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Philanthropy Impact

Inspiring Philanthropy and Investing for Impact

MAGAZINE

SOLUTIONS FOR GOOD - SHAPING THE FUTURE

INNOVATIONS IN IMPACT INVESTMENT, SUSTAINABLE FINANCE AND PHILANTHROPY

THE FIRST ISSUE OF A TWO-PART SERIES

This issue is essential reading offering practical insights and strategies for those interested in making their investments work not only for financial return but also for social and environmental benefit.

It showcases successful case studies and explores the evolving role of sustainable finance and philanthropy in addressing global challenges.

For investors, philanthropists, and private client professional wealth advisors aiming to influence positive change while maintaining profitable endeavours, this magazine serves as a resource for understanding and navigating the complexities of impact investing and sustainable finance.

EDITORIAL: CAPITAL FOR CHANGE

ALIGNING INVESTABLE ASSETS WITH THEORY OF CHANGE

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PHILANTHROPY IMPACT

Philanthropy Impact is a capacity building non-profit organisation at the intersection between philanthropy, social investment, ESG and impact investment. Our mission is to increase the flow of capital for good.

We are a membership network creating opportunities to increase and improve impact/ESG investing, social investment and philanthropy.

We achieve this by building the will and capacity of professional advisors (private client advisors, wealth management, private banking, tax and legal sectors) to support their (U)HNW private clients on their impact investment and philanthropic journey.

We serve as a conduit to valuable professional and other networks providing opportunities for private client professional advisors across the spectrum of capital to network with other advisors building relationships creating opportunities to work together, to gain referrals, and to achieve growth.

Our means for realising our vision includes thought leadership and sharing intelligence, events, CPD Certified CISI Endorsed training, 23 Impact, podcasts, bespoke networking opportunities, campaigning, publications including a magazine, and resources for advisors and other stakeholders.

Our stakeholders also include philanthropists, impact investors, trusts and foundations, and charities and social enterprises.

Centre of Excellence

- Training for professional advisors: bespoke CPD certified and CISI endorsed training courses, providing philanthropy and impact investment advice to help them support their clients’ social impact investment journey.
- Training for wealth advisors: bespoke CPD certified and CISI endorsed training for wealth advisors and other professional advisors with an interest in suitability issues and ESG investing.
- Training for major donor and corporate fundraisers: bespoke CPD self-certified training for high-value fundraisers working with (U)HNWI, to help them understand the role of their professional advisors and to strengthen professional relationships that will transform their fundraising.
- 23 Impact: The new platform to enable online networking opportunities.
- Events: a comprehensive programme of self-certified CPD events, including networking among professional advisors, philanthropists and social impact investors.

Publications and Research

- Developing our ‘body of knowledge’
- How-to best practice guides
- Technical content and analysis
- Market research nd case studies
- Philanthropy Impact Magazine

Philanthropy Impact Public Affairs

- Advocacy: lobbying for policies and regulations that encourage philanthropic giving and
  impact investment
- Engagement with government and key policy stakeholders

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The purpose of the magazine is to share information about philanthropy and impact investment in a domestic and international context. We welcome articles and other forms of contribution, and we reserve the right to amend them.

Please contact the Editor at editor@philanthropy-impact.org

Philanthropy Impact is supported by its members, donors and sponsors.
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BECOME PART OF THE EVER GROWING PHILANTHROPY IMPACT NETWORK BY BECOMING A CORPORATE MEMBER TODAY.

Philanthropy Impact
Inspiring Philanthropy and Investing for Impact

Philanthropy Impact is a membership organisation committed to fostering collaboration across philanthropy, social investment, ESG, and impact sectors, amplifying capital flow for social good.

COME AND JOIN PHILANTHROPY IMPACT TODAY:

FOR SUPPORT

Philanthropy Impact offers guidance to support your clients through the challenges faced in their philanthropy and impact/ESG investment journey.

We offer a programme of training and educational events.

We support your team to ensure you are offering your clients a high quality service for philanthropy and impact/ESG investment advice to help them achieve their goals and ambitions.

TO ACCESS

As a Philanthropy Impact member, you will have access to an active network of professional advisors to (U)HNWI including private client advisors, wealth managers, private bankers, tax and legal advisors, as well as philanthropists, impact/ESG investors, and charities and trusts.

Benefits include free access to networking events both online and face to face and priority to present at events.

TO DEVELOP

Our extensive resource hub will give you the skills and knowledge to develop your client service offer, empowering you to have values based conversations with your clients and support them on their philanthropic and impact/ ESG investment journey.

Philanthropy Impact members automatically receive our online magazine subscription and are able to access information from many of our partners at a discounted rate.

TO ENGANGE

Philanthropy Impact members can actively engage in topic discussions and by providing content for our newsletter and contributing to our magazine.

As a member you will improve your firm's visibility in the philanthropy and impact/ESG investing space by being featured on our website and through various platforms.

We give you a space to share your best practice experience, innovations and learnings with others in the network.

OUR REACH

Our audience continues to grow daily. Current numbers are:

- **6,500+** active on our contact list
- **15,700+** CEO connections on LinkedIn
- **11,000+** connections on PI LinkedIn page
- Over **50 countries** across Europe, Asia, North America and Latin America

JOIN US TO:

- Expand Your Professional Network
- Stay Informed and Educated
- Enhance Your Visibility
- Join a Supportive Community

Get in touch with the team today to learn more:

E: membership@philanthropy-impact.org

"PHILANTHROPY CAN ALSO PLAY A VITAL ROLE IN ADDRESSING THE SYSTEMIC CHALLENGES THAT HINDER SUSTAINABLE DEVELOPMENT OFTEN TARGETED BY IMPACT INVESTING."

EDITORIAL

CAPITAL FOR CHANGE – EXPLORING THE FUTURE OF SUSTAINABLE INVESTMENT FROM IMPACT INVESTING TO PHILANTHROPY

KATYA VAGNER AND SARAH HAILE – WWW.FLADGATE.COM

The intersection of philanthropy and impact investment is a burgeoning field, offering a promising way to address pressing global challenges. As we navigate an era of increasing ESG concerns, the traditional boundaries between these two domains are becoming increasingly blurred.

Impact investing has gained significant traction. However, impact investing alone may not be sufficient to tackle the scale and complexity of today's global challenges. It is essential to recognise the interconnectedness of philanthropy and impact investing. Impact investing is an effective and useful lever to further philanthropic endeavours to drive positive social and environmental change.

One area where philanthropy and impact investing can support each other is investment in early stage ESG ventures. Traditionally, such investments were made by venture capitalists with an ESG slant via direct investment opportunities. This was, in part, due to the restrictions placed on charity trustees to prioritise stable financial returns over other considerations when investing charitable funds. Now the Charity Commission has relaxed its guidance and expressly acknowledge that non-financial considerations can be taken into account when making investment decisions, trustees have greater scope to make direct impact investments that further their charitable objectives. This is an exciting time, we are seeing charities (including DAFs) using this important change in deploy capital in creative, meaningful ways. It also provides an opportunity for wealthy families to better align their investment and philanthropic strategies to drive maximum change.

Philanthropy can also play a vital role in addressing the systemic challenges that hinder sustainable development often targeted by impact investing. By supporting research, advocacy, and policy change, charities can help create an environment for sustainable businesses to thrive.

However, the path to a sustainable future is not without its challenges. One significant hurdle is the measurement and verification of impact. While there have been significant advancements in impact measurement frameworks, it remains a complex task. Additionally, the integration of ESG factors into traditional financial analysis can be challenging, not least because of the current lack of publicly available data points that allows the performance of meaningful analysis.

Another challenge is the potential for 'greenwashing'. This can erode trust in sustainable investment and hinder progress. To address this issue, it is essential to promote transparency and accountability in ESG reporting and to support the development of standardised impact measurement frameworks.

The current global geopolitical and economic landscape also presents a significant challenge to the impact investment sector, as capital typically flows to more traditional 'finance first' investments in times of significant uncertainty.

To effectively navigate this landscape, all advisers in the private wealth sphere must come equipped to have informed discussions with their clients about the opportunities and challenges of sustainable investment. This requires a deep understanding of ESG factors, impact investing strategies and the role of philanthropy in driving positive social and environmental change.

Despite these challenges, the future of sustainable investment remains promising. As awareness of ESG issues continues to grow and innovative financial products emerge, there is a growing opportunity for investors and philanthropists to contribute. By working together, philanthropists, impact investors, private wealth advisors, and policymakers can address the challenges and seize the opportunities to build a better future for generations to come.

"WHILE THERE HAVE BEEN SIGNIFICANT ADVANCEMENTS IN IMPACT MEASUREMENT FRAMEWORKS, IT REMAINS A COMPLEX TASK."

SARAH HAILE – PARTNER AND HEAD OF FAMILY OFFICE SERVICES FOR FLADGATE LLP

Sarah is a chartered accountant with over 18 years' experience working with wealthy individuals and their families helping them achieve their goals effectively and efficiently. Sarah has had the privilege of helping clients develop and grow their own foundations as well as, in her free time, being trustee and treasurer of a UK charity focused on eradicating period poverty. Working closely with the Fladgate private wealth team, Sarah helps clients determine the right giving structure for them as well as assisting with the ongoing management and administration. Through her professional and personal endeavours Sarah has developed a particular passion for gender equity and the tools philanthropy and impact investing provide to drive the social change needed to achieve it.

KATYA VAGNER – PARTNER AT FLADGATE LLP

Katya Vagner is a solicitor and partner at Fladgate LLP. She specialises in UK and offshore private client and charity legal and tax matters and advising on complex cross-border issues.

Katya advises clients across the globe on issues such as: estate and succession planning, setting up and advising on structures, incapacity planning, administration of trusts and estates, philanthropic strategies and a range of legal and tax issues. Her clients include fiduciaries, charities, high net worth individuals and their family offices.

Katya has a particular passion in helping clients implement philanthropic initiatives, including advising on the structuring of UK and cross-border charitable giving and governance matters.

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Supporting you across the spectrum of capital

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- Meet with like-minded individuals who share your passion
- Look for advisors with expertise and experience that align with your specific needs
- Engage & connect with local & global nonprofit organisations working in areas of interest to you

FOR PHILANTHROPISTS, IMPACT AND ESG INVESTORS

- Find your experts, unlock your potential by connecting with experienced advisors
- Increase visibility, maintain an online presence among impact investors and philanthropists
- Build relationships, discover new avenues for growth and collaboration by connecting with new realties and stakeholders

BUILD YOUR PERSONAL PROFILE TO:

- Find a network of like-minded people
- Learn about the 23 services and the Private Advice Chain
- Discover a space that promotes best practice in impact investment and philanthropy advice
- Receive CISI-endorsed CPD points related to professional advisors' standards and competencies

For further information please go to: 23impact.org
or email: morganaxinncattai@philanthropy-impact.org

"TO ALIGN YOUR CHARITY'S INVESTMENTS WITH ITS THEORY OF CHANGE, YOU FIRST NEED TO BE CLEAR ON YOUR INVESTMENT PRIORITIES."

HOW TO ALIGN YOUR INVESTIBLE ASSETS TO YOUR THEORY OF CHANGE

CARLI BALDASARE - WWW.TRIBEIMPACTCAPITAL.COM

There are plenty of reasons charities often look to align their investable assets with their theory of change. From staying true to founding principles, to unlocking greater mission potential and helping mitigate reputational risk, real transformation happens when purpose and capital work hand in hand.

Aligning your investable assets with your theory of change means integrating values and mission into your investment strategy. Developing a values-aligned approach helps organisations drive positive change while maintaining financial security.

"Incorporating an impact lens into our investment strategy and one that still delivers healthy returns is truly a win-win for us. As trustees, we find ourselves more engaged in the portfolio now that it includes investments which are genuinely doing good. Now we are able to measure impact with our endowment pot as well as the funds we donate to grantees each year."
— Suzie O'Brien, *Bishop Radford Trust, Trustee*

STARTING THE CONVERSATION

The journey begins with a conversation – one that should start at the heart of your charity's mission. Every investment decision makes an impact, and these decisions have the power to drive purposeful transformation.

If you are unsure where to start, ask yourself: Does the purpose of your investments further the purpose of your charity, or are they inadvertently working against the very issues you exist to solve?

A GUIDE FOR TRUSTEES

The Charity Commission for England and Wales's recently revised investment guidance offers valuable advice to trustees navigating these decisions. At its core, the guide gets back to basics and asks the fundamental question: *Why do charities invest?* The answer is simple - charities invest to further their aims and objectives. Trustees are given investment powers to allow the charities they serve to do the greatest amount of good with the resources they have.

Trustees are in a unique position – they can enhance financial outcomes for their charity while also acting as changemakers for the communities and ecosystems their charity serves.

There are four steps on how charities can align their investable assets with their theory of change, ensuring a holistic approach to both financial performance and meaningful impact.

1) UNCOVERING VALUES AND PRIORITIES

A good first step is to review your charity's investment policy and reflect on how your assets support your charitable objectives. To align your charity's investments with its theory of change, you first need to be clear on your investment priorities. This means having an open discussion among trustees and key stakeholders about the charity's core values and the impact you want to make. Think about the global issues you want to address and how your investments can reflect these values. A values-drive investment manager can help to facilitate this thinking.

This process isn't just about ticking boxes. It's a thought-provoking conversation that gets trustees reflecting on how the charity's values can shape the way assets are invested. Consider using frameworks like the United Nations' Sustainable Development Goals (SDGs) to help identify areas where your charity can make a difference.

2) BUILDING A PURPOSEFUL PORTFOLIO

Once your priorities are clear, the next step is translating them into an investment strategy that reflects your charity's goals. Building a meaningful portfolio is about more than avoiding

companies with questionable practices; it's about actively seeking investments that deliver solid financial returns and create the positive social and environmental outcomes in line with your theory of change. This approach goes beyond traditional financial metrics—it considers how investments can generate sustainable, long-term growth while supporting the values and causes your charity is committed to. Each investment should be evaluated through two key perspectives: financial performance and positive impact.

3) ACTIVE STEWARDSHIP

Investing with impact doesn't stop once the portfolio is built. Active engagement with the companies and funds in which the charity invests is a critical part of ensuring long-term alignment with its theory of change. This is where trustees, in partnership with their investment manager and other key stakeholders, can use their influence to push for positive change, whether through corporate engagement or collaborating with partners in the sector.

As an example of how collaboration and active stewardship can lead to positive impact, three years ago Tribe invested in Assura, a company focused on healthcare infrastructure in the UK. Over this time, Tribe engaged with Assura on various subjects, in particular their goal to become a certified B Corporation (B Corp). Tribe partnered with them to help them understand how the certification process acted as a powerful management tool for the business. In the end, the business received 99.98% shareholder support for the resolution and became the first FTSE 250 to be certified as a B Corp.[1]

"We are so grateful for the support of Amy (Co-Founder and Chief Impact Officer at Tribe Impact Capital) and the team at Tribe. Not only were they a fundamental catalyst in our B Corp journey, but they also supported us with wider engagement activities and have generally been a champion for collaborative working and good business. We are delighted to be a part of what we hope is a very long-term partnership."
– Johnathan Murphy, *CEO, Assura PLC*

4) STAYING INVOLVED

Ongoing involvement with your investment manager is key to ensuring your charity's investments continue to align with its theory of change. Regular and transparent reporting are essential to monitor this. Trustees should receive regular updates on both the financial performance of their portfolio and the impact being generated. Whether it's measuring carbon savings, job creation, or access to essential services, the metrics should reflect the charity's priorities. Keeping a close eye on how investments are performing both from a financial and impact perspective enables charities to make informed decisions about their investments and adjust strategies as needed to ensure they stay on track with their mission and theory of change.

CARLI BALDASARE – WEALTH MANAGER, CHARITIES, TRIBE IMPACT CAPITAL

Carli specialises in providing investment advice to charities and non-profits. Carli has worked in financial services since 2007, starting her career at PwC in Chicago and then HSBC Private Bank in London, joining Tribe in 2022. Carli is a Certified Public Accountant, a Chartered Fellow of the Chartered Institute for Securities & Investment, a Certified Anti-Money Laundering Specialist and holds a Certificate in ESG Investing from the CFA Institute. This year, she completed a Master of Science at Cranfield University. Carli is a Trustee and member of the Investment Committee for the Varrier-Jones Foundation, a grant-making charity which funds services for people with disabilities.

CONCLUSION

Aligning your charity's investable assets with your theory of change is a powerful way to leverage your financial resources for good. By defining your values, building an impact-driven portfolio, and engaging in active stewardship, you not only strengthen the financial position of your charity, but also deepen its ability to drive lasting, positive change in the world.

[1] *Assura. (July 2024). Assura becomes first FTSE250 B Corp.*

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TRAINING

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CHANGING TIMES: Meet the Growing Client Demand for Philanthropy and Social Investment Advice

This course has been developed specifically for private client professional advisors

THE NEED FOR THIS TRAINING IS DRIVEN BY

Benefits to Advisors and Firms – Professional advisory firms that are customer centric offering their clients support on their philanthropic journey had 6x the median assets of those who do not offer this support, 3x organic growth, 1.3x new money, and higher trust levels.

Client Demand – The world is changing and with it the needs and expectations of wealth holders. They are seeking to align their wealth with their values. They expect support from their advisors with their purpose driven investment activities including on their philanthropic journey.

To be Customer Centric – It is essential for professional advisors to be equipped to talk to their clients about their values, motivations, ambitions and goals as part of the development of a sustainable investment and philanthropic strategy.

WHY ATTEND THIS COURSE

In this live, interactive, tutor led training course, we take you through how you can:

- **Understand the commercial opportunity** for providing support to clients on their donor journey
- Learn **best practice approaches** to improve meeting clients' wishes to align their wealth with their values, resulting in becoming the first call for clients
- Learn about the **23 distinct services** a HNW client needs on their philanthropic journey and develop ways to **incorporate client support** into your advisory practice
- **Reach new clients**, enhance retention rates, leveraging philanthropy support services reinforcing a values based purpose driven advisory business leading to commercial growth

Rating by (U)HNW clients of professional advisors for their philanthropy advice:

5.9/10

This course could help advisors achieve a rating of:

10/10

BOOK NOW TO OPEN THE DOOR TO FINDING WAYS TO MEET CLIENT NEEDS AND EXPECTATIONS

TO LEARN ABOUT OUR CPD CERTIFIED AND CISI ENDORSED TRAINING PLEASE CONTACT

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DISCOUNTS AVAILABLE FOR PHILANTHROPY IMPACT PARTNERS

LEARN WITH PHILANTHROPY IMPACT

As an organisation at the intersection between ESG and impact investment, social investment and philanthropy our mission is to increase the flow of capital for good by enabling private clients and their families to match their purpose-driven wealth strategies with their values, capturing their sustainable, social and ESG/Impact investment and philanthropy preferences across the spectrum of capital.

This course is intended for professional advisors such as: private client advisors, wealth management, private banking, financial advisors, tax and legal sectors with an interest in values-based,client-centric solutions for HNW clients

STRATEGIC LITIGATION: AN OUTSIZED IMPACT OPPORTUNITY FOR PHILANTHROPISTS

ALEXANDER RHODES AND CHARLOTTE OVERINGTON – MISHCON DE REYA

In conversations with our philanthropic clients, we find that their concern is increasingly on impact.

A key concern is how to identify, measure and quantify the outcomes achieved by giving - moving eyes beyond sometimes more obvious markers of output alone. Another prevailing trend we are seeing is a greater interest in trying to address large-scale, systemic social and environmental challenges.

In combination, these two factors can be daunting to philanthropists looking to make an impact for the benefit of society. This can be overwhelming. It can lead to frustration and philanthropic paralysis and - in the worst cases - giving up.

A question we are asked time and again is "how can I possibly have a meaningful impact on the world's biggest issues when I'm up against global corporations and out-of-reach regulators".

One answer is to diversify the impact strategies into which you are investing, and consider higher impact higher risk strategies, such as strategic litigation.

As a private client-centric law firm with a reputation for robust litigation and a history of significant and highly-impactful cases, it has long been clear to us that one of the most powerful ways to drive lasting change is funding strategic, cause-based litigation. We have been heavily investing in this area to enable our clients to drive impact at scale over the last four years.

Using the law as a tool, litigators can pursue causes which go to the heart of the most important global systemic issues, from climate change, to women's health, to indigenous peoples' rights. Such claims can provide access to justice for the disenfranchised and obtain remedy. More strategically, they can also be used to drive systemic change by helping to develop the law, whether by creating legal risks and/or new legal precedent to incentivise behaviour change.

Investing in strategic litigation may not be an immediately obvious route to achieving impact. However, it is fast becoming an important tool in the sophisticated philanthropist's tool box. Increasingly donors are allocating a portion of their portfolios to litigation, akin to their high risk, high reward investments.

Philanthropists interested in strategic litigation are well advised to consider which part of the litigation cycle they wish to fund and whether they wish to do it alone or in partnership with other like-minded philanthropists. In jurisdictions where there is a well-established commercial litigation funding market, such as the UK, philanthropists looking to leverage their funding for impact can perhaps best contribute by addressing the funding gap facing early-stage development of litigation cases. This is the development period in which potential claims are identified on a thematic basis and then developed to a point where the significant costs and risks of actually bringing the litigation can be taken on by commercial funders.

To illustrate the impactful potential of strategic litigation, we need not look far.

CLIMATE: VEREIN KLIMASENIORINNEN SCHWEIZ AND OTHERS V. SWITZERLAND – 9 APRIL 2024

This case exemplifies the recent surge of innovative climate litigation which looks to hold governments accountable for failure to act on the climate crisis. The claim was brought by a combination of lawyers from Zurich and Lausanne and two King's counsel from London on behalf of four women (over 80 years old) and a Swiss association of roughly 2,000 members, all of whom were senior women. The claimants argued that their health was endangered by the increase in heatwaves caused by climate change and that, in its failure to set climate targets that

"THE CASE CENTRED AROUND THE THEN PRIME MINISTER'S (BORIS JOHNSON'S) ADVICE TO THE QUEEN TO PROROGUE PARLIAMENT IN THE PERIOD SHORTLY BEFORE THE UK'S WITHDRAWAL FROM THE EU."

were in line with the Paris Agreement and best available science, the State of Switzerland had failed to comply with its duties under the European Convention of Human Rights (specifically, the right to life and the right to respect for private and family life and home). The court found (by an overwhelming majority) that the Convention had indeed been breached, stating that Article 8 provided a "right for individuals to enjoy effective protection by the State authorities from serious adverse effects on their life, health, well-being and quality of life arising from the harmful effects and risks caused by climate change", which obliged Switzerland to adopt "measures capable of mitigating the existing and potentially irreversible, future effects of climate change". The impact of this ruling is that the Swiss Government is now obliged to adopt domestic measures that put a stop to its violation of Article 8 and establishes a precedent that European States have a positive obligation to reduce their emissions, in accordance with their Paris Agreement commitment.

PUBLIC POLICY: R (ON BEHALF OF MILLER) V THE PRIME MINISTER – 24 SEPTEMBER 2019

In 2019, Mishcon was instructed by Gina Miller. This case demonstrates the real-world influence that strategic litigation can have on public policy. The case centred around the then Prime Minister's (Boris Johnson's) advice to the Queen to prorogue Parliament in the period shortly before the UK's withdrawal from the EU. The effect of proroguing Parliament is to immediately suspend parliamentary business which would have included matters surrounding the UK's EU withdrawal, effectively leaving the Government potentially unaccountable for action taken within this period. The court ultimately found that the prorogation was exceptional and unjustified and that Prime Minister's action had the effect of frustrating Parliament's role in holding the Government to account. The Prime Minister's advice was thereafter deemed null and void and Parliament had not been prorogued. Without this piece of strategic litigation, it is possible that Parliament would not have had the same opportunity to perform its constitutional function in a time of political sensitivity.

POLLUTION: THE KING (ON THE APPLICATION OF) CLEAR THE AIR HAVERING AND MS. RUTH KETTLE FRISBY V THE LONDON BOROUGH OF HAVERING AND DMC SERVICES (ESSEX) LIMITED – 10 OCTOBER 2024

More recently, Mishcon has advised on a judicial review in relation to a toxic east London landfill fire. We have been engaged by Ruth Kettle-Frisby, a Rainham resident acting on behalf of Clear The Air In Havering, a local activist organisation focussed on addressing air pollution, particularly in the interests of children's health. The claim challenges Havering Council's lack of action over an illegal landfill site in Rainham ("Launder's Lane") which has been left to stew for decades.

The site spontaneously combusts with alarming regularity and has led to spikes in levels of air pollutants in the local area, such as PM2.5 and methane. Methane is a potent climate pollutant (ca. 80 times more potent than CO_2), whilst exposure to PM2.5 has been linked to adverse health conditions (such as cancer, heart and lung disease, as well as strokes). Residents say that local GPs attribute the high levels of respiratory and lung diseases in the area to the emissions from the landfill site. This is of particular concern to local parents, as there are two schools close to the site which are affected by the pollution. The site is so toxic and volatile that it is too dangerous for the London Fire Brigade to enter the site, instead having to fight the fires as best they can from the surrounding roads.

Local residents have campaigned for years to have the landfill designated as contaminated land, which would impose legal duties on the council and the Environment Agency to ensure the site is cleaned up. Despite this, Havering Council have decided not to designate the site as "contaminated land".

To stop the fires, expedite clean-up of the site, and obtain compensation for those who have suffered harm, Mishcon has initiated its strategic litigation plan. In October 2024, this commenced by issuing a judicial review claim to challenge the council's decision not to designate the site as contaminated land.

The claim aims to deliver results for the local people who have long suffered

"WHEN IT COMES TO UNDERSTANDING SOCIAL IMPACT AND CHANGE, COMMUNICATION IS SIMPLY THE MOST EFFECTIVE WAY OF UNDERSTANDING HOW CHARITIES ARE ACHIEVING THEIR SOCIAL MISSION."

on account of the authorities' inaction. "Clean air should be a human right; not a privilege that is dependent on where you live" (Ruth Kettle-Frisby, Clear The Air In Havering).

Clear The Air Havering have set up a CrowdJustice campaign, to raise funds to cover potential adverse costs, court fees and legal fees. At the time of writing, the campaign has raised just over £15,037.

As we look to the future, it is clear that strategic litigation will continue to be an important tool for those committed to driving social and environmental change. By combining their resources, resolve, and readiness to engage with the legal system, philanthropists can continue to contribute to the betterment of society and the health of the planet in a manner that is both innovative and influential. The cases mentioned here are but a few examples of how strategic litigation can not only address immediate injustices, but also generate future systemic change, set legal precedent and yield outsized impact. ■

ALEXANDER RHODES - PARTNER AND HEAD OF MISHCON PURPOSE AT MISHCON DE REYA

Alexander is a Partner and Head of Mishcon Purpose at Mishcon De Reya, an independent law firm offering a wide range of legal services to companies and individuals.

He provides strategic Environmental, Social and Governance (ESG) advice and purpose-driven insight to help clients navigate the opportunities and risks presented by a rapidly changing world.

Alexander is a trusted advisor to typically international clients, with more than 15 years legal and global consultancy experience. He acts for families in relation to their personal, business and philanthropic interests; businesses seeking transition to more sustainable and resilient ways of working. He is privileged to have worked closely with governments and global leaders in their efforts to achieve the Sustainable Development Goals.

A seasoned litigator, he has particular expertise in the resolution of complex multi-jurisdictional disputes, usually with reputational aspects, and public affairs. As a trustee and advisor, Alexander's long-term preoccupation has been balancing the imperatives of environmental conservation and human development.

He was the founding CEO of the charity Stop Ivory; head of the Secretariat to the inter-governmental Elephant Protection Initiative; and is a Chairman of Tusk Trust.

He is a Fellow of the Royal Geographic Society and a Conservation Fellow of the Zoological Society of London (ZSL). In 2018 the ZSL named him its Conservationist of the Year in recognition of his work supporting African governments in combatting the illegal ivory trade and in elephant conservation.

Alexander sits on the advisory board of the Athens Democracy Forum.

CHARLOTTE OVERINGTON - ASSOCIATE IN THE IMPACT DEPARTMENT, MEMBER OF THE MISHCON PURPOSE TEAM

Charlotte is an Associate in the Impact Department. She is a member of the Mishcon Purpose team.

She advises on Environmental, Social, and Governance (ESG) matters, where she assists corporates, non-profits, and other organisations in strategising and implementing ESG initiatives. She has experience advising on corporate regulatory compliance, sustainability strategy, greenwashing risks, and governance frameworks.

She also has experience in a range of commercial and strategic litigation, including commercial disputes, director and shareholder disputes, and judicial review claims with a focus on human rights and policy issues.

Charlotte is passionate about leveraging the law to create impact and is a member of the Global Alliance of Impact Lawyers.

THE MINESWEEPER MENTALITY: 3 QUESTIONS EVERY INVESTOR SHOULD ASK ABOUT SUSTAINABLE INVESTMENTS

DONALD SUMMERS – WWW.ALTRUISTPARTNERS.COM

Minesweeper has become an almost universally recognized computer game, most especially for anyone who lived through the 1990s and early 2000s. Still, the first time you start up the game, you are invariably met with complete confusion.

Where are the mines? What do these numbers mean? And, what do I do with these red flags? After a few anxious clicks, you've probably been blown sky high.

The world of sustainable investments can sometimes feel a lot like that. Environment, Social, and Governance (ESG) principles have become all-the-rage, with over 90% of S&P 500 companies issuing ESG reports. Still, up to 30% of investors claim they have difficulty finding suitable ESG options, and those are just the ones honest and self-aware enough to make that assessment.

Is my next investment really making an impact? What do authentic social enterprises even look like? How can you tell when an organisation is being honest about its externalities?

Sustainable funds paint with a broad brush. They don't take a close and constant look at each organisation with one unwavering standard. But you can. You can find public benefit corporations that consistently contribute to the world at large by asking and re-asking three essential questions. What's more, you can get inspiration from organisations that are already setting the standard.

IS THERE INDEPENDENT, THIRD-PARTY VALIDATION OF THE ORGANISATION'S SUSTAINABILITY?

"Greenwashing" is a very real threat to the ecosystem of sustainable business, which is why the best investments are independently validated by a third party in terms of their overall contributions. For most industries, this typically results in some form of certification, and it's possible the murkiness ends there. That said, even certifications within the same industry can vary in their rigor and reputation, so it's absolutely paramount to understand the meaning and authoritative weight behind each instance of third-party validation.

"Fair Trade" coffee certification was a failure. Not a fraudulent failure, but a failure nonetheless. Its problems started early with thoughtless changes to the definitions and limitations of the certification itself, as well as a complete disregard for the value of the end product. Ultimately, it's possible this certification has even done more harm than good, and it is no longer the buzzword standard it once was within the roasting and serving industry. Of course, "Fair Trade" certification does still exist, and it is an easy pitfall for those on the lookout for sustainable investments.

A story of success: Hilltribe Organics (HTO) is a Northern Thailand social enterprise dedicated to improving the living standards of small farmers and sustaining their communities. HTO has a clear and documented vision to double the income of local farmers, and they are the #1 organic egg provider in Thailand. Beyond that, they were also the first egg producers in the country to become certified through Agriculture Certification Thailand (ACT), which is recognized internationally by the International Federation of Organic Agriculture Movements (IFOAM).

WHAT'S THE ORGANISATION'S REPUTATION WITH NGOS AND INDUSTRY WATCHDOGS?

Non-governmental organisations (NGOs) and reputable watchdogs act as the barometers for an industry and its social enterprises — greenwashed or authentic. However, instead of measuring atmospheric pressure, these barometers provide transparent assessments of any company that claims to avoid externalities and contribute to general welfare. In fact, studies have shown that pressure from NGOs is an essential part of economic progress and equilibrium, most especially in developing countries.

Meanwhile, the largest online logistics corporations are dealing with serious fallout from the watchdogs within their industry. Accusations of forced labour recently made headlines, which served to discredit much of the industry's philanthropy up to that point. That said, it did provide a clearer picture into the industry's contributions to the world at large. Conversely, other industries, such as fashion retail, are suffering from a lack of watchdog vigilance, which makes it increasingly difficult to identify sound and sustainable investments for everyone.

A story of success: MyGreenLab is all about introducing sustainability to the scientific environments that produce some of the world's most life-changing medical and technical innovations. With over 900 certified lab groups under its umbrella, MyGreenLab sets the standard itself for many industry watchdog groups, and its successes are part of the reason more corporations are funding in-house programs dedicated to laboratory sustainability.

HOW OFTEN IS THE ORGANISATION SUBJECT TO LITIGATION AND REGULATORY REPRISAL?

Corporate misconduct is perhaps the most blatant red flag in terms of evaluating ESG investments, and it's seemingly everywhere. Recently, regulatory fines, criminal penalties, and class action settlements paid by corporations in the United States have averaged nearly $50 billion per year, which is a 300% increase from the early 2000s.

At the very least, all this litigation and regulatory activity leaves a paper trail, and that paper trail is slowly being weaponised. Violation Tracker is the first wide-ranging database on corporate misconduct, including everything from consumer protection and price fixing to environmental violations. This makes it a no-brainer point of consideration when evaluating investments.

In the world of finance, however, finding a social enterprise that could be called a sustainable investment is incredibly difficult. Did you know that banks account for six of the ten most penalised companies in the United States in terms of corporate misconduct? With predatory practices progressing at a breakneck pace, a financial institution's history of litigation and regulatory reprisal is one of the most important parts of its contributions to the public.

A story of success: D.light provides affordable and sustainable solar energy solutions to families around the world in hopes of driving social transformation. Their metrics are impressive, such as 30 million homes powered by solar energy and the creation of over 10,000 jobs. However, their reputation within the industry is just as sterling with a number of transparent and jointly conducted impact evaluations, as well as no history of regulatory setbacks or meaningful litigation.

START THE SEARCH – ONE BY ONE

The world of sustainable investments is a minefield, and you're the minesweeper. Are you going to click your mouse at random and hope nothing blows up in your face? Or, are you going to thoughtfully evaluate your ESG options one by one according to your own rigorous standards?

We've already seen impact investing pay dividends in the social sphere, most especially when such investing was part of the recovery from the COVID-19 pandemic. If philanthropists can start asking the right questions about their ESG options, we will start seeing even bigger returns for the world at large. ■

"CORPORATE MISCONDUCT IS PERHAPS THE MOST BLATANT RED FLAG IN TERMS OF EVALUATING ESG INVESTMENTS, AND IT'S SEEMINGLY EVERYWHERE."

DONALD SUMMERS: VISIONARY LEADER IN SOCIAL IMPACT AND FOUNDER OF ALTRUIST PARTNERS

Donald Summers, is the Founder and CEO of Altruist Partners LLC, a pioneering social impact advisory firm dedicated to helping mission-driven organizations achieve their most ambitious goals. He has a Master's Degree in Leadership & Policy from Harvard. Through Altruist Partners, Summers has assisted hundreds of nonprofits and mission-driven organizations globally, overcoming strategic, fundraising, and organizational challenges to amplify their social impact.

Summers is also the founder and executive director of the Altruist Accelerator, the firm's nonprofit arm, which delivers the Altruist Growth and Impact Methodology to ambitious nonprofits and NGOs of all sizes and stages. His work has generated hundreds of millions in new revenue and capital; strengthened boards, staff, and volunteer teams; and advanced some of today's most crucial social change efforts.

An accomplished author, Summers recently released his book, "Scaling Altruism: A Proven Pathway for Accelerating Nonprofit Growth and Impact," which became the #1 New Nonprofit Release on Amazon. His research and essays have been featured in the Stanford Social Innovation Review, the Chronicle of Higher Education, and the American Academy of Arts and Sciences.

QUANTIFYING CHANGE: THE INTERSECTION OF DATA ANALYTICS AND SUSTAINABLE INVESTMENT

GEORGE GRAY – WWW.OPTIPHY.CO.UK

As global challenges such as climate change, inequality and resource depletion intensify, sustainable investment has emerged as a critical tool to drive positive societal and environmental change. The evolution of impact investing, where financial returns are coupled with measurable social and environmental benefits, requires rigorous accountability.

Quantitative data analytics can play a pivotal role in tracking and enhancing the impact of sustainable investments and philanthropy. By harnessing the power of data, investors and philanthropists can evaluate the real-world outcomes of their contributions and make evidence-based decisions to drive greater positive change.

THE ROLE OF DATA IN SUSTAINABLE INVESTMENT

Data analytics supports the sustainable investment landscape, enabling stakeholders to measure the impact of their capital in precise and actionable ways. At the core of this transformation are key metrics that quantify an investment's contribution to addressing global challenges. These metrics may include carbon footprint reduction, energy efficiency gains, waste reduction, job creation and improvements in social equity.

For instance, consider the ability to track a company's carbon emissions over time. Investors can now measure how their capital has contributed to emissions reductions, identifying companies that are making significant strides in minimising their environmental impact. This data can be used to influence future investment decisions, ensuring that capital is directed to initiatives with the most meaningful contributions to sustainability goals.

Similarly, social impact metrics allow investors to assess their influence on promoting equality and inclusion. Data-driven evaluations of diversity and inclusion initiatives, help investors see tangible outcomes in real-time, allowing them to better align with socially responsible objectives.

CASE STUDIES: DATA ANALYTICS IN ACTION

The practical application of data analytics in sustainable investment can be seen in several high- impact examples.

1. Carbon Reduction and Renewable Energy Projects: Non-profit organisations like Gold Standard and the Verified Carbon Standard (VCS) enable investors and philanthropists to support carbon offset projects. Both organisations have created data-driven platforms that measure and verify the reduction of carbon emissions for projects, ensuring transparency and accountability. These platforms use rigorous data analytics to track how much carbon has been offset and connect that data to specific philanthropic or investment contributions.

2. Social Impact Bond in Education: In the UK, several Special Impact Bonds (SIBs) have been applied to improve educational outcomes for disadvantaged youth. One key aspect of these programs is the use of detailed data analytics to track student performance metrics, such as dropout rates, standardised test scores and employment outcomes post-

education. These metrics allow philanthropic funders and investors to gauge the long-term success of their financial contributions. By collecting and analysing data from multiple cohorts over several years, stakeholders can better understand which interventions are most effective.

THE INTERSECTION WITH PHILANTHROPY

While data analytics has long been associated with investment drivers, its application in philanthropy is growing. In a sector traditionally driven by passion and values, data-driven decision-making is becoming essential to maximise the effectiveness of donations. Philanthropists are increasingly using data to identify high-impact areas, track the progress of funded initiatives and refine their strategies to better address global challenges.

One area where this convergence is particularly evident is blended finance, where philanthropic capital is combined with investment capital to achieve both social and financial returns. Data plays a critical role in this model by ensuring that both philanthropic and investment goals are met.

For instance, a philanthropic foundation supporting clean water initiatives in Africa might use data to track water quality improvements in the communities it serves. By partnering with impact investors, the foundation can leverage additional funding, making the project financially viable while achieving its mission of providing clean water access. Data analytics ensures that the project's impact is continuously monitored and optimised.

CHALLENGES AND OPPORTUNITIES

While data analytics provides powerful insights, it also presents challenges. The quality of data, the difficulty in measuring intangible outcomes (like community well-being), and the need to standardise reporting frameworks are all hurdles that need to be addressed. Nevertheless, technological innovations such as AI and machine learning are paving the way for more sophisticated analysis and broader applications.

As these tools evolve, investors and philanthropists will be better equipped to measure their impact in more granular ways. For example, machine learning algorithms can analyse massive datasets to predict the long-term environmental benefits of specific investments, helping investors adjust their portfolios for greater impact.

CONCLUSION

Quantitative data analysis is transforming sustainable investment and philanthropy, providing investors and philanthropists with the tools to make more informed and impactful decisions. Bytracking metrics like carbon reduction, social equity, and educational outcomes, data enables capital to be directed where it can create the most measurable positive change. As the field continues to evolve, the integration of data-driven approaches will be essential in addressing the world's most pressing challenges and driving sustainable development forward.

GEORGE GRAY – FOUNDER OF OPTIPHY LIMITED

George Gray is the Founder of Optiphy Limited, a Consultancy Firm which drives business growth through advanced data analytics. His background includes senior finance roles in a wide range of commercial sectors. He has also held several financial advisory roles in sustainability, education and healthcare non-profit organisations.

"IN THE PAST, PHILANTHROPIC INVESTMENT TOO OFTEN FOCUSED ON PAPERING OVER THE CRACKS BY ALLEVIATING THE SYMPTOMS OF THE CHALLENGES THEIR BENEFICIARIES FACED, WITHOUT SEEKING TO TACKLE THE PERSISTENT, SYSTEMIC ROOTS OF THE PROBLEM."

TRANSFORMING BUSINESS AS USUAL: HOW PHILANTHROPY CAN HELP CHANGE THE ROLE OF BUSINESS IN SOCIETY

JAMES PAYNE – WWW.FORUMFORTHEFUTURE.ORG

How can we galvanise the private sector to embrace the fundamental changes needed for a sustainable, socially just future?

"Business should pay its own way, philanthropy shouldn't fund work that impacts and benefits business." This is a common statement I hear when talking about the case for focusing altruistic, impact-led funding on reshaping the role that business plays in society.

While it is true that businesses should not be funded in ways that simply increase their wealth, this mindset ignores the pivotal role that business norms can play in creating or alleviating social and environmental challenges. It also fails to acknowledge that businesses alone are unlikely to initiate many of the changes needed for a socially just future where people and planet can thrive. After all, the fiduciary duties of business leaders too often inhibit them from embracing the risks associated with the transformative action required.

Should philanthropy step up in supporting a fundamental shift in the role that businesses are expected to play? And how can we better leverage philanthropic funding to drive systemic change in the private sector?

BUSINESS NORMS AS A SYSTEMIC LEVER FOR POSITIVE IMPACT

In the past, philanthropic investment too often focused on papering over the cracks by alleviating the symptoms of the challenges their beneficiaries faced, without seeking to tackle the persistent, systemic roots of the problem. For example, instead of addressing the symptoms of climate breakdown by funding short-term disaster response, a focus on accelerating action to mitigate impacts and support community-level climate adaptation would instead build long-term resilience. Interrogating the role that business plays can be a key lever for deeper change.

To quote Caroline Bryant-Bosa from Porticus speaking at this year's London Climate Action Week: *"Listed companies alone account for 40% of global emission, likely over 80% if we consider private businesses and SMEs (btw a Generation Foundation report). Likewise, the private sector employs over 90% of the population in most countries. If we want to reach net zero by 2050, protect 30% of the planet by 2030, increase the number of regenerative farmers, preserve human dignity, and eliminate poverty, we must start ensuring more businesses become a force for good."*

Caroline's quote speaks to how many funders such as *Porticus, Laudes, Oak Foundation, Funders for a New Economy*, and others have already seen the potential of catalysing change in how the private sector operates as a lever for impact.

Over the last century, while business has lifted many out of poverty and — in purely economic terms — the world has never been so well off, economic development has also been central to damaging nature and the stability of our climate. It has acted as an engine of inequality, concentrating extreme wealth in the hands of a tiny number of business owners and shareholders. With this in mind, it's understandable why so many point to the negative role of the private sector.

But let's not demonise business. Instead, it is important to recognise that business can be an incredibly powerful force for positive change when the right standards, expectations

and accountability mechanisms are in place. With the right norms — spanning cultural, societal, and regulatory realms — business can wield its entrepreneurialism, dynamism, and innovation as a formidable force for positive change. This is because large multi-national businesses typically have huge influence over their global value chains; big brands can even shape culture, aspirations and citizens' expectations of business.

WHERE PHILANTHROPY SHOULD INVEST

Before I dive into this, let's start with where philanthropy should not invest. No-go areas are those where a clear business case for investment already exists. For example, many aspects of decarbonisation such as energy efficiency measures and renewable energy already have positive returns on investment. I am not suggesting that philanthropy should take on the role of venture capitalists to fund the technological breakthroughs of tomorrow. But instead, philanthropists should look to where changes in business norms are most needed and yet, neglected.

"Philanthropy can't simply compensate for the things that business is not doing to create meaningful social change. Instead, philanthropy is uniquely positioned to walk the walk and model transformative operating behaviour. It can leverage its vast influence and proximity to decision makers to spur business to think and act differently about what it takes to become a more responsible social actor. And to an extent, philanthropy is already engaged in these efforts." – **Olga Tarasov, *Vice President, Inquiry & Insights, Rockefeller Philanthropic Advisors***

For me, three under-invested areas that are ripe for transformational, systemic impact are:

1) Addressing the taboo of value-distribution
In my experience, how financial value is shared across value chains is a topic that is carefully avoided by the businesses capturing the most of it across the value chain. A zero-sum game mentality can lead to the idea that paying a fairer price will result in higher costs and lower margins. The advantages, even in commercial terms, of sharing value more fairly are often overlooked. Fairer value distribution can improve supply chain resilience, reduce reputational risk, and improve customer preference.

Philanthropy can play a role in encouraging and requiring business to go from a narrow focus on value to a broader focus on *values*. This means shifting from a blinkered focus on short-term financial value to prioritising universal human rights such as dignity, freedom, and mutual respect.

Note — given how exploitative many value chains currently are — sharing value more fairly will necessitate a fundamental reconfiguration, not just tinkering around the edges. Philanthropic funding can help fairer market mechanisms and value chain structures to be developed. For example, funding from UK Aid enabled the development of an innovative Kenyan Tea Swaps market mechanism to smooth price volatility for smallholders.

"IN 2023, PARTNERS FOR A NEW ECONOMY FUNDED BSR TO EXPLORE THE IDEA OF 'BUSINESS BEYOND GROWTH' AND IT IS HOPED A CENTRE FOCUSED ON THIS TOPIC WILL SOON BE SET UP."

2) Challenging unfair power dynamics
Behind unfair value distribution lies a deeper issue of unfair power dynamics. Many commodity value chains are based on exploitative, colonial roots. These can be overlooked or accepted as 'normal' and manifest in more subtle ways such as how risk is shared. Even when it comes to improving social or environmental impact, requirements can be imposed unilaterally on suppliers with no sharing of risk or investment. Flotilla Foundation is funding an exploration of power dynamics around innovation in global value chains through the Systemic Circularity in Fashion programme.

3) Targeting growth in wellbeing, not growth in resource consumption
The World Health Organisation defines 'wellbeing' as *"…a positive state experienced by individuals and societies… …determined by social, economic and environmental conditions."*

The idea that humanity can increase wellbeing by infinitely increasing our consumption of finite resources is nonsensical, given the constraints of planetary boundaries. Yet in my experience, asking someone in a business to question never-ending volume growth is seen as career limiting. Despite new revenue sources being generated from approaches such as product-as-service or dematerialisation, most businesses do not want to touch this topic. In 2023, *Partners for a New Economy* funded BSR to explore the idea of 'Business Beyond Growth' and it is hoped a Centre focused on this topic will soon be set up.

In summary, there are many areas where businesses or impact investors already have a compelling business case for investing in ways that also create positive impact. Philanthropic capital should recognise this and avoid these more mature areas already ripe for impact investing, instead focusing on how it can act as a catalyst to accelerate action on more neglected aspects of the norms that guide businesses. The three under-invested areas outlined above provide an excellent starting-point for this exploration.

JAMES PAYNE – GLOBAL HEAD, PURPOSE OF BUSINESS IN SOCIETY, FORUM FOR THE FUTURE

James Payne is Global Head - Purpose of Business in Society at international sustainability non-profit Forum for the Future. He leads Forum's work on the changing role and expectations of business in society and the economy. He is a leading regenerative business practitioner, with a particular interest in how business can be a force for both social justice and regeneration. He supports executive and non-executive directors to demonstrate visionary leadership and supports businesses to reconfigure their value chains and transform consumption to make a hopeful, liveable future possible. He has bridged strategy, marketing and sustainability disciplines through over two decades in consultancy, industry and NGO roles.

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- Find out what philanthropists are looking for when working with advisors
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Example of donations from UHNWI without professional advice: **£19,000**

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Philanthropy Impact is a UK charity, focused on inspiring philanthropy and impact investing. Our mission: To increase the flow of capital for good by enabling private clients and their families to match their purpose driven wealth strategies with their values, capturing their sustainable, social and impact investment and philanthropy preferences across the spectrum of capital.

"THE PRINCIPLE OF QUANTIFYING CARBON REDUCTIONS AND MAKING THEM AVAILABLE FOR THOSE WHO WANT TO HAVE A POSITIVE IMPACT ON THE CLIMATE IS A MODEL THAT CAN WORK FOR SOCIAL IMPACT."

UNLOCKING MEASURABLE OUTCOMES: THE ROLE OF IMPACT MARKETPLACES IN PHILANTHROPY

CELESTE BRUBAKER – WWW.VILLAGEENTERPRISE.ORG

Every philanthropist and impact investor wants to believe that the work they are funding is achieving impact. Unfortunately, too often it can be difficult to be sure.

Social development interventions are rarely tracked against robust measurement criteria, meaning philanthropists are faced with the challenge of assessing how their donations are delivering quantifiable impact. Despite countless hours and significant investment, philanthropists are frequently left unable to quantify the Social Return on Investment (SROI) of the projects and interventions they fund.

Digital impact marketplaces are an innovative solution to this challenge. The first two international marketplaces, allowing people to buy social outcomes, launched last year. They validate impact and make it available as assets for philanthropists and others, such as corporates, to buy; shortcutting the due diligence process for philanthropists and streamlining the fundraising process for non-profits. In other words, they make it easier, cheaper and quicker for donors to invest in the most effective development organizations.

The concept of impact marketplaces isn't new, but new technologies and a framework to benchmark against in the form of the carbon markets, is making them a reality. But how do they work in practice and what are the benefits for philanthropy?

BORROWING THE BEST BITS OF THE CARBON MARKETS

Digital impact marketplaces offer a new way of improving the measurement and reporting of social outcomes funding, modelled on the market-based approach built in recent decades in the carbon markets.

Carbon credit projects measure emissions reductions from their activities, whether that is through schemes such as forest protection or increasingly via carbon removal technologies, in terms of a tonne of carbon. Each tonne is measured through established methodologies and made available as a credit for sale.

Carbon markets have come unstuck recently as corporations have sought to use carbon credits to 'offset' their negative impact on the climate. But when they work well, high integrity carbon credits allow consumers to have a direct positive impact on the environment and businesses to make progress towards net zero. They are a critical way of raising finance for projects that protect the planet that would struggle to find funding from other sources.

The principle of quantifying carbon reductions and making them available for those who want to have a positive impact on the climate is a model that can work for social impact. Instead of a tonne of carbon, projects will deliver a SROI which in the case of Common Good Marketplace, is measured by progress against the Sustainable Development Goals (SDGs).

We need to make having a real and positive social impact easier - and the process of verifying impact and making it available to purchase in a marketplace is a smart solution. Social impact assets can allow everyone from philanthropists and corporates to the ordinary person on the street, to direct their funding towards projects that they know are having a positive impact.

IMPACT MARKETPLACES IN PRACTICE

The theory of impact marketplaces is that they make it much easier for philanthropists to access high quality impact, but how do they work in practice?

CELESTE BRUBAKER – CHIEF OF IMPACT AND INNOVATIVE FINANCING, VILLAGE ENTERPRISE

Celeste leads the organization's excellence in innovation and impact measurement programming. She also spearheads pioneering social outcomes contracting initiatives, collaborating with a diverse array of public, private and academic stakeholders. With over 15 years of experience in international development, Celeste specialises in monitoring, evaluation, research, innovation, and results-based contracting to drive transformative change. Celeste holds an MA in Development Economics from American University.

Village Enterprise is partnering with Common Good Marketplace to create Africa's first-ever poverty impact asset to be sold on a social outcomes marketplace.

This will mean anyone can invest in tangible social impact. Eliminating the need for extensive research and due diligence, the impact assets are generated through implementation of the evidence-backed Village Enterprise poverty graduation model. Validated by two independent, randomised controlled trials, the model equips people living in extreme poverty to become entrepreneurs by launching businesses.

Village Enterprise's most recent randomised controlled trial found the program to have an average 534% benefit-cost ratio in east Africa, meaning for every $1 invested in the program, $5.34 of income is generated by the entrepreneurs.

The impact generated by Village Enterprise will be validated and marketed as "Verified Impact Assets" (VIAs) through Common Good Marketplace's six step program. Then, in October 2024, the first issuance of Verified Impact Assets for poverty alleviation will be released on Common Good Marketplace allowing people to buy impact against SDG 1, ending poverty, and SDG 10, reducing inequality.

Buyers will be invited to place bids for the impact. For example, if a buyer wished to obtain $1M of the SDG 1 issuance at a 4:1 SROI, they would bid $250,00 for $1M of the social impact generated. Village Enterprise will then accept or reject bids with purchases recorded on the blockchain.

More bids would likely increase the sell prices, which will benefit communities as Village Enterprise will re-invest revenue into new programming.

Importantly, pricing is based on social impact generated, rather than the cost to implement the project - the traditional model for funding of development interventions. This will prevent a "race to the bottom", when more sellers enter the market, because the market won't incentivise service providers to undercut the competition by making cost savings that might also undermine impact. Instead, it will foster healthy competition towards greater cost-effectiveness.

INCENTIVISING IMPACT

Impact marketplaces should deliver for both the philanthropist and the non-profits delivering social development programs; but critically they will also deliver more for the end user.

Too much social development spending is wasted, because of an emphasis on paying for activities instead of impact. This inefficiency was recently highlighted by the investigative report by Devex and The Bureau for Investigative Journalism into USAID's largest-ever foreign aid contract, the $9.5 billion global health supply chain award, which one evaluation declared "unlikely to have any transformative or sustainable effect".

By creating a market and scaling it we can better align funding decisions with real impact, encouraging service providers to invest in quality delivery, research, and innovation, ultimately driving transformative improvements in development outcomes.

The potential benefits of impact marketplaces are substantial: philanthropists can more confidently direct their resources towards high-impact projects, non-profits gain access to reliable funding streams, and, most importantly, we offer a better service to the people and communities who we are trying to support.

Ultimately, embracing impact marketplaces can transform the landscape of philanthropy and social investment, making it easier to turn intentions into tangible, positive outcomes for those who need it most.

"WEALTH ADVISERS PLAY A CRITICAL ROLE IN STRUCTURING PHILANTHROPIC PLANS TO REFLECT CLIENTS' GOALS, WHETHER THESE INVOLVE LIFETIME CONTRIBUTIONS, MENTORING/ VOLUNTEERING, CREATING A LEGACY OR A COMBINATION OF THESE APPROACHES."

BRIDGING THE WEALTH GAP IN GIVING – ENCOURAGING HNWIS TO INCREASE CHARITABLE CONTRIBUTIONS

ELEANOR SEPANSKI AND SOPHIE HARCOURT – WWW.BOODLEHATFIELD.COM

The need for philanthropy in the UK has never been greater. Charities and the voluntary sector are significant contributors to delivering public services, fundraising for critical causes and informing policymaking, however recent evidence suggests that the sector has been waning over the past decade. The 2024 Charities Aid Foundation ("CAF") World Giving Index https://www.cafonline.org/insights/research/world-giving-index paints a concerning picture, with the UK falling to 22nd place in their latest ranking, a significant drop from its top 10 position pre-COVID-19. The challenge is further underscored by the Chancellor's recent comments regarding the £22 billion 'black hole' in public finances, with such pressure greatly impacting the philanthropic sector.

Two reports published in August 2024 by *Pro Bono Economics* and *Remember a Charity*[1] have drawn attention to the untapped potential for high-net-worth individuals (HNWIs) to increase their charitable contributions, pointing to financial and wealth advisers as crucial players in encouraging philanthropic engagement. Outside of solicitors and specialist philanthropic advisers, the reports found that few private wealth advisers initiate or explore conversations with clients around giving and legacy. The research suggests that HNWIs donate far more generously when well supported in their decision-making, showing that there is a significant opportunity for the community of advisers to be engaging in such discussions.

For HNWIs, philanthropy encompasses far more than financial donations. It can take the form of donating time, establishing a donor-advised fund, setting up a charitable foundation and/or making social/impact investments. Some choose to make significant contributions through their Wills, while others prefer to give during their lifetime to experience the immediate benefits of their charitable efforts. Individual philanthropy can expand into family philanthropy, as a mechanism to create a legacy of giving, often woven into discussions of succession, inheritance, family business and wealth transfer.

Wealth advisers play a critical role in structuring philanthropic plans to reflect clients' goals, whether these involve lifetime contributions, mentoring/volunteering, creating a legacy or a combination of these approaches. Advisers can support their clients to view philanthropy as part of their estate and wealth management rather than something separate. For example, by flagging the specific tax reliefs for charitable donations, including a reduced inheritance tax rate of 36% if a client leaves 10% or more of their estate to charity. These incentives not only help clients achieve their philanthropic aims but also provide financial benefits to their heirs, reducing their overall tax liabilities.

It is often said that the UK's approach to philanthropy lags behind jurisdictions such as the US, where giving is already a key component of wealth advice and financial structuring. Some experts have suggested that the UK could benefit from following the US model, however CAF has argued that the UK's philanthropic culture should focus on its own rich traditions of charitable giving, rather than attempting to replicate a model which is driven by different tax structures and incentives.

Many HNWIs are motivated to contribute to good causes, but lack the advice and guidance needed to do so effectively, or even to start. By encouraging private wealth advisers to embed philanthropic advice into their services, these barriers should

[1] *Pro Bono Economics "Mission Give: The potential of better philanthropy advice" (August 2024) Pro Bono Economics "Generous Generation: The business case for financial advisers supportingunder-35s with philanthropy" "Understanding the Role of Wealth Advisers in Growing Legacy Giving" commissioned by Remember a Charity (August 2024).*

breakdown over time. The hope is that, as the network and knowledge of advisers grows, philanthropy will become a more prominent part of wealth and estate planning generally (and not only for HNWIs) and lead to increased levels of giving over time.

The role of philanthropic giving as part of wealth transfers and estate planning is growing in importance. For many HNWIs and their families, discussions around philanthropy are naturally linked to questions of legacy and inheritance. Advisers can help clients structure their charitable efforts to reflect the time and involvement they wish to dedicate, and whether they want to focus on personal giving or establish family-driven philanthropy. Private wealth advisers are well positioned to discuss philanthropy with HNWIs and should take this opportunity where possible. Not only will such discussions help grow the UK's philanthropy sector, it will also provide for deeper and more meaningful relationships with clients and their families.

THE REGULATORY FRAMEWORK AND THE ROLE OF KEY INSTITUTIONS

The UK's regulatory framework plays a pivotal role in shaping how both individuals and organisations approach charitable giving. Tax reliefs on charitable donations and inheritance tax reductions for gifts made through Wills have been critical in promoting philanthropy.

CAF has suggested that the UK's culture of giving could be improved further by way of adopting a 'National Philanthropy Strategy'. Such a strategy has been successfully implemented in countries including the Republic of Ireland and Australia, where a coordinated, government-backed approach to philanthropy has helped encourage more structured and sustained charitable engagement. A similar strategy could be adopted in the UK to raise awareness of the benefits of philanthropy, increase educational resources for both advisers and donors and lead to greater collaboration between the public and private sectors.

ELEANOR SEPANSKI – BOODLE HATFIELD, PARTNER

Eleanor is a Partner in the Private Client and Tax team, and deals with all aspects of onshore UK tax, private client and trust work. Eleanor is a specialist in charity law, and has advised HNWIs with their philanthropy issues, as well as governance and corporate social responsibility planning for large companies.

SOPHIE HARCOURT – BOODLE HATFIELD, ASSOCIATE

Sophie is an Associate in the Private Client and Tax team, where she advises both domestic and offshore private clients. Her practice includes tax advice and estate planning, administration of estates, trust matters, and preparing wills and lasting powers of attorney.

With regards to increasing educational resources for advisers, a report released at the start of the year by non-profit think tank Onward recommends mandatory philanthropy training for financial advisers, to ensure they are equipped to guide their clients through the process of charitable giving and estate planning.

With a coordinated effort between the government, financial institutions, and charitable organisations, the UK could unlock greater levels of giving, creating a more sustainable and impactful culture of philanthropy. ■

"THE DAF MODEL ALLOWS A PHILANTHROPIST NEW TO SOCIAL IMPACT INVESTING, TO START SMALL WITH A TRIAL PROJECT AND SCALE UP, WHILE MAINTAINING..."

LEVELLING UP SOCIAL IMPACT INVESTING USING THE DAF MODEL

MORAG GILLESPIE – WWW.STEWARDSHIP.ORG.UK

Social impact investing is now big business in the UK. The market reached £10bn in the 2023 calendar year and has grown over 12 times since 2011, according to Better Society Capital's latest market study[1]. While last year saw a sharp slow-down in year-on-year growth from 18% in 2022 to 7%, over the last three years growth has remained significant at an average rate of 15%.

The positive outlook reflects the increasing number of investors who are looking to create positive social impact alongside a financial return. Better Society Capital defines social impact as follows: 'Investment into social purpose organisations such as charities, social enterprises and impact start-ups, or real assets such as social and affordable housing. The investment enables them to deliver products or services that create measurable, lasting social impact that improves people's lives.'

Social impact investing effectively blurs the boundaries between traditional investing and charitable giving to help tackle the increasingly acute social issues of our day. Next-gen philanthropists, who are adopting a more innovative and holistic approach to their wealth management, love being able to support their chosen causes more strategically. They also like this smarter approach to philanthropy, which allows them to 'recycle' any potential returns into future social impact opportunities. While it still leaves room for traditional grant-making, impact investing allows for philanthropy to create a more sustainable impact over the long term.

THE ROLE OF THE DAF MODEL

The ease and convenience of the modern Donor Advised Fund (DAF) model is ideal for allowing major donors to incorporate social impact investing into their philanthropy. The DAF's popularity has made it the fastest growing philanthropic-giving vehicle over the past few years[2]. It offers a flexible and practical alternative to the traditional charitable trust or foundation model that permits anonymity if desired. A DAF provider can also partner with advisers to provide complementary support for their clients' philanthropic aims, building trust and loyalty between clients and advisers.

The DAF model allows a philanthropist new to social impact investing, to start small with a trial project and scale up, while maintaining traditional grant behaviour. DAF account balance can be invested in sustainable funds as well as allocated to support a charity with a loan or other funding arrangement. By providing long-term capital, the DAF's investment enables charities to scale up and become more sustainable. Any returns generated are then added to the DAF account balance to be 'recycled' into further social investments or grants.

A DAF frees the philanthropist to focus on their giving strategy, while the DAF provider takes care of the due diligence and admin. Specialist DAFs may offer further benefits. For example, Christian DAF Stewardship has an expert in-house technical team and has a deep understanding of the needs of the receiving charity as well as the donor. In addition, the funds given have usually been boosted in value by tax relief, so the amounts available for impact investing are increased at no extra cost to the donor.

CASE STUDY: INNOVATIVE PHILANTHROPY SUPPORTS HOUSING FOR CHRISTIAN WORKERS

For the last fifty years, Stewardship charity partner, Mission Housing, has been addressing the need for housing for church and charity employees who cannot afford to rent or buy a home that is located within the community where they work. The charity helps overcome the hurdle of high property prices by providing shared ownerships where the Christian worker buys at

[1] *Better Society Capital's '2023 Market Sizing' report: https://bettersocietycapital.com/2023-market-sizing/*

[2] *Philanthropy Roundtable: https://www.philanthropyroundtable.org/donor-advised-funds-are-the-fastest-growing-option-in-charitable-giving/*

"PLATFORMS LIKE JUSTSOW HELP MAKE SUCH INVESTMENTS SIMPLE, IN A WORLD WHERE SOCIAL INVESTING CAN BE COMPLICATED TO NAVIGATE."

least a 25% share of the property with cash or a personal mortgage. Mission Housing owns the balance of up to 75%, which is funded by charitable gifts and loans, some of which have been made from the DAF balances of Stewardship philanthropists.

RISING TO THE CHALLENGES

While social impact investing is pioneering a more innovative and dynamic approach to modern philanthropy, there are some challenges to overcome. Firstly, there is a perception that it carries a higher risk than traditional philanthropy as new ventures are inherently vulnerable to failure for a whole host of reasons, from inexperience to unforeseen macro factors. Flipping that on its head though, it does at least provide the possibility of a profit for repurposing, while traditional grants are of course given once, never to return. Another crucial point to emphasise too is that this is investing primarily for purpose, not profit! Every social investment will make some kind of positive impact even if the cause it has been directed to ultimately doesn't succeed.

It is true too that it can be easier said than done to find the opportunities in the first place. New ventures often rely on their personal connections and networking to attract funding, and simply don't have the means to promote themselves beyond their immediate circle. As this need becomes apparent, innovative solutions are beginning to emerge. For example, JustSow has borrowed from the world of start-ups to create an online incubator to support Christian entrepreneurs who are looking to combine social impact with sharing the Christian faith. Projects are showcased on the platform in a bid to attract seed funding that is provided by 'Sowers'.

Platforms like JustSow help make such investments simple, in a world where social investing can be complicated to navigate. Opportunities sometimes require a high level of technical and legal support to ensure sufficient due diligence and compliance with the investee's charitable objects and governance requirements. This is where a good DAF provider comes in, shepherding their donors through the process and relieving them of the technical admin involved.

Measuring the impact of purpose-driven investments isn't always straightforward either. For the DAF provider, the payout rate, which describes the speed with which grants are paid out to charitable causes, is helpful for checking that funds are flowing out to good causes. At Stewardship, we were very encouraged to report a record 60% DAF payout rate for 2023[3], almost two and a half times the UK DAF average. This metric does only provide a broad overview though and covers all forms of giving, including social impact investing. If we are to drive growth in this important area, we need to develop a robust framework for measurement that communicates the value being created to both donors and recipients.

RICH REWARDS

Social impact investing may not be for the faint-hearted, especially at this relatively early stage of its development, with the challenges and teething problems that entails. There is no denying though that it represents a dynamic innovation in philanthropy. One that opens exciting opportunities for modern philanthropists to create significant long-term impact for their chosen causes. The potential rewards for everyone involved are very rich indeed. ■

MORAG GILLESPIE

Morag Gillespie joined the Philanthropy Services Team at the start of 2023, having previously worked in secular and Christian charities. She is committed to maximising the impact of any project and loves to see initiatives grow.

[3] *Stewardship uses The Foundation Center method to calculate its payout rate; each year's total amount of grants made from Stewardship is divided by the total amount of charitable assets (restricted funds) held at the end of the prior year. This method is also used by NPT in their UK DAF Report.*

"WE WORK WITH QUESTIONS ABOUT HOW TO EVOLVE PHILANTHROPY FROM WITHIN IN ORDER TO SUPPORT MORE SUSTAINABLE AND GENERATIVE CHANGE."

DRIVING ECONOMIES IN SERVICE TO LIFE THROUGH THE EARTH FUNDING LAB: AN EXAMPLE

LIZ GADD – WWW.GREENFUNDERS.ORG

We cannot rely on traditional methods of grant funding or sustainable investment alone to meet the unprecedented challenges our world faces. To address interconnected and ingrained social and environmental challenges - with the urgency they demand - we must travel differently to seek new destinations.

The Earth Funding Lab, founded by the Environmental Funders Network and the Bio Leadership Project, is a call to evolve the systems and structures behind funding and sustainable investment in order to support greater and more systemic forms of impact. The Lab is both a learning community and an innovation incubator. We work with questions about how to evolve philanthropy from within in order to support more sustainable and generative change. Participating funders connect ideas, knowledge, resources, and strategies.

A goal of the Lab is to develop a 'portfolio' of workstreams (see right) that support greater shifts toward economies that protect and regenerate all of life. Of course, many areas of work are needed, so we developed a set of coordinates to help our group prioritise areas of work:

- Is it bold and ambitious?
- Is it the right fit for this group and this moment in time?
- Can it inspire action in many different places?
- Does it embrace connections more than silos?
- Is it something that no one can do alone?
- Does it have the potential to heal relationships (to ourselves, to nature, to the past)?

EARTH FUNDING LAB WORKSTREAMS

1. Evolving the tax system to serve life
This workstream is focused on exploring the points of confluence between the tax system and the climate and nature emergencies. It seeks to identify ways in which the power of the tax system can evolve to act in service of life. The group is exploring how to deepen connections between existing actors engaged with this topic, support their work to bring about policy and legal change and shift public discourse.

2. Going beyond ESG
This workstream explores and acts on the misalignment between how organisations make grants and how they invest. The group seeks to encourage an ecosystem of transparency, to shorten the learning curve for other philanthropists, and for charitable foundations to join us in putting all of our capital – endowments, as well as grants – to work in service to life.

3. Supporting the rights of nature movement
This workstream seeks to support the rights of nature movement to grow, knowing that giving nature back its rights will transform the way our economy functions – and how society views nature. So far, the work has included inviting groundbreaking projects to help identify different levels and leverage points of support required for more systemic impact.

With more workstreams planned...

"THERE IS ENERGY AND COMMITMENT AMONGST EXISTING PARTICIPANTS TO EXPLORE NEW WORKSTREAMS TOGETHER WHEN THE MOMENT IS RIGHT."

In autumn 2024, the second cohort of participants are beginning their journey with the Lab, and a third cohort is planned for spring 2025. New participants may decide to join one of the existing three workstreams and/or to establish new ones. There is energy and commitment amongst existing participants to explore new workstreams together when the moment is right. Possible areas for future action include in relation to the role of feminine leadership principles, developing a movement advocating for strong and just transition policy proposals in the UK, and potential geographical focus areas such as South Wales.

We acknowledge that there are no simple solutions to the challenges of the world today. For this reason, the spirit of the Lab is one of community, shared inquiry, experimentation and mutual support.

WHAT MAKES THE EARTH FUNDING LAB INNOVATIVE?

The Lab's spirit of innovation is both broad and deep. However, two things stand out to me as reasons to celebrate that we are travelling a path less travelled.

- Participating funders are building deep relationships to enable meaningful and long-term collaboration.
- The Lab is convening discrete parts of the ecosystem to facilitate systemic action that no one group could achieve alone.

To my mind, this makes the Earth Funding Lab one of the most innovative projects in the philanthropy space and a forerunner for the style of working required for philanthropy and sustainable investment to achieve impact at a systemic level.

We invite you to join us as we walk the path less travelled, where together we are more than the sum of our parts. To join us for cohort 3, contact liz@greenfunders.org.

LIZ GADD – ENVIRONMENTAL FUNDERS NETWORK, INTERIM DIRECTOR

Liz Gadd specialises in supporting funders, and charities, to act at the intersection of social, environmental, and equity issues. Drawing on 25 years of experience, Liz supports collaborative multi-solving, culture and practice change amongst the sector's thought leaders to ensure a healthier, fairer and more sustainable future for everyone. Liz is a trustee of the Eating Better Alliance and will return to the trustee board of the Environmental Funders Network after a period of interim leadership while a new Executive Director is recruited.

"We are going to a different place, let's go differently." – **Nora Bateson**

"THE BIOMEDICAL INDUSTRY HAS RECEIVED STEADILY GREATER INVESTMENT SINCE ITS ORIGINS IN THE 1970'S."

BIOTECH AND BIOMEDICAL FAILURE: IT'S NOT THE SCIENCE

BARBARA HANDELIN AND KARYN POLAK – WWW.90-10INSTITUTE.ORG

You've seen the headlines: Drug pricing in the United States is stratospheric.[1] Few technologies for early detection of life-limiting diseases (e.g., cancer and heart disease) or low-margin products like vaccines and antibiotics are receiving adequate investment, despite evidence that these inventions have saved more lives than novel therapies. Drug shortages in the United States are at a record high.[2] And pharmaceutical companies are saying the quiet part out loud and proud now – that some expressly choose to hold back one promising drug in favour of another already-patented one in order to maximise profits.[3]

The biomedical industry has received steadily greater investment since its origins in the 1970's. In the United States, venture capital investment alone in biotechnology companies steadily increased from $1.5 billion in 1995 to $16.8 billion in 2020. Yet despite benefiting from billions in capital investment, the biomedical industry produces products that address less than 10% of all disease conditions: primarily those that can generate blockbuster profits and large returns for private or public shareholders. This industry, upon which the world relies for all our medical products, is overlooking 90% of society's medical needs.

THE "WHY"

It isn't because physicians are holding medicines back.

As long as the evidence of effectiveness is openly available to physicians and as long as their patients can afford a test or treatment, physicians are of course anxious to offer any and all new ways to prevent, diagnose and treat disease.

It isn't because the public health agencies don't recognize the need.

In fact, public health agencies and other health care advocacy organizations (e.g., The American Cancer Society) track and publish data on the positive and negative effects of early detection and standard treatment protocols on overall health and wellness.[4] They'd much prefer, and indeed they advocate for, more vaccines and other preventive or early detection methods to catch cancer, heart disease, and other major diseases before they become intractable.

It isn't because we lack knowledge or technology to solve far more medical needs.

As a consequence of 40 years of investment of tax dollars for NIH grants and free-flowing (albeit high-cost) private capital, our scientific understanding of molecular and physiological systems of disease has advanced significantly. Indeed, there is a tsunami of data, discoveries, and understanding, flooding academic and industry journals with useful knowledge. By the mid-2000's, the global biomedical research and development (R&D) system was not just robust but was in fact drowning in millions of potential treatment, detection, and prevention candidates. As such, with this much more mature and deep pool of scientific and technology knowledge in medicine the potential to meaningfully addressing a wide swath of the molecular mechanisms of human disease, the biomedical assets available today are much less of a 'wild card' bet for funders.

SO WHAT'S THE PROBLEM?

It's the financialisaton of the biomedical system that is burdening the productivity and the cost of biomedical business.

Since the inception of the biotech industry, each entrepreneurial company accepting the speculative capital of venture firms has given over two critical aspects of building a business: (1) ownership control, as the early to mid-stage capital sources take preferred shares and a majority stake, and (2) control over product portfolio selection,

[1] *https://www.cms.gov/data-research/statistics-trends-and-reports/national-health-expenditure-data/nhe-fact-sheet*.
[2] *"At least 14 essential generic cancer drugs are currently in shortage, forcing patients and doctors to make difficult decisions to delay or ration first-line treatments, or accept second-best treatments. ADHD treatments, antibiotics, children's acetaminophen, and many other critical medicines are also in short supply." https://www.statnews.com/2023/08/09/drug-shortages-public-pharma-option/*
[3] *https://www.propublica.org/article/how-big-pharma-company-stalled-tuberculosis-vaccine-to-pursue-bigger-profits?utm_source=sailthru&utm_medium=email&utm_campaign=majorinvestigations&utm_content=feature*
[4] *An American Cancer Society report on 30-year reduction in cancer mortality 2022 (reference) showed that the 30% reduction in cancer mortality over 30 years was primarily attributable to early detection tests (mammograms, PSA, and colorectal screening) and smoking cessation – none of which were developed by the biomedical industry.*

> *"THERE ARE ONLY SO MANY DRUGS AND DIAGNOSTICS THAT WILL ULTIMATELY MAXIMISE LIFETIME PROFITS – AND SO MANY MORE THAT WE NEED TO MAXIMISE THE NUMBER OF REAL MALADIES SERVED."*

exclusively devoted to products that can be forecast to deliver maximum profits. Maximised profits in these companies are achieved primarily through the market exclusivity granted by FDA or EMA and enforcing patent rights that together allow for unchecked initial setting and yearly escalation in prices for their proprietary products, especially treatments.

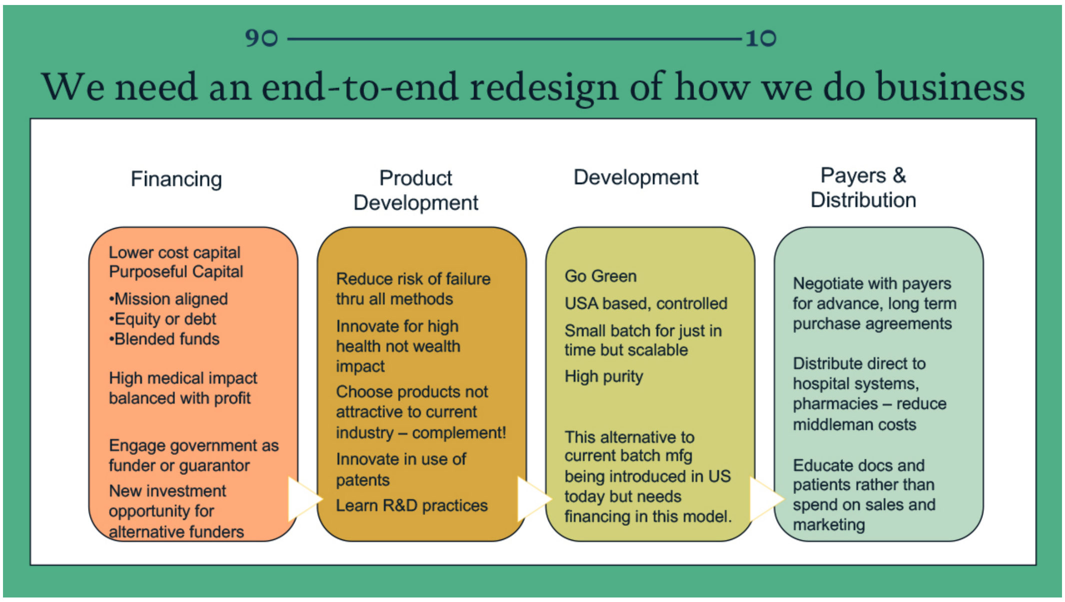
Meeting the demand for this type of capital requires short lead times to capture greatest market and investor returns, often abandoning promising medicine in favour of speed to market. Rather than valuing breakthrough biotech on medical impact, the market values it based on profit impact. There are only so many drugs and diagnostics that will ultimately maximise lifetime profits – and so many more that we need to maximise the number of real maladies served.

Why isn't there a vibrant marketplace filled with companies working away at the 90% gap, at an affordable cost and accessibility to all? Companies engaged in producing the 90% of medical needs need lower cost capital invested with longer horizons that can reliably generate good (i.e., business sustaining) margins.[5] What will it take to build the asset owner/managers system that seeks lower risk (yet high medical impact) investment opportunities with commensurately lower returns on their capital?

WHAT WILL IT TAKE? INTENTIONAL CAPITAL AND A BIOMEDICAL INDUSTRY FOR SOCIETY

Seasoned biotech industry professionals and other members of the ecosystem around them, including the authors, have formed a public benefit non-profit entity, The 90~10 Institute. The Institute is tackling the medical and economic failures by standing up a new biomedical industry pillar: Biotech for Society. Our vision activates the heart and soul of scientists, business executives, payers and government, philanthropists, and investors to serve the original mission of the biomedical industry: to care for the greatest number of people and treat the greatest number of health challenges possible, in the most efficient way.

Our Theory of Change is that a new biomedical industry, comprised of emerging companies seeking to operate leanly, focus first and foremost on health, think outside patent protections, compete on quality and price, and let profits flow in measure, will produce affordable medicines for the 90%. We believe the entire process can be optimised for maximum productivity and efficiency, producing sustainable profits in a competitive marketplace.[6]



[5] How can we declare that margins and 'customers' will be reliably attained? Because medicines don't compete for favour with their ultimate 'customer': the patient. Patients need medicine for their ailments; they aren't choosing which brand to buy; they are prescribed what is needed. Therefore, effective medicines that address unmet medical needs will always generate revenue and savvy producers will be able to make them with suitable margins to sustain viable businesses.

[6] New operating models for product producers -- for example, price controls and other counter pressures on pricing applied by institutional buyers (insurers, health systems, Medicare), federal legislation to allow Medicare/Medicaid to negotiate prices on some (few) treatments, disruptive companies like CostPlusDrugs offering lower prices on novel buying platforms, and nonprofit companies like CivicaRx and Medicines 360 providing low-cost drugs to subscribers and to developing world populations at no cost – are the subject of another paper.

THE 90~10 FINANCIAL INNOVATION PROPOSAL: BIOTECH FINANCING FOR SOCIETY

The Institute is gathering deep thinkers and innovators in each of the essential sectors of this new industry channel to bring innovative business practices, financial vehicles, manufacturing, payer/manufacturer contracts, patent uses, patient voice and values, and considerations of policy or regulatory changes to the dialogue. These convenings will culminate in a 2025 Summit roundtable of visionary thinking, where Summit participants will make the 'recipe' for a new way to be in the business of producing health impact in a sustainable, cost-efficient, inclusive and accessible manner.

Companies in Biotech for Society will be fuelled by risk-adjusted, returns-adjusted, patient capital. The 90~10 is developing novel financing vehicles to aggregate mission-aligned capital in professionally managed funds, partnerships, and other structures and will open-source as well as help activate these vehicles. In a first pilot effort to demonstrate the viability of these vehicles, the Institute has entered into a groundbreaking initiative aimed at transforming the landscape of genetic therapies through a partnership with The University of California's Innovative Genomics Institute (IGI) in the California Accessible Genetic Therapy Initiative (CAGTI). This collaborative effort seeks to demonstrate that even the most advanced genetic therapies can be created and provided to patients at affordable prices. The initiative will leverage each organisation's expertise: The 90-10 Institute will contribute a 'mission lock' by sponsoring a dedicated fund that provides low-cost capital to gene therapy companies focused on affordability and equity. Meanwhile, the IGI and young entrepreneurs across the genetic therapy business landscape will apply world-leading research and ethical framework to ensure that these advancements align with societal needs and ethical standards.

By building a movement towards a more sustainable, full-spectrum-capital funded biomedical industry, including mission-locked entities, The 90-10 Institute is demonstrating how purpose aligned investors and entrepreneurs can bring the accessible medicines needed for all of society.

BARBARA HANDELIN, PHD - CEO AND PRESIDENT OF THE 90-10 INSTITUTE

Dr. Handelin is a veteran entrepreneur and molecular medical geneticist who has been a pioneer in the responsible application of genetics to clinical medicine over a 40-year career. Over the last decade, she has turned from technology and science innovation to redesigning the business and financing of her beloved industry, culminating in the establishment of The 90-10 Institute. Starting In 1987 Dr Handelin established the first commercial DNA testing laboratory, at Integrated Genetics (now Genzyme Genetics), followed by cofounding one of the first gene therapy companies (Genovo), a pioneering computational biology company (Kenna Technologies) and BioPontis Alliance, a venture-like Fund with a novel risk sharing investment and licensing model. More recently she was the co-founder and CEO of Audacity Therapeutics, a public benefit (B Corp) pharmaceutical company and BioPontis Alliance for Rare Diseases, a nonprofit organization dedicated to bringing new therapies forward for rare genetic diseases. Dr Handelin served 3 years on the board of RedPath Integrated Pathology, Inc., and 3 years as board member of NeuroPointDx/Stemina and is currently serving on Board of Transformative Bio. She formerly served on scientific advisory boards of several genomics companies (e.g. EXACT Sciences). She served 10 years as a board member of the IRB education nonprofit organization Public Responsibility in Medicine and Research (PRIM&R), as well as on a variety of federal committees and advisory panels on ethics in genetic testing, including the Secretary's Advisory Panel on Genetics, Health and Society. Dr Handelin took her Ph.D. at the Oregon Health Sciences University with thesis work completed at the Massachusetts Institute of Technology and has authored journal publications in human genetics, bioethics for industry and genetics education. Dr Handelin holds a Non-Profit Management Certificate from the University of Delaware.

KARYN POLAK - STRATEGIC ADVISOR

Karyn Polak draws on her extensive financial services and legal expertise across the spectrum of traditional finance - from consumer banking to brokerage and wealth management, investment banking and institutional asset management, and insurance and retirement - to address the complex challenges our world faces. In 2022, Karyn founded Shift the Prism Advisory to support changes in mindsets, systems, and approaches to capital and development. Throughout her career, Karyn has consistently sought to reduce inequities and increase inclusion through concrete contributions as a business executive, board member, mentor, and community convener and connector.

She previously served as legal counsel, a trusted advisor, and a C-suite executive in her various roles at Citigroup, PNC Bank, and Transamerica - from her first senior position as General Counsel for Citi Private Bank to her most recent as Chief Legal Officer for Transamerica. She also has over a decade of experience advising global financial institutions, multinational corporations, and family businesses in corporate finance, securities, and mergers and acquisitions at three top-100 U.S. law firms.

Karyn consults on a portfolio of projects that stretch mindsets and opportunities from philanthropy to the public markets, driving innovation in place-based, local investments and for individuals, businesses, and communities. She also serves on the boards of The 90-10 Institute, Avodah, and The Legal Accountability Project; chairs the Events Working Group for the North America Regional Board of the Global Alliance of Impact Lawyers; serves on the Programming Committee for ImpactPHL; and is an advisor to several social ventures, including Philly Cooks for Philly, The Unless Project of A Little Better Co., Crowdfund Baltimore, and The Mulberry project of Opportunity Main Street.

owenjames | Philanthropy Impact — Inspiring Philanthropy and Investing for Impact

Owen James Events and Philanthropy Impact Partnership

SOCIAL IMPACT INVESTMENT AND PHILANTHROPY CAMPAIGN

PLUGGING INTO THE SPECTRUM OF CAPITAL

Building an ESG, SRI, Impact Investment and Philanthropy campaign.

Given the rise in interest around ESG, SRI, Impact Investing and Philanthropy amongst distributors and investors alike, Owen James and Philanthropy Impact have decided to put together a package of services to help drive your presence, awareness and engagement in this area.

We have often held the belief that an event or a piece of content in isolation holds limited value… think of it like a heartbeat. If you are looking to generate sustained ROI then it is important to look at the wider picture and build a meaningful campaign. To this end, Owen James have teamed up with Philanthropy Impact to help you curate a perfect campaign to penetrate the Wealth Management & Private Banking market.

KEY ELEMENTS TO THE PERFECT CAMPAIGN

owenjames | Philanthropy Impact — Inspiring Philanthropy and Investing for Impact

Events

- Meeting of Minds
- Beacon Philanthropy & Impact Forum
- Bespoke events & briefings
- Philanthropy Impact events & training

Content Creation

- Video
- Webinar
- Written content (whitepapers, blogs, articles, etc)

Insight / Research

- Inclusion of questions in Scene Setter questionnaire
- Bespoke research

Marketing

- Website; bi-weekly newsletters; quarterly thematic magazine
- Profiling
- Advertising
- Articles

WHAT NEXT?

If you would be interested in getting more information or chatting through the options in more detail, please contact either:

James Goad at Owen James Group on 01483 861334 or jamesgoad@owenjamesgroup.com

John Pepin at Philanthropy Impact on 07803051674 or john.pepin@philanthropy-impact.org

THE ROLE OF PHILANTHROPY IN SUSTAINABILITY

GAVIN RALSTON – WWW.CATHEDRALMUSICTRUST.ORG.UK

Listening to Choral Evensong in one of England's great cathedrals and managing an investment portfolio may seem to have little to do with each other. But both activities focus on a sustainable future in more ways than you might think. As a trustee of the Cathedral Music Trust and a former investment manager I believe strongly in a consistent approach to long-term goals as a charity trustee and as an investor.

The sustainability of the great choral tradition we support is easy to understand, but sustainable finance is a newer idea. Sustainable finance - also known as environmental, social and governance (ESG) or responsible investing - brings a long-term perspective to investing and incorporates multiple factors into investment decisions.

Sustainability has become a common objective of professional and individual investors, but the principles behind it apply equally to the world of philanthropy. The idea behind sustainable investing is to enhance long term resilience in the face of serious challenges such as climate change, rising inequality or constraints on government support due to high levels of borrowing. Building in resilience is natural for multi-year investing and also incorporates risk management.

Provision of capital to achieve sustainability can be classified in three overlapping areas:

Sustainable investing – here, the investor is seeking the highest financial return relative to risk, but with either constraints on investing in companies or industries whose future is vulnerable to mega trends (such as the impact of climate change mitigation on oil companies) or a bias towards industries that are well positioned to benefit from the same trends (e.g. renewable energy). Sitting in the middle is the responsibility of shareholders to play a bigger role in helping businesses to transition to a more sustainable future. Most large investors, and many smaller ones, particularly in Europe, now incorporate ESG into their investment strategy

Impact investing - an impact investor has twin objectives for financial return and positive environmental or social outcomes and states a clear intention to deliver both. This may involve some sacrifice of return to below market rates but impact investing still sits within the opportunity set available to institutional investors. The key test is that non-financial outcomes as well as financial are measured and quantified.

Impact investing is growing fast but is still small in aggregate. The Global Impact Investing Network's 2024 survey reported total impact assets of about £375 billion, which compares to global financial wealth, according to the Boston Consulting Group, of £210 trillion.

There has been lively debate – and many academic articles -about whether a sustainable strategy generates better financial returns than one that ignores ESG factors. The answer to this question is not clear, and an investor should not adopt an ESG strategy just in the expectation of making more money, although there is stronger evidence that ESG is associated with lower levels of risk. Moreover, some impact strategies are likely to give lower returns because they are funding projects that would not be viable from a purely commercial perspective.

Philanthropy - typically impact is the sole objective and there is likely to be no financial return. With the requirement for a financial return removed, philanthropy has the freedom to generate a wider set of outcomes than an impact investor can. A principle common to both, however, is the measurement of impact, particularly as there is no financial metric to fall back on. UK charities have an obligation to address this by making a statement of public benefit, which many have amplified into an impact report.

Some investment instruments sit across categories – for example social impact bonds, which provide a financial return only if the social outcome is achieved, are used by philanthropic foundations who are able to take the risk their capital may not be returned. This type of investment is suitable where it

matches charitable objects – for example a charity dedicated to rehabilitation of prisoners investing in bonds that pay out when reoffending rates fall.

These three areas – sustainable financial investing, impact investing and philanthropy – do not have to be independent of each other. The first two can play a part in the portfolios of fiduciary investors such as pension funds, who have a primary duty to their beneficiaries to maximise returns; family offices and the individual clients of wealth managers may by contrast deploy capital in all three areas as they can take into account the non-financial goals of their beneficiaries.

Among tools to assist sustainability of investment portfolios, the United Nations Sustainable Development Goals are a global set of objectives which many investors use to categorise the goals they are aiming for. There are, for example, excellent opportunities to generate market returns from achieving Goal 7 (Affordable and Clean Energy) and Goal 13 (Climate Action) which can therefore be funded through ESG investing.

While investors often refer to these goals, they are equally applicable to charities. Among the largest charities in the UK, funding cancer research (Goal 3, improved health and well-being), supporting health and education of children (Goal 1, no poverty) and eliminating hunger (Goal 2, zero hunger) complement financial impact investors.

Charities also target different, and wider, goals. For example, arts funding is an area where charities can deliver positive social outcomes. The Cathedral Music Trust, which supports cathedral music in the UK and Ireland, sustains an activity where financial returns are zero or minimal and which therefore depends on philanthropy. Our donors expect the charity to measure its outcomes against specified goals, among which are the survival for future generations - sustainability - of cathedral music as part of our national heritage, and the educational benefits for children of singing in choirs.

These trends come together in the investment policies charities set for their reserves to reflect their values and match their objectives. Although charities should always aim for a return on their financial assets, in the UK they have some freedom to invest for non-financial reasons but must achieve the right balance, just as impact investors have to do.

Charities, after all, seek impact first and foremost, and a dialogue between philanthropists and financial investors can only be of benefit to both sides.

GAVIN RALSTON – TRUSTEE AND CHAIR OF FINANCE AND AUDIT, CATHEDRAL MUSIC TRUST

Gavin has held trustee roles in charities for several years, and as well as his role at Cathedral Music Trust he is Canon Treasurer of Peterborough Cathedral and churchwarden of a church in the City of London. His professional career was in investment management, for Schroders in London, where he worked closely with many large investors around the world. He remains involved in asset management through board memberships and sitting on two charity investment committees.

Cathedral Music Trust's mission is to transform lives through the power of cathedral music; it provides both financial support and education and research partnerships.

"A NEW MOVEMENT IS NEEDED, AND I BELIEVE THAT ESTABLISHING A PURPOSE-LED PHILANTHROPY COMPANY, OR PHILCO FOR SHORT, IS A GREAT WAY TO ACHIEVE THIS."

WHAT ARE THE IMPLICATIONS OF BLENDING PHILANTHROPY WITH INVESTMENT STRATEGIES FOR SOCIETAL BENEFIT? A PHILANTHROPIST PERSPECTIVE

JAMES REED – WWW.REED.COM

Philanthropy and charitable activity that benefits society is a cause which is very close to my heart and is interwoven into my commercial life. Since 1960 when Reed group was established, we have always had an ethos of active engagement in charitable, philanthropic and social causes which has been integral to the company's vision and values.

What I am keen to see more of however, are companies outside the institutional investment arena that are willing and able to make a greater impact from a philanthropic perspective. Given the multitude of challenges facing society, and the world at large, this needs to happen sooner rather than later and at scale.

Free-market capitalism has achieved incredible things – lifting millions out of poverty, fuelling innovation and offering people opportunities to succeed. But it clearly hasn't worked for many. The UK has among the highest levels of inequality in Europe, climate change is threatening to spiral out of control and our young people are suffering a mental health crisis.

A new movement is needed, and I believe that establishing a purpose-led philanthropy company, or PhilCo for short, is a great way to achieve this.

Many companies are making strides to improve their environmental and social sustainability, such as Lloyds Banking Group which has set out an ambition to become a purpose-driven organisation with purpose embedded in the core of its business, decision making, operations and culture. However more needs to be and can be done in the UK and the PhilCo movement which I am spearheading aims to encourage businesses to embed philanthropy into their ownership structure. Ideally PhilCo companies will transfer at least 10% of their shareholding to a charitable foundation, thereby ensuring a positive impact on people and the planet.

We know this works, especially in Europe where the concept of PhilCos is much more common. Some of the world's biggest brands, including Ikea, Carlsberg, Lego, Rolex and Bosch and Europe's biggest company by market cap, Novo Nordisk, have adopted the foundation-owned company model. In Denmark, where the PhilCo structure is popular, the 40-year survival rate is 10% for non-foundation owned companies but increases to 30% for foundation-owned companies.

As well as longevity, being a PhilCo offers a legacy for company founders and leaders. It also enhances a company's reputation and improves work force motivation, retention and reduces absenteeism. Companies which adopt the PhilCo ownership structure will join a community of other PhilCos, and I hope will one day be recognised by a PhilCo hallmark – similar to the B Corp stamp.

We don't execute sustainable investment strategies but what I do see in my dual roles as CEO of Reed group and Chair of Trustees at Big Give, the UK's largest match funding charity which is supported by Reed, is how strategically allocated funds from philanthropic donors can make a tangible difference to society.

The purpose of Reed is also clear and encapsulated in just four words: "improving lives through work". It's memorable but above all it is actionable every day by everyone who comes into

"HAVING SUSTAINABILITY BAKED INTO EVERYTHING REED DOES, WITH OUR FOCUS ON DELIVERING AGAINST THE UN SUSTAINABLE DEVELOPMENT GOAL UNDERPINNED BY THE REED FOUNDATION IS KEY."

work. Everyone can do something in the course of their day to improve someone else's life, even if it is in a small way. So, although neither Reed nor Big Give are at the coal face of sustainable investment in so much as generating financial returns, what we do see every day is the impact of running a sustainable operation which benefits our business, team members and society at large.

We try to balance the desire to deliver for shareholders with the need to effect good for society. As such, Reed has transferred 18% of its shareholdings to the Reed Foundation, which has since given away tens of millions of pounds to good causes. This means all our team work the equivalent of one day a week for charity.

We also run Big Give, which doubles donations to thousands of other charities taking part in its fundraising campaigns. In these challenging times, there is a tremendous need to support the vital life-changing work of charities. In a recent study by the Charities Aid Foundation, 86% of charities surveyed reported an increase in demand for their services, while fewer than 38% are confident that they can afford to meet that demand. Big Give has a proven model for multiplying generosity, having raised nearly £300m for thousands of charities since being founded in 2007, with an ambition to raise £1bn for good causes in the years to come.

Having sustainability baked into everything Reed does, with our focus on delivering against the UN Sustainable Development Goal underpinned by the Reed Foundation is key. Equally we emphasise to the "champion" philanthropic donors who work with Big Give that we build sustainability into their activity.

What Reed and Big Give does on a daily basis isn't sustainable investment in its purest form but you can see how the premise of being a PhilCo shapes our approach to sustainability and the deployment of funds in such a way that it maximises impact and societal change.

My aim is to create a movement of companies in the UK which follow the same model. If we succeed, we can build a new variant of capitalism – one that's more robust, delivers better returns and also does enormous social good.

JAMES REED CBE – CHAIRMAN AND CHIEF EXECUTIVE OF REED

James Reed CBE is the Chairman and Chief Executive of Reed, the largest family-owned recruitment company in the world. Founded in 1960 by James' father, Sir Alec Reed, the company now boasts over 4,500 employees in 200 locations globally and handles almost 100,000 job applications each day via Reed.co.uk.

James first joined the company in 1992 after graduating from Harvard Business School. He was appointed Chief Executive in 1997 and Chairman in 2004.

As a champion of philanthropic giving and doing more for the greater good, James established Reed as a purpose-led philanthropy company, or PhilCo, a decade ago. The PhilCo movement, which James created, aims to encourage businesses to embed philanthropy into their ownership structure thereby ensuring a positive impact on people and the planet.

James is the driving force behind charity Big Give and is Chair of the Trustees. It is the UK's biggest match funding platform which doubles donations to thousands of other charities taking part in its fundraising campaigns. To date, it has raised almost £300 million.

James is a regular media commentator on work and labour market issues, with appearances including BBC News, Sky News and BBC Radio 4. He has contributed insight to a wide range of publications including the Financial Times, Harvard Business Review, the Sunday Times and City AM.

James' most recent book, *"Life's Work"*, is about 12 proven ways to fast-track your career. The book contains numerous ideas for people to pick up and try in order to give you an edge and make a difference to your life's work. The book is also available as an online course designed to provide insightful videos, activities and resources to help individuals build a successful career.

James' latest initiative is a new podcast series called *James Reed: All about business* which involves him speaking to business leaders and entrepreneurs and sharing their views, insights and opinions.

"INCORPORATING ECONOMIC DEVELOPMENT INTO THE CLIMATE PHILANTHROPY NARRATIVE AND FUNDING IS NOT MERELY A STRATEGIC ADJUSTMENT; IT IS A NECESSARY PARADIGM SHIFT."

PUTTING PEOPLE AND ECONOMIC DEVELOPMENT AT THE HEART OF CLIMATE PHILANTHROPY

ALLAN MCKINNON - WWW.GOODWORKSCOMPANY.ORG

As a movement, climate philanthropy is failing to adapt our message to build public support for the energy transition. We have largely relied on pro-environmental messages, but whilst this has primed climate conversations, it has not created transition at the scale and speed necessary to avert climate catastrophe. Not only has this message failed to deliver, but many perceive the energy transition as having a detrimental economic cost, creating space for populist anti-net zero movements to form.

To ensure effective climate philanthropy, we must position economic development as a central narrative. Doing so garners broader public support and creates a stronger foundation for successful energy transition efforts, achieving public buy-in by aligning climate positive solutions with economic prosperity.

THE PUSHBACK AGAINST NET ZERO

There is now substantial evidence from across the UK and Europe that whilst the public think their governments should be doing more to stop climate change, when the personal economic costs become apparent, their support for these green policies falls dramatically. This is compounded by concerns about the speed of transition and the potential for economic instability during the shift to net zero.

This creates an uncertainty that magnifies the underlying weaknesses in the energy transition, and fosters resistance to change. The markets for renewable energy are not fully established, the technology nascent, and the incentives still in flux; renewable energy generation is not as profitable as oil and gas and not yet ripe for private sector investment at the scale needed. Whilst the private sector is increasingly investing in this area, it requires substantial public and philanthropic funding to bridge this current market failure, especially in areas which are furthest from the market, such as carbon capture. However, governments are less likely to adopt more pro-climate policies and invest substantial sums when the public are hostile to the idea of the energy transition and unwilling to bear the economic cost, which in turn creates further uncertainty around private sector investment. These concerns highlight the importance of addressing economic concerns alongside climate objectives; if we do not adjust this narrative, we not only fail to deliver the change at scale needed but create space for populist pushback against green policies which will ultimately undermine our collective efforts to transition towards cleaner energy.

MAKING ECONOMIC DEVELOPMENT THE CENTRAL NARRATIVE

Incorporating economic development into the climate philanthropy narrative and funding is not merely a strategic adjustment; it is a necessary paradigm shift. By framing environmental issues and the energy transition within the context of economic growth, opportunity and job creation, we can better align climate goals with the needs and aspirations of affected communities. By making this shift, we can:

Bridge the Gap Between Climate and Economic Goals
One of the primary benefits of emphasizing economic development is its potential to bridge the gap between climate goals and economic needs. Investments in renewable energy infrastructure can create new job opportunities in manufacturing, installation, and maintenance. Strategic philanthropic funding can address climate concerns and foster economic growth in emerging industries, positioning them for private sector investment to turbo-charge growth and at-scale interventions.

Philanthropic initiatives that support vocational training and education in green technologies can further facilitate this shift. By equipping workers with the skills needed for

new roles, these programs mitigate the impact of job losses in traditional sectors and prepares the workforce for future opportunities. They also facilitate better uptake of green technologies; only a small portion of UK garages are trained in electronic vehicle repair, leaving consumers to rely on costly manufacturer servicing which increases costs and creates a substantial barrier to EV uptake.

Build Public Support and Political Will

Public backing is crucial for the success of climate initiatives. When economic development is highlighted as a key outcome of the energy transition, it can shift public perception from viewing the transition as a costly burden to recognizing it as an investment in economic prosperity. This shift in narrative can foster greater public support and political will, making it easier for policymakers to advance climate-friendly legislation and initiatives, and eliminate populist pushback that leads to democratic uncertainty in the climate space.

Philanthropists have a unique opportunity to lead this narrative change by funding projects that explicitly demonstrate the economic benefits of the energy transition ahead of private sector investment. For example, supporting local renewable energy projects that create jobs, reduce bills and stimulate economic activity can serve as tangible evidence of the positive impact of climate action.

Invest in Regional Resilience

Economic development focused on the energy transition can also enhance regional resilience. Communities historically reliant on fossil fuels face economic uncertainty, and the transition offers a chance to diversify and strengthen their economies. By prioritizing investments in these areas, philanthropic capital can ensure that the benefits of the energy transition are distributed more equitably.

For example, Aberdeen based ETZ Ltd, the not-for-profit company spearheading the North East of Scotland's transformation to support clean energy, is taking forward the phased development of the country's largest dedicated energy transition complex. A key priority of its activity is investing in positive skills and jobs pathways and placemaking to underpin community wealth building as an integral part of a package of wider economic investment. This approach recognises both the current deprivation within some communities in the region, and the significant risk of future deprivation as the UK transitions away from oil and gas. It is not only those working for oil and gas companies who will be impacted, but thousands of jobs in local industries that are at risk, including local shops, cafes and the service industry. If the energy transition in Aberdeen can be managed in an economically prosperous way, it can be managed anywhere; Aberdeen will either be a success story of the energy transition, or it will be a monument to our failure to invest in at-risk communities. Philanthropic investment can help show the way forward and provide a replicable case study in the benefits of green energy investments.

CONCLUSION

As the energy transition progresses, integrating economic development into climate philanthropy's central narrative is essential for success. By focusing on the economic opportunities that arise from climate action, philanthropists and foundations can address concerns about job losses and economic instability, build public support, and drive a more equitable and effective transition, which in turn will foster government and private sector investment.

Incorporating economic development into climate philanthropy is not just about making the transition more palatable; it is about recognising and leveraging the profound synergies between environmental sustainability and economic prosperity. By adopting this approach, philanthropy can play a crucial role in accelerating the energy transition and fostering a more resilient and equitable future for all. ■

ALLAN MCKINNON IS THE FOUNDER AND DIRECTOR OF THE GOOD WORKS COMPANY

Allan McKinnon is the Founder and Director of the Good Works Company, a Donor Advised Fund (DAF) and philanthropic consultancy. With significant experience across the philanthropic sector, he has worked on projects related to climate change, biomedical research, economic empowerment, international development and many more. To learn more about the Good Works Company, visit www.goodworkscompany.org or contact Allan at allan@thegoodworkscompany.org

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