

Quadrature Climate Foundation
(A Company Limited by Guarantee)
Trustees' Report and Financial Statements
30 June 2020

Quadrature Climate Foundation

(A Company Limited by Guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS
For the Period Ended 30 June 2020**

Trustees	G H Skinner S Setiya N Cosgrove J Hooke
Company registered number	12194319
Charity registered number	1187301
Registered office	The Leadenhall Building 122 Leadenhall Street London EC3V 4AB
Independent auditors	Rees Pollock 35 New Bridge Street London EC4V 6BW
Bankers	UBS Wealth Management 5 Broadgate London EC2M 2AN

Quadrature Climate Foundation

(A Company Limited by Guarantee)

TRUSTEES' STATEMENT For the Period Ended 30 June 2020

The Quadrature Climate Foundation was established in September 2019 and received charitable status in January 2020. Throughout our first year we have been fortunate to be working with an excellent team in our partnership with consultancy SYSTEMIQ which has allowed us to research opportunities and begin grant making at scale at once, reflecting our views on the urgency at which we need to tackle this challenge. We are also grateful for the support provided by a range of experts and advisors with particular thanks to Joanna Messing, Ten Years' Time and the Climate Leadership Initiative. We have benefitted hugely from this support to build a wide range of relationships and knowledge across the sector. We also want to offer thanks to those who generously shared their insights and expertise as we established our strategy and granting processes. We were supported by QCL's Finance, Legal and People teams to establish the Foundation and set up our granting processes. In June 2020 we finalised the transition to an inhouse team and began recruiting permanent staff with continued support from QCL as needed. By the end of our first financial year we were delighted to have distributed £20m to 33 grantees focusing on a range of geographies including the UK, Europe, South America, Asia and the Middle East.

We are learning-by-doing in our grant-making and have granted at different scales and over different durations. We have incubated entirely new organisations and made grants to well established players, including global regranteeing organisations who hold so much knowledge about groups driving change on the ground. The areas we have focused on include making a coal to clean transition in the power sector, decarbonising transport and protecting natural carbon sinks and biodiversity. We've supported groups focused on movement building and citizen action alongside those who adopt a more inside track approach to conveying information and ideas.

We hope, through our investment in research and grant making, to make a lasting positive contribution in the fight to preserve our fragile and unique planetary home. In doing so, we hope to inspire others and are committed to being open and transparent about our activities and what we are learning. Below we present our annual report together with the audited financial statements of the Company for the period 6 September 2019 to 30 June 2020.

Yours

Greg, Suneil, Jen and Neil

Quadrature Climate Foundation

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TRUSTEES' REPORT For the Period Ended 30 June 2020

This Annual Report serves the purposes of both a Trustees' report and a directors' report under company law. The Trustees confirm that the Annual Report and financial statements of the charitable company comply with the current statutory requirements, the requirements of the charitable company's governing document 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. Constitution

Quadrature Climate Foundation (referred to below as QCF) is a charitable company limited by guarantee, incorporated on 6 September 2019 under the name QCF and registered as a charity on 10 January 2020. The charitable company changed its name to Quadrature Climate Foundation on 6 March 2020.

b. Methods of appointment or election of Trustees

The number of Trustees shall be not less than three but, unless and until QCF determines otherwise by ordinary resolution, shall not be subject to any maximum. Any person who is willing to act as a Trustee and is permitted by law to do so may be appointed to be a Trustee by ordinary resolution or by a decision of the Trustees.

c. Organisational structure and decision-making policies

The Board of Trustees delegate day to day management of QCF to two co-directors. All permanent staff are employed by QCF and a Service Level Agreement exists between QCF and Quadrature Capital Limited (QCL) for additional services that may be provided to support the day to day operations of QCF. 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.

d. 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 QCF's policies and procedures, including the Grant Making Policy.

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TRUSTEES' REPORT (CONTINUED) For the Period Ended 30 June 2020

Structure, governance and management (continued)

e. Pay policy for key management personnel

QCF 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 values of the organisation.

f. Related party relationships

QCF receives funding and other contributions from 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 QCF meets these requirements.

g. Financial risk management

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

h. Trustees' indemnities

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

i. Objectives and activities

QCF 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 people who work on issues relating to the mitigation of climate change and the promotion of sustainable development.

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

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TRUSTEES' REPORT (CONTINUED)
For the Period Ended 30 June 2020

j. Policies and objectives

QCF's objectives are the promotion of sustainable development by:

- The protection, preservation and improvement of the environment and the prudent use of resources
- 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.

QCF 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, QCF 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 (CONTINUED) For the Period Ended 30 June 2020

k. Strategies for achieving objectives

The Trustees have decided the current focus of the Foundation is on mitigation of global climate change with a global outlook. In view of the relatively high amount of philanthropy committed to climate change in North America, it has been decided at this time to maintain a focus on other geographies.

Within this broad topic, we are seeking to help remove the barriers which prevent urgent action to address climate change risks. Our aim is to increase the will to act and ensure the right information and incentives exist to drive change at every level.

At present our focus is on the three largest contributors to the build-up of greenhouse gases in the atmosphere: power generation, transport and agriculture with associated land use change. In addition, we have identified three cross-cutting levers which we seek to strengthen through our support: national and international policy and politics, financial sector reform and persuasive communications.

We will continue to adopt a learning-by-doing approach and aim to be thorough yet agile in our assessment of opportunities and outcomes. We seek to build capacity in the not for profit sector, providing multi-year grants and other forms of support where appropriate.

The Trustees will prioritise grants to be made in furtherance of QCF's stated priorities which include:

Collaboration

The person/entity must acknowledge others in the sector, be modest and realistic about capacity to drive change, foster shared knowledge and efforts and commit to making results open to the community.

Urgency

We want to focus on achieving near-term progress on reducing concentrations of greenhouse gases in the atmosphere. We support ideas that can be enacted quickly, scaled and sustained over time.

Dispassion

We focus on impact and are open to a wide range of solutions based on facts and sound analysis. We want to avoid ideologies that can distort focus.

Leverage

We are looking to support interventions that can trigger a big impact and ideas that can scale, with international relevance. We are particularly keen to support where other sources of support are hard to come by.

Experimentation

We want the work to originate from deep knowledge / specialism in a relevant field but we are comfortable with some risks relating to novelty as we look to scale successes. Originality is welcomed.

l. 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 for the early years is to build a wealth of research and knowledge that can inform grant making decisions and a strong business model to enable effective grant delivery and evaluation. To ensure a robust approach to performance the Foundation is establishing a strong grant portfolio management model including a strong emphasis on benchmarking, evaluation and learning.

Quadrature Climate Foundation

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TRUSTEES' REPORT (CONTINUED) For the Period Ended 30 June 2020

m. Social investment policies

QCF actively and rigorously pursues a policy of diversity in recruitment.

n. 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 QCF 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 and is an appropriate use of QCF funds.

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

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

o. Volunteers

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

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

QCF's primary activities are research and grant-making. We also engage with other philanthropic entities and their networks to exchange views and best practice.

Strategic report

This has been the first year of QCF's operations and it has reflected our core principles as set out above. We have sought to respond to the urgent nature of the problem by making grants from day one as we built our team and systems. We have been able to make those grants thanks to the collaborative partnerships that we have sought to build across the sector with other foundations, networks, advisors and grantees themselves. Finally, we have been experimental, learning by doing and thus granting quickly to ideas or organisations who can have impact towards our goals.

From the start we have recognised the need for long-term, directed support within the sector and we anticipate that we will build longer term and continuing relationships with grantees where appropriate.

We also recognise the opportunity to support innovation and entrepreneurship and QCF will look to mirror our founders' risk-taking appetite. We have supported new entities built out of entrepreneur or intrapreneurship across the globe both through our own granting and through our partners.

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TRUSTEES' REPORT (CONTINUED) For the Period Ended 30 June 2020

Strategic report (continued)

a. Main achievements of QCF

Since its inception in September 2019 to the end of this reporting period, QCF has been on a path of learning. We have engaged with those throughout the climate and sustainable development sector, seeking the opinion of experts and leaders. QCF engaged the services of SYSTEMIQ and their network of advisors, partners and employees. This permitted QCF to swiftly build up its knowledge, network, and partnerships with both grant makers and grantees.

In our initial granting, QCF aimed to support both leaders and institutions who are already having demonstrable impact within the sector which our funding aims to accelerate, and to seed more experimental or project focused grants which will have the capacity to grow and develop.

In our first year of granting we created an initial prioritisation of the potential areas of focus which was used for the majority of our grant-making. Alongside these, QCF also sought to respond to opportunities which arose where urgent support was needed either to address a particular issue or to give stability to a particular individual or organisation.

QCF's initial areas of focus included:

1. Power: moving from coal to clean while limiting the expansion of gas;
2. Agriculture, forestry and other land use: supporting an emissions positive agricultural system in Europe and strengthening deforestation efforts on the tropical forest frontier;
3. Communication: creation of narratives and engagement to a wider audience and building a de-polarised political landscape for climate action;
4. UK and COP26: strengthening the outcomes for COP26 and supporting a moment of wider engagement both nationally and sectorally;
5. Transport: reducing the demand for oil across road, maritime and aviation

Below is a selection of the entities supported within these strategies by QCF since its inception in January 2020 to the end of the first year.

As we evolve into our second year, QCF will delineate its core granting areas and continue to seek to respond in an agile and flexible manner to needs as they arise.

b. Key performance indicators

QCF measures a number of key areas to ensure appropriate oversight, efficient operation and timely intervention. QCF recognises that it is important to ensure that funds are utilised in such a way that they maximise the potential to positively support the core aims of the organisation. As a new charity, our forms of evaluation will be reviewed and adapted as we develop.

Operational metrics include the volume of grants by quantum and type, ratio of applications to successful receipt of grant, the speed with which grant applications can be processed and impact achieved through selection of the right grantees to deliver against the strategic aims of the organisation. We conduct anonymous grantee surveys to improve performance.

Additionally, QCF aims to measure the shape and size of the open grant portfolio, attrition rates, the level of additional (non-monetary) support provided to grantees and the promotion of programme outputs to the appropriate audiences in order to maximise the potential for addressing the global climate change challenge.

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TRUSTEES' REPORT (CONTINUED) For the Period Ended 30 June 2020

Strategic report (continued)

c. Review of activities

The following selected case studies provide examples of our grant-making to date.

Power: Coal to clean

Emissions from coal fired power generation remain the biggest single contributor to the global pollution blanket causing climate change. We support work to phase out coal and move to clean. Alongside some direct grants, we use re-grantors which allows us to leverage their networks and expertise to maximise our impact. For example, by allocating funds to civil society across the European Union member states, the UK, the Western Balkans and Turkey, the Europe Beyond Coal (EBC) campaign aims to educate about the importance of declining coal use and ensure coal in power is phased out across Europe by 2030.

Following coal plant cancellations in Poland, retirements in Spain and Portugal, and legislation in Germany on coal phase-out, EBC has seen capacity wins in 2020 almost as high as combined capacity wins in the period 2017-2019. The focus is increasingly turning to Turkey and the Western Balkans where progress remains slow.

Power: Tech-Neutrality

We believe the urgency and seriousness of the climate challenge requires us to embrace the full range of sustainable zero emissions technologies available. To decarbonise the parts of the world economy that cannot be easily electrified and to help balance highly variable power grids, we will need zero-carbon fuels (ZCFs). The world is awash in cheap gas, oil, and coal that may be hard to regulate or price out of existence without low-carbon, affordable substitutes. ZCFs can be made from a variety of sources; renewable energy, gas (with carbon capture) and nuclear energy.

QCF has granted to the US-founded Clean Air Task Force (CATF) to establish a European presence. As a technologically neutral voice in the debate, CATF will develop a bi-regional EU/Middle East North Africa strategy for increasing awareness of the role of ZCFs. In parallel, it will also engage with the EU Methane Strategy to ensure that the EU effectively attacks methane emissions from its domestic and imported oil and gas sector. Europe can use its leverage as the world's largest importer of natural gas and one of the world's largest importers of oil to reduce emissions from suppliers including Russia, Algeria and the US among others. By supporting fact-based, technologically neutral information provision and advocacy in the EU, we seek to accelerate the creation of an enabling policy environment for the bloc to reach net-zero before 2050.

Transport: reducing demand for oil

With the UK hosting the next global climate conference in 2021, we have focused on activities which can support a successful conference. This needs to include accelerated domestic action on climate, demonstrating the pathway to transition in a major economy. Our aim is to educate and inform about the importance of blueprint policies in Britain that can cost effectively deliver decarbonisation goals with maximum buy in/minimum backlash across all demographic groups. Transport is responsible for 28% of UK greenhouse gas emissions, the most of any sector. Progress has been slow, with emissions dropping only 3% since 1990. QCF has granted to a cluster of mutually re-enforcing organisations to address this hard-to-tackle problem from the complementary angles of policy, finance and communications.

We granted to: Green Alliance to coordinate civil society on policies which can accelerate decarbonisation of transport, including the bringing forward of the ban of international combustion engines (ICE), possible for its work on streetscape changes in English cities and for work on aviation; and UK100 to empower local authorities in the green transition. We are also supporting the Green Finance Institute to convene stakeholders to identify barriers and solutions in relation to the deployment of capital to clean transport solutions. As part of our commitment to innovation, we've seeded New Automotive, a start-up research group that performs data-led

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**TRUSTEES' REPORT (CONTINUED)
For the Period Ended 30 June 2020****Strategic report (continued)**

analysis and communicates directly with consumers to dispel myths and accelerate the take up of electric vehicles.

Internationally, we want to support outcomes in the real economy through country level buy-in to the clean transport transition and shifting financial flows. QCF is supporting InfluenceMap to educate about misinformation; the Global Maritime Forum to help the shipping sector identify pathways to commercially viable zero-emission vessels and funding The Climate Group to coordinate international work around electro-mobility in the run up to COP26.

Financial reform: Pensions

Meeting the goals of the Paris Agreement will require enormous shifts in financial flows. Ultimately, asset owners need to shift the frameworks against which they ask for their funds to be invested to include climate related considerations, whether through stewardship, investment or divestment. The pension providers offer a key intervention point for driving this change with £3tn invested in British pensions. Our support in this area has started with Make My Money Matter, an information and action campaign co-founded by film-maker Richard Curtis, focused on asking consumers to ensure their pension funds are aligned with a net-zero world. Led by providers like Nest, more British pension funds are committing to Paris-aligned investments.

QCF is also supporting Peers for the Planet (P4P), a cross party group for members of the House of Lords concerned about climate change and the environment. P4P helped add climate change into the Pensions Schemes Bill. Following amendments tabled by P4P co-Chair Baroness Hayman, a crossbencher in the House of Lords and engagement with the Minister, key changes to the Bill were included requiring pension fund Trustees to assess, manage and disclose climate-related risks.

Agriculture and Land Use: Forest Protection

Fighting climate change requires us not only to cut off the sources of greenhouse gas emissions but to protect the sinks, particularly on the deforestation frontier. Three grants made this year seek to strengthen the enabling conditions for national and state governments to protect and manage their essential forests while following a pathway to sustainable development.

Monitoring and reporting on illegal deforestation in Brazil is essential for enforcement and prevention. QCF has granted to MapBiomass, a multi-stakeholder initiative formed of non-profits, universities and technology companies mapping de-forestation and land use changes in Brazil. Using high-tech geospatial mapping MapBiomass generates tens of thousands of reports every year, providing essential data to federal agencies and public prosecutors defending the Amazon from illegal incursions.

Scaling what has been shown to work, we've given a further support to the RAISG network to roll out the model and mapping in order to provide the same monitoring and reporting across the northern Amazon region.

Clear and enforceable land rights and tenure are a strong pillar of any national land planning strategy. Supporting the development and protection of these rights for local communities and indigenous peoples is essential in the development of robust land management and use. QCF has granted to Rights and Resources Institute for their work with partners globally on the development of robust and resilience land rights laws and protections

d. Fundraising activities and income generation

QCF does not currently undertake fundraising activities.

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TRUSTEES' REPORT (CONTINUED) For the Period Ended 30 June 2020

Strategic report (continued)

e. Investment policy and performance

QCF does not currently hold any material investments. Any future investments will be approved by the Board 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.

Financial review

a. Going concern

After making appropriate enquiries, the Trustees have a reasonable expectation that QCF 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. Further details regarding the adoption of the going concern basis can be found in the accounting policies.

b. Reserves policy

QCF will, at all times, ensure that there is a minimum level of reserves available to sufficiently cover future expenditure. The approval of a Formal Reserves Policy will be a priority for the Board of Trustees in early 2021. All financial and other risks are considered and monitored on an on-going basis. The Reserves Policy when approved will be subject to annual review by the Board of Trustees.

c. Material investments policy

QCF does not currently hold any material investments. Any future investments will be approved by the Board 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.

d. Principal risks and uncertainties

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

e. Financial risk management objectives and policies

QCF recognises that risk management is essential to its governance and to sustainable operation of its services. The Trustees are responsible for ensuring that QCF 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 QCF's objectives.

f. Principal funding

All principal funding is provided by QCL.

Quadrature Climate Foundation**(A Company Limited by Guarantee)**

TRUSTEES' REPORT (CONTINUED)
For the Period Ended 30 June 2020**Statement of Trustees' responsibilities**

The Trustees (who are also the directors of the Company for the purposes of company law) are responsible for preparing the Trustees' Report including the Strategic 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 period. 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 Company and of its incoming resources and application of resources, including its income and expenditure, 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 of the Charities SORP (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Disclosure of information to auditors

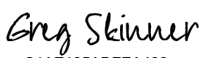
Each of the persons who are Trustees at the time when this Trustees' Report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charity's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

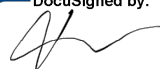
Auditors

The auditors, Rees Pollock, have indicated their willingness to continue in office. The designated Trustees will propose a motion reappointing the auditors at a meeting of the Trustees.

Approved by order of the members of the board of Trustees on 29 January 2021 and signed on their behalf by:

DocuSigned by:

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G H Skinner

DocuSigned by:

4588827FA183461...

J Hooke

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF QUADRATURE CLIMATE FOUNDATION

Opinion

We have audited the financial statements of Quadrature Climate Foundation (the 'charitable company') for the year ended 30 June 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, 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 2020 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF QUADRATURE CLIMATE FOUNDATION (CONTINUED)

Opinion 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 including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our 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 including the Strategic Report.

We have nothing to report in respect of the following matters in relation to which Companies Act 2006 requires us 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.

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement, 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.

Auditors' responsibilities for the audit of the financial statements

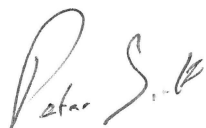
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee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

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF QUADRATURE CLIMATE FOUNDATION
(CONTINUED)**

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



Peter Scott (Senior Statutory Auditor)

for and on behalf of

Rees Pollock

Chartered Accountants Statutory Auditor

35 New Bridge Street

London

EC4V 6BW

1 February 2021

Quadrature Climate Foundation**(A Company Limited by Guarantee)****STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
For the Period Ended 30 June 2020**

	Note	Unrestricted funds 2020 £	Total funds 2020 £
Income from:			
Donations and legacies	2	30,818,928	30,818,928
Interest		36	36
		<u>30,818,964</u>	<u>30,818,964</u>
Total income			
Expenditure on:			
Charitable activities		21,348,310	21,348,310
Other expenditure	4	2,977,893	2,977,893
		<u>24,326,203</u>	<u>24,326,203</u>
Total expenditure			
		<u>6,492,761</u>	<u>6,492,761</u>
Net movement in funds			
Reconciliation of funds:			
Net movement in funds		6,492,761	6,492,761
		<u>6,492,761</u>	<u>6,492,761</u>
Total funds carried forward			
		<u>6,492,761</u>	<u>6,492,761</u>

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

The notes on pages 19 to 27 form part of these financial statements.

Quadrature Climate Foundation
(A Company Limited by Guarantee)
Company registered number: 12194319

BALANCE SHEET
As at 30 June 2020

	Note	2020 £
Fixed assets		
Tangible assets	8	7,111
		<u>7,111</u>
Current assets		
Debtors	9	4,095
Cash at bank and in hand		8,167,767
		<u>8,171,862</u>
Creditors: amounts falling due within one year	10	<u>(1,686,212)</u>
Net current assets		<u>6,485,650</u>
Total assets less current liabilities		<u>6,492,761</u>
Total net assets		<u><u>6,492,761</u></u>
Charity funds		
Restricted funds	11	-
Unrestricted funds	11	6,492,761
Total funds		<u><u>6,492,761</u></u>

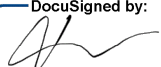
The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements were approved and authorised for issue by the Trustees on 29 January 2021 and signed on their behalf by:

DocuSigned by:

 C1AE185ADFEA422...

G H Skinner
 Trustee

DocuSigned by:

 4588827FA183461...

J Hooke
 Trustee

The notes on pages 19 to 27 form part of these financial statements.

Quadrature Climate Foundation
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
For the Period Ended 30 June 2020

	2020 £
Cash flows from operating activities	
Net cash used in operating activities	8,167,767
	<hr/>
Change in cash and cash equivalents in the period	8,167,767
	<hr/>
Cash and cash equivalents at the end of the period	8,167,767
	<hr/> <hr/>

The notes on pages 19 to 27 form part of these financial statements

Quadrature Climate Foundation

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS For the Period Ended 30 June 2020

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019), the 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 reasonable expectation that QCF 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.

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 other purposes.

1.4 Incoming resources

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 Resources expended

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 the 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**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS
For the Period Ended 30 June 2020****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.

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**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS
For the Period Ended 30 June 2020****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.

2. Income from donations and legacies

	Unrestricted funds 2020 £	Total funds 2020 £
Donations	30,818,928	30,818,928

Quadrature Climate Foundation**(A Company Limited by Guarantee)****NOTES TO THE FINANCIAL STATEMENTS**
For the Period Ended 30 June 2020**3. Analysis of grants**

	Grants to Institutions 2020 £	Total funds 2020 £
Grants awarded	21,348,310	21,348,310

During the year the Foundation made grants in excess of £399,000 to the following institutions:

	2020 £
10:10 Foundation Possible	415,000
350.org	810,649
Canopy Planet Society	500,000
Clean Air Task Force, Inc.	1,200,000
The Climate Group (Climate Change Organisation)	510,000
Climate Subak	450,000
Energy Climate Intelligence Unit (ECIU)	400,000
Energy Transition (ETC/Rocky Mountain Institute) China	430,000
Global Coal Campaign (Stichting SED Fund)	4,030,613
Green Finance Institute	540,000
Growald Family Fund	4,877,176
Make My Money Matter	400,000
Map Biomas	458,015
New Automotive	425,000
Rights & Resources Initiative	806,543
Rocky Mountain Institute	1,003,698
UK100	400,000
Woods Hole Research Centre	812,863
Other grants to institutions	2,878,753
	21,348,310

The Foundation has entered into commitments that may result in further grants totalling £42,804,909 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 2020.

Quadrature Climate Foundation**(A Company Limited by Guarantee)****NOTES TO THE FINANCIAL STATEMENTS
For the Period Ended 30 June 2020****4. Other expenditure**

	Unrestricted funds 2020 £	Total funds 2020 £
Admin expenses	106,019	106,019
Finance costs	249	249
Foreign Exchange Gain	(142,659)	(142,659)
Consulting fees	1,898,603	1,898,603
Legal and professional fees	807,417	807,417
Wages and Salaries	267,719	267,719
Employer's National Insurance	35,282	35,282
Pension costs	3,115	3,115
Other staff costs	1,819	1,819
Depreciation	329	329
	<u>2,977,893</u>	<u>2,977,893</u>

5. Auditors' remuneration

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

	2020 £
Fees payable to the Company's auditor for the audit of the Company's annual accounts	6,000
Fees payable to the Company's auditor in respect of:	
All non-audit services not included above	5,500
	<u>5,500</u>

Quadrature Climate Foundation**(A Company Limited by Guarantee)****NOTES TO THE FINANCIAL STATEMENTS
For the Period Ended 30 June 2020****6. Staff costs**

	2020 £
Wages and salaries	267,719
Social security costs	35,282
Contribution to defined contribution pension schemes	3,115
	<u>306,116</u>

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

	2020 No.
Employees	<u>3</u>

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

	2020 No.
In the band £90,001 - £100,000	1
In the band £130,001 - £140,000	1

Staff included above are considered to be key management personnel of the charitable company.

7. Trustees' remuneration and expenses

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

During the period ended 30 June 2020, no Trustee expenses have been incurred.

Quadrature Climate Foundation**(A Company Limited by Guarantee)****NOTES TO THE FINANCIAL STATEMENTS
For the Period Ended 30 June 2020****8. Tangible fixed assets**

	Office equipment £	Computer equipment £	Total £
Cost			
Additions	315	7,125	7,440
At 30 June 2020	<u>315</u>	<u>7,125</u>	<u>7,440</u>
Depreciation			
Charge for the period	-	329	329
At 30 June 2020	<u>-</u>	<u>329</u>	<u>329</u>
Net book value			
At 30 June 2020	<u><u>315</u></u>	<u><u>6,796</u></u>	<u><u>7,111</u></u>

9. Debtors

	2020 £
Due within one year	
Prepayments and accrued income	4,095
	<u>4,095</u>

10. Creditors: Amounts falling due within one year

	2020 £
Trade creditors	206,960
Other creditors	7,021
Accruals and deferred income	104,131
Grants payable - institutional	1,368,100
	<u>1,686,212</u>

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

Quadrature Climate Foundation

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
For the Period Ended 30 June 2020

11. Statement of funds

Statement of funds - current period

	Income £	Expenditure £	Balance at 30 June 2020 £
Unrestricted funds			
General Funds - all funds	30,818,964	(24,326,203)	6,492,761
	<u>30,818,964</u>	<u>(24,326,203)</u>	<u>6,492,761</u>

12. Analysis of net assets between funds

	Unrestricted funds 2020 £	Total funds 2020 £
Tangible fixed assets	7,111	7,111
Current assets	8,171,862	8,171,862
Creditors due within one year	(1,686,212)	(1,686,212)
Total	<u>6,492,761</u>	<u>6,492,761</u>

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

	2020 £
Net income for the period (as per Statement of Financial Activities)	6,492,761
Adjustments for:	
Depreciation charged	329
Purchase of tangible fixed assets	(7,440)
Decrease/(Increase) in debtors	(4,095)
Increase in creditors	1,686,212
Net cash provided by operating activities	<u>8,167,767</u>

Quadrature Climate Foundation**(A Company Limited by Guarantee)****NOTES TO THE FINANCIAL STATEMENTS
For the Period Ended 30 June 2020****14. Analysis of cash and cash equivalents**

	2020
	£
Cash at bank	8,167,767
Total cash and cash equivalents	8,167,767

15. Analysis of Net Debt

	Cash flows	At 30 June
	£	2020
		£
Cash at bank and in hand	8,167,767	8,167,767
	8,167,767	8,167,767

16. 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 £3,115. At 30 June 2020 contributions of £3,115 were unpaid and included in other creditors.

17. Related party transactions

During the period, donations of £30,818,928 were received from Quadrature Capital Limited (QCL), a company controlled by two of the Foundation's trustees. Expenditure of £1,846,049 was incurred by QCL on behalf of the Foundation and recharged at cost. A total of £16,464 was due to QCL at the period end and is included in creditors (note 10).