Group's Equity Investments against the daily returns of the MSCI World Equity Index including net dividends reinvested (the "Index") (Bloomberg ticker "NDDUWI"), and including the effect of movements in foreign currency exchange rates on equity prices, as at 31 December 2021 and 31 December 2020.

The analysis uses the arithmetic mean of the absolute one year moves of the Index aligned with the Group's financial year since the Group's inception as an estimate for the reasonably possible annual move in global equity prices. For 31 December 2021 this is 11.3% (2020: 29.5%). This represents the best estimate of a reasonable possible shift in the Index over a period of one year, having regard to the historical volatility of the index. As at 31 December 2021, the exposure of the Group to Equity Investments was US$4,208,233k (2020: US$3,372,112k).

In 2021, the beta of the Group's Equity Investments against movements in the Index was 0.54 (2020: 0.84). The figures below give an estimation of a reasonable possible change in the fair value of the Group's Equity Investments over the period of one year, using the beta value stated above.

	2021	**2020**
	US$ '000	**US$ '000**
Predicted effect on the Group's Equity Investments of an increase in the index	258,106	831,599
Predicted effect on the Group's Equity Investments of a decrease in the index	(258,106)	(831,599)

The Index has been used as the reference point in determining the effect of price risk only. The Investment Manager does not manage the Group's investment strategy to track this index or any other index or external benchmark. The sensitivity analysis presented is based upon the Equity Investments composition as at 31 December 2021 and 31 December 2020 and the historical correlation of the returns from the securities comprising the Equity Investments to the Index returns. The composition of the Group's Equity Investments, and the correlation thereof to the Index, is expected to change over time. The sensitivity analysis prepared as at 31 December 2021 and 31 December 2020 is not necessarily indicative of the effect on the Group's investments of future movements in the level of the Index.

(b) Foreign currency risk

The Group operates internationally and holds both monetary and non-monetary assets denominated in currencies other than its functional currency, the US dollar. Foreign currency risk as defined, arises as the value of future transactions, recognised monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates. The table below shows the concentration of assets and liabilities denominated in currencies other than the US dollar at 31 December 2021 and 2020 and has been analysed between monetary and non-monetary items.

31 December 2021		**Non**	**Currency**	**Net**
	Monetary	**Monetary**	**forward**	**exposure**
Currency	**US$ '000**	**US$ '000**	**US$ '000**	**US$ '000**
Australian Dollar	-	-	(17,777)	(17,777)
Canadian Dollar	662	710,460	(548,063)	163,059
Chinese Remnibi	189	-	-	189
Euro	393,070	1,495,862	(1,443,761)	445,171
Indian Rupee	987	-	-	987
Japanese Yen	-	-	(2,229)	(2,229)
Kenyan Shilling	92	-	-	92
Pound Sterling	189,057	-	(504,636)	(315,579)
Swiss Franc	330	-	(15,512)	(15,182)
New Taiwan Dollar	-	(222)	-	(222)
Poland Zloty	-	-	(46,190)	(46,190)

31 December 2020		**Non**	**Currency**	**Net**
	Monetary	**Monetary**	**forward**	**exposure**
Currency	**US$ '000**	**US$ '000**	**US$ '000**	**US$ '000**
Australian Dollar	-	-	(5,052)	(5,052)
Canadian Dollar	597	530,851	(451,624)	79,824
Chinese Remnibi	84	-	-	84
Euro	382,486	1,530,734	(1,477,971)	435,249
Indian Rupee	268	-	-	268
Japanese Yen	-	-	(1,568)	(1,568)
Kenyan Shilling	133	-	-	133
Pound Sterling	816,563	-	(989,769)	(173,206)
Swiss Franc	340	-	-	340

The following table shows the 260 day historical volatility rates between the US dollar and a range of currencies. These rates provide a best estimate of a potential move in the exchange rate over a period of 12 months as at the statement of financial position date.

	2021	2020
Historical volatility rates	**%**	**%**
Australian Dollar	9.00	12.30
Canadian Dollar	7.01	8.44
Chinese Renminbi	-	4.71
Euro	5.72	7.57
Indian Rupee	-	6.64
Japanese Yen	5.54	9.21
Kenyan Shilling	-	7.12
Pound Sterling	6.53	11.08
Swiss Franc	6.51	7.39
New Taiwan Dollar	3.38	-
Poland Zloty	8.71	-

The following table summarises the amount of the increase/(decrease) in net assets arising from an increase/ (decrease) of the exchange rate in line with the above volatility rates, with all other variables held constant. The analysis below presents the changes in net assets for each currency in their absolute values.

	2021	2020
Change in net assets	**US$ '000**	**US$ '000**
Australian Dollar	(1,600)	(621)
Canadian Dollar	11,430	6,737
Chinese Renminbi	-	4
Euro	25,464	32,948
Indian Rupee	-	18
Japanese Yen	(123)	(144)
Kenyan Shilling	-	9
Pound Sterling	(20,607)	(19,191)
Swiss Franc	(988)	25
New Taiwan Dollar	(8)	-
Poland Zloty	(4,023)	-

The objective of the Group's currency risk management policy is to allow the Group to retain its purchasing power and minimise the risk that its purchasing power is reduced as a result of foreign exchange rate fluctuations. The investment process focuses on fundamental and systematic factors. The Investment Manager monitors the currency risk on an ongoing basis and reports to the Finance, Audit and Investment Committee on a quarterly basis.

(c) Interest rate risk

The Group holds liquid, interest-bearing assets and liabilities such as cash and brokerage accounts, where changes in interest rates would change the amount of interest received or paid in relation to these balances.

The Group's investments in loans are carried at fair value. In determining fair value, the Group uses discounted cash flow techniques and recognises income at a rate based upon the effective interest rate of all expected cash flows over the life of the loan. For all loan investments, the discount rate used in the fair valuation model is calibrated against movements in market interest rates and changes in credit quality of the borrower.

The following table summarises the Group's exposure to interest rates. It includes the Groups asset and liabilities, categorised by the earlier of contractual re-pricing and maturity dates. The sensitivity analysis presented is based upon the composition of the Group's asset and liabilities at 31 December 2021 and 31 December 2020 and is not necessarily indicative of the effect on the Group's asset and liabilities of future movement in interest rates.

31 December 2021	**< 3 months US$ '000**	**3 months - 1 year US$ '000**	**> 1 year US$ '000**	**Non-interest rate sensitive US$ '000**	**Non-interest bearing US$ '000**	**Total US$ '000**
Cash at bank and in hand	424,160	-	-	-	-	**424,160**
Cash pledged as collateral	14,770	-	-	-	-	**14,770**
Investment assets/(liabilities)	-	-	-	1,554,960	4,344,161	**5,899,121**

31 December 2020	< 3 months US$ '000	3 months - 1 year US$ '000	> 1 year US$ '000	Non-interest rate sensitive US$ '000	Non-interest bearing US$ '000	Total US$ '000
Cash at bank and in hand	104,371	-	-	-	-	104,371
Cash pledged as collateral	95,016	-	-	-	-	95,016
Investment assets/(liabilities)	-	-	-	2,489,244	3,475,623	5,964,867

Credit risk

The Group is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Group is also exposed to concentration risk and reviews the credit concentration of debt securities held based on counterparties and industries.

The Group's approach to managing credit risk recognises that there is a risk of adverse financial impact resulting from fluctuations in credit quality of third parties including default, rating transition and credit spread movements. The Group's credit risks arise principally through exposures to corporate debt investments, loans, bank deposits, and derivative counterparties.

All of the loan investments held by the Group are secured in most cases against physical assets including real estate and property. The value of the security relating to a loan investment may become equal to or less than the value of the loan that it secures. Accordingly, in the event of a default the Group may incur a loss after all costs relating to obtaining and selling secured assets have been taken into account. Although the Group monitors the value of the secured assets on a periodic basis, as there is no active market for the positions, their risk is managed on an exposure basis, with not more than 55% of the Reference NAV to be drawn under loans classified as Real Estate Debt (as outlined in the Investment Management Agreement). Due to the illiquid nature of such loans and the variety of risks attached including property development and concentration risk, significant losses could arise.

Loans

At 31 December 2021, the Group held investments in loans valued at US$1,554,960k (2020: US$2,489,243k). The key risk relating to each of these loans is the possibility that the borrower will not repay the interest and principal relating to the loan in full. To protect the Group against this possibility of default, security is sought from the borrower over assets worth more than the value of the loan outstanding. This security normally takes the form of prime real estate assets in developed markets. The Group monitors the value of the assets pledged as security by engaging independent experts to provide valuations on the assets on a periodic basis and considers metrics such as loan-to-value or loan-to-commitment ratio.

Through the assets against which the loans are secured, the Group has an indirect exposure to reductions in asset valuations as a result of a market crash or other tail events. This may result in the amount lent under a loan being greater than the value of the secured assets and increase the probability of the loans going into default.

The Group is also protected by covenants built into its loan agreements which require immediate repayment in the event that the borrower breaches certain covenants. These are agreed on a loan-by-loan basis at the origination of each deal and may include metrics such as loan-to-value ratio, interest cover and other performance based metrics. As of 31 December 2021, the borrowers under the privately placed loan investment listed below was in material breach of its loan covenants (2020: two), resulting in multiple events of default having arisen, and certain enforcement action being taken.

The privately placed loan investment held by 86th Street Lender LLP was disposed on 10 March 2022 at a loss. As a result of this disposal, on 10 March 2022, CIFF Capital received a distribution of US$56,505,602. There is a claim against the guarantors for the remaining amount.

The Group also seeks to obtain certain guarantees from credit worthy affiliates of the borrower. Guarantees for 'completion', 'carry' and 'recourse obligations' guarantee (i) the lien-free completion of the relevant project (or the payment of an equivalent amount to the lender to allow it to complete), (ii) the payment of carry costs until the earlier of loan repayment and completion (including interest and costs) and (iii) any losses incurred by the lender as a result of specified acts of the borrower or related parties. The relevant guarantors are usually required to satisfy a minimum net worth and liquidity covenant.

Counterparty credit risk

The Group is also exposed to counterparty credit risk through the trading of derivative products, cash and cash equivalents, cash pledged as collateral, amounts due from brokers and other receivable balances. One element of counterparty credit risk is the monitoring of the credit ratings of parties where all material amounts due from brokers, cash and short-term deposits are held by parties with a credit rating A1/A.

The analysis below summarises the Group's exposure by counterparty credit rating at 31 December 2021:

Counterparty	Credit rating at 31 December 2021 (Moody's)	(S&P)	Credit exposure 31 December 2021 US$ '000	% of Assets
HSBC Bank Plc	A1	A+	415,305	6.53%
JP Morgan Chase	Aa2	A+	9,636	0.15%
UBS AG	Aa3	A+	32	-
Barclays Bank	A1	A	9,670	0.15%
ABSA Group Limited	Ba1	zaAA	92	-
Wells Fargo Bank N.A.	Aa2	A+	2	-
Citco Bank Nederland NV	N/A	N/A	181	0.00%
Awash Bank	N/A	N/A	7	0.00%
			434,925	**6.83%**

The analysis below summarises the Group's exposure by counterparty credit rating at 31 December 2021:

Counterparty	Credit rating at 31 December 2020 (Moody's)	(S&P)	Credit exposure 31 December 2020 US$ '000	% of Assets
HSBC Bank Plc	A1	A+	196,316	3.16%
JP Morgan Chase	Aa2	A+	15,632	0.25%
UBS AG	Aa3	A+	146	-
Barclays Bank	A1	A	3,171	0.05%
ABSA Group Limited	Ba1	zaAA	133	-
Wells Fargo	Aa2	A+	5	-
Citco Bank Nederland NV	N/A	N/A	804	0.01%
			216,207	**3.47%**

Credit risk is also managed by a policy contained in the Investment Programme to maintain exposures to any one counterparty to less than 15% of its Reference NAV.

In the event of any breach of the above restrictions not remedied within 3 business days of the date of such breach, the Foundation management shall in their sole discretion determine the action and will seek to achieve, where practicable, a rectification of the breach within a reasonable timeframe and/or a commercial economic advantage.

In addition, the Group also restricts its exposure to credit losses on the trading derivative instruments it holds by including netting agreements with counterparties (approved brokers) with whom it undertakes a significant volume of transactions. These netting provisions do not result in an offset on the Consolidated Balance Sheet, as transactions are usually settled on a gross basis. However, the credit risk associated with favourable contracts is reduced by netting to the extent that if an event of default occurs, all amounts with the counterparty are terminated and settled on a net basis.

The Group's overall exposure to credit risk on derivative instruments subject to a netting arrangement can change substantially within a short period, as it is affected by each transaction subject to the arrangement.

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the counterparty has received payment. Payment is made on a purchase once the securities have been received by the Group. The trade will fail if either party fails to meet its obligation.

The Group has appointed HSBC Bank plc ("HSBC") as custodian and prime broker and provider of other services (including financing) under the terms of the HSBC Prime Custody Agreement. HSBC will act as banker, custodian and prime broker of the cash and securities delivered to HSBC and will be responsible for receipt and disbursement of cash on behalf of the Group, for the receipt and safe custody and registration of securities of the Group and for the transfer of securities for the Group. The Group has both a custody and collateral account with HSBC. HSBC will also provide financing and securities lending to the Group pursuant to the HSBC Prime Custody Agreement. The collateral required to support any financing, securities lending or other exposure of HSBC to the Group will be held in the collateral account with HSBC in the name of the Group. At 31 December 2021, 99% (2020: 94%) of cash and cash pledged as collateral and investments were placed in custody with HSBC.

The Group has also appointed UBS as a prime broker and custodian. The prime brokerage agreement with UBS AG states that the counterparty has the right to utilise, re-hypothecate or otherwise appropriate the Group's assets subject to a limit equal to 100% of the indebtedness of the Group to the counterparty. The agreement also includes a net settlement provision in the event of an end to the prime brokerage agreement.

Liquidity risk

Liquidity risk is the risk that the Group may be unable to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous. The Group is exposed to the daily settlement of margin calls on derivatives, settlement of funding requests on loans with an unfunded commitment (see Note 2(f) accounting policy on "Unfunded Commitments" for further details), Note repayment requests and the annual payment of interest due to the Noteholders.

The Investment Manager monitors the Group's liquidity position on a daily basis, and in accordance with agreed risk framework reports to the Group on a monthly basis. The liquidity report has been designed to confirm that the Group has sufficient resources to cover projected outflows in a stress scenario given preset liquidity haircuts for each asset class.

As part of the management of liquidity risk, the Investment Programme prescribes a limit to the amount of unfunded commitments as a certain percentage of its Reference NAV.

The Group's main sources of liquidity are listed equity securities, actively traded corporate debt and cash deposits. The asset class investment restrictions ensure a proportion of the Group's assets are invested in these types of assets, which can be readily disposed. The Group also has the ability to meet Note repayments obligations by an in specie delivery of a Noteholder's pro rata share of the investments in the portfolio at the redemption date.

The Group may also invest in derivative contracts that are traded over-the-counter, debt securities and unlisted equity investments that are not traded in an active market. As a result, the Group may not be able to quickly liquidate these investments at an amount close to their fair value to meet its liquidity requirements, or be able to respond to specific events such as deterioration in the creditworthiness of any particular issuer.

The below tables analyse the Group's financial liabilities into relevant maturity groupings based on the remaining period at the Balance Sheet date to the maturity date.

Group **31 December 2021**	**Less than 1 month US$ '000**	**1 to 3 months US$ '000**	**3 months to 1 year US$ '000**	**1 to 5 years US$ '000**	**More than 5 years US$ '000**	**Total US$ '000**
Creditors: amounts falling due within one year	201,925	25,759	29,665	-	-	257,349
Creditors: amounts falling due in more than one year	-	-	-	223,865	-	223,865
Total liabilities	**201,925**	**25,759**	**29,665**	**223,865**	**-**	**481,214**

Group **31 December 2020**	**Less than 1 month US$ '000**	**1 to 3 months US$ '000**	**3 months to 1 year US$ '000**	**1 to 5 years US$ '000**	**More than 5 years US$ '000**	**Total US$ '000**
Creditors: amounts falling due within one year	101,850	2,557	60,950	-	-	165,357
Creditors: amounts falling due in more than one year	-	-	-	34,458	-	34,458
Total liabilities	**101,850**	**2,557**	**60,950**	**34,458**	**-**	**199,815**

Uncertain liabilities, which are not recognised on the Balance Sheet, are not included in the table above for the purpose of analysing the Foundation liquidity risk.

Uncertain liabilities

As disclosed in Note 13, the Group has invested in loans and securities which incorporate an uncertain commitment that it may be obliged to pay at a future date. The likelihood that these commitments are paid by the Group is unknown at the balance sheet date. The total uncertain commitments as at 31 December 2021 have been estimated as US$629,904k (2020: US$1,026,307k).

16. DEBTORS

	Group 31 Dec 2021 US$ '000	Group 31 Dec 2020 US$ '000	**Foundation 31 Dec 2021 US$ '000**	Foundation 31 Dec 2020 US$ '000
Dividends receivable	1,616	1,224	-	-
Amounts due from brokers	3,481	19,220	-	-
Other debtors	8,706	11,869	240	2,543
Amounts due from related parties	-	-	2	33
Prepayments	768	758	751	743
Total	**14,571**	**33,071**	**993**	**3,319**

The amounts due from brokers includes cash from forward foreign exchange contracts closed but awaiting settlement, cash from trades sold but which have not yet settled and interest receivable.

17. CASH AT BANK AND IN HAND

Cash at bank includes amounts due from the Group's custodian and other counterparties, on demand and interest bearing deposits with original maturities of less than 3 months.

Cash pledged as collateral includes collateral balances held at year end with the Group's custodian and prime broker and other counterparties. The use of these amounts is restricted based upon the Group's contractual margin exposures at the year end date.

The total of cash at bank and cash pledged as collateral is shown on the face of the Consolidated Balance Sheet and the movement reflected within the Consolidated Cash Flow Statement.

The following table shows the breakdown of the amounts with custodians and other counterparties as at 31 December 2021:

Group	**Cash and cash equivalents 31 Dec 2021 US$ '000**	**Cash pledged as collateral 31 Dec 2021 US$ '000**	**Cash at bank and in hand 31 Dec 2021 US$ '000**	**Amounts due from brokers 31 Dec 2021 US$ '000**	**Amounts due to brokers 31 Dec 2021 US$ '000**	**Net counter-party position 31 Dec 2021 US$ '000**
Custodian and prime broker						
HSBC Bank Plc	404,540	14,770	**419,310**	3,481	(7,486)	**415,305**
Other counterparties						
JP Morgan Chase	9,636	-	**9,636**	-	-	**9,636**
UBS AG	32	-	**32**	-	-	**32**
Barclays Bank	9,670	-	**9,670**	-	-	**9,670**
ABSA Group Limited	92	-	**92**	-	-	**92**
Wells Fargo	2	-	**2**	-	-	**2**
Citco Bank Nederland NV	181	-	**181**	-	-	**181**
Awash	7	-	**7**	-	-	**7**
Total	**424,160**	**14,770**	**438,930**	**13,481**	**(7,486)**	**434,925**

The following table shows the breakdown of the amounts with custodians and other counterparties as at 31 December 2020:

Group	Cash and cash equivalents 31 Dec 2020 US$ '000	Cash pledged as collateral 31 Dec 2020 US$ '000	Cash at bank and in hand 31 Dec 2020 US$ '000	Amounts due from brokers 31 Dec 2020 US$ '000	Amounts due to brokers 31 Dec 2020 US$ '000	Net counter-party position 31 Dec 2020 US$ '000
Custodian						
HSBC Bank Plc	84,480	95,016	**179,496**	19,220	(2,400)	**196,316**
Other counterparties						
JP Morgan Chase	15,632	-	**15,632**	-	-	**15,632**
UBS AG	146	-	**146**	-	-	**146**
Barclays Bank	3,171	-	**3,171**	-	-	**3,171**
ABSA Group Limited	133	-	**133**	-	-	**133**
Wells Fargo	5	-	**5**	-	-	**5**
Citco Bank Nederland NV	804	-	**804**	-	-	**804**
Total	**104,371**	**95,016**	**199,387**	**19,220**	**(2,400)**	**216,207**

The following table shows the breakdown of the cash and cash equivalents of the Foundation held with counterparties as at year end:

Foundation	Cash and cash equivalents 31 Dec 2021 US$ '000	Cash and cash equivalents 31 Dec 2020 US$ '000
HSBC Bank plc	44,884	37,006
JP Morgan Chase	9,631	15,632
ABSA Bank	92	133
Barclays Bank plc	9,670	3,171
Awash Bank	7	-
	64,284	**55,942**

18. CREDITORS: amounts falling due within one year

	Group 31 Dec 2021 US$ '000	Group 31 Dec 2020 US$ '000	**Foundation 31 Dec 2021 US$ '000**	Foundation 31 Dec 2020 US$ '000
Amounts due to brokers	7,486	2,400	-	-
Grants	172,777	74,095	172,777	74,418
Creditors	46,638	28,203	1,136	1,213
Loans	-	-	569,992	110,000
Derivative financial instrument liabilities	17,646	52,800	-	-
Accruals and deferred income	12,618	7,560	12,575	7,532
Taxes and social security costs	184	299	184	299
	257,349	165,357	**756,664**	193,462

The amounts due to brokers include cash from trades purchased which have not yet settled and cash for forward foreign exchange contracts closed but awaiting settlement.

19. CREDITORS: amounts falling due after one year

	Group 31 Dec 2021 US$ '000	Group 31 Dec 2020US$ '000	**Foundation 31 Dec 2021 US$ '000**	Foundation 31 Dec 2020US$ '000
Creditors payable between 1 and 2 years	79,266	34,458	73,000	-
Creditors payable between 2 and 5 years	144,599	-	144,000	-
Creditors payable after 5 years	-	-	-	-
	223,865	34,458	**217,000**	-

20. MOVEMENT IN FUNDS

Funds were transferred from the Expendable Endowment Fund to the Designated Funds at the year end.

Group	**Balance as at 31 Dec 2020 US$ '000**	**Incoming Resources US$ '000**	**Resources Expended US$ '000**	**Investment gains/(losses) US$ '000**	**FX gains/ (losses) US$ '000**	**Exchange difference reserve US$ '000**	**Transfer between funds US$ '000**	**Balance as at 31 Dec 2021 US$ '000**
Unrestricted: (1)								
Income funds	-	-	(844,684)	-	(456)	-	845,140	-
Designated funds	642,579	-	-	-	-	-	308,274	**950,853**
Restricted income funds	6,711	4,290	(2,902)	-	-	-	-	**8,099**
Expendable endowment fund	5,356,222	24,468	-	694,914	-	-	(1,153,414)	**4,922,190**
Total funds	**6,005,512**	**28,758**	**(847,586)**	**694,914**	**(456)**	**-**	**-**	**5,881,142**

Group	**Balance as at 31 Dec 2019 US$ '000**	**Incoming resources US$ '000**	**Resources expended US$ '000**	**Investment gains/(losses) US$ '000**	**FX gains/ (losses) US$ '000**	**Exchange difference reserve US$ '000**	**Transfer between funds US$ '000**	**Balance as at 31 Dec 2020 US$ '000**
Unrestricted: (1)								
Income funds	-	60,615	(371,016)	-	(1,197)	-	311,598	-
Designated funds	657,971	-	-	-	-	-	(15,392)	**642,579**
Restricted income funds	-	18,561	(11,850)	-	-	-	-	**6,711**
Expendable endowment fund	5,204,018	17,496	-	430,914	-	-	(296,206)	**5,356,222**
Total funds	**5,861,989**	**96,672**	**(382,866)**	**430,914**	**(1,197)**	**-**	**-**	**6,005,512**

(1) Reserves retained by subsidiary undertakings and general unrestricted funds are disclosed in total in the tables above and total US$135,653k (2020: US$169,323k).

Foundation	Balance as at 31 Dec 2020 US$ '000	Incoming Resources US$ '000	Resources Expended US$ '000	Investment gains/(losses) US$ '000	FX gains/ (losses) US$ '000	Transfer between funds US$ '000	Balance as at 31 Dec 2021 US$ '000
Unrestricted							
Income funds	-	11,428	(825,312)	-	(261)	814,145	-
Designated funds	642,579	-	-	-	-	308,274	**950,853**
Restricted income funds	-	4,290	(4,290)	-	-	-	-
Expendable endowment fund	5,361,390	-	-	691,906	-	(1,122,419)	**4,930,877**
Total funds	**6,003,969**	**15,718**	**(829,602)**	**691,906**	**(261)**	**-**	**5,881,730**

Foundation	Balance as at 31 Dec 2019 US$ '000	Incoming Resources US$ '000	Resources Expended US$ '000	Investment gains/(losses) US$ '000	FX gains/ (losses) US$ '000	Transfer between funds US$ '000	Balance as at 31 Dec 2020 US$ '000
Unrestricted							
Income funds	-	57,372	(351,484)	-	(1,191)	295,303	-
Designated funds	657,971	-	-	-	-	(15,392)	**642,579**
Restricted income funds	-	18,561	(18,561)	-	-	-	-
Expendable endowment fund	5,208,893	-	-	432,408	-	(279,911)	**5,361,390**
Total funds	**5,866,864**	**75,933**	**(370,045)**	**432,408**	**(1,191)**	**-**	**6,003,969**

As at 31 December 2021, the Trustees have allocated US$950,853k (2020: US$642,579k) of reserves as designated funds which represents funds that may be called upon to be disbursed to multi-year programmes.

21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

The table below presents the allocation of the group balance sheet across the three different categories of funds. For further details of the funds, refer to page 44.

	Expendable Endowment US$ '000	Unrestricted Funds-Designated US$ '000	Restricted Funds US$ '000	Total 31 Dec 2021 US$ '000	Total 31 Dec 2020 US$ '000
Intangible assets	-	500	-	**500**	500
Tangible assets	-	1,205	8,029	**9,234**	7,502
Investments	4,258,586	1,640,535	-	**5,899,121**	5,964,867
Other assets	388,154	65,277	70	**453,501**	232,458
Liabilities	275,450	(756,664)	-	**(481,214)**	(199,815)
	4,922,190	**950,853**	**8,099**	**5,881,142**	6,005,512

22. COMMITMENTS

At 31 December 2021, the Group had outstanding commitments of US$43,347k (2020: US$19,435k) in relation to the unquoted investments held within the investment portfolio.

The Group has also invested in loans which incorporate an uncertain commitment that it may be obliged to pay at a future date. The likelihood that these commitments are paid by the Group is unknown at the balance sheet date. The total uncertain commitments as at 31 December 2021 have been estimated as US$629,904k (2020: US$1,026,307k).

The investment commitments are funded by the Foundation and are spread out over the life of the investments.

23. OPERATING LEASES

The total rent charged as an expense in the SOFA, is disclosed below:

	Group Year ended 31 Dec 2021 US$ '000	Group Year ended 31 Dec 2020 US$ '000	**Foundation Year ended 31 Dec 2021 US$ '000**	Foundation Year ended 31 Dec 2020 US$ '000
Rent	**1,716**	1,688	**1,711**	1,688

The Group had commitments to future minimum lease payments under non cancellable operating leases at the year end as follows:

	Group 31 Dec 2021 US$ '000	Group 31 Dec 2020 US$ '000	**Foundation 31 Dec 2021 US$ '000**	Foundation 31 Dec 2020 US$ '000
Land and Building				
Less than one year[1]	**1,429**	1,363	**1,423**	1,357
Between one and five years	**3,886**	3,503	**3,875**	3,486
More than five years	**447**	1,207	**447**	1,207
	5,762	6,073	**5,745**	6,050

[1] Includes a commitment under an operating lease with TCI Fund Management (UK) Limited to pay rentals during the period following the period of these accounts of US$765k (2020: US$762k).

The total rental income included within the SOFA, is disclosed below:

	Group 31 Dec 2021 US$ '000	Group 31 Dec 2020 US$ '000	**Foundation 31 Dec 2021 US$ '000**	Foundation 31 Dec 2020 US$ '000
Rental income	**1,685**	-	-	-

The Group is a lessor of UK investment property. The total non-cancellable future minimum lease payments expected to be received are:

	Group 31 Dec 2021 US$ '000	Group 31 Dec 2020 US$ '000	**Foundation 31 Dec 2021 US$ '000**	Foundation 31 Dec 2020 US$ '000
Less than one year	**4,030**	-	-	-
Between one and five years	**17,066**	-	-	-
More than five years	-	-	-	-
	21,096	-	-	-

On 11 August 2021, the Group acquired 98% of the freehold of a property in Chiswick, UK. The freehold acquired is leased to a third party. The lease commenced on 1 July 2008 with a lease term of 25 years and is due to expire on 30 June 2033. It includes a provision for an annual rent review every 13th of July. The rent concession period will end on 13 May 2024 and there will be no change to rental income terms after this date.

24. RELATED PARTIES

Investment Manager

TCI Fund Management Limited (TCI FM) acts as investment manager to certain members of the Group. TCI FM, and its various group entities, are ultimately controlled by Sir Christopher Hohn, a member and trustee of CIFF.

During 2020 the subsidiaries and investment holdings within the Group were restructured, resulting in changes to the investment management agreements with TCI FM. TCI FM is no longer entitled any fee for these investment management services. Further, TCI FM, for itself and on behalf of Sir Christopher Hohn and other parties related to TCI FM and Sir Christopher Hohn, unilaterally waived the right to receive any kind of benefit (whether financial or non-financial but in each case having a monetary value) in respect of the provision of investment management services to CIFF Capital UK LP, which acts as the main investment holding company of the CIFF Group.

During 2021, an amount of US$794k (2020: US$842k) was charged to entities within the Group from TCI FM, in relation to expenses incurred by TCI FM on behalf of the CIFF Group investment portfolio, mainly consisting of research fees incurred by TCI FM for the benefit of CIFF with third parties, of which US$nil remained payable as at 31 December 2021 (2020: US$32k).

Furthermore, for the year ended 31 December 2021 CIFF was also charged US$1,144k (2020: US$883k) by TCI's holding company, TCI Fund Management (UK) Limited, in respect of rent and associated property costs.

Donations

During 2021, TCI FM made an unrestricted donation to CIFF of US$nil (2020: US$60,615k) and restricted donations of US$2,208k in 2021 (2020: US$10,711k) to support the charitable activities of the Foundation. As at 31 December 2021, TCI FM had committed additional restricted funding of US$18,431k (2020: US$3,139k) to be paid in future years.

Sir Christopher Hohn is also the founder and trustee of the Christopher Hohn Foundation (UK) which during 2021 made restricted donations to the Foundation of US$1,800k (2020: US$7,850k). As at 31 December 2021, the Christopher Hohn Foundation (UK) had committed additional restricted funding of US$9,110k (2020: US$10,910k) to be paid in future years.

Subsidiary director fees

During the year, directors' fees of US$22k (2020: US$31k) for Jackie Gilroy were charged to Talos, and fees of US$133k (2020: US$18k) for Jackie Gilroy, Sonia Gogna, William Gourlay and Tristan van der Vijver were charged to CIFF GP. No other directors of CIFF subsidiaries were entitled to fees.

Legal fees

During the year, the Supreme Court ordered the Foundation to pay the legal costs of Dr Marko Lehtimaki arising from his involvement in the proceedings, Lehtimaki and others v Cooper - UKSC 2018/0150. The Foundation and Dr Lehtimaki agreed an amount of $1,062k in relation to such costs. This amount remained unpaid as at 31 December 2021 but was paid in January 2022.

Common trustees

In the normal course of charitable granting, there can be instances where the grants to charities that have trustees in common with the Foundation. The Foundation does not disclose grants to these charities as related party transactions, as the trustees are part of a collective of non-related trustees and are not considered to be in a significant position of influence. The Trustees are satisfied that appropriate procedures are in place to ensure that any potential conflicts of interest are appropriately managed and avoided.

Other transactions with Group companies

The Foundation has taken advantage of the exemption contained in FRS 102, paragraph 33A, not to disclose other transactions with group companies as all are wholly owned subsidiaries of the Foundation and the consolidated financial statements are publicly available. Copies can be requested from the company secretary.

25. SERVICE PROVIDERS

Administrator

Group entities have entered into administration agreements with the Administrator, Citco Fund Services (Ireland) Limited. The Administrator receives from Group entities a monthly administration fee which is calculated as a percentage of Adjusted Assets on a sliding scale. The total administration fee for the year was US$1,984k (2020: US$2,010k), of which US$169k (2020: US$397k) was payable at year end.

Custodian and Prime Broker

The Group has a custody agreement with HSBC. The Group retains beneficial ownership of assets held by HSBC. Cash and securities deposited with HSBC are repayable on demand. In addition, the Group's cash held with HSBC will be segregated from HSBC's own cash. HSBC is not permitted to utilise, re-hypothecate or otherwise appropriate the assets of the Group, however HSBC will acquire a security interest in any assets that are provided as collateral to HSBC by the Group.

Intermediary

AVE Capital Limited (AVE) is engaged to provide intermediary services in relation to bringing together CIFF Capital and other CIFF subsidiaries, as the lending party, with third parties, as the borrowing parties, in potential real estate debt transactions pursuant to the terms of an intermediary services agreement signed in October 2020. None of TCI FM, Sir Christopher Hohn or any other parties related to them have any financial interest in AVE. Group entities pay fees to AVE Capital Limited in relation to the intermediary services (the Intermediation Fee). The total Intermediation Fee charged to the SOFA for the period was US$10,805k (2020: US$96k), with US$41,025k payable as at 31 December 2021 (2020: US$40,664k).

Investment Manager

TCI FM is no longer paid any fee for investment management services to CIFF Capital. Further, TCI FM, for itself and on behalf of Sir Christopher Hohn and other parties related to the Investment Manager and Sir Christopher Hohn, unilaterally waived the right to receive any kind of benefit (whether financial or non-financial but in each case having a monetary value) in respect of the provision of investment management services to CIFF Capital.

Following the restructure of the CIFF Group in October 2020, there is no longer a requirement to pay a real estate management fee to TCI FM. Entities within the Group previously paid TCI FM, monthly in arrears, a Real Estate Management Fee for managing a portfolio of Real Estate Loans. The total Real Estate Management Fee for the year was US$nil (2020: US$1,807k), of which US$nil (2020: US$nil) was payable at year end.

Other counterparties

The Group has amounts due from other related counterparties, refer to note 16 for further details.

26. POST BALANCE SHEET EVENTS

There are no events requiring adjustment of the financial statement or additional disclosure.

27. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The ultimate parent undertaking and controlling party is The Children's Investment Fund Foundation (UK), a charitable company limited by guarantee (without a share capital) incorporated in England and Wales. Pursuant to article 7 of the Foundation's Articles of Association, every member promises that if the charitable company is dissolved while he, she or it remains a member or within 12 months afterwards, to pay up to one pound sterling towards the costs of dissolution and the liabilities incurred by the charitable company while the contributor was a member.

The Foundation is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 December 2021. The consolidated financial statements of the Foundation is available from the Company Secretary at 7 Clifford Street, London, W1S 2FT.

THE CHILDREN'S INVESTMENT FUND FOUNDATION (UK)
GROUP INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2021

CONSTITUTION	A Company limited by guarantee and an English registered charity governed by its Memorandum and Articles of Association
COMPANY NUMBER	4370006
REGISTERED CHARITY NUMBER	1091043
TRUSTEES	Sir Christopher Hohn Dr Graeme Sweeney (resigned 13 May 2021) Mr Ben Goldsmith Mr Masroor Siddiqui Ms Ana Weichers Marshall Dr Marko Lehtimaki (appointed 13 May 2021)
REGISTERED OFFICE	7 Clifford Street London W1S 2FT
COMPANY SECRETARY	Cargil Management Services Limited (resigned 10 February 2021) 27-28, Eastcastle Street London W1W 8DH Bradley Duncan (appointed 10 February 2021) 7 Clifford Street London W1S 2FT England
BANKERS	HSBC Bank plc Level 18 8 Canada Square London E14 5HQ
SOLICITORS	Mills & Reeves LLP Botanic House 100 Hills Road Cambridge CB2 1PH
INDEPENDENT AUDITORS	KPMG 1 Harbourmaster Place Dublin 1, Ireland
INVESTMENT MANAGER	TCI Fund Management Limited 7 Clifford Street London W1S 2FT England