CLEAN AIR FUND

Annual report and accounts

2019
CLEAN AIR IS A HUMAN RIGHT

The Clean Air Fund is funded by:
# CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>LETTER FROM THE EXECUTIVE DIRECTOR</td>
<td>4</td>
</tr>
<tr>
<td>SUMMARY OF OUR YEAR</td>
<td>5</td>
</tr>
<tr>
<td>OUR OBJECTIVE: CLEAN AIR FOR ALL</td>
<td>7</td>
</tr>
<tr>
<td>OUR APPROACH</td>
<td>8</td>
</tr>
<tr>
<td>OUR 2019 ACTIVITIES, ACHIEVEMENTS AND PERFORMANCE</td>
<td>10</td>
</tr>
<tr>
<td>TEN THINGS WE LEARNED</td>
<td>15</td>
</tr>
<tr>
<td>OUR PLANS: STRATEGIC GOALS</td>
<td>16</td>
</tr>
<tr>
<td>OUR STRUCTURE GOVERNANCE &amp; MANAGEMENT</td>
<td>17</td>
</tr>
<tr>
<td>RISKS</td>
<td>19</td>
</tr>
<tr>
<td>FINANCIAL REVIEW</td>
<td>21</td>
</tr>
<tr>
<td>ADDITIONAL POLICIES</td>
<td>23</td>
</tr>
<tr>
<td>STATEMENT OF TRUSTEES’ RESPONSIBILITIES</td>
<td>24</td>
</tr>
<tr>
<td>INDEPENDENT AUDITOR’S REPORT TO THE TRUSTEES OF THE CLEAN AIR FUND</td>
<td>25</td>
</tr>
</tbody>
</table>

## OUR FINANCES

<table>
<thead>
<tr>
<th>Financial Statements</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statement of Financial Activities</td>
<td>30</td>
</tr>
<tr>
<td>Balance Sheet</td>
<td>31</td>
</tr>
<tr>
<td>Statement of Cash Flow</td>
<td>32</td>
</tr>
<tr>
<td>Notes to the Statement of Cash Flow</td>
<td>33</td>
</tr>
<tr>
<td>Notes to the Accounts</td>
<td>34</td>
</tr>
</tbody>
</table>

REFERENCE AND ADMINISTRATIVE DETAILS                           | 44   |
LETTER FROM THE EXECUTIVE DIRECTOR

Last year marked the creation, in May, of Clean Air Fund as an independent organisation, and the exciting official launch at the UN General Assembly in September. So much has happened in such a short space of time. We secured $50 million of funding from a diverse set of funders in order to achieve our core goals of combatting outdoor air pollution, improving human health and accelerating decarbonisation. We grew the organisation to deliver on the scale of our ambitions. Our grant making started in May 2019; and saw several early successes which we will build on in the years ahead, and as the portfolio matures.

This Clean Air Fund 2019 Annual Report highlights our key initial achievements, early lessons learned and priorities for the years ahead, amidst a turbulent backdrop.

Although these are early days, it has been hugely encouraging to see the activities we funded already paying dividends. We saw city leaders from around the world commit to meeting WHO guidelines for clean air and reporting publicly on their progress. We also supported campaign groups in the UK and Eastern Europe to push air pollution up the political agenda. At a grassroots level in Eastern Europe we supported partners to take critical steps toward coordinating national actors in an emerging air pollution field. We convened philanthropic organisations in India to support informed, collaborative and efficient decisions around funding of air pollution projects based a better understanding of current funding flows. We also established strategic partnerships to bring new voices and capabilities to the movement, especially with a view to drawing more businesses into the fold. These partnerships will be crucial to responding effectively to the scale of the multifaceted challenge facing us in the years ahead.

If ever we needed reminding of that complexity, developments during the COVID-19 crisis underlined the fundamental importance of clean air as a human right. Emerging evidence showed that the fatality rate from coronavirus has been higher in polluted places, where people’s lung health is compromised from years of exposure to toxic air. This highlights the costs that our current way of life exacts on our health. The dramatic reductions in air pollution that accompanied lockdown in many countries also shows that air quality can be improved near instantly with concerted government action and public cooperation.

At the Clean Air Fund we have already invested in programmes that respond to the new world we are all facing.

We are working at pace to build the evidence base on which policy decisions are made, to better communicate the economic and health impacts of poor air quality, and to support the growth of a stronger, more cohesive air pollution movement. We stand ready to play our part in creating a future in which breathing clean air is not only a human right, but a daily reality for people everywhere.

JANE BURSTON
Executive Director
Clean Air Fund
OUR YEAR IN NUMBERS

$50 million in donations secured towards $100m target.

7 diverse funders from health, climate, childhood development and mobility sectors.

$8.4 million of grants committed:

$3.7 million for our work across the globe;

$1.9 million for the UK;

$1.9 million for India;

$0.9 million for East and South East Europe.
CLEAN AIR FOR ALL
OUR OBJECTIVE: CLEAN AIR FOR ALL

The Clean Air Fund is a global philanthropic initiative that supports organisations around the world working to combat outdoor air pollution, improve human health and accelerate decarbonisation. We bring together funders, researchers, policy makers and campaigners to find and scale solutions that will provide clean air for all.

A MOVEMENT FOR CLEAN AIR

We are building the field for air quality. This is an opportunity for forward thinking Foundations to invest early on the issue and achieve rapid impact, especially in under-funded regions of the world.

We share expertise, data and best practice from across sectors and geographies to ensure that clean air can become a reality for everyone.

FUNDING IMPACT

We fund and support a multinational portfolio of clean air programmes to deliver impactful and scalable improvements to air quality. Our grant making strategy is co-created with our funders and partners.

We are already supporting projects in India, East and South East Europe and the UK, as well as a large-scale global programme which includes projects in China and Brazil.

A BETTER FUTURE FOR EVERYONE

Together, we can create a better future for everyone. We lead a coalition of funders who have an interest in health, children and climate change, bringing them together to strengthen their collective voice and impact.

To date, a number of like-minded and far-sighted funders have invested in the co-creation of the Clean Air Fund. We have set a goal of raising $100m – doubling our existing investment – within four years to urgently address worsening Air Quality.

A HIDDEN EMERGENCY

Everyone has the right to breathe clean air. Yet every year, millions of adults and children die prematurely, develop life threatening diseases or see their health affected by air pollution. Air pollution affects everyone, but over 90% of deaths occur in low- and middle-income countries. In all parts of the world it disproportionately impacts the poorest and most vulnerable.

FOR PEOPLE AND PLANET

Tackling air pollution will not just save lives, but can also inject urgency into the climate change agenda. The causes of climate change are often the same as the causes of air pollution: transport, the power sector, industry and crop burning. Improving air quality is a win for our planet, as well as its population.
OUR APPROACH

WHAT WE DO

Putting theory into practice: pilot, provide, promote
Our activities aim to ensure that the problem – and the benefits – of tackling air pollution are recognised and addressed widely. To achieve clean air for all, we are working towards a world in which information about the state of our air is transparent, accessible and used globally. We support partners to support governments and businesses to make binding and ambitious commitments – and then to deliver on them. We aim to make sure that effective policies and solutions are demonstrated and well understood, and that barriers to scaling solutions are removed.

Our approach is to pilot, provide and promote approaches that work, and collaborate with others to take applicable lessons and solutions to scale:

PILOT
We test approaches and achieve lasting change in a handful of geographies through targeted communication to persuade key audiences of the need for action, by championing appropriate legislation, and helping embed standards and new policies to measurably improve air quality in these places. We learn lessons about what works and what doesn’t, and help to create lighthouses of good practice.

PROVIDE
We equip people globally with the knowledge, tools and infrastructure to create change. We document what works and share it widely. We build and maintain the tools and infrastructure needed globally, while encouraging and enabling funders to work together and learn together to achieve systems change.

PROMOTE
We raise the issue of air pollution with governments globally, catalysing funding from a range of funders including development agencies and banks, and networking people across sectoral and discipline silos while bringing new actors into this space.

WHERE WE WORK

Lighthouse geographies
Effective action on air pollution requires a broad scope of activity and operating at large scale. As a new organisation, at our current funding levels and stage of development, the Clean Air Fund cannot operate with both a broad scope and a large scale. So we have made the choice to operate with a broad scope – working with academia and researchers, civil society, policy makers and businesses – and a targeted geographical reach.

The Clean Air Fund’s model involves running in-depth country programmes to achieve change at city and national level. We work in geographies where air pollution is causing significant risk to health, where action on air pollution can also mitigate climate change, where there is political will to change, and where the actions taken can be replicated and shared.

Applying these criteria, the Clean Air Fund currently works in India, the UK, and East and South East Europe as well as funding global programmes. We call these ‘lighthouse geographies’, as they will provide examples of approaches, projects and solutions that could be scaled in other countries and cities.
HOW WE WORK

Six pillars
We have learned from organisations that have been working in this field for many years, that action on six different ‘pillars’ is required in order to make progress in cleaning our air.

All six pillars are necessary for change to happen. Action is needed on all elements at once. Having some of these fundamental pieces without others could cause issues, for example:

- Having policy without data on sources of pollution could mean that proposed policies are unfit for purpose or unenforceable.
- Having data on how bad air pollution is, an understanding of the impact on health, and public awareness of the problem without policy and solutions, could lead to fear and short term fixes with no systemic change.
- If effective solutions are available but people aren’t aware of air pollution as a problem there might not be uptake of the solutions.
- Having all of the other pillars with a poorly networked field of researchers, policymakers, campaigners and communicators and no common knowledge risks slowing slow progress towards agreed air pollution goals.

DATA
Transparent and accessible data is needed to understand the sources of pollution and the impact that it has on people, the environment and the economy. Data is needed to inform policy, to enforce regulations, and to track progress.

IMPACTS
Understanding who is affected and how will help to protect people and to make the case for change. Articulating the benefits of tackling air pollution – to health, the economy, and the environment – will create a positive vision for change.

AWARENESS AND COMMS
People need to know about this problem and the solutions. Greater awareness will motivate individual and collective action and will raise the issue up the global agenda.

POLITICS AND POLICIES
Leaders need to step up and commit to action. Policy makers need clarity on which solutions have the biggest impact for local circumstances.

SOLUTIONS
New and existing solutions need to be quickly and widely taken up. Funding is needed to deploy solutions at scale. Action must be taken by businesses as well as governments and civil society.

STRENGTH OF THE FIELD
The number of actors in the field needs to grow, and to include ‘unusual suspects’. People need to be connected across geographical and thematic silos, and to have places and ways to share the growing knowledge base.
OUR 2019 ACTIVITIES, ACHIEVEMENTS AND PERFORMANCE

This section covers key highlights for the organisation in 2019, and how we performed against our objectives:

ORGANISATIONAL ACHIEVEMENTS

Along with our initial donors we designed the governance for the Clean Air Fund. During 2019 we incorporated as an entity (Jan 2019) and secured Charity Commission registration (May 2019). We recruited and onboarded four independent Board members (including a Chair) and onboarded two donor Board members. We established a Grant Committee, with two independent members, and set appropriate levels of delegated authority to the Grant Committee and Executive Director.

We grew an effective team rapidly, increasing to eight employees by the end of the year, including a team member based in Delhi and additional support from consultants where necessary to plug recruitment gaps.

We formally launched the Clean Air Fund on the main stage at the UN Secretary General’s Global Climate Action Summit with world leaders present. Our separate dedicated launch event was attended by over 100 key stakeholders during the 2019 Climate Week in New York. We supported the field to identify what is already happening in a given place, reduce duplication of effort and enable efficient grant-making. We did this by building and populating a database of existing and historical philanthropic air quality funding. We summarised our findings to-date in a launch report titled Clearing the Air: The State of Global Philanthropy on Air Quality, which tracked over 400 grants made by 35 foundations on air quality projects over the last 4 years. We also used the database to produce regional analyses, most notably in India, where we have heard anecdotally that our analysis is being used by many foundations to inform their granting approach.

Our pooled fund reached a total value of $50m. We continue to actively fundraise towards our 4-year target of raising $100m for clean air and are pursuing opportunities with other potential donors. In total we made plans to utilise $12.5m of grant funds, of which $8.4m was committed to grantees and projects.

We set our strategy for the years ahead. We decided to limit the number of geographies we work deeply in in order to achieve lasting change, and have initially selected the UK, East and South East Europe (focussing first of all in Poland and Bulgaria) and India. We will add an African country in 2021. We will scale up over time and through partnerships (see ‘our approach’ section), and are committed to supporting the growth of the field and the sharing of knowledge globally.

GRANT AND PROGRAMMING ACHIEVEMENTS

The Clean Air Fund commenced making grants in May 2019. During the eight months of operation in 2019 (May–Dec 2019), the Clean Air Fund made a smaller number of grants than will be typical in future years, and at higher funding levels. This enabled strategic partnerships with large organisations to be set up at an early stage of the Fund’s development, and enabled grant making to commence quickly whilst there were few staff available to develop grant programmes and complete due diligence.
We made inroads to achieving our goal of raising air pollution up the global agenda and see substantive new policies introduced to tackle the issue.

In October, our partners at C40 cities launched the Clean Air Cities Declaration with 35 city signatories, covering more than 140 million people from diverse regions globally. This builds global momentum towards declaring clean air as a human right, collectively rallies city leaders towards meeting WHO guidelines and provides accountability, requiring signatories to publicly report on progress on an annual basis.

We launched a partnership with the World Economic Forum to drive corporate action, thought leadership and political will for air pollution action at the highest levels in government and business. This builds globally on several local convenings that we supported in India and the UK during 2019, each bringing together key philanthropic partners, civil society, policymakers and international institutions to kickstart collaborations.
UNITED KINGDOM

We increased awareness about the impact of air pollution and used London as a test-bed for the next-generation of air quality monitoring technology.

We supported a network of dedicated campaigning organisations and scientists to raise awareness about the impact of air pollution, and to call for greater action from policymakers. Our partners ran local campaigns across the UK, released new research demonstrating the impact of air pollution on an individual’s health, and hosted roundtables with Members of Parliament and key stakeholders responsible for setting air quality policy.

We used London as a test-bed for innovative new air pollution monitoring technology. Our partners in the Breathe London consortium deployed a range of static and mobile technology to map and track London’s air quality at a hyperlocal scale, with all the data published for free at breathelondon.org. The project partners continue to develop and test cutting-edge techniques to help other cities develop networks of accurate and lower-cost air pollution monitors.

20% reduction in pollution could result in 8,000 fewer children with lower lung function.
We supported debates covering air quality and transport at the Polish national elections. In Poland, we supported several debates on air quality around the national elections in October 2019, including the first air quality in transport debate. Representatives from all political parties announced manifesto commitments and ongoing action. The ruling party – PiS – has continued a “Clean Air” programme which now has an allocated budget of PLN 103 bn (USD 27bn), over 10 years. The Minister of Development publicly supported the changes to the Low Emission Zone (LEZ) legislation suggested by our grantees in their amendments’ package. Our work will continue to raise the transport issue, build support for implementing the government’s Clean Air programme and its proposed solutions, and diversify the clean air movement in Poland.

We catalysed debates covering air quality, energy poverty and transport with mayoral candidates in Sofia. In Bulgaria, our grantee AirBG organised the first ever mayoral debate on air quality, with all key mayoral candidates in Sofia attending. It was held and broadcast on social media on the topic “What can the next mayor do for cleaner air in Sofia?” ahead of the local elections in November 2019. Candidates discussed measures they would take on various topics affecting air quality such as energy poverty, transportation, and waste. As a result, the newly elected Mayor immediately started to implement some of the promised measures upon appointment. We will continue to support action on air pollution by the Mayor of Sofia by building evidence and support for interventions and expand these lessons and approach to other cities in Bulgaria.
INDIA
We helped build a network of health expert and corporate leaders to become leading voices on air pollution in India.

We enabled the health sector to take a leadership role on air pollution action. Our work with the health sector in India has led to a network of doctors across 10 states in India to use their knowledge and expertise to drive the agenda for clean air. This network called ‘Doctors for Clean Air’ also mobilized leading medical associations in India representing over 150,000 medical professionals committed to working on clean air in their respective professional areas. We have installed air quality monitors in 25 hospitals in India to display air quality information to patients so they can learn about air pollution levels and how to protect themselves.

We are engaging the private sector on air pollution. We convened a CEO Forum with some of India’s largest and most polluting industries in collaboration with the Confederation of Indian Industries (CII). This grant is creating a network of corporate leaders who will take action on air pollution. One of their first acts has been to start developing sectoral action plans to lower emissions. Since incorporating in August, the Forum established membership from 10 companies, held several meetings, announced a Clean Air Declaration to drive action and developed a communications strategy to disseminate a shared narrative on air quality. The goal of all of this work was influencing policy change and wider adoption of solutions within Indian industries.

150,000 medical professionals committed to working on clean air in their professions across 10 Indian states.
TEN THINGS WE LEARNED

As an organisation we are committed to sharing what we learn about what works, and also what doesn’t work, as we progress towards clean air for all. Here are ten key things we learned in the first year of Clean Air Fund activities:

1. Air quality monitoring is chronically underfunded in many parts of the world, and technical capacity is particularly limited. The result is a global deficit of locally available information upon which to act.

2. The demand for data is growing at all levels: from governments looking to formulate new policy to local campaigners looking to demonstrate the scale of the air pollution problem. Each end-user has different technological needs; there is no ‘one size fits all’ solution to generating air quality data.

3. New monitoring technologies, such as ‘low-cost sensors’, bring huge potential to fill data gaps. But the technology is new, quickly evolving and data can be of varying quality. Increased support to demonstrate and improve new ways of monitoring air quality is needed to unlock the full potential of new monitoring technologies.

4. There is a huge amount of evidence demonstrating the link between long-term exposure to air pollution and health impacts. Making the evidence locally relevant is harder and happens less often, but is essential. To motivate people to act they need to understand the relevance of air pollution to them and their family.

5. There is a shortage of locally relevant assessments of the economic impact of air pollution.

6. In most places, air quality campaigns would benefit from coordination across different groups who have a concern – for example health, environment, parents groups. The impact of working together whilst coming from different perspectives can be significantly greater.

7. There is a need for an increased diversity of actors beyond the ‘usual suspects’ to be engaged in air quality; in particular the business community is not currently very engaged and could contribute a great deal.

8. Politicians at the national level tend to be less motivated to tackle air pollution compared to politicians at the local level.

9. There is a high level of ambition to act on air pollution among city governments, but action is often held back by a lack of experience, funds, powers and capacity.

10. Health funders are slowly engaging with the scale of the air pollution crisis – even amidst competing priorities. Bringing more on board may be hastened by showing the link between tackling air pollution and making a healthy economic recovery after COVID 19.
OUR PLANS: STRATEGIC GOALS

Our strategic plan covers the period from 2019–2022. Our strategy sets goals in five areas: funding, grant making, strategy and evaluation, field building, and building the organisation. The goals are summarised below:

FUNDING

We will continue working towards raising a total of $100m of income, with $50m raised to date.

GRANT MAKING

We are committed to disbursing our current funding over the next 3 years across our key geographies and strategic pillars and raising more for the cause. The grant making focus will shift from a small number of large grants towards a larger number of smaller grants in 2020 and beyond, and will also incorporate more grants to newer and grass roots organisations.

In both current and new countries we work in we will make grants that add innovation and diversity to our portfolio and network. We will increase the coordination and capacity of civil society groups taking action on air pollution; support citizen-led campaigns on air pollution. We will build the evidence about which air quality solutions have the best outcomes for both climate and health.

Success looks like additional and ambitious regulations, stricter enforcement, more informed political debate – and ultimately better health and economic outcomes arising from clean air for all.

We will build new partnerships and deepen existing partnerships that accelerate progress on air pollution, for example with the World Health Organisation and C40.

STRATEGY AND EVALUATION

We will develop the six pillar model of areas required for effective action on air pollution into a diagnostic tool which can be used by stakeholders to assess the state of readiness to work on air quality in a given place. We will promote the widespread use of this tool, particularly through our partners in cities and other philanthropic foundations.

We will select additional countries to act as lighthouse geographies, as additional funding permits, based on our criteria of working where air pollution is causing significant risk to health, where action on air pollution can also mitigate climate change, where there is political will to change, and where the actions taken can be replicated and shared.

The impact of COVID-19 provides both a risk and a reason to work hard to ensure that countries aiming to achieve economic recovery from crisis do so by building back in a greener, cleaner way.

FIELD BUILDING

We will develop our approach to building and convening a stronger, more cohesive and effective air pollution field.

We will also develop the Clean Air Fund as an expert, credible evidence lab and field catalyst.

We will share knowledge from individual grants and programmes with the field, including those we fund directly, and where appropriate, those funded by wider stakeholders.

BUILDING THE ORGANISATION

We will scale the Clean Air Fund team, including additional expertise in programming, and monitoring and evaluation. We will upgrade our grant making and financial management information technology platforms.
STRUCTURE, GOVERNANCE
AND MANAGEMENT

Overview
Clean Air Fund is a charitable company limited by guarantee (registered company number 11766712), constituted in 2019 and governed by its Memorandum and Articles of Association. Clean Air Fund is a charity registered in England and Wales (registration number 1183697) under the Charities Act 2011. The Charity has no subsidiary organisations.

Public Benefit
As a charity, the Clean Air Fund is a Public Benefit Entity. The Trustees confirm that they have complied with the duty in section 17 of the Charities Act 2011 to have due regard to the Charity Commission’s general guidance on public benefit including (PB2 Public Benefit: Running a Charity).

Establishing the organisation: Launch and Operational Capacity Building
Following an incubation period during 2018 within Children’s Investment Fund Foundation (CIFF), the Clean Air Fund was constituted and formally registered with Companies House on 15 January 2019 and registered as a charity with the Charity Commission on 3 June 2019. The Charity started operations on 1 May 2019.

Three staff who had worked on the charity setup (including the Executive Director) were transferred from CIFF in May 2019. During 2019 we recruited five more staff to build organisational capacity in programming and finance and operations.

Five additional posts were recruited or being recruited in the first half of 2020 to complete the initial capacity building phase and add expertise in external affairs, partnerships and monitoring and evaluation.

A thorough set of organisational policies and operational processes were developed, and all suppliers were put in place including IT support, accountancy, legal and auditors.

The Board of Trustees
The Board of Trustees is the governing body of the organisation and has legal, financial and managerial responsibility for the Charity. The Clean Air Fund has six Trustees of which two are funder Trustees and four are independent Trustees. The Chair is one of the independent Trustees. All Trustees are also Members.

New Trustees are appointed following a selection process based upon the Board skills matrix to identify relevant expertise and a meeting with the Executive Director and Chair of Trustees to assess fit with the organisation. Trustees serve a four year term from their date of appointment. Trustees are eligible to serve up to three full terms. New Trustee appointment is confirmed at a meeting of the Board.

New Trustees receive an induction briefing from the Executive Director and access to relevant policy documents covering their legal and regulatory responsibilities as well as relevant information about the Clean Air Fund.

The Board of Trustees has developed a Board skills matrix and a training plan is being developed to address skills gaps and as the requirement for ongoing learning.

PATRICIA ATKINSON
Appointed 15 January 2019

TEJPREET SINGH CHOPRA
Appointed 15 January 2019

SONIA MEDINA
Appointed 15 January 2019
Resigned 5 February 2019

KATHERINE GARRETT–COX (CHAIR)
Appointed 5 February 2019

JUSTIN JOHNSON
Appointed 5 February 2019

IVAN VATCHKOV
Appointed 18 December 2019

DOMINIC WAUGHRAY
Appointed 18 December 2019
Grant Committee
The Grant Committee is a sub-committee of the Board. The Committee’s membership includes designated Trustees, independent advisors with relevant technical expertise, and donors that have contributed at least $500,000 per year to the pooled fund.

The Grant Committee meets at least three times per year to consider in-country strategies and potential grant awards.

Grant Making Policy
Grant making within the Clean Air Fund is guided by the Grant Making Policy, the key principles of which are outlined below:

Principles relating to the Clean Air Fund’s strategy
- Grants shall be aligned to at least one of our six thematic pillars of data, impacts, communications, policy, solutions, field building.
- Grants shall be aligned to our geographic strategy: grants should be in or for the Clean Air Fund ‘lighthouse geographies’ or on a global scale.
- Grants shall not be made directly in areas ruled out of our strategy, including:
  - Litigation: the Clean Air Fund shall not make grants that are directly used to litigate;
  - Indoor air quality: grants should primarily focus on ambient (outdoor) air quality.

Principles relating to the Clean Air Fund’s values
- Grants shall align with the Clean Air Fund’s organisational values:
  - Evidence-based: informing, and being informed, by data and analysis to drive evidence-based decision making;
  - Collaborative and inclusive: serving and engaging the most vulnerable and ensuring those most impacted by air pollution and climate change are most benefited by our actions. Cultivating an ecosystem of partners to deliver our mission;
  - Impact-focused: striving for systemic change through impact-focused grant-making that delivers value for money.

- Grants shall have measurable and shareable results from which lessons can be learned by other organisations.

Key Management Personnel
The Executive Director Jane Burston was appointed by the Trustees in May 2019 having spent nearly 12 months incubating the Clean Air Fund as an employee of The Children’s Investment Fund Foundation.

Mike Saxton joined as Finance and Operations Director in April 2020 to replace part-time interim Operations Director Helen Cammack who had led on operational setup up to this point.

Decision Making
The Trustees consider that they, together with the Executive Director and the senior leadership team, comprise the key management of the charity in charge of directing and controlling, running and operating the charity on a day to day basis.

The Trustees have delegated certain authorities for decision making to the Executive Director (on grant making and daily operations) and to the Grants Committee (on grant making), the significant decisions of which are reported and monitored at each Board meeting.

- The Clean Air Fund Board has strategic and operational oversight of all the Clean Air Fund activities, and decision making on strategy and major grants.
- Detailed grant oversight and in-country strategies have been delegated in part to the Grant Committee.
- The Board has delegated the Executive Director grant making authority for smaller grants in line with the annual budgeting process.
The Trustees are responsible for the management of the risks faced by the Clean Air Fund in conjunction with the senior management team. This is documented in the Clean Air Fund’s risk management policy which sets out our risk management principles and roles and responsibilities. The policy covers the major strategic, financial, legal and operational risks to which the charity is and may be exposed.

All major risks are documented within a risk register. The risk register grades the risks according to their importance by assessing the likelihood and level of impact of each risk both before and after any mitigating actions. The risk register is updated and reviewed on a regular basis by the Finance and Operations Director and it is also reviewed at each board meeting.

Where necessary, the Clean Air Fund also creates and maintains risk response plans for specific topics, currently IT and cyber-security, and COVID-19.

The Clean Air Fund’s risk appetite is determined by the Board. We are prepared to take programming and grant-making related risks within accepted limits, for instance supporting innovative programmes whose outcome is uncertain.

The principal risks identified by the Trustees are:

- **Fast organisational growth creates the risk of poor quality implementation or grant making.** As a new organisation, policies and processes in a number of areas are still being embedded, and a number of the team members are new or roles are being recruited. This risk is mitigated by utilising experienced consultants and organisations to assist putting in place the right systems, structures and processes, by ensuring high quality recruitment to build organisational capacity and by ensuring adequate oversight from the senior team.

- **Lack of political buy-in to implement clean air policy changes makes the Clean Air Fund’s grants ineffective.** This risk is mitigated by designing country level strategies that incorporate the policy environment into planning and by the inclusion within the Clean Air Fund’s pillars of awareness raising and communication, and policy and advocacy activities.

- **Implementing in geographical locations where the sector is in early development means partner organisations may not initially achieve high impact.** The Clean Air Fund aims to achieve its goals working through partners. In several of the geographical locations the clean air sector is at early stages of development and therefore there is a risk around effective implementation. This risk is mitigated by working on a field building approach and at a grantee level by having a thorough grant assessment and due diligence process prior to awarding individual grants.

The Trustees are satisfied that plans, systems, controls and policies are in place to mitigate and manage exposure to such major risks identified by the Trustees.

**IMPACT OF COVID-19**

The Clean Air Fund has assessed the initial impact of COVID-19 on the organisation. This is the current status at the time of completing this report, as the situation is ongoing and will change significantly over time. We do not believe that COVID-19 will have a significant or material impact on our charity’s operations or financial position. The main source of income is from private foundations which have committed multi-year grant funding over the next three year period.

Currently all our staff have been able to fully transition to working from home and operations continue as normal, just at a physical distance.

We are working closely with our grantees to understand the impact to their organisations and are building contingency plans for any potential delays or changes to goals. We are continuing to make grants, taking into the current operating context. We are still pursuing new funding opportunities to be able to grow our portfolio of work and continue towards our organisation goals.
THE MOVEMENT FOR CLEAN AIR
FINANCIAL REVIEW

As part of our 4 year strategy we have two key financial goals:

- Secure $100m of funding pooled through or aligned with Clean Air Fund;
- Commit to the disbursement of the majority of funds raised to organisations working to achieve clean air for all, including signing at least $40m of grants from the first tranche of secured funding.

We made significant progress against these in 2019 by securing $50m of income and committing $8.4m of funds in our first 8 months of operation.

2019 is the first period of operation for the Clean Air Fund and as such there are no comparator figures to compare the financial performance against. The charity began incurring costs from 1 May 2019 so the figures represent eight months of operations. Below is brief summary of the sources of income, the areas of expenditure and the overall financial results.

INCOME

The Clean Air Fund’s income in 2019 came solely from large scale grants from philanthropic funders. Most of our funders have signed multi-year grant agreements, which collectively amount to $47.1m. Total income recognised during the year relating to these grants was $15.2m. The vast majority of the Clean Air Fund’s income (98%) relates to unrestricted funds, and is received into the central pooled fund, with only a very small (2%) of income relating to income from restricted grants.

Income is recognised in line with the Clean Air Fund’s accounting policy i.e. when there is entitlement to the funds, receipt is probable and the amount is measurable.

EXPENDITURE

The most significant area of the Clean Air Fund’s charitable expenditure relates to grants to third party organisations. We also deliver charitable activities through service contracts with private sector organisations, or on some occasions the Clean Air Fund will deliver activities directly. Grant making activities are managed by the Clean Air Fund’s programmes team and supported by the finance and operations team.

Total charitable expenditure in 2019 was $10m; of which $8.4m was grant expenditure, $0.7m was direct charitable activities, $0.2m was staff costs and $0.7m was support costs. This represents 99% of total expenditure.

The remaining 1% of expenditure $0.1m related to fundraising activity, which consisted of staff time dedicated to finding new donors and working towards our fundraising goals.

Grant expenditure is recognised on an accruals basis when there is a legal or constructive obligation for the charity to make a payment, and these payments are probable and measurable. This means for some grants, expenditure is accrued where grant payments will be made in future financial periods. In 2019 we committed $8.4m of grants of which $5.5m were contracted before the year end, with the remainder committed to grantees and subject to finalising grant agreements in the first quarter of 2020. We also approved strategies which included a further $4.1m of planned grant expenditure but that was not committed to grantees at 31 December 2019.

FINANCIAL RESULTS

The Clean Air Fund made an unrestricted surplus of $5.16m and all restricted funds were spent. This surplus is for two purposes: firstly, to provide the initial free reserves for the charity and secondly, to fund future grant commitments – including planned grant expenditure with partners pending formal grant agreements.
BALANCE SHEET

The majority of the Clean Air Fund’s assets at the end of 2019 were cash and bank deposits of $11.5m.

The main liabilities of the Clean Air Fund were grant accruals. These represent $6.8m (of which $5.0m are payable within the next 12 months and $1.8m is payable in over 12 months time)

The closing fund position was an unrestricted fund balance of $5.2m.

RESERVES POLICY

The Trustees aim to maintain free reserves in unrestricted funds at a level which equates to approximately four months of unrestricted charitable expenditure. The Trustees consider that this level will provide sufficient funds to respond to applications for grants and ensure that there are sufficient funds available to cover support and governance costs.

The Trustees also consider contingent grant commitments, where grant commitments are contingent on future performance milestones, when considering the appropriate level of reserves. Trustees may decide to earmark unrestricted reserves as designated funds to set aside funds for these contingent liabilities. The Trustees may, at their discretion ring-fence further unrestricted funds for future essential spend or for a specific purpose.

The year end unrestricted reserves were $5.2m. This represents significantly more than the policy requirement of four months of operational expenditure but gives the fund the ability to respond quickly to new grant opportunities.

GOING CONCERN STATEMENT

Taking into account the above financial review and the potential impact of COVID-19, the Trustees and senior management believe that the Clean Air Fund has adequate financial resources to continue in operational existing for the foreseeable future. We believe that there are no material uncertainties that call in to doubt the charity’s ability to continue to operate. Accordingly, the financial statements have been prepared on the going concern basis.
INVESTMENT POLICY
The Clean Air Fund does not have an endowment and therefore investment is not a major part of the Fund’s activities. The Clean Air Fund’s funds are held to support future grant expenditure. The aim of the investment policy is to minimise risk and protect capital security and therefore such assets are held as cash, invested to obtain a yield where possible.

SAFEGUARDING AND CHILD PROTECTION
The Clean Air Fund is committed to sector wide best practice with regards to safeguarding and child protection. The Clean Air Fund is committed to:

- Promoting good practice and work in a way that prevents harm, abuse and coercion occurring;
- Ensuring that any allegations of abuse or suspicions are investigated promptly and robustly. And where the allegation is proven it will be dealt with appropriately;
- Taking any action within our powers to stop abuse occurring and ensure the person who has experienced the abuse receives appropriate support; and
- Being transparent and open by reporting any cases of abuse to the appropriate authorities.

In order to create a working environment that safeguards our beneficiaries and stakeholders the Clean Air Fund will:

- Promote the rights of the people we work with to live free from abuse and coercion;
- Ensure the well-being of the people we work with; and
- Manage our work in a way that promotes safety and prevents abuse.

FUNDRAISING
The Clean Air Fund does not undertake any public fundraising activities and has no fundraising activity requiring disclosure under S162A of the Charities Act 2011.

REMUNERATION
None of the Trustees are remunerated for their services to the charity.

The remuneration of the Executive Director and key management are based on philanthropic market rates. The Executive Director’s remuneration is reviewed annually by the Trustees.

Staff salaries are based upon set pay scales which are set with reference to philanthropic market rates. Any increments to staff salaries are proposed by the senior leadership team and agreed and ratified by the Trustees.
STATEMENT OF TRUSTEES’ RESPONSIBILITIES

The Trustees (who are also the directors for the purposes for company law) are responsible for preparing the Trustees’ report and the financial statements in accordance with applicable law and regulations and United Kingdom generally accepted accounting practice (United Kingdom accounting standards) including FRS 102 (The Financial Reporting Standard) applicable in the UK and Republic of Ireland.

Company law requires the Trustees to prepare financial statements for each financial year. 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 charitable company and of the income and expenditure, of the charitable company for that. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observes the methods and principles in the Charities SORP;
- Make judgments and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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. This Trustees’ report has been prepared in accordance with the provisions applicable to companies entitled to the small companies’ exemption.

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

So far as the Trustees are aware, there is no relevant audit information of which the charitable company’s auditor is unaware. The Trustees have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that the charitable company’s auditor is aware of that information.

The Trustees’ Annual Report were approved and authorised for issue by the Board of Trustees on 18 June 2020 and signed on its behalf by

KATHERINE GARRETT-COX,
Chair
INDEPENDENT AUDITOR’S REPORT TO THE TRUSTEES OF THE CLEAN AIR FUND

OPINION

We have audited the financial statements of the Clean Air Fund for the period ended 31 December 2019 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 FRS 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 31 December 2019 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 Auditor’s 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 UK, including the FRC’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

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

- The Trustees’ use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

- The Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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 auditor’s report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion based on the work undertaken in the course of our audit:

- The information given in the Trustees’ report, which includes 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 directors’ report included within the Trustees’ report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In 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 directors’ report included within the Trustees’ 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:

- 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

- The Trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Trustees’ report.

RESPONSIBILITIES OF TRUSTEES
As explained more fully in the Trustees’ responsibilities statement set out on page 24, 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.

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.

**TARA WESTCOTT**
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP Statutory Auditor
Cheltenham
Date:
FOR PEOPLE AND PLANET
## STATEMENT OF FINANCIAL ACTIVITIES

**INTEGRATING INCOME AND EXPENDITURE ACCOUNT**

**FOR THE PERIOD ENDED 31 DECEMBER 2019**

<table>
<thead>
<tr>
<th>NOTES</th>
<th>UNRESTRICTED FUNDS 2019 $</th>
<th>RESTRICTED FUNDS 2019 $</th>
<th>TOTAL FUNDS 2019 $</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>14,951,790</td>
<td>264,212</td>
<td>15,216,002</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td>14,951,790</td>
<td>264,212</td>
</tr>
</tbody>
</table>

### INCOME FROM:

<table>
<thead>
<tr>
<th>Donations</th>
<th>2</th>
<th>14,951,790</th>
<th>264,212</th>
<th>15,216,002</th>
</tr>
</thead>
</table>

### EXPENDITURE ON:

| Raising funds | 3 | 89,544 | 89,544 |
| Charitable activities | 3 | 9,590,695 | 373,210 | 9,963,905 |

<table>
<thead>
<tr>
<th><strong>TOTAL</strong></th>
<th>9,680,239</th>
<th>373,210</th>
<th>10,053,449</th>
</tr>
</thead>
</table>

| Net (expenditure)/income before transfers | 5,271,551 | (108,998) | 5,162,553 |
| Transfers | (108,998) | 108,998 | 0 |

<table>
<thead>
<tr>
<th>Net income and net movement in funds</th>
<th>10/11</th>
<th>5,162,553</th>
<th>5,162,553</th>
</tr>
</thead>
</table>

### RECONCILIATION OF FUNDS:

<table>
<thead>
<tr>
<th>Fund balances brought forward at 15 January 2019</th>
<th>0</th>
<th>0</th>
<th>0</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund balances carried forward at 31 December 2019</td>
<td>5,162,553</td>
<td>0</td>
<td>5,162,553</td>
</tr>
</tbody>
</table>

All of the charity’s activities derived from continuing operations during the above financial period. There are no comparative figures due to this being the first period of operation. All recognised gains and losses are included in the above statement of financial activities.
# BALANCE SHEET

## AS AT 31 DECEMBER 2019

<table>
<thead>
<tr>
<th></th>
<th>NOTES</th>
<th>2019 $</th>
<th>2019 $</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CURRENT ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debtors</td>
<td>7</td>
<td>641,314</td>
<td></td>
</tr>
<tr>
<td>Cash at bank and in hand</td>
<td></td>
<td>11,529,859</td>
<td>12,171,173</td>
</tr>
<tr>
<td><strong>LIABILITIES FALLING DUE WITHIN ONE YEAR</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants payable</td>
<td>8</td>
<td>(4,960,718)</td>
<td>(5,205,014)</td>
</tr>
<tr>
<td>Creditors</td>
<td>9</td>
<td>(244,296)</td>
<td></td>
</tr>
<tr>
<td><strong>NET CURRENT ASSETS</strong></td>
<td></td>
<td></td>
<td>6,966,159</td>
</tr>
<tr>
<td><strong>LIABILITIES FALLING DUE AFTER ONE YEAR</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants payable</td>
<td>8</td>
<td>(1,803,606)</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL NET ASSETS</strong></td>
<td></td>
<td></td>
<td>5,162,553</td>
</tr>
</tbody>
</table>

**FUNDS:**

**UNRESTRICTED FUNDS**

General funds

5,162,553

**RESTRICTED FUNDS**

—

**TOTAL FUNDS**

5,162,553

These accounts have been prepared in accordance with the provisions of the small companies regime within Part 15 of the Companies Act 2006 (Company number 11766712). Notes 1–12 form part of these financial statements.

The financial statements were approved by the members of the Board of Trustees on 18 June 2020 and signed on their behalf by:

Chair: Katherine Garett-Cox
# Statement of Cash Flow

**As at 31 December 2019**

<table>
<thead>
<tr>
<th>Description</th>
<th>Notes</th>
<th>2019 $</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash Flows from Operating Activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net cash provided by (used in) operating activities</td>
<td>A</td>
<td>11,529,859</td>
</tr>
<tr>
<td><strong>Cash Flows from Investing Activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest received</td>
<td></td>
<td>–</td>
</tr>
<tr>
<td>Net cash provided by (used in) investing activities</td>
<td></td>
<td>–</td>
</tr>
<tr>
<td><strong>Cash Flows from Financing Activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net cash provided by (used in) financing activities</td>
<td></td>
<td>–</td>
</tr>
<tr>
<td><strong>Change in Cash and Cash Equivalents in the Period</strong></td>
<td>B</td>
<td>11,529,859</td>
</tr>
<tr>
<td><strong>Transfers</strong></td>
<td>B</td>
<td>–</td>
</tr>
<tr>
<td><strong>Net Income and Net Movement in Funds</strong></td>
<td>B</td>
<td>11,529,859</td>
</tr>
</tbody>
</table>
NOTES TO THE STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2019

A  RECONCILIATION OF NET (EXPENDITURE) INCOME AND NET MOVEMENT IN FUNDS TO NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th>2019 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>(AS PER THE STATEMENT OF FINANCIAL ACTIVITIES)</td>
</tr>
<tr>
<td>5,162,553</td>
</tr>
</tbody>
</table>

**ADJUSTMENTS:**

<table>
<thead>
<tr>
<th>2019 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decrease (increase) in debtors</td>
</tr>
<tr>
<td>(641,314)</td>
</tr>
<tr>
<td>Increase in creditors falling due within one year</td>
</tr>
<tr>
<td>5,205,014</td>
</tr>
<tr>
<td>Increase in creditors falling due within one year</td>
</tr>
<tr>
<td>1,803,606</td>
</tr>
</tbody>
</table>

**NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES**

<table>
<thead>
<tr>
<th>2019 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>11,529,859</td>
</tr>
</tbody>
</table>

B  ANALYSIS OF CASH AND CASH EQUIVALENTS

<table>
<thead>
<tr>
<th>2019 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL CASH AND CASH EQUIVALENTS:</td>
</tr>
<tr>
<td>Cash at bank and in hand</td>
</tr>
<tr>
<td>11,529,859</td>
</tr>
</tbody>
</table>
NOTES TO THE ACCOUNTS
For the period ended 31 December 2019

1 ACCOUNTING POLICIES
The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the accounts are laid out below.

A Basis of preparation
The Charity is a charitable company limited by guarantee (registered number 11766712), which is incorporated and domiciled in the UK and is a public benefit entity. The Charity is registered in England and Wales (registered number 1183897). The Charity was incorporated on 19 January 2019 and the year end date was changed from 31 January to 31 December and therefore these financial statements cover the period from 19 January 2019 to 31 December 2019. The Charity started trading on 1 May 2019.

The accounts have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these accounts.

The financial statements have been prepared in accordance with the Charities SORP (FRS102) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland and the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006, and UK Generally Accepted Practice as it applies from 1 January 2015.

The charity constitutes a public benefit entity as defined by FRS 102.

The financial statements are presented in US dollars and are rounded to the nearest dollar. US dollars is the currency of the primary economic environment in which the entity operates reflecting the currency of both the majority of income and grants awarded.

B Critical accounting estimates and areas of judgement
Preparation of the accounts requires the Board of Trustees and management to make significant judgements and estimates.

The items in the accounts where these judgements and estimates have been made include:

- Allocating support costs between expenditure headings as described in the Allocation of Support Costs policy.
- Timing of entitlement of income as described in the income policy.

C Assessment of going concern
The Board of Trustees have assessed whether the use of the going concern basis is appropriate and have considered possible events or conditions that might cast significant doubt on the ability of the charity to continue as a going concern. The Trustees have made this assessment for a period of at least one year from the date of approval of the financial statements. In particular the trustees have considered the charities forecasts and projections and have taken account of pressures on charitable activities income and the potential impact of Covid-19 on operations. After making enquiries the Trustees have concluded that there is a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. The charity therefore continues to adopt the going concern basis in preparing its financial statements.

D Income
Income is recognised once the Charity has entitlement to the income, it is probable that the income will be received, and the amount can be measured reliably.

Donations received by the Charity, which are made up of grants, include those from donors that provide core funding, or are of a general nature. In the event that a grant is subject to conditions, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the Charity and it is probable that those conditions will be fulfilled, including those committed over multiple years.

Grants received with a restricted purpose are allocated on receipt directly into the correct fund and are not transferred between funds.

E Expenditure
All expenditure is accounted for on an accrual basis and is recognised as soon as there is a legal or constructive obligation committing the charity to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. All expenditure is stated inclusive of irrecoverable VAT.

Charitable activities comprise direct expenditure including grant expenditure and direct staff costs attributable to the activity.
Grants are made to institutions and are recognised where the beneficiary has been formally notified in writing of the award. This notification gives the recipient a reasonable expectation that they will receive the one-year or multi-year grant. In the case of an unconditional grant offer this is accrued once the recipient has been notified of the grant award. Grant awards that are subject to the recipient fulfilling conditions are accrued when any remaining unfulfilled conditions attaching to that grant are outside of the control of the Charity.

The provision for a multi-year grant is recognised at its present value where settlement is due over more than one year from the date of the award, there are no unfulfilled performance conditions under the control of the Charity that would permit the Charity to avoid making the future payment(s), settlement is probable and the effect of discounting is material.

Costs of raising funds include staff time incurred seeking new grants and additional funding for the Charity.

**F Allocation of support costs**

Support costs, including general management, financial management, information systems and premises costs, have been allocated to activities based on the average staff time spent. Governance costs are those incurred in connection with the management of the Charity’s assets, organisational administration and compliance with constitutional and statutory requirements. Support costs are allocated on the basis of direct staff costs for each activity.

**G Debtors**

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

**H Cash at bank**

Cash at bank represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

**I Creditors**

Creditors are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

**J Funds structure**

General funds are unrestricted funds that are available for use at the discretion of the Trustees in furtherance of the general objectives of the Charity, and that have not been designated for other purposes. Restricted funds are funds that are to be used in accordance with specific restrictions imposed by donors.

All income and expenditure of the Clean Air Fund has been included in the Statement of Financial Activities.

**K Pension costs**

Contributions payable to defined contribution pension schemes and/or personal pension plans are accounted for in the year in which they are payable.

**L Foreign currency translation**

Monetary assets and liabilities denominated in a foreign currency are translated into USD at the exchange rate ruling on the Balance Sheet date. Transactions in foreign currencies are recorded at the average rate of exchange for the month the transaction was incurred.

All exchange differences are taken to the statement of financial activities.

**M Financial instruments**

The Charity has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at the present value of the future cash flows unless the effect of discounting would be immaterial. Financial assets comprise cash at bank and in hand and debtors, including accrued income. Financial liabilities comprise grants payable, other creditors and accrued expenditure.

**N Taxation**

The Clean Air Fund is a registered charity and, therefore, is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

**O Non-adjusting post Balance Sheet event**

The global spread of COVID-19 is having a significant impact on social and economic activity in both the United Kingdom and all countries where Clean Air Fund has activities. For the purposes of financial reporting as at 31 December 2019 this is a non-adjusting post balance sheet event. We do not expect there to be any potential impact on the activities and position of the charity, as set out in the Trustees Annual Report on page 19.
2 INCOME

<table>
<thead>
<tr>
<th></th>
<th>UNRESTRICTED 2019 $</th>
<th>RESTRICTED 2019 $</th>
<th>PERIOD TO 31 DECEMBER 2019 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants</td>
<td>14,951,790</td>
<td>264,212</td>
<td>15,216,002</td>
</tr>
<tr>
<td>TOTAL</td>
<td>14,951,790</td>
<td>264,212</td>
<td>15,216,002</td>
</tr>
</tbody>
</table>

3 EXPENDITURE

A Charitable expenditure

DIRECT COSTS

<table>
<thead>
<tr>
<th></th>
<th>GRANTS (NOTE 4) $</th>
<th>STAFF COSTS $</th>
<th>OTHER COSTS $</th>
<th>SUPPORT AND GOVERNANCE COSTS $</th>
<th>PERIOD TO 31 DECEMBER 2019 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>CHARITABLE ACTIVITIES</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>UK</td>
<td>1,856,961</td>
<td>40,522</td>
<td>364,442</td>
<td>132,182</td>
<td>2,394,107</td>
</tr>
<tr>
<td>India</td>
<td>1,848,957</td>
<td>41,859</td>
<td>76,250</td>
<td>136,543</td>
<td>2,103,609</td>
</tr>
<tr>
<td>East and South East Europe</td>
<td>855,000</td>
<td>47,455</td>
<td>25,052</td>
<td>154,797</td>
<td>1,082,304</td>
</tr>
<tr>
<td>Global and other</td>
<td>3,857,232</td>
<td>67,384</td>
<td>239,464</td>
<td>219,805</td>
<td>4,383,885</td>
</tr>
<tr>
<td>TOTAL CHARITABLE ACTIVITIES</td>
<td>8,418,150</td>
<td>197,220</td>
<td>705,208</td>
<td>643,327</td>
<td>9,963,905</td>
</tr>
<tr>
<td>RAISING FUNDS</td>
<td>—</td>
<td>20,646</td>
<td>1,550</td>
<td>67,348</td>
<td>89,544</td>
</tr>
<tr>
<td>TOTAL CHARITABLE EXPENDITURE</td>
<td>8,418,150</td>
<td>217,866</td>
<td>706,758</td>
<td>710,675</td>
<td>10,053,449</td>
</tr>
</tbody>
</table>
### Support and governance costs

<table>
<thead>
<tr>
<th>PERIOD TO 31 DECEMBER 2019 $</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SUPPORT COSTS</strong></td>
<td></td>
</tr>
<tr>
<td>Staff costs</td>
<td>352,906</td>
</tr>
<tr>
<td>Communications &amp; events</td>
<td>58,067</td>
</tr>
<tr>
<td>Legal &amp; professional</td>
<td>148,070</td>
</tr>
<tr>
<td>Office &amp; IT</td>
<td>94,617</td>
</tr>
<tr>
<td>Travel</td>
<td>17,093</td>
</tr>
<tr>
<td>Foreign exchange</td>
<td>16,117</td>
</tr>
<tr>
<td><strong>TOTAL SUPPORT</strong></td>
<td>686,870</td>
</tr>
<tr>
<td><strong>GOVERNANCE COSTS</strong></td>
<td></td>
</tr>
<tr>
<td>Auditors renumeration</td>
<td>21,316</td>
</tr>
<tr>
<td>Trustee costs</td>
<td>2,489</td>
</tr>
<tr>
<td><strong>TOTAL GOVERNANCE</strong></td>
<td>23,805</td>
</tr>
<tr>
<td><strong>TOTAL SUPPORT AND GOVERNANCE</strong></td>
<td>710,675</td>
</tr>
</tbody>
</table>
### Grants

<table>
<thead>
<tr>
<th>Organisation</th>
<th>UK $</th>
<th>INDIA $</th>
<th>EAST AND SOUTH EAST EUROPE $</th>
<th>GLOBAL AND OTHER $</th>
<th>PERIOD TO 31 DECEMBER 2019 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blacksmith Institute</td>
<td></td>
<td></td>
<td>199,131</td>
<td></td>
<td>199,131</td>
</tr>
<tr>
<td>C40 Cities Climate Leadership Group Inc</td>
<td></td>
<td></td>
<td>2,489,906</td>
<td></td>
<td>2,489,906</td>
</tr>
<tr>
<td>Cape Farewell</td>
<td></td>
<td></td>
<td>40,000</td>
<td></td>
<td>40,000</td>
</tr>
<tr>
<td>Confederation of Indian Industry</td>
<td></td>
<td>723,957</td>
<td></td>
<td></td>
<td>723,957</td>
</tr>
<tr>
<td>Environmental Defense Fund</td>
<td></td>
<td></td>
<td>298,260</td>
<td></td>
<td>298,260</td>
</tr>
<tr>
<td>Environmental Defense Fund Europe</td>
<td>1,106,064</td>
<td></td>
<td>1,106,064</td>
<td></td>
<td></td>
</tr>
<tr>
<td>European Climate Foundation</td>
<td>550,000</td>
<td>505,000</td>
<td></td>
<td></td>
<td>1,055,000</td>
</tr>
<tr>
<td>Greater London Authority</td>
<td>34,897</td>
<td></td>
<td></td>
<td></td>
<td>34,897</td>
</tr>
<tr>
<td>Health Care without Harm</td>
<td></td>
<td>1,125,000</td>
<td></td>
<td></td>
<td>1,125,000</td>
</tr>
<tr>
<td>New Venture Fund</td>
<td></td>
<td></td>
<td>50,000</td>
<td></td>
<td>50,000</td>
</tr>
<tr>
<td>OpenAQ</td>
<td></td>
<td></td>
<td>149,935</td>
<td></td>
<td>149,935</td>
</tr>
<tr>
<td>Purpose Foundation</td>
<td>166,000</td>
<td>350,000</td>
<td></td>
<td></td>
<td>516,000</td>
</tr>
<tr>
<td>World Economic Forum</td>
<td></td>
<td></td>
<td>630,000</td>
<td></td>
<td>630,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,856,961</strong></td>
<td><strong>1,848,957</strong></td>
<td><strong>855,000</strong></td>
<td><strong>3,857,232</strong></td>
<td><strong>8,418,150</strong></td>
</tr>
</tbody>
</table>
### 5 STAFF COSTS

<table>
<thead>
<tr>
<th>Description</th>
<th>Period to 31 December 2019 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages and salaries</td>
<td>341,740</td>
</tr>
<tr>
<td>Social security costs</td>
<td>30,584</td>
</tr>
<tr>
<td>Pension costs</td>
<td>21,210</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>393,534</strong></td>
</tr>
</tbody>
</table>

The average number of employees has been analysed over a 12 month period, (by head count), analysed by function, was as follows:

<table>
<thead>
<tr>
<th>2019 No.</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Fundraising</td>
<td>0.2</td>
</tr>
<tr>
<td>Charitable Activities</td>
<td>3.0</td>
</tr>
<tr>
<td>Support</td>
<td>1.0</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>4.2</strong></td>
</tr>
</tbody>
</table>

Clean Air Fund had no employees until May 2019 when 3 employees joined and by 31 December 2019 there were 8 employees.

There was 1 employee who earned $75,865 (£60,000) per annum or more (including benefits) during the year, based on the average exchange rate for the year.

<table>
<thead>
<tr>
<th>Period to 31 December 2019 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>$124k to $139k (£100k to £120k)</td>
</tr>
</tbody>
</table>

| **TOTAL** | 1 |

The key management personnel of Clean Air Fund has been defined as the Executive Director, Interim Operations Director and the Finance and Operations Director (who was employed in April 2020). The total employee benefits including employer’s pension contributions of the key management personnel were $207,642.

The Trustees did not receive any remuneration for their services during the period. The Trustees’ expenses reimbursed amounted to $2,489 travel and meeting expenses in connection with their duties as members of the Board of Trustees. The expenses related to one Trustee.
6 NET (EXPENDITURE) INCOME BEFORE TRANSFERS

This is stated after charging:

<table>
<thead>
<tr>
<th>TOTAL FUNDS</th>
<th>2019 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit Fees (incl VAT)</td>
<td>21,316</td>
</tr>
</tbody>
</table>

7 DEBTORS

<table>
<thead>
<tr>
<th>PERIOD TO 31 DECEMBER</th>
<th>2019 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accrued income</td>
<td>636,980</td>
</tr>
<tr>
<td>Prepayments</td>
<td>4,334</td>
</tr>
<tr>
<td>TOTAL</td>
<td>641,314</td>
</tr>
</tbody>
</table>
## 8 GRANTS PAYABLE

<table>
<thead>
<tr>
<th></th>
<th>2019 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants awarded in the period</td>
<td>8,418,150</td>
</tr>
<tr>
<td>Grants paid in the period</td>
<td>(1,653,826)</td>
</tr>
<tr>
<td><strong>GRANT COMMITMENTS AT 31 DECEMBER</strong></td>
<td>6,764,324</td>
</tr>
<tr>
<td>Payable within one year</td>
<td>4,960,718</td>
</tr>
<tr>
<td>Payable after one year</td>
<td>1,803,606</td>
</tr>
</tbody>
</table>

## 9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

<table>
<thead>
<tr>
<th></th>
<th>2019 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade Creditors</td>
<td>105,147</td>
</tr>
<tr>
<td>Accruals</td>
<td>120,940</td>
</tr>
<tr>
<td>Social Security costs</td>
<td>18,209</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>244,296</strong></td>
</tr>
</tbody>
</table>
## 10 MOVEMENT IN FUNDS

<table>
<thead>
<tr>
<th></th>
<th>AT 15 JANUARY 2019 $</th>
<th>INCOME $</th>
<th>EXPENDITURE $</th>
<th>TRANSFERS $</th>
<th>PERIOD TO 31 DECEMBER 2019 $</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>UNRESTRICTED FUNDS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General fund</td>
<td>—</td>
<td>14,951,790</td>
<td>(9,680,239)</td>
<td>(108,998)</td>
<td>5,162,553</td>
</tr>
<tr>
<td><strong>RESTRICTED FUNDS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Clean Air Fund Launch</td>
<td>—</td>
<td>37,053</td>
<td>(141,124)</td>
<td>104,071</td>
<td>—</td>
</tr>
<tr>
<td>Evening Standard Partnership</td>
<td>—</td>
<td>227,159</td>
<td>(232,086)</td>
<td>4,927</td>
<td>—</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>—</td>
<td>264,212</td>
<td>(373,210)</td>
<td>108,998</td>
<td>—</td>
</tr>
<tr>
<td><strong>TOTAL FUNDS</strong></td>
<td>—</td>
<td>15,216,002</td>
<td>(10,053,449)</td>
<td>—</td>
<td>5,162,553</td>
</tr>
</tbody>
</table>

The restricted funds of the charity compromise of income given for specific purposes, there were no unexpended funds at 31 December. In 2019 these funds were for:

- The launch event at the United Nations Climate Change Summit, which was partially funded by The Wellcome Trust; and
- A partnership with the London Evening Standard that focuses on the promotion of Clean Air as part of the Future London campaign.

As these projects were only partially funded by restricted funds, the transfers made in year were from the general fund to cover the differences.
11 ANALYSIS OF NET ASSETS BETWEEN FUNDS

<table>
<thead>
<tr>
<th></th>
<th>UNRESTRICTED FUND $</th>
<th>RESTRICTED FUND $</th>
<th>TOTAL 2019 $</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FUND BALANCES AT 31 DECEMBER 2019 ARE REPRESENTED BY:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Assets</td>
<td>12,171,173</td>
<td>—</td>
<td>12,171,173</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>(5,205,014)</td>
<td>—</td>
<td>(5,025,014)</td>
</tr>
<tr>
<td>Non-Current Liabilities</td>
<td>(1,803,606)</td>
<td>—</td>
<td>(1,803,606)</td>
</tr>
<tr>
<td><strong>TOTAL NET ASSETS</strong></td>
<td>5,162,553</td>
<td>—</td>
<td>5,162,553</td>
</tr>
</tbody>
</table>

12 TRANSACTIONS WITH RELATED PARTIES

No related parties transactions have taken place with senior management. Clean Air Fund’s Conflict of Interest policy is Board or Grant Committee members who have an interest in any grant awarding decisions do not take part in that decision and disclose any interest.

Justin Johnson (Trustee) – Currently holds the position of Climate Director at The Children’s Investment Fund Foundation (CIFF) and is a member of the Global Board of directors of C40 Inc. During the period CIFF awarded a grant of $20,047,174 and of which CAF received $9,145,428 during the period.

In the period C40 Inc was awarded a grant of $2,489,906 of which $622,477 was paid in the period. He has received no remuneration in his capacity as a Trustee.

Patricia Atkinson (Trustee) – Currently holds the position of Chief Programme Officer at IKEA Foundation. During the period IKEA Foundation awarded a grant of $20,000,000, of which CAF received $5,000,000 during the period. She has received no remuneration in her capacity as a Trustee.
### REFERENCE AND ADMINISTRATIVE DETAILS

**REGISTERED NAME**  
Clean Air Fund

**DATE OF INCORPORATION**  
15 January 2019

**COMPANY NUMBER**  
11766712

**REGISTERED CHARITY NUMBER**  
1183697

**TRUSTEES**  
Katherine Garrett-Cox (CBE)  
Patricia Atkinson  
Tejpreet Singh Chopra  
Justin Johnson  
Ivan Vatchkov  
Dominic Waughray  
Sonia Medina (resigned 15 Feb 2019)

**EXECUTIVE DIRECTOR**  
Helen Jane Burston

**INTERIM OPERATIONS DIRECTOR**  
Helen Cammack (until May 2020)

**FINANCE & OPERATIONS DIRECTOR**  
Mike Saxton (from April 2020)

**COMPANY SECRETARY**  
Matthew Whitney

**REGISTERED OFFICE**  
7 Clifford Street  
London  
W1S 2FT

**BANKERS**  
HSBC Bank Plc  
69 Pall Mall  
St James  
London  
SW1Y 5EY

**SOLICITORS**  
Mills & Reeve  
24 King William Street  
London  
EC4R 9AT

**AUDITORS**  
Crowe U.K. LLP  
Carrick House  
Lypiatt Road  
Cheltenham  
GL50 2QJ
A BETTER FUTURE FOR ALL