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Inspiring Philanthropy and Investing for Impact

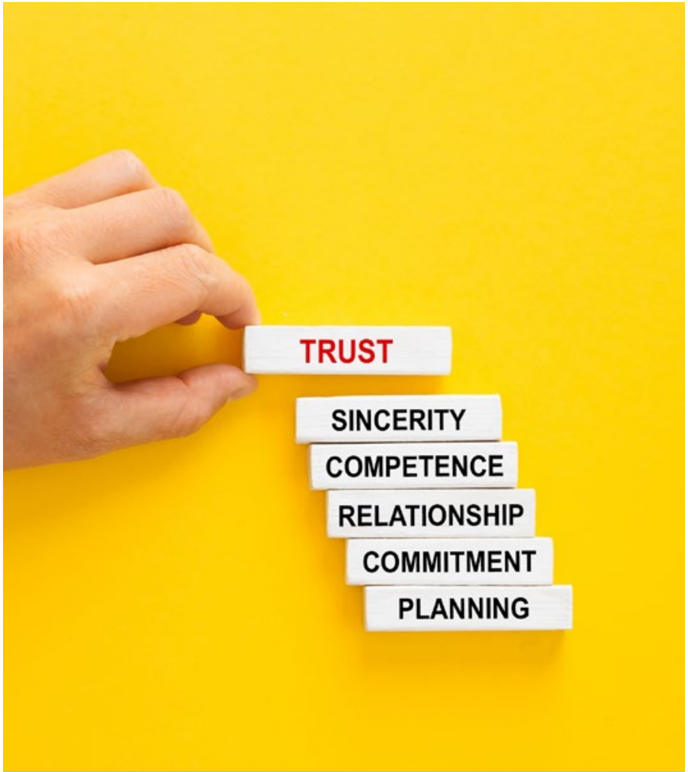
MAGAZINE

SDGS – DRIVING SOCIETAL PRIORITIES: LEADING TO A JUST SOCIETY

THIS ISSUE: TRUST, TAX, RELEVANCE AND INNOVATION

PART TWO OF A THREE-PART SERIES

EDITORIAL: IN ORDER TO SEE THE WORLD, WE MUST BREAK WITH OUR FAMILIAR ACCEPTANCE OF IT



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Chief Executive and Editor: John Pepin
Co-Editor and Director of Membership and Development: Zofia Sochanik
Co-Editor and Communications and Events Manager: Rachele Menditto

Philanthropy Impact, Two Temple Place, London WC2R 3BD, United Kingdom

T +44 (0)20 7407 7879

www.philanthropy-impact.org

@PhilanImpact

linkedin.com/company/philanthropy-impact

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

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EDITORIAL

IN ORDER TO SEE THE WORLD, WE MUST BREAK WITH OUR FAMILIAR ACCEPTANCE OF IT

DR GLENN BAKER – WWW.CHARLES-STANLEY.CO.UK

As humans, we are still evolving. We either evolve to realign with new values addressing the key elements underpinning SDGs, or the social contract will be withdrawn.

An inflection point is approaching then, driven by necessity: What we measure no longer reflects what we value.

BUT HOW HAVE WE GOT HERE? AND WHY NOW IN THE HUMAN STORY?

Social emotional intelligence is one of the key advancements in recent human evolution, which helps us to empathise with — and so better understand — our societies, ourselves and our planet.

The growing role of social emotional intelligence will now be critical to survival in any new economy or, looking further out, in a new or second renaissance, when it is likely that technological dogmas, such as connectivity, speed and optimisation, will be replaced with human relevance, purpose, engagement, relationships and self-realisation.

We see traces already. A challenge for the education system is educational relevance — the ability of the human spirit to adapt and thrive in a world of change and uncertainty.

The articles in this issue demonstrate how, through implementing SDGs, a new framework of value will emerge.

HAS COVID-19 ACCELERATED THIS?

Our physical, relational, mental and digital landscapes were already fundamentally complex patchworks.

Our work in implementing SDGs is predicated upon a natural and human world that is not binary. COVID-19 certainly illuminated the internal contradictions in our social structures when trying to think in binaries, such as the economy versus healthcare. But everything is laid out by degrees of variation. We live and work in a world where the strength of the social fabric comes from its fluidity and diversity.

DR GLENN BAKER

Thinking in a non-binary way, such as viewing life as fundamentally ambiguous, for example, does help to negotiate the complex field of experience — which includes navigating and redistributing wealth, equality, food and justice.

"MISTRUST IN GOVERNMENTS, BUSINESSES AND THE MEDIA IS SIGNIFICANTLY INCREASING."

High income and growing pots of wealth where they exist have contributed to rising inequality, empowering populist leaders and diminishing trust, particularly in political institutions.

Countries must surely strengthen tax systems — including developing tax reliefs, where appropriate — to meet SDGs and promote inclusive economies.

BUT WHAT ABOUT HEARTS AND MINDS?

Mistrust in governments, businesses and the media is significantly increasing.

Our digital world has made it easier to propagate false information. Meaning: the growing irrelevance of facts and the loss of a shared reality. Disinformation: truth itself has become the target. A deeply worrying outcome for ourselves as humans and for the kind of just society we might wish to live in.

Investing more in intangible assets, such as human and social capital, will be crucial, especially for highly innovative firms and start-ups. Societies crave innovative approaches that will empower and engage, rather than exploit and alienate. This in turn will revitalise local, as well as global, partnerships for sustainable development.

With a longer-term perspective and a deeper understanding of value, future innovations are so much more likely to be inclusive and accessible to all — so that all spheres of life are beneficiaries.

GLENN BAKER – BUSINESS DEVELOPMENT DIRECTOR, CHARITIES TEAM, CHARLES STANLEY

Glenn joined Charles Stanley in 2018 and is responsible nationally for its relationships with professional advisors and trustees of charities across Charles Stanley's 23 UK offices. He was previously a Director at Kleinwort Benson, before which he worked at Schroders. Glenn holds a PhD in English Literature from the University of Leicester and is part of an international cohort inputting into The World Economic Forum, currently working on how cultural narratives will develop post-COVID-19. He regularly contributes to media debates, particularly on Talk Radio, ABC, Radio Liberty and CNN. Glenn is a Board Member on the Action for Animal Health Development Board for the international charity The Brooke, looking at the development of One Health — human, animal and environmental.

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This course is intended for wealth advisors as well as lawyers and other professional advisors with an interest in suitability issues and ESG investing

A MULTIDIMENSIONAL CONCEPT OF TRUST FOR PHILANTHROPIC ORGANISATIONS

ROLF ALTER AND TIMO UNGER – WWW.MAECENATA.EU

Propositions in light of the SDGs

One of the innovative features of the Sustainable Development Goals (SDGs) is the explicit reference in SDG 16 to the need for institutions and the rule of law to turn sustainability into reality. Beyond the formality of their existence, it is their legitimacy and the trust of citizens which lend public institutions the capacity to deliver on the SDGs. Governments have been facing the challenge of trust for a long time, heightened significantly during the COVID-19 pandemic. This article argues that trust is not only essential to governments, but likewise an indispensable licence to operate for philanthropies, given the fundamental role of private giving in promoting sustainability at global, regional, national and local levels. Multifaceted and used widely and loosely, indications are that the value of trust emerges from the tangible consequences of *how* philanthropy is practised and with whom.

Against this backdrop, the following article sketches the *dimensions* for a concept of *trust* for philanthropic organisations as a starting point, and indicates how authentic self-assessments might contribute to strengthening a trust-driven approach to future philanthropic practice.

TRUSTED PUBLIC, PRIVATE AND CIVIL SOCIETY INSTITUTIONS AT THE CORE OF SDGS

Although important global debates on the disruptive effects of *distrust* have proliferated, indications are that *calling for trust* is not enough. From public to private sector and civil society, strong and legitimate institutions, as foreseen in SDG 16, have to be institutions *operating on trust*. As private giving is by definition values-based but lacking a global general agreement on how these values are to be defined, this is particularly true for philanthropic organisations. In consequence, a concept of trust for philanthropic organisations in light of the SDGs must ask two questions: firstly, which *dimensions* of *being trusted* do philanthropic organisations need to take into account? Secondly, targeting practice of philanthropic organisations, how is *being trusted* and *extending trust* actually achieved?

ROLF ALTER

TIMO UNGER

"BY PROACTIVELY POINTING OUT THE CAPACITIES AND BOUNDARIES OF PHILANTHROPIC PRACTICE, PHILANTHROPIC ORGANISATIONS COULD CONTRIBUTE TO ESTABLISHING THEMSELVES AS AN EPISTEMIC COMMUNITY WITH SPECIFIC KNOWLEDGE..."

DIMENSIONS OF TRUST FOR PHILANTHROPIC ORGANISATIONS

Given the complex environment in which philanthropic organisations promote sustainability in partnerships with multiple stakeholders inside and beyond the philanthropic eco-system, three *dimensions* exist that need to be taken into account: trust *within* the organisation, trust *between* organisations in the philanthropic eco-system and trust *beyond* the eco-system.

Intraorganisational trust

Intraorganisational trust refers to trust *within* the philanthropic organisation itself. It applies to the relationships between managerial and operational levels of philanthropic organisations, as well as to the relationship between leadership and employees, and among staff. Organisation theory suggests that the more interactions within an organisation are imbued with trust, the less hierarchical working processes make sense.[1] This corresponds with findings from organisational psychology, which observe that high trust environments within organisations correspond with increased collaboration, creativity and encouragement to innovate.[2] Thus, designing coherent solutions essential for promoting sustainability starts with giving and receiving intraorganisational trust inside philanthropic organisations.

Interorganisational trust

Interorganisational trust refers to the relationship *between* philanthropic organisations and other actors in the philanthropic eco-system. This holds true not only for the relationship between donors and grantees, and ultimately beneficiaries, but also for other philanthropic organisations, eg. sharing information and resources, developing joint strategies or collaborating in implementation and delivery. In this sense, high degrees of interorganisational trust contribute to detecting limitations in collaborative efforts and help reduce inefficient resource allocations through double structures which might eventually slow down sustainable progress. Thus, interorganisational trust strengthens the philanthropic eco-system which in consequence leads to better output on issues related to the SDGs.

Intersectoral trust

Intersectoral trust depicts philanthropies' relations beyond the philanthropic eco-system, ie. with corporate or government actors, to promote sustainable development. Firstly, by building trust across sectors, philanthropic organisations might be more successful in establishing why their *perspective* matters in partnerships for sustainability rather than being perceived as *cash machines*[3] to fill gaps in budgets — a fact that might correspond to insufficient epistemic awareness by corporate or government actors of the intentions, capacities and abilities of philanthropy. By proactively pointing out the capacities and boundaries of philanthropic practice, philanthropic organisations could contribute to establishing themselves as an *epistemic community*[4] with specific knowledge, expertise and unheard voices to bring to the table. Consequently, this might lead to more opportunities to cooperate with other actors on issues of sustainability.

HOW TRUST CAN BE ACHIEVED AND EXTENDED: A STARTING POINT

Having outlined the *dimensions* of trust that philanthropies need to take into account to strengthen their legitimacy in promoting sustainability, how can *being trusted* and *extending trust* actually be achieved?

Neo-institutionalist theory suggests that organisations seeking to acquire

[1] *Weick, K.E. (1987) Organisational culture as a source of high reliability. California Management Review, 1987, 29, 112–27.*
[2] *Edmondson, A. C. (2018): The Fearless Organisation: Creating Psychological Safety in the Workplace for Learning, Innovation, and Growth. Hoboken, NJ: John Wiley & Sons, 2018.*
[3] *Anheier, H. K. (2019): Philanthropy vs. Democracy. Long reads. Project Syndicate.*
[4] *Haas, P.M. (1992): Introduction: Epistemic Communities and International Policy Coordination. International Organisation, 1992, 46/1, 1-35*

necessary resources need to strive for legitimacy.[5] In this sense, philanthropic organisations interested in acquiring trust might be well advised to reflect how they are currently operating in the three dimensions of trust, ie. intraorganisational, interorganisational and intersectoral. Authentic self-assessment, as provided for by the Philanthropy.Insight Assessment Tool (PIAT)[6], might serve as a starting point for that process of change.

By evaluating themselves against a number of principles and qualities of trust-driven philanthropic practice, philanthropic organisations will be able to identify strengths as well as areas for improvement along the relevant dimensions in which they operate. In particular, PIAT proposes five principals – three qualitative and two more quantitative – according to which philanthropies are able to align their strategies towards a more trust-driven practice. Whereas *Commitment* poses questions about intrinsic motivation and the degree of beneficiary involvement, *Public Purpose* underlines that philanthropic practice has to be strictly tailored around public value. *Relevance*, on the other hand, asks whether the longevity of projects is granted. From a more quantitative perspective, *Performance* assesses the internal and external posture of a philanthropic organisation, while *Accountability* accentuates the existent consciousness of a responsibility towards society, including complying with due diligence codes on responsibility and transparency. Thus, PIAT includes both qualitatively and quantitatively assessable principles that can strengthen a values-based approach of philanthropy, and so build and extend trust in philanthropic organisations.

The SDGs are not only a concern of government and public policies. Philanthropies like many parts of civil society are increasingly engaged in supporting sustainable development.

As in the case of government, philanthropies also depend on trust as an essential licence to operate in this complex and fundamental sector of public life. As a definition of trust is still required for philanthropic organisations, this article introduces three *dimensions* of trust considered to be highly relevant for philanthropies when promoting the SDGs. Firstly, intraorganisational trust, meaning trusted organisational environments inside philanthropic organisations. Secondly, interorganisational trust, associated with strengthening the relationships between actors of the philanthropic eco-system, which leads to more and better coordination of strategies and outputs related to the SDGs. While the third dimension, intersectoral trust, emphasises that philanthropies are well advised to demonstrate their values in SDG-related initiatives to establish themselves as an epistemic community vis-a-vis the public and private sector, but also in the face of increasing public scrutiny.

So how do organisations advance trust in each of these dimensions? Authentic self-assessments of foundations, such as proposed by the Philanthropy. Insight Assessment Tool, will facilitate an evaluation of the status quo and the identification of areas of improvement in both *being trusted* and *extending trust* as an actor in sustainable development.

"AUTHENTIC SELF-ASSESSMENT, AS PROVIDED FOR BY THE PHILANTHROPY.INSIGHT ASSESSMENT TOOL (PIAT), MIGHT SERVE AS A STARTING POINT FOR THAT PROCESS OF CHANGE."

DR ROLF ALTER – SENIOR RESEARCH ASSOCIATE, MAECENATA FOUNDATION

Rolf was a Director at OECD. He is a Senior Fellow at the Hertie School Berlin and Senior Research Associate at the Maecenata Foundation.

TIMO UNGER – RESEARCH ASSOCIATE, MAECENATA FOUNDATION

Timo is a Master of Public Policy Student at the Hertie School Berlin and Research Assistant at the Maecenata Foundation.

[5] *DiMaggio P.J. / Powell, W.W. (1983): The Iron Cage Revisited: Institutional Isomorphism and Collective Rationality in Organisational Fields. American Sociological Review, 1983, 48/2, 147-160*
[6] *Alter, R. / Strachwitz, R. G. / Unger, T. (2019): Philanthropy.Insight – Work in Progress. Maecenata Observatorium, 2019, 31*

A TWO-YEAR EXTENSION FOR SOCIAL INVESTMENT TAX RELIEF: MAKING IT WORK

JAMES MALONEY & EMMA JAMES – WWW.FARRER.CO.UK

As philanthropists and social investors look at the UN Sustainable Development Goals (SDGs) as a means to create positive impact, the need for a tax system that encourages and incentivises them to use their wealth for social and environmental change becomes ever more important. It was timely, therefore, that the UK government's recent Budget included an extension of Social Investment Tax relief (SITR) for a further two years. This piece explains what SITR is, how it works, why it has not proved more popular so far and what now needs to change to allow it to have greater impact.

BACKGROUND AND HOW IT WORKS

SITR was first introduced in the UK in 2014[1] and then expanded in 2017. At the time, it was hoped to provide a significant boost to social enterprise.

SITR allows investors to deduct 30% of the value of qualifying investments for income tax purposes, to defer a related capital gain and to benefit from relief from capital gains tax on the eventual disposal of the investment.

There are complex eligibility requirements. The investment must be made to an eligible "social enterprise"[2] which must be carrying out a "qualifying trade"[3], have fewer than 250 full-time equivalent employees and have gross assets not exceeding £15 million immediately before the investment is made. The investment can take the form of equity or debt but must be used either for a "qualifying trade" or for preparing to carry out a qualifying trade which must start within two years of the investment.

SITR is a form of state aid and so, while the UK was a European Union member state, was capped, originally at a rolling limit of €344,000 over a three-year period, subsequently amended in 2017 to a lifetime cap per institution of £1.5 million. SITR was introduced with an inbuilt "sunset clause" which meant that, without further action, the scheme would have come to an end in April 2021.

SITR SO FAR

To date, use of the relief has been limited. In May 2020, HMRC reported that, in the period since its launch, 110 charities and social enterprises had raised funds of £11.2 million through the scheme — far less than was originally envisaged. This limited uptake, in addition to financial pressures caused by the current pandemic, led many to fear its discontinuation by the government after April 2021.

A 2019 report written by David Floyd of Social Spider CIC for Social Investment Business identified some particular challenges:

JAMES MALONEY

EMMA JAMES

[1] *The scheme is set out in Part 5B of the Income Tax Act 2007 ("ITA 2007") and is modelled on the Enterprise Investment Scheme (EIS).*
[2] *As defined in s257J ITA 2007 – broadly a charity, community interest company or community benefit society that is not a charity.*
[3] *As defined in s257MP ITA 2007 – and excluding a wide range of activities.*

- There was a lack of awareness of SITR among charities and social enterprises.
- The pace of legislative change had moved slowly. (The 2017 changes took a year to implement.)
- SITR was not sufficiently tailored to the needs of charities and social enterprises. In particular: the definition of "qualifying trade" excluded activities relevant for the SDGs and in which potential investees could otherwise look for investment, such as property development, energy generation and the provision of nursing and care homes (although for the latter, an accreditation scheme was subsequently introduced to allow those carrying out these activities with a social purpose to prove their eligibility); and the restrictions on employee numbers and turnover excluded many larger charities and social enterprises altogether.
- The process of seeking SITR from HMRC was complex.
- There appeared to be a mismatch between supply and demand, with many more investees seeking advance assurance from HMRC on eligibility for SITR than the number that went on to receive it.
- In 2019, the government announced a "call for evidence" to inform a decision about the future of the relief. This closed in July 2019.

WHAT NOW?

The Chancellor's decision to extend SITR until April 2023 means that the immediate prospect of losing it altogether has been avoided — at least for now.

The two-year extension has been welcomed by many as a positive step. Big Society Capital, along with Social Enterprise UK, Resonance and Co-ops UK, had campaigned to retain and develop SITR. SITR still has significant potential to stimulate investment in charities and social enterprises, providing much-needed, affordable investment to these organisations. The extension does, however, beg the question of what reforms are now needed to allow SITR to take off.

Now that a decision about SITR has been made, the government's response to the 2019 consultation will be published. It is to be hoped that this leads to adjustments to the scheme to allows its potential to be harnessed – in particular:

- To allow a wider range of charities and social enterprises to be eligible by removing the restrictions that exclude larger charities.
- To allow a wider range of activities by extending the accreditation scheme for nursing and care homes to cover other excluded activities.
- To take advantage of the opportunities offered by the post-Brexit landscape (and here the government is currently consulting on a replacement state aid regime offering the hope that SITR may have greater flexibility in the future).

These reforms should also be accompanied by a concerted effort to raise awareness of SITR, ensuring that charities and social enterprises who wish to raise investment; philanthropists and social investors who wish to invest; and their respective professional advisors have a greater understanding of the opportunities it offers.

It remains to be seen how philanthropists, social investors, charities and social enterprises will respond to the very significant challenges that lie ahead as we emerge from the pandemic. Certainly, the UN's SDGs provide a strong and universal framework for achieving social and environmental change.

What is also clear is that the next two years will bring a need for charities and social enterprises to look for new sources of finance. With the right reforms, SITR is a potentially powerful tool to allow philanthropists and social investors to use private wealth for public good.

"THE CHANCELLOR'S DECISION TO EXTEND SITR UNTIL APRIL 2023 MEANS THAT THE IMMEDIATE PROSPECT OF LOSING IT ALTOGETHER HAS BEEN AVOIDED – AT LEAST FOR NOW."

JAMES MALONEY – PARTNER, FARRER & CO.

A key focus of James's work is on advising philanthropists on the legal aspects of structuring their giving, as well as advising on donor tax reliefs, regulatory requirements and cross-border issues. He currently serves as Deputy Chair of STEP's Philanthropy Advisors Global SIG Steering Committee and lectures at The Business School (formerly Cass), London, on charity law and charity tax.

EMMA JAMES – ASSOCIATE, FARRER & CO.

Emma advises charities and other not-for-profits, as well as private individuals and families. She writes and presents on a range of charity law issues and is also a contributing author to Charity Law – Global Guide. Alongside her work as a lawyer, Emma is closely involved in the firm's corporate responsibility initiatives.

"AT THE HEART OF THE PROPOSALS IS THE CONCEPT OF PUBLIC PURPOSE, WHICH PUTS SOCIAL AND ENVIRONMENTAL CONSIDERATIONS AT THE FOREFRONT OF PUBLIC POLICY AND BUSINESS ACTIVITY."

A REVIEW OF THE GOVERNMENT PROPOSALS FOR THE NEW SOCIAL COVENANT IN THE CONTEXT OF THE 17 GOALS TO CHANGE OUR WORLD

MICHELE PRICE – WWW.PWWSOLICITORS.CO.UK

In September 2020, some five years after the 17 UN Sustainable Development Goals (SDGs) were adopted, a report — commissioned by the government while the UK was in the first throes of the COVID-19 pandemic — was published. It was written by Danny Kruger MP and entitled 'Levelling up our Communities: Proposals for a New Social Covenant'.

In setting the parameters of the report, the Prime Minister, Boris Johnson, stated that "Government has a role to play in supporting the voluntary effort and social entrepreneurialism" that had been exemplified during the pandemic by the "unprecedented degree of collaboration between local councils, the public sector and civil society; and businesses of all sizes stepping forward to support communities". He specifically asked that the role of philanthropy, social investment and business be explored.

In reviewing the contents of the report, it is worth considering how far, if at all, this important piece of government policy, which aims to overhaul the dynamics between economic and social doctrines, reflects the wider SDGs. In aiming to level up our society, are we also looking to our global promise to level up the world and leave no one behind?

THE REPORT

The report, which runs to some 50 pages, explores a series of proposals to meet the challenges faced by what it describes as "the most regionally unequal country in the developed world" by harnessing community power and making a commitment to the social sector. The purpose of the social covenant is "the mutual commitment by citizens, civil society and the state each to fulfil their discreet responsibilities and work together for the common good of all."

At the heart of the proposals is the concept of public purpose, which puts social and environmental considerations at the forefront of public policy and business activity. The report does not specifically refer to the SDGs, but you can hear echoes of them throughout its pages. For example, the fourth SDG goal of Quality Education relates to inequality in the availability of remote learning. The Kruger report identifies 9 million people in the UK as being digitally excluded. Digital inequality across the country was starkly evident during lockdown school closures, when the lack of internet, data or laptops meant that home schooling was impossible for many. In January 2021, the BBC reported that in 12 per cent of schools in Wales at least a fifth of pupils lacked access to a digital device for online learning during lockdown, according to a survey for the children's commissioner.

Similarly, the evident food poverty across the UK during lockdown, when food banks made the difference between families having food on the table or not, shocked the country. I am sure that many would not have previously considered that the second SDG goal of Zero Hunger could apply to communities in the UK. Building on the examples

MICHELE PRICE

> "TURNING TO PHILANTHROPY AND SOCIAL INVESTMENT, WHAT DOES THIS REPORT MEAN FOR FUNDERS, DONORS, CHARITIES AND THOSE WHO ADVISE THEM?"

of how communities and neighbourhoods came together to support those who were hungry, the report supports the concept of local hubs where local people can access connected nodes in the community to provide the combination of services and support that they need.

TURNING TO PHILANTHROPY

Turning to philanthropy and social investment, what does this report mean for funders, donors, charities and those who advise them?

Mr Kruger identifies the issue of "diaspora philanthropy", whereby the richest who live in the Home Counties, but who often grew up in areas with more need, are disconnected from the local causes that could potentially most benefit from their investment. On an international level, a plan is suggested to encourage the world's super rich to invest their philanthropic funds in London, building on the country's reputation as a global hub for wealth management by using some of the UK's international development budget to finance a match-funding scheme. Possibly such a proposal might be seen to be somewhat out of kilter with the 17 goals that aim to achieve global prosperity for people and the planet?

For private philanthropy, the report suggests that fiscal incentives should be improved, including the gift aid regime and tax treatment of charitable legacies. It also suggests that HMRC should engage with the wealth and philanthropy sectors to come up with other inducements to encourage generosity from the more than two thirds of people earning over £250,000 per annum who make no charitable donations whatsoever.

A number of suggestions are made to improve social investment, which is presently said to perpetuate inequality between the regions. Taking one example from the report, there is an estimated £2 billion sitting in dormant insurance accounts, which Mr Kruger suggests should be put towards a general fund aimed at levelling up Britain's communities. Such dormant funds would finance a major new endowment to be called the Levelling Up Communities (LUC) Fund.

GLOBAL AIMS

The government has set out its stall and it will be increasingly important for advisors, and the sector as a whole, to be consulted on such proposals and make their voices heard in order to shape the future social investment and philanthropy landscape. Those voices should more than simply echo the 17 goals; they should ensure that this momentous opportunity to build Britain back better also see the UK, as principal architects of the 2030 agenda, strive to build the world back better. Some might say that we need to get our own house in order first, but it could also be argued that by engaging with this levelling up process at home we will better inform and influence the global aims.

I recently contributed to a panel discussion with Danny Kruger MP, during which I made the point that the disparity between business and charities in terms of the accessibility and affordability of professional advisors, such as accountants, lawyers and investment experts, needed to be addressed in order to ensure that there was equality of understanding, of opportunity, of risk and of protection. I would therefore suggest that some of the funding mentioned in the report be made available to create a level playing field that truly enables charities, communities and voluntary groups to partner with business, social investors and procurement processes as equals.

This is an exciting time for professional advisors working at the national or international level, but we also have a role to play to ensure that we respond to the urgent call for action by facilitating agile, responsive and impactful strategies through collaboration and solidarity. That should include sharing our skills and expertise with those less able to afford it. The call to action should be responded to with impartiality and without self-interest at every level.

MICHELE PRICE – PARTNER, POTHECARY WITHAM WELD

Michele is a specialist Church and Charities Partner with the niche practice, Pothecary Witham Weld Solicitors, based in Pimlico. She specialises in advising philanthropists and charities on appropriate legal structures, governance and compliance. She has also held senior roles in house with charities and is currently a trustee of The Choral Foundation, Her Majesty's Chapel Royal, Hampton Court Palace, with responsibility for engagement with HNW/UHNW donors.

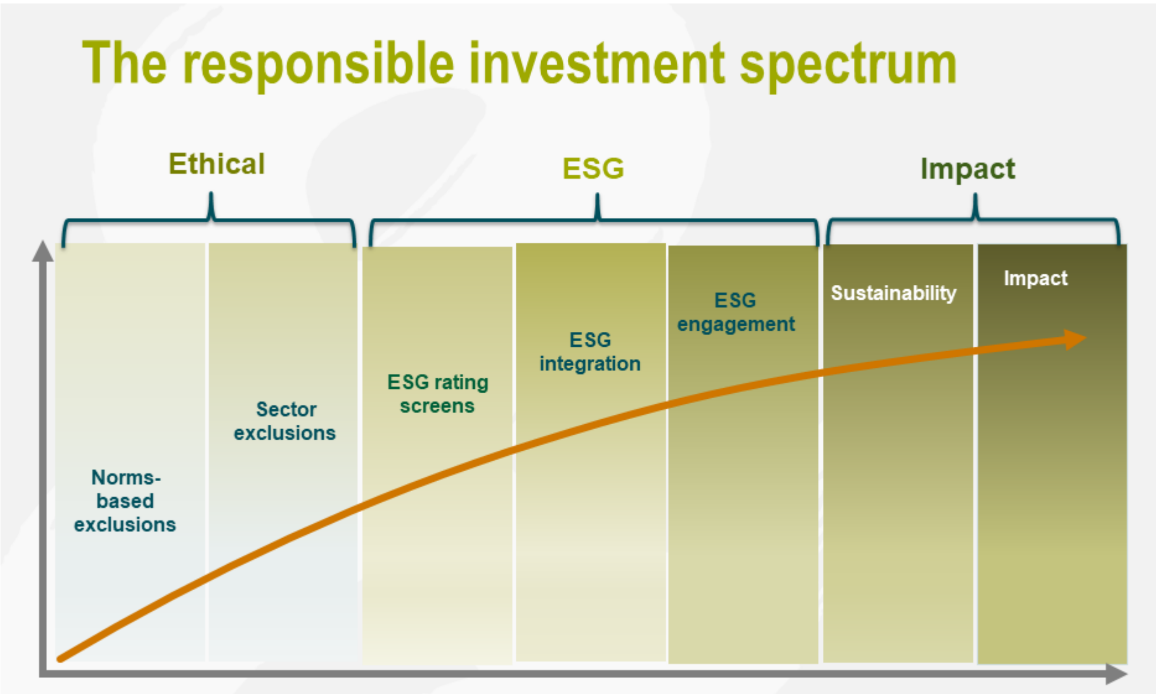
PATHWAY FROM ESG TO IMPACT

DARSHITA GILLIES – WWW.MAANCH.COM

ESG Investing is a term that is often used synonymously with sustainable investing, responsible investing, mission-related investing, or screening. Typically, it is defined as the consideration of environmental, social and governance (ESG) factors alongside financial factors in the investment decision-making process.

From a company perspective, matters of ESG risks are no longer a moral imperative. They are now fiduciary responsibilities that all senior management must undertake in order to ensure that their companies are prepared for disruptive changes in the future.

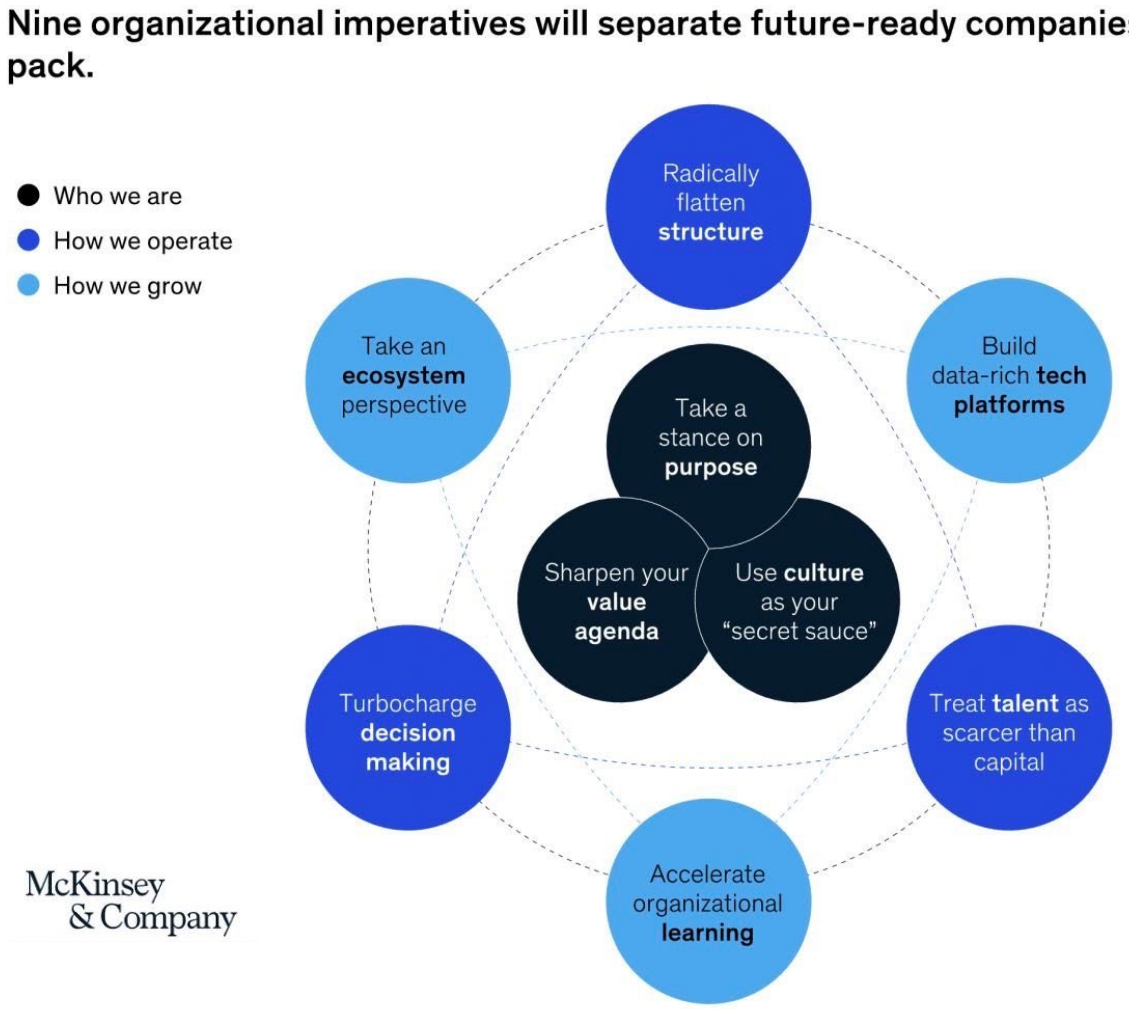
However, Sustainability and Impact don't only concern the ESG risks but also the business model, strategy, competitive positions, intangibles and materiality that "future-proof" the company's growth.



Source: M&G Investments Blog

DARSHITA GILLIES

In January 2021, McKinsey released anticipated key trends to transform businesses and came up with nine keys to success in future-proofing systems. **Purpose, Value and Culture** seem to the top points in their nine keys.



SO, HOW DO YOU DRIVE A COMPANY-WIDE TRANSITION?

Step 1: Start from the Top and engage the Whole

Bringing the board and executive team together on the transformation, and driving a company-wide cultural change, is key to making ESG-related shifts work. A thorough scanning of past, present and future trends, especially collaborative, industry-wide and cross-sectoral efforts to consolidate frameworks would be more sensible, as a single player, than reinventing the wheel. Having a standalone CSR / Sustainability team will not do it. Every dimension of business will need to be engaged.

Step 2: Move from Competition to Cooperation

For businesses to signal differentiation and spearhead an industry-wide change, focusing on purpose alone isn't enough. Pre-competition actions need to be taken to leverage the full benefit of going first to market with sustainable innovation. This provides a 'first mover advantage' and cements your reputation as an innovator. To hedge risks, companies can ensure their competitors make the journey with them through these three simple steps:

1. Demonstrating the business case for generating shared value – which starts moving the wheel.
2. Diffusing this change to competitors, often through cooperation and self-regulation.
3. Shifting consumer behaviour, investor behaviour or regulations to lock the change in place.

Step 3: Incorporate the 'Stakeholders' with the Shareholders

The concept of stakeholder capitalism can only be effective when the business strategy has a framework to assess the positive and negative impacts and externalities regarding each in their value chain.

It is a myth that the legal duty of companies is to pursue only profitability and shareholder returns. The fiduciary duty is to the long-term health of the business, and sustainability is a critical part of that.

Section 172 of the Companies Act 2006 states: Duty to promote the success of the company

1. A Director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to—
   a. the likely consequences of any decision in the long term,
   b. the interests of the company's employees,
   c. the need to foster the company's business relationships with suppliers, customers and others,
   d. the impact of the company's operations on the community and the environment,
   e. the desirability of the company maintaining a reputation for high standards of business conduct, and
   f. the need to act fairly as between members of the company.

Also as per the Principles of the Corporate Governance Code set out by The Financial Reporting Council (FRC) Principle A: a successful company is led by an effective and entrepreneurial board, whose role is to promote the long-term sustainable success of the company, generating value for shareholders and contributing to wider society.

STAKEHOLDER IMPACT MAPS

	Stakeholder 1	Stakeholder 2	Stakeholder 3	Stakeholder n
Positive Impact				
Negative Impact				
Short Term Goals				
Long Term Goals				

Source: Principles of Sustainable Finance, Schoenmaker & Schramade 2019, Oxford University Press

Step 4: Take account of the natural capital as a limited, finite resource and an externality

Natural capital is not free anymore and likely to be 'expensive' within the regulatory framework. This is evident in the finitude and depletion of these resources. This knowledge can spell dead ends for some, but for others — such as firms willing to experiment with new technologies and business models — this will open up opportunities.

"THE NSI SYSTEM ENABLES A SYSTEMATIC AND EVIDENCE-BASED ROADMAP AND TECHNOLOGY ARCHITECTURE TO DELIVER VALUE TO ALL STAKEHOLDERS OF THE BUSINESS AND COMMUNICATE IMPACT DATA WITH CONFIDENCE."

SO, DO COMPANIES HAVE A CHOICE?

Yes, they do, and here is a snapshot of strategic options and associated risks.

Strategic Options	Potential Risks
Break the Law	Forgo social and legal licence. Also entails additional effort in understanding the regulations for circumvention
Take the Low Road	Late adaptation to inevitable ESG trends might cost the company and its fiduciary responsibilities long term
Wait and Watch	Requires accurate prediction of change and quick adaptation to new trends, which is usually not feasible
Show and Tell	Risks greenwashing and double-standards in the face of crisis, also risking the company's licence to operate
Pay for Principle*	No risk
Plan for Action	No risk

**Pay for Principal in a nutshell means:*
Board level decision to forgo short-term metrics for long-term ethical gains + Overhaul of operations for future proofing the company growth + Factoring ESG related factors of key stakeholders in the value chain, helping to build long-term competitive advantage and hedge against future legislation while tackling emerging strategic challenges.

At Maanch, we offer the Net Societal Impact (NSI) approach and are already working with some pioneering leaders in building these strong foundations for their companies. In our view, NSI is the most integrated and lean system to enable businesses:

- to have a full overview of the positive and negative, intended and unintended consequences to social, environmental and economic touch-points of their business activities, and
- gain targeted insights into amplifying what works and creating short and long-term strategies to mitigate and ameliorate Impact issues, with a view to empowering businesses to become resilient, ready and fit for future growth.

In short, NSI enables the insight needed to guide actions and achieve net positive outcomes from overall business operations. The NSI system enables a systematic and evidence-based roadmap and technology architecture to deliver value to all stakeholders of the business and communicate impact data with confidence.

While ESG is a rising trend and a much-needed first step towards taking into account the non-financial implications of a business, if our true purpose is to live on a thriving planet with a prosperous future, we have a long way to go.

The Brundtland Report defines sustainable development as *'development that meets the needs of the present without compromising the ability of future generations to meet their own needs.'* Sustainability in business means making business decisions that not only meet present-day needs but are also based on the long term. This is essential for the future of our planet and also individual businesses' success, as growing shareholder and stakeholder pressure demands greater transparency and accountability.

SUCCESSFULLY INTEGRATING SUSTAINABILITY

One organisation doing this is Too Good To Go, an app that allows customers to buy reduced-price food from restaurants and stores that would otherwise go to waste. They work towards sustainability by aiming to lower the 8 per cent of all greenhouse gas emissions caused by wasted food. Meanwhile, clothing company Patagonia is impressive in its transparency and intersectional focus on their environmental and social responsibility.

Ultimately, what these organisations demonstrate — and what a business culture of sustainability means — is a very particular mindset: an understanding that your business needs to look out for the future of the planet if it is to continue making a profit longer term. And a genuine desire to be sustainable… not just to look like you're being sustainable.

To achieve any of the above, companies, investors and intermediaries will need to play a collaborative role in enabling a deliberate and systematic move towards an impact inclusive economy.

"THE BRUNDTLAND REPORT DEFINES SUSTAINABLE DEVELOPMENT AS 'DEVELOPMENT THAT MEETS THE NEEDS OF THE PRESENT WITHOUT COMPROMISING THE ABILITY OF FUTURE GENERATIONS TO MEET THEIR OWN NEEDS."

DARSHITA GILLIES - FOUNDER & CEO, MAANCH

Listed among the Meaningful Business 100 Leaders 2020, and the 100 Most Influential in UK-India Relations, Darshita is Founder & CEO of Maanch — a multi-award-winning global impact platform for investors, corporates and the philanthropy ecosystem. Professionally a chartered accountant, investment banker, executive coach and fintech-blockchain specialist, and an ESG & impact evangelist, Darshita serves on the boards of several for-profit and nonprofit organisations.

MAKING THE UN SUSTAINABLE DEVELOPMENT GOALS RELEVANT AT A LOCAL LEVEL: A CASE HISTORY

COUNTESS HOWE – HER MAJESTY'S LORD-LIEUTENANT OF BUCKINGHAMSHIRE – WWW.HEARTOFBUCKS.ORG | WWW.BUCKSLIEUTENANCY.ORG

In my role as Chairman of the Community Foundation For Buckinghamshire, Heart of Bucks, and also as the recently appointed Lord-Lieutenant of the county, it is my remit to understand and give my attention to important local issues. Community foundations across the UK are in a unique position to understand local issues and, through targeted funding programmes, enable and facilitate local action. They can be a tremendous force for good, making global issues relevant locally.

Whilst the pandemic has had an immense global impact, it is at a local community level where we have all experienced it. Support hubs have sprung up throughout the county, and individuals and charities have risen to the challenge of supporting the most vulnerable through the crisis. This has served to focus our efforts on a very local scale. So how can the UN Sustainable Development Goals (SDGs) help us to fashion social change at a local level and help us to address the inequalities which have become more pronounced throughout the crisis?

The SDGs give us a broad overarching view of the challenges the world faces. At Heart of Bucks we have concentrated our attention on specific targets which have a significant impact on our local community. It is only possible to assess where social change can be achieved through having an in-depth understanding of the issues facing us. Extensive data analysis, like that published in our 2020 report 'Buckinghamshire: Uncovered', enables us to identify key needs. It is also imperative to receive feedback from beneficiaries in order to comprehend the complexity of the issues they face. Impact reporting, therefore, forms an integral part of our grantmaking process and it serves to inform and guide us, so the maximum benefit is derived from our charitable activity.

In identifying three particular SDGs, I hope to illustrate how we work for social change at a local level, but on global issues.

NO POVERTY

Firstly, 'No Poverty'. The pandemic has highlighted income and economic inequalities, and Buckinghamshire as a county has stark contrasts of wealth and deprivation. Through collaboration with the Local Authority, Buckinghamshire Council, we have been able to set up crisis funding for individuals whose livelihoods have literally disappeared overnight. Grant processes have allowed us to make grants within two or three days of receiving a request. This has been crucial when addressing extreme hardship, helping to alleviate both food deprivation and anxiety.

Our 'Winter Warmth' crisis grants programme, asks those who receive the government Winter Fuel Payment (but who may not need it) to donate it to us. We have been able to make grants to those most at risk from the cold, including the elderly, lone parents with young children and those living with disability. One beneficiary stated, "It was like a lifeline. I suffer with mental health and worrying about debt and cold was sending me down again and I was becoming very overwhelmed. To be given the gift of warmth is a true blessing".

COUNTESS HOWE – HER MAJESTY'S LORD-LIEUTENANT OF BUCKINGHAMSHIRE

The 'Family Angels' scheme, which we have been running for some years, offers one-off payments for families experiencing a short-term crisis. A broken down family car requiring a substantial sum to repair can mean the collapse of a rural family's ability to sustain themselves. The breadwinner cannot drive to work, children cannot get to school, shopping for food cannot be done, medical appointments cannot be kept and so on. The impact of a cheque arriving on the doorstep within only a few days of the crisis manifesting itself can transform that family's ability to cope. To quote a recipient: "The funding I received was life-changing. I can now afford to feed us, my daughter can access school, and I have realised that people care." Alleviating a crisis is a critical part of preventing poverty and this can be managed very effectively at a local level.

CLIMATE ACTION

'Climate Action' is another SDG that can effectively illustrate global issues being addressed at a local level. Increasingly, donors are looking at ways of protecting, enhancing and preserving our environment for future generations and they want their funds to make a visible difference in their local community. We have established the 'Green Schools Fund' in conjunction with Buckinghamshire Council, with further contributions made by a local private philanthropist. This fund awards grants to environmental projects designed and led by primary and secondary school children. Children are simply our best ambassadors for addressing climate issues and this fund has created an opportunity for their enthusiasm and interest to be channeled into benefiting their local community.

In another example, like many areas in the country, Buckinghamshire has suffered from flooding in recent years. Our 'Flood Recovery and Awareness Fund' supports capital, revenue and project costs which relate directly to the impact of flooding. From emergency flood damage repair, to relocation costs as a result of flooding, to community projects designed to prevent flooding in the future, this fund is working to address issues closely linked to a healthy local environment. Increasingly, local philanthropists are expecting community foundations to reflect environmental and climate change factors and to be an agent for change. Where better to focus local energy than in enabling our children to take direct action in an educational setting?

GOOD HEALTH AND WELLBEING

The final SDG I want to examine is 'Good Health and Wellbeing'. Once again, the COVID pandemic has brought to the very forefront of our minds the wellbeing of our vulnerable residents. Lockdown restrictions have exacerbated the effects of an already strained support system. The 'Moving our Community Fund' was set up to give support to priority groups following the ravages of COVID. Working in collaboration with Leap, the local partner for Sport England's 'Tackling Inequalities' programme, we award grants to groups for new and existing physical activity projects. We know that mental health and wellbeing is closely linked physical wellbeing, and that increased physical activity is linked to better health outcomes. Our grants are targeted towards lower socio-economic groups, BAME communities, people living with disabilities and people with long-term health conditions.

It is quite possible for a very local organisation, such as a community foundation, to take the UN SDGs and to champion these issues on a local scale. Can the goals be used to influence philanthropy at a local level? I would argue strongly that they can. We want to empower local donors to address the issues arising from the SDGs through the work we are doing supporting as we develop our reach into the community. In my experience, private philanthropists and major donors are no longer content simply to fill a gap in need, they want to be catalysts for change. Their values can be reflected in the way their funds are utilised within the local community. For a philanthropist, it is hugely rewarding to be able to see their funds generating tangible impact and this, of course, can be achieved locally.

COUNTESS HOWE DL, ELIZABETH – HM LORD-LIEUTENANT FOR BUCKINGHAMSHIRE; TRUSTEE, HEART OF BUCKS

Becoming a Deputy Lieutenant in 1995, and subsequently holding the role of High Sheriff, gave Elizabeth the most rewarding opportunity to immerse herself in Buckinghamshire life. Support for the voluntary sector, and in particular chairing the Community Foundation from 2013 to 2021, has provided an in-depth insight into the challenges facing the county. Through active networking and collaboration, she has been able to give both validity and encouragement to those groups working with the most deprived and vulnerable members of the community, and through developing connections with an Islamic Arts and Culture organisation in Milton Keynes she has opened up opportunities to build stronger more diverse communities and to strengthen social cohesion. As a former teacher, her skills have enabled her to play a pivotal role in school governance; and when High Sheriff, she was able to champion education in the county.

Having a particular interest in music, she has been central to founding a new orchestra, provided support for music festivals and societies, both in and outside the county, and encouraged local music-making. It is very much her vision to develop partnerships with business and the statutory bodies to bring people with shared goals together thus enhancing community involvement and fostering a sense of belonging.

Her recent appointment as HM Lord-Lieutenant for Buckinghamshire will enable her to continue her involvement in the county for the benefit of its residents, with an even greater focus.

> *"GLOBAL GREENGRANTS FUND WAS SET UP ALMOST 30 YEARS AGO TO "TURN PHILANTHROPY ON ITS HEAD" BY SHIFTING THE DECISION-MAKING POWER FOR RESOURCE ALLOCATION FROM PROGRAMME STAFF BASED IN THE GLOBAL NORTH TO COMMUNITIES IN THE GLOBAL SOUTH."*

LOCALISING THE SUSTAINABLE DEVELOPMENT GOALS – IMPACT OPPORTUNITIES FOR PHILANTHROPY

EVA REHSE – WWW.GLOBALGREENGRANTS.ORG.UK

The UN Sustainable Development Goals (SDGs), in their stated aims to be the "blueprint to achieve a better and more sustainable future for all," are often critiqued as lofty and top-down, more ambitions than goals, hard to implement and harder to measure. Ensuring that the ideas and indeed the practical application of the SDGs are rooted in local peoples' lives, and their self-determined solutions, has been recognised as key for the SDGs to move from ambition to impact.

This agenda has been short-handed as "localisation", and has in recent years become a key concept for governments, multi-lateral and non-state actors to drive the implementation of the SDGs. At its most basic, localisation seeks to take into account subnational contexts in the achievement of the 2030 Agenda. In this way, the SDGs can be a framework for local development policy, and a means for local and regional governments to support the implementation of the SDGs. This narrow definition, however, omits the crucial role of grassroots civil society and community-based actors, who represent the interests of local people and develop their own solutions, often in collaboration with government actors.

Understood in a broader sense, localisation seeks to ensure that resources are going to the local level, including to civil society. With community-level participation in the SDGs, the Goals become more relevant, and their implementation more accountable to those they seek to serve.

SELF-DETERMINATION

Localisation is based on the belief that those most affected by inequality, injustice or environmental degradation have the power to determine their own futures, and that these solutions have a deeper and more lasting impact compared to short-term, one-off interventions. Localisation builds on local strengths and existing assets, and shifts power and resources to community. As part of the debate around localisation, international NGOs and funders alike have begun to examine their own role and power.

This conversation has been captured by the #ShiftThePower movement, a collective of philanthropic actors, NGOs and grassroots leaders in the Global South and North. Led by community voices, and supported by wealth holders like Ise Bosch, co-writer of Transformative Philanthropy – Giving with Trust, the discourse on power and trust-based giving has advanced greatly over the last few years. Recently, I had the opportunity to participate in a discussion on decolonising aid organised by Philanthropy Impact; and while the framing of "decolonisation" may not be accessible to everyone, it challenges us to examine our motivations in giving, the sources of our wealth, whether we truly want to achieve transformative change and how much power we are willing to give up in the process.

EVA REHSE

As part of this movement, my organisation, Global Greengrants Fund UK, has been collaborating with other funders to understand how we can centre local, lived experience and expertise in sustainable development initiatives and in our funding strategies and decisions.

SHIFTING THE POWER

Global Greengrants Fund was set up almost 30 years ago to "turn philanthropy on its head" by shifting the decision-making power for resource allocation from programme staff based in the Global North to communities in the Global South. Led by a network of volunteer advisors that are leaders in the communities and movements we seek to support, today we fund up to 1,000 grassroots initiatives per year, across 168 countries, in their self-determined solutions to environmental injustices, climate change and unsustainable development. This model, deeply rooted in trust, flexibility and responsiveness, helps communities build resilience, dignity and empowerment. Our ability to help our local partners respond to the impacts of the COVID-19 pandemic over the last year is evidence of the efficacy of this approach.

Centring localisation not only at the level of intervention, but crucially in the decision-making processes for our philanthropic giving, has helped us also to tackle the inherent interconnectedness of the SDGs. The SDGs challenge us to consider the interdependence of problems and solutions, most notably in the climate crisis, which is as much a question of social inequalities as it is of environmental factors. This analysis is deeply relevant to local people, who live these interconnections every day – for example YASPENSEL in Indonesia, a women farmers' initiative, who find and promote crops that are more resilient to climatic changes and produce a greater yield. The group's own solutions respond to SGDs 1, 5, 13 and 15 at the same time — and all with the support of a small grant of $5,000.

Working with our own donors, Global Greengrants Fund is able to foster localisation, ensure that the SDGs are anchored in local experience and knowledge, and are embraced, not as short-term buzzwords, but deeply understood and valued concepts for transformational change. Crucially, it is through localisation that the SDGs begin to really matter for local civil society, not just as a means to mobilise resources, but as a true strategy for their work, in ways that the current framing does not offer them. Whether you are a philanthropic advisor, a wealth holder or a foundation programme expert, here are three points to consider in thinking through how you could find your own pathway to localisation:

- **Trust-based giving is at the heart of philanthropy's relationship with localisation.** What happens if you put trust in local solutions at the centre of your strategies? How do you think about the people who ultimately benefit from your funding, and why? Are you ready to challenge ideas of impact, risk and due diligence? If you do, you will be more efficient and ultimately see greater leverage from your giving.
- **Collaboration is key, in localisation and in philanthropy.** How can you maximise the ecosystem of funding responses to advance more responsive and direct funding to local actors? Intermediary funds, like Global Greengrants Fund and our partners, build on networks of local leaders to fulfil key roles in ensuring resources are reaching grassroots actors to implement self-determined solutions.
- **Think beyond 2030.** Localisation is a strategy that is here to stay, in development and in philanthropy. The SDGs provide philanthropy with a helpful framework to focus on a more localised approach to funding practice, from which we can learn much to take beyond the timeframe of the SDGs and into a better and more sustainable future for all.

EVA REHSE – EXECUTIVE DIRECTOR OF GLOBAL GREENGRANTS FUND UK

Eva is a participatory grantmaker supporting grassroots environmental and social justice initiatives. Previously, Eva worked for Amnesty International as International Projects Advisor, and with CIVICUS and Scottish Council for Voluntary Organisations, including as Project Manager of the Intelligent Funder Project. A German national, Eva has an MA from Bonn University in Political Science and Sociology.

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HOW CAN PHILANTHROPY CAPITAL IMPACT SYSTEMS CHANGE?

PAUL PIZZALA – WWW.NEWFOUNDATIONFARMS.COM

A perspective from a regenerative agrifood start-up – interconnected challenges

Many of us are waking up to and working on the multiple interconnected challenges facing society, the economy and ecology as our human world has grown beyond the carrying capacity of the planet we live on.

This has been called a 'meta crisis' and is expressed by climate disruption, deforestation, ocean acidification, poverty and social injustice. For some it is a daily lived experience whilst for others it remains a more distant risk.

Whatever our proximity, the increasing focus on environmental, social and governance (ESG) and impact investing recognises the need for institutional processes of governance that directly address both risks and crises and in ways that fundamentally change how we think about and do business.

In our conversations with foundations, we see that philanthropy impact capital has a crucial role to play in leadership and taking new forms of risk that drive catalytic change and business model transformation.

In the context of the SDGs, we believe that being able to meet multiple SDGs simultaneously is a clear sign of addressing the root causes that will deliver transformative systems change.

NEW FOUNDATION FARMS

New Foundation Farms' opportunity is to create an agri-food enterprise that produces affordable, nutrient-dense food and fibre on regenerating soils, profitably and equitably.

The co-founders are entrepreneurs working in the fields of sustainability and leadership across sectors such as agriculture, finance, technology, food retail and organisational development.

Whilst a diverse array of skill sets is needed to manage a complex organisation, at the heart of it all, we all share a holistic mindset and understand success in terms of creating ecological, economic and social value.

PAUL PIZZALA

CRACKING THE CODE

The key to unlocking the code of how to do this within the agri-food industry is based on:

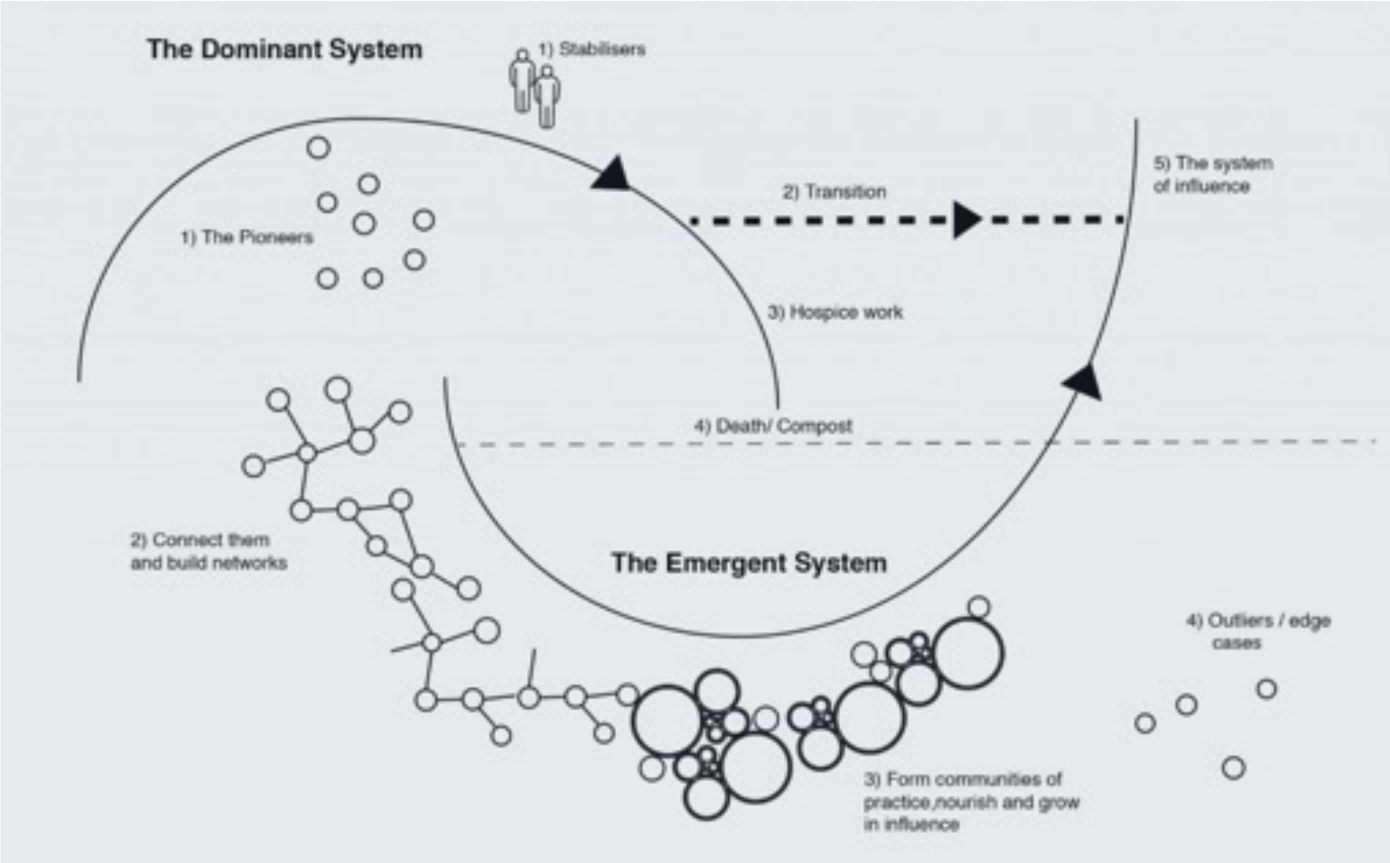
- understanding soil science
- holistic management as a tool
- regenerative business models

Soil science — because we now know beyond any doubt that soil fertility is a living biological process that is attuned to and supports multiple natural processes not agri-chemical and mechanical ones that destroy fertility, erode soil and decimate bio-diversity.

Holistic management — because we need new knowledge-intensive frameworks, practices and performance indicators to manage for ecological, economic and social outcomes.

Regenerative business models — because we need to satisfy the wellbeing of customers and treat all stakeholders as co-owners, especially nature, whilst making a decent profit.

We recognise this is pioneering practice at the forefront of change, but if new systems-disrupting enterprises are not backed, as societies, we will not get the change we need. The Berkhana model (below) illustrates how pioneers and network builders interact to create emergent organisations that influence systems-wide transformation.



HOLISTIC MANAGEMENT

The global agri-food industry has grown, over the course of recent history, into a case study for negative impact having locked itself into an old industrial-consumer paradigm much like the fossil fuel industry has. Rather than tweak the industry at the edges our aim is to unlock the potential already inherent in the agri-food system.

For instance, healthy soils remove the need for chemicals, pesticides and herbicides, significantly reducing costs whilst growing much better-quality food and restoring biodiversity and ecological function (i.e. soil that stores carbon and water). Not only is it intrinsically worthwhile and produces better outcomes, it has the added benefit of creating resilience to extreme weather.

Taking a holistic approach to regenerative farming, we replace fertilisers with managed animal grazing and layer farming activities (bees, sheep, trees, crops, perennials and cattle to name a few) to optimise biological synergies, farm yields and profits — profits that can be shared with employees as co-owners and a regenerative foundation to seed and amplify change.

The agri-food industry has reduced the business of farming to a series of distinct inputs and outputs. New Foundation Farms, on the other hand, is maximising impact and meeting multiple SDGs by restoring plant, animal and human relationships — the SDGs are, in fact, an outcome of getting these relationships right and understanding how systems work in the first place.

In tandem, we use holistic principles, such as enterprise diversity, to see what is possible as a business. We know that some farmers are successfully processing and selling their own food onsite. Marcus Link, CEO of New Foundation Farms, helped to grow Riverford Organics' meat box scheme from a cottage industry to a logistics operation selling 5,000 boxes a week.

As well as anecdotally seeing the trend emerge, market research shows that customers are hungry for food that connects to nature and has real provenance. We know that with branding and e-commerce platforms we can connect directly with customers and our many partners to be part of a much wider national conversation.

In my view, revitalising our deeply held connections with and respect (dare I say, love) for nature, ourselves and other people is the ultimate goal that the SDGs are helping us to achieve.

So how many SDGs do we at New Foundation Farms meet and what is our impact? Broadly speaking, we think about ecological and community-based outcomes and we can point to impacting ten SDGs directly and seven indirectly.

At the farm level, we move from degenerating to regenerating over the course of four years, increasing biodiversity, capturing carbon, restoring the immediate hydrological cycle and providing a better quality of life for plants and animals.

At the community level, our regenerative enterprise farm model aims to provide up to a hundred good-quality full-time jobs and to be a significant multiplier in local wealth creation.

In terms of systematic impact, our first 1,000-acre farm serves to show what is truly possible ecologically, economically and socially, so that we can scale out and the business model can be copied many times over by other ecological entrepreneurs.

REGENERATIVE BUSINESS AS A FRAMEWORK

A regenerative business, in our view, needs to be held by an organisational structure that is clearly designed to support its mission, so that employees and the wider society are treated equitably for the very long term and the enterprise operates in a way that enhances nature rather than destroys it.

For instance, we have used insights from the Commons Society, the B Corp movement and Economy for The Common Good to align stakeholder roles, responsibilities and rewards in a regenerative approach within our articles of association.

This means we can offer fair returns to capital, cap our own rewards and make sure employees have good well-paid jobs and a meaningful share of the profits. We have also embedded a minimum ⅓ share of the profits to go to a societally focused regenerative enterprise fund, which invests in supporting other regenerative enterprises and the overall ecosystem.

SYSTEMS DISRUPTION MEETS MULTIPLE SDGS

In summary, disruption is what happens when an old way of doing things is radically changed by new technologies, knowledge and practices. It happens in small pockets at first, like mobile phones and online sales, and slowly gains acceptance as a visibly and tangibly different way of living, before accelerating to become a new paradigm.

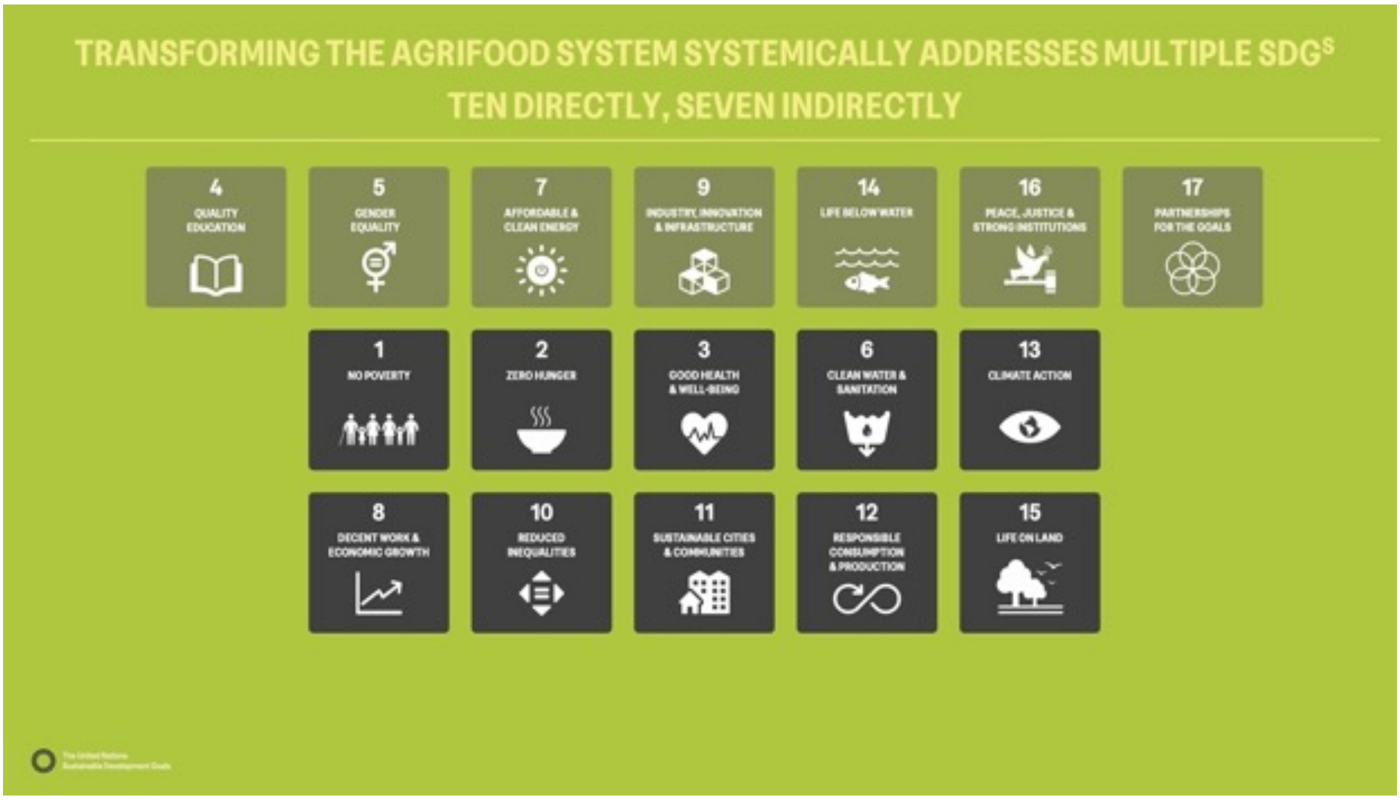
It is clear to us that we can embed multiple SDGs as an outcome of a regenerative agri-food enterprise.

More importantly, in our view, systems *disruptors*, working with foundations, have the catalytic power to transform entire global industries. This is now needed more than ever to achieve the SDG goals by 2030.

PAUL PIZZALA – CIO, NEW FOUNDATION FARMS

Paul brings a unique mix of skills and experience to New Foundation Farms from his career in investment and fund management, at Heartwood Wealth Management and WHEB Group, to his deep dive into ecological complexity and systems thinking gained through his MSc in Holistic Science at Schumacher College, Devon.

Paul has taken an entrepreneurial route since 2013 – raising finance for local renewable energy projects at TRESOC; starting an NGO, The Climate Map, in the US; and developing the market for leading-edge carbon drawdown technologies with Rainbow Bee Eater in Australia.



Source: New Foundation Farms

INVESTING TO IGNITE INNOVATION

HAYLEY COLLEN – WWW.LINKEDIN.COM/IN/HAYLEY-COLLEN

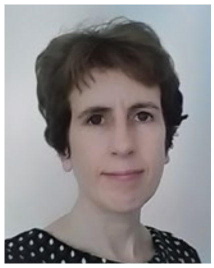
"Let's invest in innovative entrepreneurs, the striving young people who embrace new technology and are starting businesses and can ignite new industries that change the world," said Barack Obama, in his address to the UN on the launch of the Sustainable Development Goals in 2015.

The idea of investment in innovation to address social issues has been around for much longer than the UN SDGs. In February 2000, the Social Investment Task Force was launched by the UK Treasury with the remit: "To set out how entrepreneurial practices can be applied to obtain higher social and financial returns from social investment… and to unleash new sources of private and institutional investment". The Rockefeller Foundation is credited with inventing the term "impact investing" in 2007, to define investments made with the intention of generating both financial return and social and/or environmental impact.

The launch of the SDGs drew global attention to the key issues that need to be addressed with international collaboration, behavioural change and investment. Increasingly, environmental, social and governance (ESG) factors in the management and operation of all businesses are used as tools to assess companies and to inform investment decisions. Many more companies can be drawn under the umbrella of ESG than seek to deliberately address the specific themes of the SDGs. Recently there has been significant growth in equity funds applying ESG principles (sometimes labelled as 'Sustainable Funds'). According to Morningstar, inflows into sustainable funds hit a record high in the fourth quarter of 2020, bringing total assets under management to nearly $1.7 trillion. There are many opinions of what exactly fits into the categories of impact, SDG or ESG investment, but the overall purpose of entrepreneurship and investment to achieve positive social and/or environmental benefit as well as financial return is now well-established.

FRESH START-UPS

Having demonstrated that investing to support social and environmental outcomes has existed for more than 20 years and that significant sums of capital are committed to the area, there is space for more today. As President Obama said, it is important to invest in new technologies to change the world for the better. There are many excellent innovative companies emerging from universities (more than 4,000 in the UK in 2018/19 according to the Higher Education Statistics Agency). However, we shouldn't be restricted to companies started by recent graduates, as there were 672,890 start-ups founded in the UK in 2018/2019 tax year and of these 45,000 were tech focused.



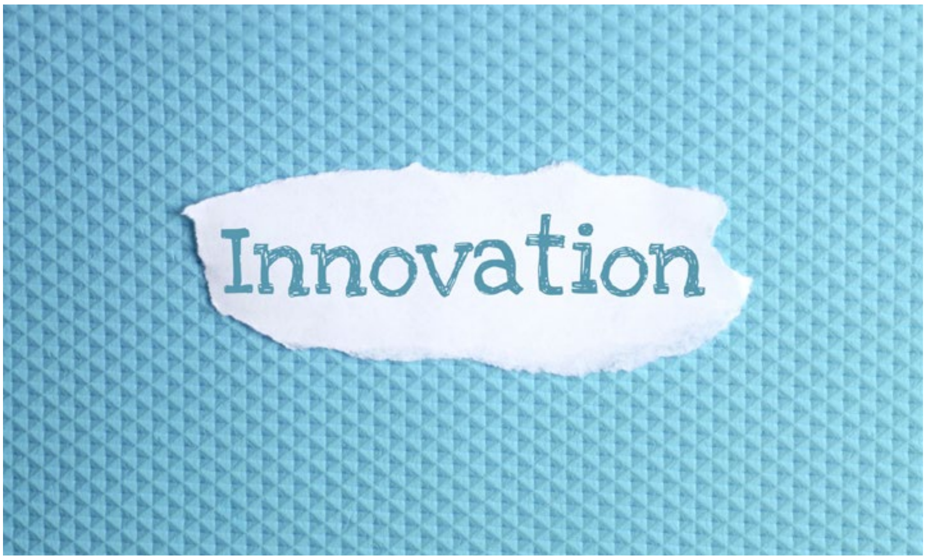
HAYLEY COLLEN

In many ways, it is easier for new companies to explore and develop new technologies. A newly founded team has the energy and passion to drive the development of the idea that they set up the business to pursue, rather than attempting to create change inside an existing corporate. Of course, corporates with large internal R&D teams that experiment continuously with new products have the huge advantages of internal development budgets, expertise in bringing new products to market and an existing customer base. However, large companies are often held back by the threat of harming brand reputation and share price by experimenting and discovering that new iterations don't perform as expected. Larger corporates can also be constrained by the legacy of the way things have been done for years, time spent waiting for plans to be approved internally and sometimes the re-prioritisation of activities leading to developments being abandoned entirely. It is not surprising that people with an entrepreneurial spirit and desire to change the world decide to launch a new company.

ANGEL INVESTORS

Many early-stage companies seek investment from high and ultra-high net worth "angel" investors. Public sector grant funding is often available to support innovation but usually needs an element of private sector match-funding. Early funding from angel investors, alongside grant funding or independently, can ignite innovation by providing cashflow to the company that gives the founders time to develop their ideas, register patents and take the first iterations of their product or service to market.

Direct investment gives the angel investor the opportunity to choose exactly which founding team, company, sector and SDG to support. According to the British Business Bank and UKBAA published research, 91 per cent of angels said the personalities of the entrepreneurial team were the key factor influencing their decision to invest. Many angel investors enjoy playing a part in the development of the company by sharing networks, experience and knowledge. Just over half of angel investors are involved in this way in the companies they have backed financially and there is strong evidence of the invaluable support individual investors can bring to growing pioneering businesses.



AVOIDING IMPACT WASHING

In the context of achieving the UN SDGs, the influence of the direct angel investor can be instrumental to the way the investee company plays its part in making a difference. This seems to be an excellent way of addressing the concern of "impact washing", that two thirds of impact investors identify as being the biggest challenge facing the impact investment market as set out in GIIN 2020 Annual Impact Investor Survey. If the investor has the time and energy to stay involved with the business they can see if the company is losing its commitment to the SDGs and is "impact washing" with a superficial nod to the company's impact that is not reflected throughout the business nor informing the way it operates.

Direct investment into individual companies does not resonate with all investors. There are a growing number of funds that invest in early-stage, technology-focused businesses that are aiming to make a positive impact in achieving the UN SDGs. A study by Dealroom.co and TechNation shows that €6 billion was invested into European impact start-ups in 2019, making up over 15 per cent of all venture capital (VC) investment in Europe. The report also highlights that at least 60 European impact VCs disclosed that other established VCs — which did not identify as impact orientated — invested alongside them. Showing mainstream investors that investing in early-stage companies addressing UN SDGs is an excellent investment strategy, is a useful innovation that has emerged in recent years. If all investors see that investing in global challenges also offers good investment prospects, then there is a better chance of creating long-lasting change and maintaining an environment of continual innovation and improvement.

SUPPORTING INNOVATION

An alternative method of supporting innovation to address the UN SDGs that is not seen enough is the role philanthropists can play in funding charities to buy goods and services from early-stage innovative companies. Some charities already support innovation by funding and running accelerators. The Better Together report from Nesta and Save the Children in 2020 provides an excellent overview of the issues around charity and start-up collaboration and highlights the risk-averse nature of charity procurement processes. Making first sales is a significant challenge for many young companies and the first customers often set the tone and direction that the company will take. If more of the philanthropists who prefer to donate rather than invest can fund and encourage the charities that they support to purchase new products and services sourced from early-stage companies then that will be a great step forward.

HAYLEY COLLEN – DIRECTOR, EPIPHRON

Hayley has worked with more than 400 companies across a broad range of industry sectors having managed private equity investments for 3i plc and Lloyds Bank. Since 2014, Hayley has focused her work on companies that make a positive social and/or environmental impact. Helping companies with structuring, raising debt and equity finance, managing stakeholders and preparing for and managing the exit process. Until recently, Hayley was a member of the Awards & Delivery Committee at UnLtd (the Foundation for Social Entrepreneurs with £100m endowment) and is a mentor to early stage companies from Imperial College and Zinc VC.

"COMPANIES THAT PAID DUE ATTENTION TO THEIR STAKEHOLDERS' LONG-TERM INTERESTS WERE MORE LIKELY TO THRIVE THAN THOSE FOCUSED EXCLUSIVELY ON SHORT-TERM PROFIT MAXIMISATION."

THE FOUNDATIONS FOR GREATER SOCIAL IMPACT: A COMMUNITY FOUNDATION CASE HISTORY

GILES RUCK – WWW.FOUNDATIONSCOTLAND.ORG.UK

Established as the community foundation for Scotland in 1996, Foundation Scotland has distributed over £100 million to charitable organisations during our 25-year history — helping people and organisations fund good causes, strengthening our communities and creating lasting impact.

We set up our first endowment fund in 2001 and, over the last 20 years, we've managed to grow our stewarded funds to over £50 million. In common with most charitable organisations, we've used external fund managers to manage our investments. Historically, this was with the sole aim of preserving and growing their endowment potential. Less attention was paid to the impact our investments might have on society, so long as these investments did not risk damaging the reputation of the Foundation.

VALUES-ALIGNED INVESTING

In 2019, we decided to revisit our investment strategy. We wanted to continue building our assets, but in a more socially responsible way. In keeping with our purpose and roots as a community foundation, our vision was to align our investments more closely with the values of the Foundation — to make environmental, social or governance (ESG) considerations across our investment portfolios, without compromising their future performance. While we knew that incorporating ESG inputs was core to our decision-making, we also wanted to consider the wider behaviour of the organisations within our portfolio. Companies that paid due attention to their stakeholders' long-term interests were more likely to thrive than those focused exclusively on short-term profit maximisation. Naturally, by evidencing ESG inputs as well as impact, this limited the number of companies our fund managers could consider. We also had to ensure that an exclusive focus on positively impactful businesses would not necessarily detract from investment returns.

While we weren't the first charity to pursue a socially responsible investment strategy, we were the first community foundation in the UK to do so. With few comparable examples, we invested time and effort in researching funds and shortlisting potential impact fund managers.

In the first quarter of 2020, we reviewed the historical performances of around fifteen unitised vehicles and one investment trust, all run with a dual investment return and positive social impact purpose. We found no evidence to indicate that impact investing leads to lower returns and a reasonable chance that long-term values could be enhanced.

We continued to work closely with our board and formed an internal workgroup of Foundation Scotland staff. We reviewed several proposals before choosing to work with EQ Investors.

SDG-GUIDED PROCESSES

EQ had a strong track record which included other clients in the third sector. We valued how their approach went far beyond ESG investing. Their investment process is largely guided by the United

GILES RUCK

Nations' Sustainable Development Goals (SDGs). This dovetails perfectly with a new Impact Framework we're currently developing to incorporate SDGs throughout our daily work.

Some goals are more investable than others, so our portfolio focuses on opportunities that benefit people, the planet, or both. Our portfolio's key themes are Health and Wellbeing (Goal 3) and Industry, Innovation and Infrastructure (Goal 9). Sectors within these themes include healthcare, medical research, telecommunications and power networks.

Sectors we actively avoid include: alcohol, armaments, fossil fuel service industries, gambling, mining, tobacco and unhealthy food and beverages, amongst others. Organisations with poor environmental practices and poor labour standards are also avoided.

Our EQ Impact Fund launched in December 2020. We initially invested £15 million, which represents around a third of our stewarded funds. Our remaining funds have far more complex investment arrangements, largely influenced by our donors. The Impact Fund manages our less constrained funds, but we hope to move more across to EQ, subject to performance.

DONOR INVOLVEMENT

Foundation Scotland works with a range of donors — individual philanthropists, families, companies, other charities, communities — who each have their own motivations, needs and funds. These donors were kept informed of our journey and invited to an online information session. This gave everyone an opportunity to meet with Foundation staff and key contacts at EQ and ask any questions about the fund. Not only was the attendance incredibly high, but the feedback from our donors was overwhelmingly positive.

Our donors have commented not only on the wisdom and expertise of the group leading on this initiative, but also celebrate our approach to work with like-minded, solutions-focused companies who will be able to bring about further change, as well as provide future growth.

We feel positive and excited about the opportunities we can provide for those interested in working with us in the future.

The fund launch has ignited a huge amount of interest from other community foundations across the UK. Many had already discussed socially responsible investment policies, but our experience offered them insights into how to go about making the change, through a focussed session for them. More than 40 community foundations took part, and we've continued to offer support and advice to those who are about to embark on a similar journey in the UK and in Europe.

Moving to EQ investors also meant that we could provide our donors with real time 24/7 access to their portfolio information. Via the portal, donors can track their funds, generate reports and monitor performance against benchmarks. Financial returns are important but for our donors the social impact their funds are generating is just as important. The portal also gives donors access to impact information such as how many litres of clean water and how many hours of education have been delivered through their funds. The portfolio is also mapped against the SDGs, which ties in with moves to reporting our grantmaking impact.

It is far too soon to draw any conclusions on financial performance. The all-equity fund nature of the Foundation Scotland Impact Fund portfolio is likely to result in significant short-term fluctuations in its value. Therefore, we must take a long-term view on performance. What is clear is that our donors are investing more, and new donors have come on board. Impact Funds are here to stay.

"FINANCIAL RETURNS ARE IMPORTANT BUT FOR OUR DONORS THE SOCIAL IMPACT THEIR FUNDS ARE GENERATING IS JUST AS IMPORTANT."

GILES RUCK - CEO, FOUNDATION SCOTLAND

Giles has a background in the nonprofit sector, initially in youthwork and special education sectors. Over the past 20 years, Giles has led the development of philanthropic services and support at Foundation Scotland. This has included raising the agenda of strategic giving via the creation of forums such as Scotland's Philanthropy Debate by liaising closely with professional advisors. Giles also works personally with individuals, families and companies to help develop their approach to philanthropy. He is an alumni of the community-tailored version of the Philanthropy Workshop, and holds the IoD Certificate in Company Direction. As CEO, he has the privilege of guiding the strategic direction of the Foundation, in particular its role within the space where community opportunities and capacity development meet with philanthropic passion, vision and assets. Over the last 25 years, Foundation Scotland has distributed more than £100 million to charitable organisations and community groups through effective and innovative funding programmes.

"BROADLY SPEAKING, THE NOTION OF CORPORATE GOVERNANCE COMPRISES THE DECISION-MAKING PROCESS AND THE IMPLEMENTATION OF DECISIONS IN COMPANIES."

THE IMPORTANCE OF THE "G" — AN EXAMPLE FROM AN ESG-INVESTING FOUNDATION

DELPHINE BOTTGE AND JULIEN DIF - WWW.PURPOSELAWYERS.CH | WWW.SPSTLAW.CH

Taking into account environmental, social and governmental (ESG) criteria in investment decisions is key to the realisation of the Sustainable Development Goals (SDGs). Adopted by all UN member states in 2015 to bring lasting solutions to the major challenges that our world faces today, the 17 Goals include the objectives to eliminate poverty and hunger, achieve gender equality, promote equitable economic growth, reduce inequality and address climate change by 2030.

While the environmental and social dimensions of sustainable investments are at the centre of public attention, corporate governance — that is, the "G" in ESG — is the essential prerequisite for success. Broadly speaking, the notion of corporate governance comprises the decision-making process and the implementation of decisions in companies. Governance not only relates to boards of directors but also to shareholders who shape their companies through the appointments of the directors and the auditors.

Shareholders, through the exercise of their voting rights, also ensure that an appropriate governance structure is in place. Moreover, it is important to note that governance not only concerns a company as a whole but also its individual units, such as business divisions or locations, and even a company's products. According to most sustainable investors, the focus on the "E" and the "S" is, in the absence of effective governance, eventually meaningless. Unsurprisingly, in a recent survey of some 300 investors, more than 90 per cent identified governance as the ESG factor that crucially influenced their investment decisions.

PIVOTAL ROLE OF GOVERNANCE

The following example underscores the pivotal role that corporate governance plays in sustainable investments. More specifically, it shows how an ESG-investing foundation in Switzerland addresses the exercise of voting rights in the target companies.

Foundations were among the first to espouse the idea of sustainable investments. From the foundations' perspective, the benefits are manyfold. Sustainable investments allow them to make a measurable positive impact on our world. At the same time, ESG criteria allow for the creation of portfolios with risk/return profiles that are equivalent, if not superior, to those of traditional portfolios. By integrating sustainability considerations, foundations can align their investments with their values as reflected in the statutory purposes. What is more, they avoid reputational problems that can arise from investing in ethically controversial companies and sectors.

Initially, foundations limited themselves to excluding certain investment targets they deemed likely to adversely impact society and nature.

DELPHINE BOTTGE

JULIEN DIF

However, over time, foundations have adopted a more proactive attitude, increasingly establishing explicit ESG criteria for their investments as well policies to put them into practice, finally using financial investments as a crucial leverage to achieve UN SDGs and their statutory purpose.

Founded in 1997, the Swiss Foundation for Sustainable Development (Ethos) comprises 224 Swiss pension funds and public utility foundations. It has led an internal introspection on its own governance as well as on the governance of the company held by it, thereby ensuring a long-term ownership. Ethos aims to promote socially responsible investment as well as a stable and prosperous socio-economic environment that safeguards the interests of civil society at present and in the future.

Pursuant to its charter, sustainable development involves the preservation of the physical basis of life, the conservation of natural resources, the integration of everyone into civil society and the protection of the interests of future generations. Various institutional investors, especially pension funds, acknowledge that the implementation of sustainable development is indispensable for ensuring economic and social prosperity and have therefore joined the foundation.

VOTING RIGHTS

Ethos considers the ability of a socially responsible investor to actively exercise its voting rights at annual general meetings as fundamental for a company's long-term success, in particular in light of the ESG criteria. In line with the foundation's investment charter, voting rights are of high value, while their exercise constitutes a fiduciary duty. As a consequence, Ethos provides voting guidelines in order to vote systematically and consistently with respect to all securities in a portfolio. The guidelines focus in particular on transparency, respect for shareholder rights, equal treatment of shareholders, the composition and functioning of the board of directors, the alignment of interests in terms of executive remuneration and the independence of control mechanisms.

Pursuant to the charter, the voting guidelines establish high standards for the expected attitude of companies toward their shareholders and other stakeholders, while also taking into account the local specificities. Other than on the notion of sustainable development, the voting guidelines draw on the analysis of all topics addressed at annual general meetings in accordance with the requirements of national and international codes of good practice. Such sources include the Code of Practice for Corporate Governance, produced by Swiss corporate union economiesuisse, as well as the 'Global Governance Principles' of the International Corporate Governance Network (ICGN), an international investors' organisation with total assets of some US$26 trillion.

In addition, responsible investors need to include extra-financial criteria in their voting policy. These could, for instance, translate into the refusal to discharge or re-elect directors so as to sanction decisions that negatively impact human health or the natural environment. Moreover, shareholder resolutions may represent an effective tool to draw attention to social or environmental questions. Finally, voting guidelines require regular updates so as to incorporate changes in legislation and best practice.

ENGAGING IN DIALOGUE

Ethos's commitment to engaging in dialogue with company management complements its voting guidelines. For the foundation, dialogue with company management is an integral part of its ESG approach. It aims to encourage managers to adopt strategies furthering continuous progress, in particular in the fields of corporate governance and environmental and social responsibility. To this effect, the foundation focuses on discreet, proactive and long-term dialogue, thereby integrating the United Nations Global Compact into its charter.

DELPHINE BOTTGE – FOUNDER, PURPOSE LAWYERS

Delphine is a lawyer at the Geneva Bar, and having specialised in philanthropy law for more than 15 years, founded Purpose Lawyers in 2020. She advises on legal structures for general interest projects (incorporation of foundations, associations and hybrid structures profit/non-profit) and on the legal framework of such projects (donation agreements, public-private partnerships, governance). She also accompanies donors, foundations and companies in their strategy, based on a long-term vision, sits at several boards of foundations and conducts training and conferences. As an Academic Fellow of the Centre for Philanthropy of Geneva University, she currently conducts research on the topic of foundation-owned companies and gives lectures on the governance of foundations.

JULIEN DIF – PARTNER, SPINEDI, STREET & ASSOCIÉS

Julien regularly advises promoters of foreign collective investment schemes on all Swiss legal and regulatory aspects relating to the distribution and placement of such products. In this context, he ensures that all relevant documentation for foreign collective investment schemes is compliant with Swiss law and drafts all types of related agreements. Julien advises foreign collective investment schemes over the entire period of their distribution in Switzerland. He frequently collaborates with the Swiss Financial Market Supervisory Authority (FINMA) and conducts the necessary procedures for the maintenance of all required authorisations.

In addition to the above, Julien also specialises in general banking and financial law, and he advises, among others, asset managers and distributors of Swiss or foreign collective investment schemes as well as securities dealers applying for authorisation from FINMA and the Securities and Commodities Authority in the United Arab Emirates.

WHERE SOCIAL AND ENVIRONMENTAL PHILANTHROPY MEET: AN OVERVIEW

LIZ GADD – WWW.THINKNPC.ORG

How do we move forward following the massive disruption of COVID-19? A good place to start is the ambitions of the UN's Sustainable Development Goals (SDGs) for a safe and equitable future for all. COVID-19 has revealed how unequal our society really is, and how this translates into suffering when crisis hits. The climate crisis will be no different. Whether it is climate change itself, or the changes we make to mitigate the effects, the impact will be felt most heavily by the poorest and most marginalised communities. The impact of the environmental crises is a social issue.

If the UK still aspires to be a global leader, we need to deliver on the SDGs at home; not least as we host the global COP26 climate summit in November 2021. Environmental and social charities, funders and philanthropists need to work together to build back better.

THE DANGERS WE ARE OVERLOOKING

Charities were already getting increasingly nervous about the threat of climate change to the people they serve. Once COVID hit, it is understandable that we all rallied around immediate need.
But in prioritising the present we risk ignoring environmental challenges, from the destruction of the oceans to the poisoning of our air, the felling of forests, the erasure of biodiversity and, above all, climate change.

These are social issues as well as environmental. Air pollution impacts poorer children in the inner cities more than their peers in the leafy suburbs. Food insecurity invariably falls hardest on those already struggling, and even the measures we must take to combat climate change could have a social impact through increasing the cost of living beyond what families can afford.

Yet few charities have capacity to investigate how different environmental policies and green economic programmes could help communities rebuild after COVID-19. And now, just when it is most needed, the time and money to do so is even harder to come by.

Even before the pandemic, there was little philanthropic money going to environmental work. The Environmental Funders Network's most recent 'Where the Green Grants Went' research suggested that less than 4 per cent of British philanthropy goes to environmental causes in the UK, with three quarters of that coming from just twenty foundations.

But it's not an either/or. Focusing on the intersection of social and environmental issues is the way forward. Here are three examples of what that might look like.

YOUNG PEOPLE

COVID has turned education upside down and the latest ONS figures show that more young people aged 16-24 have dropped out of the UK workforce than any other age group over the last year. Young people are highly environmentally conscious as we have seen through the School Strikes movement and wider. Environmental damage is ultimately about intergenerational justice; one generation enjoys the profit whilst the next one pays for the pollution. The young generation are demanding greater attention be given to environmental issues, not least climate change. As we emerge from the pandemic, education and training opportunities must prioritise preparing young people for the growing green economy.

LIZ GADD

EMPLOYMENT

Philanthropists have opportunities to support all generations' participation in a 'just transition' to a post-carbon economy. If we are to meet the SDGs around energy (SDG 7), work and economic growth (SDG 8) and industry (SDG 9), then the economic policies in the post-COVID recovery must incorporate a just and fair transition to green jobs.

But the transition won't be easy. People working in carbon-intensive industries will need help to transition into the myriad of green jobs due to thrive in the next decade, including electric vehicle mechanics, green building retrofitters, solar panel installers, wind turbine technicians, new plastics designers and engineers, urban farmers and forest fire specialists. Philanthropists and charities can support people, including the most disengaged groups, to maximise these opportunities at the same time as contributing to positive climate action (SDG 13).

HEALTH

Human health is intrinsically linked to planetary health, as we have all learnt to our cost during the pandemic. Whilst the exact cause of the pandemic is yet to be confirmed, research suggests that zoonotic diseases such as coronaviruses jump from animals to humans more easily when our interaction with nature is less respectful, be that deforestation, sale of wild animals in wet markets or industrial agriculture.

Good health and wellbeing (SDG 3) is therefore a critical area at the intersection of social and environmental issues. Yet social and health funder engagement with the environmental root causes of many health problems is often limited. The Clean Air Fund's 'State of Global Air Quality 2020' report found that less than 1 per cent of funding for dealing with air pollution comes from health foundations, despite air pollution causing an estimated 7 million deaths each year globally and between 28,000 and 36,000 premature deaths a year in the UK. There is strong evidence that our dirty air leads to heart disease,

stroke, breathing problems and lung cancer, and that it disproportionally affects ethnic minority communities, who are more likely to be living in areas with high air pollution. There are many similar examples, such as the impact of pesticides on human health, nature and the quality of our water (SDG 6).

TAKING THE LEAD

The 2020s are a critical decade for us to address climate change. Just as the impacts of climate change disproportionately affect communities facing pre-existing challenges such as inequality and poverty, so too will the impact of policies to support the transition to a post-carbon economy if such policies fail to take people's vulnerabilities into account, whether that is the transition away from traditional carbon-intensive industries, the retrofitting of homes or the impact that climate change and biodiversity loss are having on the quality of our soils, our harvests and ultimately our food security.

If we are to eradicate poverty (SDG 1), end hunger (SDG 2) and reduce inequality (SDG 3), then social and environmental philanthropists and charities must work together with communities to ensure that the transition to our post-carbon economy is just and fair for all.

We think there are three big areas philanthropists should consider:

- Recognise that climate change is a risk to your mission.
- Embed climate-related issues into your existing work.
- Amplify and integrate the voices of those affected.

The threats posed to us all by climate change and biodiversity loss are existential. The time to change is now.

LIZ GADD – SENIOR CONSULTANT, NPC

Liz is a senior consultant at charity think tank and consultancy NPC, and has a special interest in supporting environmental organisations and bridging the divide between social and environmental charities. Liz has most recently been supporting On The Edge Conservation on funder good practice, Client Earth on impact, and supporting J Leon on eNGO due diligence. In a personal capacity, Liz is a trustee of the Environmental Funders Network, as well as the charity Pesticide Action Network UK, and is an advisor to the community interest company Just One Tree.

"GREATER PHILANTHROPIC INVESTMENT FROM HIGH-NET-WORTH INDIVIDUALS COULD BRING ABOUT A PARADIGM SHIFT IN THE RESPONSE, ENSURING THE NEEDS, RIGHTS, VOICES AND ASPIRATIONS OF REFUGEES ARE NOT LEFT BEHIND."

ENSURING NO ONE IS LEFT BEHIND

MELANIE WARD – WWW.RESCUE-UK.ORG

The role of private philanthropy: a case study

The success of the Sustainable Development Goals (SDGs) depends upon ensuring meaningful progress for everyone. Yet, millions of 'people caught in crisis' — those living in conflict or displaced within their own countries or across borders — are being left behind. The situation requires unprecedented action, yet in 2018 The Refugee Investment Network found that less than 1 per cent of philanthropic capital is currently directed specifically to refugees and displaced people. That is a trend that we hope we can work with the philanthropic community to change. Even before the pandemic, up to four in five fragile and conflict-affected states were not on track to achieve key SDG targets and now, as the spread of COVID-19 plunges countries across the globe into health and economic crisis, progress towards the SDGs is in peril. Countries affected by fragility, conflict and displacement, with limited health and welfare systems, are struggling to respond or find the much-needed resources to protect refugee populations from hunger and economic hardship. This is having major ramifications across the SDGs and deepening levels of poverty.

Greater philanthropic investment from high-net-worth individuals could bring about a paradigm shift in the response, ensuring the needs, rights, voices and aspirations of refugees are not left behind. This could be pivotal in convening ideas and expertise, and providing the funding required to drive innovative, transformative, evidence-based and impact driven humanitarian solutions that will ensure progress for all.

The risk of inaction is huge and grows every day. The International Rescue Committee (IRC)'s 2021 Emergency Watchlist, an analysis conducted annually and shared publicly to help us prepare to respond to humanitarian crises around the world, showed that a triple threat of prolonged conflict, COVID-19 and climate change are driving a dramatic surge in displacement and humanitarian need globally. This year, an estimated 235 million people — 1 in 33 people — will require humanitarian assistance and protection, a staggering 78 per cent increase from 2019.

MELANIE WARD

DISPLACEMENT AND POVERTY

Displacement exacerbating poverty is not a new trend. In fact, it has been a consistent feature of the countries the IRC has worked in over the last 85 years and the lives of the people we seek to help, who are fleeing the most unthinkable and traumatic situations in search of safety for themselves and their families. However, the concentration of poverty in the world's most fragile countries is a newer and, more worryingly, a rapidly escalating trend. Despite accounting for just 10 per cent of the world's total population, the 20 countries highlighted in the watchlist are host to 85 per cent of all people in need globally, for whom even the most basic needs such as food, safety and education are entirely out of reach. So much so that in a report published last year, the World Bank warned that the only way to end extreme poverty, and thus ensure progress toward the SDGs, is by addressing fragile and conflict-affected settings.

In the countries the IRC works in, we have seen how years of untended crisis and conflict have damaged hospitals, markets, water and sanitation systems, and schools. Through my work with the IRC, I have spent prolonged periods in Nigeria and Lebanon — countries which are worlds apart, but which epitomise the current failures of efforts to achieve the SDGs to reach people in crisis. In Nigeria, where the IRC has been working since 2012, protracted conflict in the northeast has driven two thirds of the region's population into poverty and COVID-19 is pushing the country towards a potential famine in 2021. In the northeast, levels of acute malnutrition for children under five are already above emergency thresholds, leading to an average of three children dying of malnutrition every day in 2020. Lebanon is host to 1.5 million Syrian refugees who, along with the growing number of impoverished Lebanese people, cannot enrol their children in school and struggle to find work.

"THE EXTENT TO WHICH OTHER INDICATORS OF GENDER INEQUALITY HAVE BEEN EXACERBATED BY COVID IS EYE-WATERING."

WOMEN AND GIRLS

Women and girls are also disproportionately affected by humanitarian crises and face particular barriers to accessing economic opportunities, schooling and healthcare. In the UK, we have witnessed the horrifying surge in domestic violence cases over the last year and sadly, this has been mirrored around the world. While there has been an increase in reports of gender-based violence in some countries, too many other countries have seen a dramatic decrease, as women have been locked down with their abusers and finding it near impossible to seek help. In Bangladesh and Tanzania IRC saw decreased reporting of 50% and 30% respectively. The extent to which other indicators of gender inequality have been exacerbated by COVID is eye-watering. For example, estimates suggest that more than half of refugee girls will not return to school post-pandemic. 2.5 million girls are also at risk of child marriage over the next five years.

EVIDENCE-BASED SOLUTIONS

The IRC has identified, researched and piloted evidence-based solutions across the areas of malnutrition, education, livelihoods and gender equality. If scaled, these will drive big leaps, not just small steps forward, in achieving the SDGs in crisis and conflict-affected countries. One such solution is the IRC's response to the global malnutrition crisis. Working with NGO and civil society partners, the IRC has devised a new malnutrition treatment programme which, with the investment required, has the potential to double the number of children receiving treatment for acute malnutrition. In the education space, the IRC has found low-cost, context-specific solutions, such as adaptive learning technologies, that again, if scaled up and made available across conflict and crisis-affected countries could bring education to the millions of out-of-school children. Social investment and philanthropy could be the key to fuelling these innovations, pooling funding to deliver tried and tested solutions that can drive impact across the SDGs in conflict and crisis-affected countries.

Many have argued that the pandemic created the opportunity for a big reset. If that is the case, now is the moment to refocus and come together to form partnerships that will help end poverty for all.

MELANIE WARD – INTERIM UK EXECUTIVE DIRECTOR, INTERNATIONAL RESCUE COMMITTEE

Melanie oversees the International Rescue Committee (IRC)'s fundraising and influencing work in support of people living in conflict and crisis across the world, as well as UK programming to support the integration of refugees in the UK.

Prior to this, she was Deputy Country Director for the IRC in Nigeria. There, she was responsible for the design and delivery of some $40 million of life-saving and life-changing humanitarian programmes in North East Nigeria, which has been hit by the conflict related to Boko Haram for a decade. She has also worked for IRC's President and CEO, David Miliband, as Director of Policy and Planning, and as IRC's European Director of Policy and Advocacy.

Melanie has worked in Lebanon and in Palestine, and well as for ActionAid and Christian Aid, and is a Trustee of peacebuilding organisation Saferworld. She appears regularly on national and international television and radio, including CNN, Sky News, BBC News, and the BBC World Service, and in the print press.

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Philanthropy Impact, Two Temple Place, London WC2R 3BD, United Kingdom
E: info@philanthropy-impact.org | **T:** +44 (0)20 7407 7879
@PhilanImpact linkedin.com/company/philanthropy-impact
www.youtube.com/channel/philanthropyimpact
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