

QUADRATURE CLIMATE FOUNDATION
(a charitable company limited by guarantee)

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

Company Number 12194319
Charity Number 1187301

QUADRATURE CLIMATE FOUNDATION
LEGAL AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 30 JUNE 2022

Trustees

G H Skinner
S Setiya
N Cosgrove
J Hooke (resigned 15 December 2022)

Registered Office

The Leadenhall Building
122 Leadenhall Street
London
EC3V 4AB

Company number:

12194319

Charity number:

1187301

Auditors

Haysmacintyre LLP
10 Queen Street Place
London EC4R 1AG

Bankers

Barclays Plc
1 Churchill Place
London
E14 5HP

UBS Wealth Management
5 Broadgate
London
EC2M 2AN

QUADRATURE CLIMATE FOUNDATION

TRUSTEES' REPORT

FOR THE YEAR ENDED 30 JUNE 2022

The trustees (who are also directors of the charity for the purposes of the Companies Act) present their annual report and the audited financial statements of Quadrature Climate Foundation for the year ended 30 June 2022. The trustees confirm that the annual report and financial statements of Quadrature Climate Foundation comply with current statutory requirements, the governance requirements of Quadrature Climate Foundation and the provisions of the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019).

STRUCTURE, GOVERNANCE AND MANAGEMENT

a. Charity Governance Code

The trustees have reviewed the Charity Governance Code and specifically note the clarity that the seven principles bring to board development, ongoing review and effective governance.

b. Constitution

Quadrature Climate Foundation ("the Foundation") is registered as a charitable company limited by guarantee and was set up by a Trust deed. The Foundation was registered as a charity on 10 January 2020.

c. Methods of appointment or election of Trustees

The management of the Company is the responsibility of the trustees who are elected and co-opted under the terms of the Trust deed.

d. Organisational structure and decision-making policies

The Board of Trustees meet on a regular basis to provide oversight to the operations and good governance of the Foundation.

The trustees delegate day-to-day operations to the Foundation director(s) and COO. All permanent staff are employed by the Foundation and a Service Level Agreement exists between the Foundation and Quadrature Capital Ltd for additional services that may be provided to support the day-to-day operations of the Foundation. These include legal, finance and personnel support.

The trustees delegate decision making in accordance with a Grant Making Policy that is reviewed annually. This details the priorities for support, the grant making criteria and principles along with the delegated criteria for grant approval. In addition, it stipulates the grant application process, due diligence principles and conditions for monitoring and reporting. There is also clear direction on any clawback and repayment criteria.

Grant making and due diligence are then detailed in separate policies which are reviewed and approved by the Board of Trustees.

e. Policies adopted for the induction and training of Trustees

Upon appointment, trustees are required to familiarise themselves with Charity Commission and HMRC guidance relating to charitable organisations, and in particular:

- "The Essential Trustee (CC3)",
- corporate foundations, and
- payments by charities to overseas bodies.

The trustees are also required to understand and apply the Foundation's policies and procedures, including the Grant Making Policy.

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FOR THE YEAR ENDED 30 JUNE 2022

f. Pay policy for key management personnel

The Foundation benchmarks staff pay within the sector and reviews pay on an annual basis. The Board of Trustees recognise that attracting and retaining high quality staff is essential to the success of the organisation. In addition, all staff are given access to a wide range of benefits that are designed to support employee well-being, health and alignment with the corporate social responsibility aims of the organisation. Remuneration for Director(s) is delegated to two Directors (Greg Skinner and Suneil Setiya), such delegation is approved by the full Board of Trustees.

g. Related party relationships

The Foundation receives funding and other contributions from Quadrature Capital Ltd ("QCL") and two of the trustees are directors of QCL. Nevertheless, the trustees always act in the best interests of the charity. They have considered the factors listed in the Charity Commission's guidance in relation to demonstrating the charity's independence from QCL and are satisfied that the Foundation meets these requirements.

The Foundation makes grants to institutions where trustees of those institutions may include Trustees and Director(s) of the Foundation. The Grant Making Policy and due diligence procedures ensure all necessary checks and controls are undertaken and there is clear oversight of the process which ensures any potential conflicts of interest are identified and highlighted.

h. Risk management

The trustees have assessed the major risks to which the Foundation is exposed, in particular those related to the operations and finances of the Foundation and are satisfied that systems and procedures are in place to mitigate exposure to the major risks.

The Foundation has a formal risk management process whereby a full and detailed review of all possible major risks to the charity are categorised with an associated control activity to mitigate the risk and are ranked according to likelihood and impact to the charity for review by the trustees.

i. Trustees' indemnities

In accordance with the Foundation's Articles of Association, the trustees are entitled to benefit from trustee indemnity insurance and may receive an indemnity from the Foundation under certain circumstances.

j. Diversity and inclusion

The Foundation is a responsible and equal opportunities employer with generous terms and conditions of employment and access to a range of benefits and flexible working patterns. The Foundation provides a safe working environment and has active policies in place regarding fair and equal treatment of all staff.

The Foundation actively and rigorously pursues a policy of diversity in recruitment.

This approach supports good governance and the delivery of the Foundation's charitable purposes.

k. Grant making policies

The trustees have approved a comprehensive Grant Making Policy that is reviewed at least annually. The policy sets out the principles, criteria and processes that govern how the Foundation makes grants across all fund types. It also provides information for those applying for grants.

The trustees further ensure proper governance through clear grant making criteria, grant making principles (ensuring that the wishes of trustees are followed) and through a clear grant making process. They also set out priorities for support that are reviewed each year. In addition, grants may be made that fall outside of the priorities provided that the trustees are satisfied that the activity supported will be charitable in law and is an appropriate use of the Foundation funds.

QUADRATURE CLIMATE FOUNDATION

TRUSTEES' REPORT

FOR THE YEAR ENDED 30 JUNE 2022

k. Grant making policies (continued)

In addition, the trustees set out a clear scheme of delegation for grant contract approval, ensuring that they retain oversight whilst ensuring that the Foundation is agile and responsive.

Grants are awarded on an 'invitation to apply' only basis.

Trustees may be involved with other not for profit organisations who may be in receipt of grants made by the Foundation. All grant applications are subject to a rigorous due diligence process in accordance with the Grant Making Policy and any relationships are fully disclosed.

l. Volunteers

The Foundation does not use volunteers to deliver any services or in support of grant making activities.

m. Main activities undertaken to further the Company's purposes for the public benefit

The Foundation's primary activities are research and grant-making. The Foundation also engages with other philanthropic entities and their networks to exchange views and best practice.

n. The environment

The trustees are committed to ensuring the Foundation minimises its environmental impact in line with its charitable objectives.

OBJECTIVES AND ACTIVITIES

a. Objective and activities

The Foundation was founded by Greg Skinner and Suneil Setiya, the co-CEOs and founders of QCL, and registered as a charity on 10 January 2020. Its primary focus is on making grants to organisations and individuals who work on issues relating to the mitigation of climate change and the promotion of sustainable development.

The Foundation does not seek applications for grants and will generally not make grants in response to unsolicited applications.

b. Policies and objectives

The Foundation's objectives are the promotion of sustainable development by:

- The protection, preservation and improvement of the environment and the prudent use of resources, and
- The promotion of sustainable means of achieving economic growth and regeneration.

To advance the education of the public in subjects relating to sustainable development and the protection, enhancement and rehabilitation of the environment and to promote study and research in such subjects provided that the useful results of such study are disseminated to the public at large.

The Foundation maintains a full set of policies that ensure compliance with all relevant legislative requirements, protect staff and grantees and provide the trustees with assurances that the Foundation is well run and that all risks are appropriately managed.

Alongside a Grant Making Policy, the Foundation maintains amongst others, safeguarding, data protection, bribery, anti-corruption and money laundering and due diligence policies.

In setting objectives and planning for activities, the trustees have given due consideration to general guidance published by the Charity Commission relating to public benefit, including the guidance 'Public benefit: running a charity (PB2)'.

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TRUSTEES' REPORT

FOR THE YEAR ENDED 30 JUNE 2022

c. Strategies for achieving objectives

The trustees have set the current focus of the Foundation to be on mitigation of global climate change and the promotion of sustainable development globally.

Within this broad topic, the Foundation is a dispassionate, entrepreneurial attempt to urgently reduce greenhouse gases. Three areas drive the Foundation's grant making:

- Driving big impact by taking a systems change approach, leveraging the Foundation's funding and keeping an eye on both the long and the short term,
- Capacity building so that the sector can strengthen as a whole, that synergies are leveraged within and across strategies, and that new capabilities are developed and shared, and
- Experimenting to find interventions through a recognition that the potential pathways for sustainable economic growth and the preservation of the environment are multiple and multi-faceted. Therefore the Foundation experiments within its strategy by granting across multiple approaches and perspectives, making parallel investments, and then compounding or cutting as tactics succeed or fail.

The Foundation has prioritised three sectors which make significant ongoing contribution to greenhouse gases and where philanthropic funding can tip the balance: the power transition from coal to clean not via gas, taking oil out of transport on road sea and air, and shifting towards climate positive food and agricultural systems.

The Foundation also recognises that a sector by sector, policy by policy approach will not achieve the speed of action needed given the time remaining for systemic change. A political shift is needed, with a cultural shift and a financial shift to support accelerated action and delivery of commitments towards less than 1.5 degrees of warming. The Foundation has therefore prioritised three cross cutting levers on strengthening policy and changing politics on climate, reaching and engaging audiences through persuasion and communication, and shifting financial flows and driving accountability.

The Foundation has from the start had a learning-by-doing approach which has aimed to be thorough but opportunistic as the trustees seek to build up the Foundation and its granting portfolio. The Foundation recognises the need to provide multi-year support within the sector and the trustees have prioritised multi-year granting in the Foundation's portfolio.

d. Activities undertaken to achieve objectives

In order to achieve the objectives of the organisation, the trustees have appointed a leadership team that collectively bring the skills and experience required to deliver a strong, resilient and effective organisation.

The focus in these first years of the Foundation is to build a core team, develop a research and knowledge base that can inform grant making decisions, and to make effective grants as quickly as possible. The organisation is developing a robust and resilient business model to enable effective grant delivery and evaluation with an emphasis on timely benchmarking, evaluation and learning.

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FOR THE YEAR ENDED 30 JUNE 2022

STRATEGIC REPORT

This year is the Foundation's second full year of grant making since its inception in 2019. It reflects Quadrature Climate Foundation's successful start as a Foundation as it has gone through a period of significant growth and learning. Over the initial phase of the Foundation's grant making, the organisation was able to ramp up capacity and operations to be able to deliver significant commitments across the sector. At the end of the Foundation's second full financial year, the charity is in a position to respond both to the urgent need for funds to support work to combat climate change as well as be able to handle increased funding capacity.

The trustees outlined a strategic roadmap for the Foundation in Autumn of 2020 but continues to be on a path of learning as its capacity, and network increase.

Achievements and performance

a. Main achievements

During the second full year of operations, the Foundation focused a significant amount of effort on providing support to enable a successful COP26. This included grants that enabled increased capacity in the UK Government COP office, support to convening and also enabling delegates to attend.

The strategic direction for the Foundation during this period continued to be focused on:

Sectors: Reduce emissions from key sectors

- Power transition: accelerating the shift from coal to clean not via gas using all pragmatic pathways in a technologically inclusive manner,
- Transport: taking oil out of transport on road, sea and air through appropriate electrification, shifts in mobility and adoption of zero carbon fuels, and
- Food and Agricultural systems: shifting diets, agriculture and supply chains to be low emissions or climate positive.

Lever: Accelerate action through systemic shifts

- Policy and politics: strengthening climate in international, multilateral and bilateral processes, and ensuring political will to support action at a national level,
- Persuasion and communication: broadening the audience and deepening engagement on climate and climate related issues, and
- Finance and financial levers: shifting financial flows away from polluting assets towards sustainable investments; and using finance to drive accountability and action.

The Foundation has continued to assess a third dimension to its strategy, building on its initial grant making on carbon markets to look at the risk of tipping points, scaling removals, and the governance and understanding around solar radiation modification and other 'repair' techniques.

b. Key performance indicators

The Foundation sets measurements across a number of key areas to ensure that its grant making operations are effective and efficient. The trustees have prioritised the Foundation's work on climate due to the urgency of the challenge, and the Foundation has set up its grant making to utilise funds swiftly and flexibly to support the core purpose of the Foundation.

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TRUSTEES' REPORT

FOR THE YEAR ENDED 30 JUNE 2022

c. Review of activities

Having achieved a significant and sustained increase in grantee contracting and disbursements, post COP26, the Foundation decided to pause new grant making in order to reflect on the impact its grant making made to date and to evaluate performance against its strategic objectives by performing a portfolio review. This was a deliberate intervention, supported by the trustees.

The objective of the portfolio review was to ensure that the Foundation continues to be in a position to provide maximum benefit to the sector and to ensure that any funds deployed continue to provide the greatest opportunity of successfully addressing the climate change emergency.

Whilst the portfolio review took place, the Foundation continued to manage the existing grantee portfolio, award grant extensions and renewals as well as selectively choosing new grantees where there was a clear indication that such grants would be likely to have a positive impact on the climate crisis.

Concurrently, the Foundation undertook a third party led review of all its re-granters in order to determine the most effective way of working with the re-granter community in the future.

d. Plans for the future

The Foundation has grown at a significant rate and the granting quantum that is likely to be made available in coming years is at the upper end of projected growth assumptions. The portfolio review will inform the future strategic direction and allow the trustees to ensure that all grant making maximises the potential impact on the climate emergency by:

- Adjusting its structure as appropriate based upon the outcomes of the portfolio review,
- Strengthening processes and focus on management of portfolio,
- Identifying opportunities for further exploitation of technology to improve grant making, grant reviews, portfolio analysis and provision of business intelligence, and
- Identifying where it may be appropriate to review governance to ensure that the trustees collectively have the skills and experience to guide and support the Executive as the Foundation continues to grow.

Financial review

a. Going concern

After making appropriate enquiries, the trustees have a reasonable expectation that the Foundation has adequate resources to continue in operational existence for the foreseeable future. The Foundation has been in the fortunate position with Covid-19 having a minimal or no impact on its donations and grant making activities. For this reason, the trustees continue to adopt the going concern basis in preparing the financial statements.

b. Reserves policy

The Foundation will, at all times, ensure that there is a minimum level of reserves available to sufficiently cover future operational expenditure. A QCL donation for the following financial year's operational budget (including a contingency) is made prior to the commencement of the financial year.

QUADRATURE CLIMATE FOUNDATION

TRUSTEES' REPORT

FOR THE YEAR ENDED 30 JUNE 2022

b. Reserves policy (continued)

At any point in the financial year additional donations are made by QCL at the request of the Foundation for additional unbudgeted operational expenditure. All reserves are unrestricted.

The Foundation obtains QCL donations for any grant payments made and through this mechanism it is ensured that sufficient reserves are maintained to cover future operational expenditure.

Total reserves are £7,814,273 (2021: £7,883,785). Free unrestricted reserves are calculated by taking unrestricted reserves and deducting fixed assets. At 30 June 2022, free unrestricted reserves were £7,800,075 (2021: £7,870,901).

c. Financial results

The Foundation ended the year with a deficit of £69,512 in the financial year (2021: £1,391,024 surplus). The statement of financial activities shows that the total income for the year amounted to £130,258,181 (2021: £60,263,812) and total expenditure of £130,327,693 of which expenditure on charitable activities was £127,197,792 (2021: £58,872,788, of which expenditure on charitable activities was £56,879,128).

d. Material financial investments

The Foundation does not currently hold any material investments. Any future investments will be approved by the trustees only after obtaining such advice from a financial expert as the trustees consider necessary and having regard to the suitability of investments and the need for diversification.

e. Principal risks and uncertainties

The Foundation mitigates this risk by granting in arrears against known donations. The Foundation has clear communication with QCL which includes letters of agreement setting out future donation levels.

The principal risk is an economic downturn for QCL leading to a reduction in future funding.

In addition to the principal risk, the Foundation has identified the following risks and uncertainties:

- Failure to fulfil grant commitments in an efficient and timely manner which may place undue stress on grantees due to slow processes and inadequate resourcing. This risk has been mitigated by the introduction of a grant management system which has automated the grant making process and now includes workflows such as prompts to grantees to fill in donation requests. The Foundation actively reviews staffing to identify if recruitment is required to ensure there is adequate resourcing,
- Inability to recruit staff of the required calibre to vacant positions in time to create capacity levels required to deliver against the granting ambition. The Foundation mitigates this risk by proactive recruitment planning and partnering with the most appropriate recruitment agencies, and
- Insufficient capacity and/or skills to provide effective operational delivery with implementation of organisational development plans being unable to match demands of operational requirements. The Foundation performs regular internal reviews of organisational requirements and maintains a robust recruitment plan.

f. Financial risk management objectives and policies

The Foundation recognises that risk management is essential to its governance and to sustainable operation of its services. The trustees are responsible for ensuring that the Foundation has a sound system of internal control to safeguard its assets and funds and to ensure its assets and funds are used only in furtherance of the Foundation's objectives.

QUADRATURE CLIMATE FOUNDATION

TRUSTEES' REPORT

FOR THE YEAR ENDED 30 JUNE 2022

f. Financial risk management objectives and policies (continued)

The trustees have assessed the major risks to which the Foundation is exposed, in particular those related to the operations and finances of the Foundation and are satisfied that systems and procedures are in place to mitigate exposure to the major risks.

The Foundation has a formal risk management process whereby a full and detailed review of all possible major risks to the charity are categorised with an associated control activity to mitigate the risk and are ranked according to likelihood and impact to the charity for review by the trustees.

The trustees have established a Finance, Audit and Risk Committee to further support effective risk management for the Foundation.

g. Principal funding, fundraising activities and income generation

All principal funding is provided by QCL. The Foundation does not currently undertake any fundraising activities.

QUADRATURE CLIMATE FOUNDATION

TRUSTEES' REPORT

FOR THE YEAR ENDED 30 JUNE 2022

Statement of Trustees' Responsibilities

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

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK Accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enables them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as each of the trustees is aware at the time the report is approved:

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

Auditors

Haysmacintyre LLP has expressed its willingness to continue in office as auditors and a resolution proposing its re-appointment will be submitted at the appropriate Trustee meeting.

Approved by order of the members of the board of Trustees on 2 February 2023 and signed on their behalf by:



Suneil Setiya
Trustee

Date: 2 February 2023

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEES OF QUADRATURE CLIMATE FOUNDATION

Independent auditor's report to the members of Quadrature Climate Foundation

Opinion

We have audited the financial statements of Quadrature Climate Foundation for the year ended 30 June 2022 which comprise Statement of Financial Activities, Balance Sheet, Statement of Cash Flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

give a true and fair view of the state of the charitable company's affairs as at 30 June 2022 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended; have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report (which includes the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Trustees' Report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEES OF QUADRATURE CLIMATE FOUNDATION

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report (which incorporates the strategic report and the directors' report).

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

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

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 10, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the regulatory requirements of the Charity Commission, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, the Charities Act 2011, Charities SORP (2019) and payroll taxes.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the recognition of grant expenditure at the year-end. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Reviewing the controls and procedures of the charity, including during the Covid-19 remote working period;
- Reviewing minutes of Trustees' meetings;
- Identifying and testing journals, in particular journal entries posted around the year-end; and

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEES OF QUADRATURE CLIMATE FOUNDATION

- Challenging assumptions and judgements made by management in their critical accounting estimates.

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

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

Use of our report

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



Richard Weaver
For and on behalf of Haysmacintyre LLP, Statutory Auditors

10 Queen Street Place
London
EC4R 1AG

Date: 1 March 2023

QUADRATURE CLIMATE FOUNDATION

STATEMENT OF FINANCIAL ACTIVITIES (Incorporating income and expenditure account)

FOR THE YEAR ENDED 30 JUNE 2022

	Note	Total 2022 £	Total 2021 £
Income from:			
Donations and legacies	2	130,258,175	60,263,812
Interest		6	-
Total income		<u>130,258,181</u>	<u>60,263,812</u>
Expenditure on:			
Charitable activities		127,197,792	56,879,128
Other expenditure	4	3,129,901	1,993,660
Total expenditure		<u>130,327,693</u>	<u>58,872,788</u>
Net movement in funds		<u>(69,512)</u>	<u>1,391,024</u>
Reconciliation of funds:			
Reconciliation of funds:			
Total funds brought forward		7,883,785	6,492,761
Net movement in funds		(69,512)	1,391,024
Total funds carried forward		<u>7,814,273</u>	<u>7,883,785</u>

All of the Charity's funds in both the current and prior year were unrestricted.

The Statement of Financial Activities includes all gains and losses recognised in the period.

The notes on pages 17 to 25 form part of these financial statements.

QUADRATURE CLIMATE FOUNDATION**BALANCE SHEET**

FOR THE YEAR ENDED 30 JUNE 2022

Company number: 12194319

	Note	2022 £	2021 £
Fixed assets			
Tangible fixed assets	8	<u>14,198</u>	<u>12,884</u>
Current assets			
Debtors	9	71,520	2,791,641
Cash at bank and in hand		<u>9,089,746</u>	<u>6,360,852</u>
		9,161,266	9,152,493
Creditors: amounts falling due within one year	10	<u>(1,361,191)</u>	<u>(1,281,592)</u>
Net current assets		<u>7,800,075</u>	<u>7,870,901</u>
Total assets less current liabilities		<u>7,915,614</u>	<u>7,883,785</u>
Total net assets		<u><u>7,814,273</u></u>	<u><u>7,883,785</u></u>
Charity funds			
Unrestricted funds		<u>7,814,273</u>	<u>7,883,785</u>
Total funds		<u><u>7,814,273</u></u>	<u><u>7,883,785</u></u>

The trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of the financial statements.

These financial statements were approved and authorised for issue by the Trustees on 2 February 2023 and signed on its behalf by:



Suneil Setiya
Trustee

The notes set out on pages 17 to 25 form an integral part of these financial statements.

QUADRATURE CLIMATE FOUNDATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 £	2021 £
Cash flows from operating activities			
Net cash used in operating activities	11	<u>9,089,746</u>	<u>6,360,852</u>
Change in cash and cash equivalents in the reporting period		<u>9,089,746</u>	<u>6,360,852</u>
Cash and cash equivalents at the end of the period		<u><u>9,089,746</u></u>	<u><u>6,360,852</u></u>

Cash and cash equivalents comprise solely cash at bank and in hand for both the current and prior period.

The notes on pages 17 to 25 form part of these financial statements.

QUADRATURE CLIMATE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance of with the Charities SORP (FRS 102) – Accounting and Reporting by Charities: Statement of Recommended Practise applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Quadrature Climate Foundation meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

1.2 Going Concern

After making appropriate enquiries, the trustees have a responsible expectation that the Foundation has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. The trustees have considered the impact of COVID 19 and have confirmed the Foundation has not been impacted by the pandemic.

1.3 Fund Accounting

General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the Company and which have not been designated for the other purposes.

1.4 Income

All income is recognised once the Company has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

1.5 Expenditure

Expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities. Where costs cannot be directly attributed to particular activities they have been allocated on a basis consistent with the use of resources.

Expenditure on charitable activities is incurred on directly undertaking the activities which further the Company's objectives, as well as any associated support costs.

Grants payable are charged in the period when the offer is made except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the period end are noted as a commitment, but not accrued as expenditure.

All expenditure is inclusive of irrecoverable VAT.

QUADRATURE CLIMATE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

1 Accounting policies (continued)

1.6 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Company; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

1.7 Tangible fixed assets and depreciation

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.

Tangible fixed assets will only be capitalised if the asset is £1,000 or over.

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives are as follows:

Office Equipment	- 4 years
Computer Equipment	- 4 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Financial Activities.

1.8 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.9 Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.10 Creditors and provisions

Creditors and provisions are recognised where the company has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle that obligation can be measured or estimated reliably. Creditors and provisions are initially recognised at transaction value as none represent a financing transaction. They are only derecognised when they are extinguished.

QUADRATURE CLIMATE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

1 Accounting policies (continued)

1.11 Pensions

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

1.12 Critical accounting judgements or estimation

The trustees do not consider there to be any significant judgements or sources of estimation uncertainty in relation to the preparation of the financial statements.

1.13 Foreign currency translation

Functional and presentation currency

The Foundations' functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency and monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

QUADRATURE CLIMATE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

2. Income from donations and legacies

	Total Funds 2022 £	Total Funds 2021 £
Donations	130,258,175	60,263,812
	<u>130,258,175</u>	<u>60,263,812</u>

3. Analysis of Grants

	Grants to Institutions 2022 £	Total Funds 2022 £	Total Funds 2021 £
Grants awarded	120,501,460	120,501,460	54,061,523
	<u>120,501,460</u>	<u>120,501,460</u>	<u>54,061,523</u>

During the year the Foundation made grants in excess of £750,000 (2021: £750,000) to the following institutions:

	2022 £	2021 £
Arctic Basecamp	1,297,664	-
BRM Futures	2,644,373	-
Canopy Planet Society	1,000,000	1,000,000
Carbon Tracker Initiative	769,232	1,912,938
Center for Climate and Energy Solutions	1,337,232	-
Clean Air Task Force Inc	1,241,875	-
Climate Policy Radar CIC	1,155,000	-
Climate Subak	1,640,500	1,749,375
ClimateWorks Foundation	11,794,742	-
Count Us In (LQ Foundation)	1,000,000	800,000
Dutch Ecomodernism	833,479	-
Ember	-	850,770
Energy Foundation	1,475,557	-
Environmental Leadership Australia	1,300,000	-
European Climate Foundation	4,019,514	-
Finance Watch	1,293,104	-
Foundation For International Law for The Environment	9,086,630	1,905,197
Global Energy Monitor	1,047,357	-
Global Greengrants Fund	910,411	-
Global Witness	1,000,000	-
Green Finance Institute	1,454,231	-
Greenmap	1,986,949	1,819,426
Subtotal carried forward	48,287,850	10,037,706

QUADRATURE CLIMATE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

3. Analysis of Grants (continued)

Brought forward	48,287,850	10,037,706
Growald Family Fund	3,210,666	3,608,100
ICS	2,103,425	1,100,336
Institute for Energy Economics And Financial Analysis Inc	1,293,632	-
Instituto del Bien Comun	886,413	-
International Council On Clean Transportation	840,148	-
Make My Money Matter	812,500	-
Mighty Earth	1,235,523	943,698
Replanet Vzw	1,542,865	-
Rockefeller (CECG)	794,780	4,930,657
Rocky Mountain Institute	-	1,062,486
Stand Earth	1,640,795	1,672,559
Stitching SED Fund	12,691,862	5,287,594
TerraPraxis	-	1,000,000
The Good Food Institute	1,520,832	1,435,204
The African Climate Foundation	1,445,087	-
Third Way Institute	1,896,311	1,021,687
TransitionZero	-	950,000
United Nations Office for Project Services	1,476,749	-
University of Cambridge	1,033,682	-
University of Oxford	1,414,776	-
Windward Fund	10,941,203	2,449,391
Woodwell Climate Research Center	2,623,934	1,251,934
World Resources Institute	2,548,798	1,202,092
WWF	1,400,000	1,760,000
Other grants to institutions	18,859,629	14,348,079
	<u>120,501,460</u>	<u>54,061,523</u>

The Foundation has entered into commitments that may result in further grants totalling £126,675,645 (2021: £84,352,203) being paid to institutions in future years. These payments are subject to criteria that need to be satisfied by the recipient and are dependent on the Foundation having appropriate funds available to finance them. All future payments are subject to the Foundation's discretion and, as such, liabilities for these grants have not been recognised at 30 June 2022.

QUADRATURE CLIMATE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

4. Other expenditure

	Total Funds 2022 £	Total Funds 2021 £
Admin expenses	443,027	45,261
Finance costs	2,907	480
Foreign Exchange Gain	(31,012)	25,964
Consulting Fees	471,220	309,983
Legal and professional fees	145,734	137,818
Wages and Salaries	1,711,816	1,182,771
Employer's National Insurance	227,254	155,095
Pension costs	88,361	55,502
Other staff costs	65,202	78,021
Depreciation	5,392	2,765
	<u>3,129,901</u>	<u>1,993,660</u>

5. Auditors' remuneration

Legal and professional fees (note 4) include the following:

	2022 £	2021 £
Fees payable to the Company's auditor for the audit of the Company's annual accounts	19,740	18,300
Fees payable to the Company's auditor in respect of: All non-audit services not included above	<u>25,980</u>	<u>9,300</u>

QUADRATURE CLIMATE FOUNDATION**NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 30 JUNE 2022****6. Staff costs**

	2022	2021
	£	£
Wages and salaries	1,711,816	1,182,771
Social security costs	227,254	155,095
Contribution to defined contribution pension schemes	88,361	55,502
	<u>2,027,431</u>	<u>1,393,368</u>

Included in the above are notice period payments of £534,967 (2021: £nil).

The average number of persons employed by the Company during the period was as follows:

	2022	2021
	£	£
Employees	<u>12</u>	<u>8</u>

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2022	2021
	Number	Number
In the band £60,001-£70,000	-	1
In the band £70,001-£80,000	3	-
In the band £80,001-£90,000	1	1
In the band £90,001-£100,000	1	-
In the band £100,001-£110,000	1	-
In the band £120,001-£130,000	-	1
In the band £130,001-£140,000	1	-
In the band £170,001-£180,000	1	-
In the band £310,001-£320,000	-	1
In the band £370,001-£380,000	-	1
In the band £440,001-£450,000	1	-
In the band £520,001-£530,000	<u>1</u>	<u>-</u>

Key management personnel compensation totalled £1,326,598 (2021: £958,302) during the year.

7. Trustees remuneration and expenses

During the period, no trustees received any remuneration or other benefits.

During the period ended 30 June 2022, £7,974 worth of Trustee expenses have been incurred.

QUADRATURE CLIMATE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

8. Tangible fixed assets

	Office Equipment £	Total £
Cost		
At 30 June 2021	15,978	15,978
Additions	6,706	6,706
	<u>22,684</u>	<u>22,684</u>
At 30 June 2022	<u>22,684</u>	<u>22,684</u>
Depreciation		
At 30 June 2021	3,094	3,094
Charge for the period	5,392	5,392
	<u>8,486</u>	<u>8,486</u>
At 30 June 2022	<u>8,486</u>	<u>8,486</u>
Net Book Value		
At 30 June 2022	<u>14,198</u>	<u>14,198</u>
At 30 June 2021	<u>12,884</u>	<u>12,884</u>

9. Debtors

	2022 £	2021 £
Due within one year		
Prepayments and accrued income	70,367	2,791,641
Other Debtors	1,153	-
	<u>71,520</u>	<u>2,791,641</u>
	<u>71,520</u>	<u>2,791,641</u>

10. Creditors: Amounts falling due within one year

	2022 £	2021 £
Trade creditors	975,475	69,808
Other creditors	40,217	29,125
Accruals and deferred income	345,499	36,237
Grants payable – institutional	-	1,146,422
	<u>1,361,191</u>	<u>1,281,592</u>
	<u>1,361,191</u>	<u>1,281,592</u>

Details of future grant commitments are given in note 3 to the accounts.

QUADRATURE CLIMATE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

11. Reconciliation of net movement in funds to net cash flow from operating activities

	2022 £	2021 £
Net income for the period (as per Statement of Financial Activities)	(69,512)	1,391,024
Adjustments for:		
Depreciation charged	5,392	2,765
Purchase of tangible fixed assets	(6,706)	(8,853)
Disposal of tangible fixed assets	-	315
Decrease/(increase) in debtors	2,720,121	(2,787,546)
Increase/(decrease) in creditors	79,599	(404,620)
Net cash provided by operating activities	<u>2,728,894</u>	<u>(1,806,915)</u>

12. Pension Commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the scheme and amounted to £88,361 (2021: £55,502). At 30 June 2022 contributions of £8,361 (2021: £8,722) were unpaid and included in other creditors.

13. Related party transactions

During the period, donations of £130,258,175 (2021: £60,263,812) were received from QCL, a company controlled by two of the Foundation's trustees. Expenditure of £11,453 (2021: £16,496) was incurred by QCL on behalf of the foundation and recharged at cost. A total of £31,855 (2021: £20,402) was due to QCL at the period end and is included in creditors (note 10).