ISSUE 29 | AUTUMN 2023

Philanthropy Impact

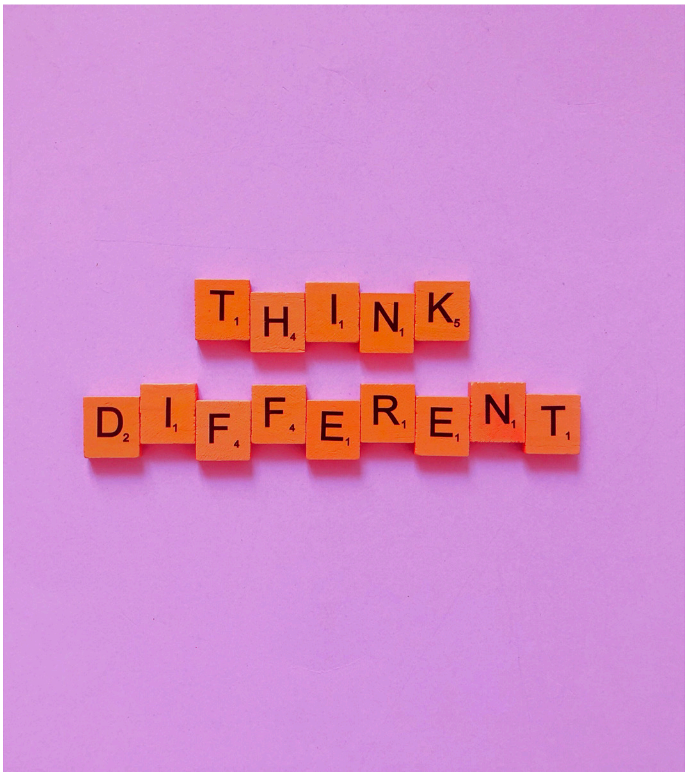
Inspiring Philanthropy and Investing for Impact

CELEBRATING 25 YEARS 1998-2023

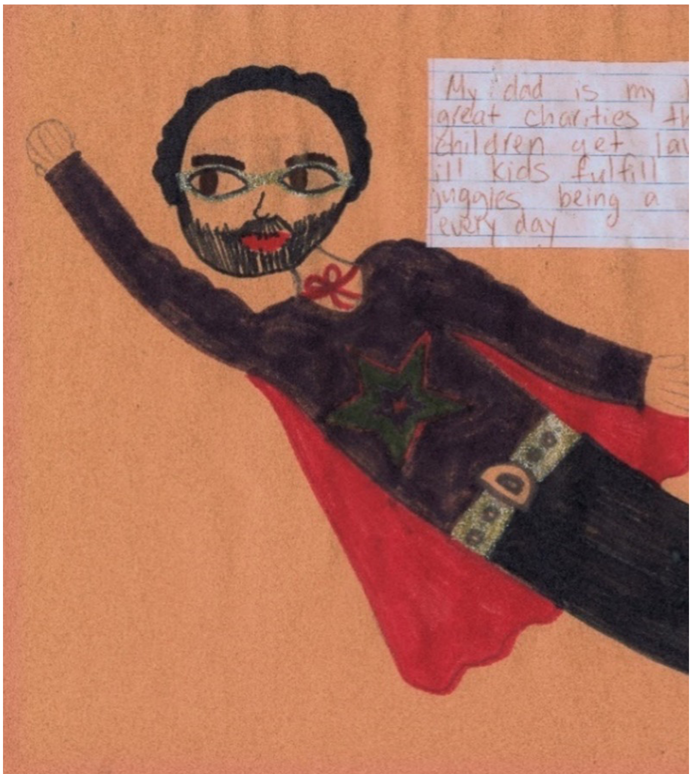
MAGAZINE

25TH ANNIVERSARY EDITION

THIS ISSUE: INCREASING THE FLOW OF CAPITAL FOR GOOD - INVESTING AND GIVING



ACHIEVING IMPACT DIFFERENTLY - AN OPPORTUNITY-CENTRED FUNDER'S JOURNEY



WHAT ARE YOUR PRIORITIES, AND WHY? THE ROBIN HOOD EFFECT

ZENNIALS ARE AT THE FOREFRONT OF USING CAPITAL FOR GOOD, AND BOOMERS CAN HELP THEM ACHIEVE THIS

UNLOCKING PUBLIC EQUITY IS KEY TO SCALING IMPACT INVESTMENTS

CONTENTS

PHILANTHROPY IMPACT

Vision and Mission

Philanthropy Impact is a capacity building non-profit organisation at the intersection between philanthropy, social investment, ESG and impact investment. Our mission is to increase the flow of capital for good. We are a membership network creating opportunities to increase and improve philanthropy, social investment and ESG/impact investing.

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

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

Centre of Excellence

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

Publications and Research

- Developing our 'body of knowledge'
- How-to best practice guides
- Technical content and analysis
- Case studies
- Philanthropy Impact Magazine
- Market research

Philanthropy Impact Public Affairs

- Advocacy: lobbying for policies and regulations that encourage philanthropic giving and social investment
- Policy position submissions and papers
- Engagement with government and key policy stakeholders

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

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

Philanthropy Impact is supported by its members, donors and sponsors.

Magazine design and artwork by antmadethis.co.uk

BECOME PART OF THE EVER GROWING PHILANTHROPY IMPACT NETWORK BY BECOMING A CORPORATE MEMBER TODAY.

Philanthropy Impact
Inspiring Philanthropy and Investing for Impact

COME AND JOIN PHILANTHROPY IMPACT TODAY:

FOR SUPPORT

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

We offer a programme of training and educational events.

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

TO ACCESS

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

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

TO DEVELOP

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

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

TO ENGANGE

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

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

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

OUR REACH

Our audience continues to grow daily. Current numbers are:

- **5,500+** active on our contact list
- **15,000+** CEO connections on LinkedIn
- **10,000+** connections on PI LinkedIn page
- Over **50 countries** across Europe, Asia, North America and Latin America

JOIN US TO:

- Work together to enhance meeting your client needs
- Reach new clients
- Retain clients

Get in touch with the team today to learn more:

E: membership@philanthropy-impact.org

"YOUNGER GENERATION WEALTH HOLDERS (GEN Z, MILLENNIALS AND WOMEN OF WEALTH) ARE INCREASINGLY SEEKING TO ALIGN THEIR WEALTH WITH THEIR VALUES."

EDITORIAL

BE AWARE - IMPLICATIONS OF CHANGING CLIENT NEEDS AND DEMAND, AND ADVISORY FIRMS' NEED TO RESPOND

JOHN PEPIN – WWW.PHILANTHROPY-IMPACT.ORG

There is a growing emphasis on (U)HNWI to 'do good with their wealth'

Philanthropy Impact's recent research looked at changes in the ways the new generation of wealth holders are approaching their wealth, and the implications for private client professional advisors. The findings include:

1. The world is changing and with it the needs and expectations of (U)HNW wealth holders.

2. Younger generation wealth holders (GEN Z, Millennials and Women of Wealth) are increasingly seeking to align their wealth with their values.

3. They expect their professional advisors to provide professional support in numerous, increasingly complex areas related to responsible investing and philanthropy.
   - They clearly indicated that the professional advisory industry is falling short of the expectations of emerging wealth holders. There are warnings that the ongoing wealth transfer could be accompanied by the next generation changing advisors en masse.
   - Key obstacles limiting the capacity of professional advisors to meet clients' new expectations have been identified. They include a lack of:
     - o Clear strategy and services
     - o Knowledge and credibility
     - o Leadership commitment
     - o Effective partnering with other firms to meet the 23 services required by clients on an impact investing and philanthropic journey
     - o Specialised training, such as CPD-certified and CISI-endorsed Philanthropy Impact courses

Additional research with similar implications:

1. Investing for Global Impact: A Power for Good 2022 (Campden Wealth Ltd) research indicated that for older generations there is a growing demand for and satisfaction in impact investing, and that investors are seeking better services from wealth advisors.

2. Allianz study – 64% of Millennials make investment decisions based on values.

3. A Schroders Advisor survey showed that:
   a. 65% of people inheriting wealth will not use their parents' advisor
   b. There is a lack of strategy for advising younger clients, with only 11% of advisors having a strategy to retain, attract and advise women
   c. 60% of wealth in UK will be in the hands of women by 2025
   d. ESG/sustainable investing is becoming mainstream

In meeting changing client needs and their impact-driven demand, and in meeting customer centricity regulatory issues, professional advisors can future-proof their firms by strengthening their values-focused offerings – leading to client retention, talent attraction and meeting compliance issues.

Additionally, doing so benefits the advisor's firm. For example, firms supporting their clients on their philanthropic journey, and encouraging them in their ESG/impact investment had:

- 6X the median assets of those who do not offer charitable planning
- 3X organic growth
- 1.3X new money
- higher net promotor scores, and higher trust levels

Not only be aware, but be prepared. ■

"THERE ARE WARNINGS THAT THE ONGOING WEALTH TRANSFER COULD BE ACCOMPANIED BY THE NEXT GENERATION CHANGING ADVISORS EN MASSE."

JOHN PEPIN - CHIEF EXECUTIVE, PHILANTHROPY IMPACT

John Pepin has over 20 years' experience as a social entrepreneurial consultant working internationally with over 300 charities, social enterprises, infrastructure support organisations and professional associations. He spent over 15 years as a Chief Executive of a variety of Canadian and UK charities/ social enterprises/ associations.

He is Chief Executive, Philanthropy Impact. Its purpose is to increase the flow of capital for good by enabling private clients and their families to match their purpose driven wealth strategies with their values capturing their ESG/ impact investment and philanthropic preferences. It achieves this by working with professional private client advisors to ultra-high net worth and high net worth individuals to grow and enhance the quality of the support they give to their clients, the UK's and Europe's wealthiest individuals, around philanthropy and social/ESG/impact/ investment.

TRAINING

CPD CERTIFIED The CPD Certification Service

CISI CHARTERED INSTITUTE FOR SECURITIES & INVESTMENT ENDORSED CPD

Increased Customer Centricity – the Impact of Consumer Duty

Training advisors on how to discuss with clients their values, motivation, ambitions, and goals; creating a sustainable wealth strategy

THE NEED FOR THIS TRAINING IS DRIVEN BY

Consumer Duty regulations for financial services firms to put the needs and expectations of clients central to the relationship with them - addressing consumer needs, understanding and expectations.

Client demand for purpose driven services from their wealth advisors – this being led by HNW GEN Z, Millennials, Women of Wealth; and, as recent research indicates, older generations.

To be customer centric it is essential for private client wealth advisors to be equipped to talk to their clients about their values, motivation, ambitions, and goals as part of the implementation of sustainable investment strategy, including priority and goal setting leading to an investment portfolio.

This CPD Certified and CISI Endorsed course takes advisors step by step through a process your firm and advisors can adopt to improve your approach to client suitability, the critical component in your firm's ability to meet the Consumer Duty's two outcomes on customer support and consumer understanding.

WHY ATTEND THIS COURSE

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

- Update your current approach to a values based customer centric training aligned with the Consumer Duty.
- Learn best practice approaches to improve how you can address ESG client preferences.
- Apply approaches for private client wealth managers that may be used to evidence a clearer and higher standard of care to the regulator, while meeting client needs and expectations.
- Achieve genuine competitive advantage in client experience.
- Improve client engagement while enhancing your reputation.
- Leverage Consumer Duty as a catalyst for commercial growth based on growing a values based purpose driven wealth management business.

There is a need for highly specialised training...
...And our customer centric suitability training course is designed to deliver just that.

BOOK NOW TO OPEN THE DOOR TO NEW COMMERCIAL OPPORTUNITIES

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

training@philanthropy-impact.org

DISCOUNTS AVAILABLE FOR PHILANTHROPY IMPACT PARTNERS

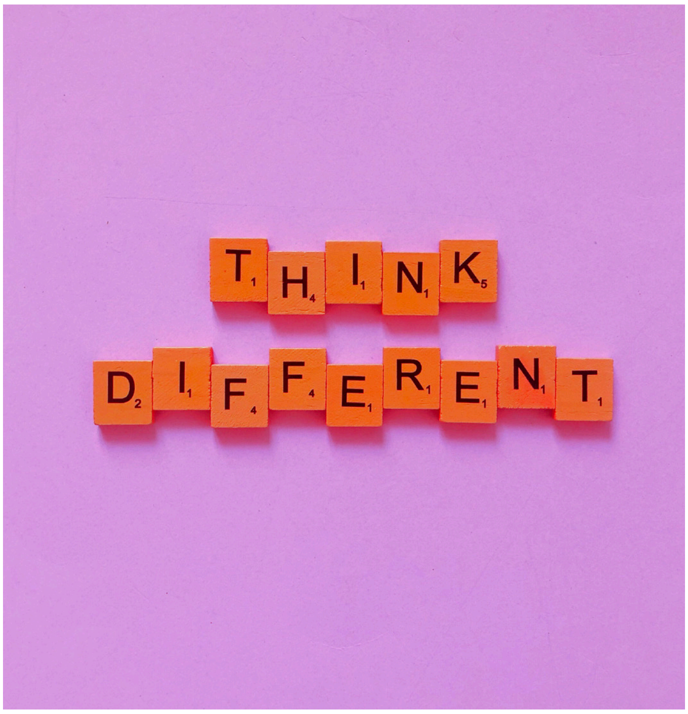
LEARN WITH

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

This course is intended for wealth and finance advisors as well as lawyers and other professional advisors with an interest in values based client centric issues and ESG/impact investing

ACHIEVING IMPACT DIFFERENTLY – AN OPPORTUNITY-CENTRED FUNDER'S JOURNEY

PETER BRACH – WWW.PROPELPHILANTHROPY.ORG



Modest grants can lead to extraordinary outcomes when you think about the bigger picture and question conventional wisdom

I am an opportunity-centred funder who provides modest grants to achieve big and broad impact. The terms 'opportunity-centred funder' and 'broad impact' will become clear through the following story, in which I performed the role of grant-maker. The beneficiary was TechSoup (TS), a non-profit that provides free or discounted technical services and products to hundreds of thousands of non-profits and civil society organisations across 236 countries.

Because of a US Securities and Exchange Commission regulation, TS faced a deadline to complete its $11.5 million capital campaign by September 22, 2021, with the prospect of starting over if it failed. Successfully closing the campaign was likely to enable TS to increase services by a minimum of hundreds of millions of dollars through investments in partnerships, research, and internal efficiencies. In the spirit of a venture philanthropist, I intervened in this risk-taking scenario five months before the deadline, with $3 million yet to be raised. My decision was driven by the potential for broad impact, rather than a predetermined interest in supporting technology.

The strategy was simple: allocate resources to hire an assistant for one of the main development personnel to free up 15 hours a week. As of September 21, the campaign was short by $400,000. To my surprise and delight, TS reached its target the following day. I am gratified and honoured to have played a role in delivering double-digit millions in additional services and products to more non-profits than can be counted. This narrative exemplifies how modest grants can indeed catalyse extraordinary outcomes.

In 2021, I gave a relatively small last-mile grant to the Worldwide Initiative for Grantmaker Support (WINGS). According to its Executive Director, this provided the bandwidth necessary to raise €1million from the European Union, marking the largest gift in the organisation's history. This grant gave birth to the #philanthropyforclimate movement, which has led over 600 foundations to commit to urgent climate action. These anecdotes represent a growing compendium of extraordinary ROI stories compiled by my organisation, Propel Philanthropy.

Embracing broad, big-picture thinking beckons us to question conventional wisdom. Philanthropic consultants rarely direct clients to veer from focused strategies with even small portions of discretionary funding. While focus brings benefits, it risks missing exceptional opportunities outside predetermined boundaries. In my near decade in philanthropy, I've observed an almost universal hesitancy to fund opportunities that don't align with established objectives, regardless of the potential or likelihood of being successful. As a result, fundamental needs including fortifying the sector's connective tissue or tapping into regenerative resources, such as investing in increasing global giving, receive comparatively little funding.

My observations, shared by colleagues, reveal a disparity between funding practices and foundational business principles. For-profit founders and investors prioritise the holistic growth and welfare of their businesses. In contrast, those funding non-profits and civil society organisations often focus narrowly on how these entities can serve their specific goals, neglecting the importance of structural growth, scalability and sustainability. Consequently, the cow continues to provide milk, but we incur loss when it fails to replicate, and suffers a premature demise.

Funders could benefit by considering promising economic principles such as economies of scale, which could revolutionise sector efficiency. For instance, what could be accomplished by leveraging TechSoup's expansive reach to build better accessed

"THE INNOVATION LANDSCAPE WITHIN THE SOCIAL SECTOR OFTEN RESEMBLES THE UNCHARTED TERRITORIES OF THE WILD WEST."

platforms for the non-profit and civil society sectors? Similarly, many are engaged in individual social impact investment portfolios and enterprises rather than focusing on building the field. To our collective credit, $2.3 trillion were spent on impact investments in 2020, comprising 2% of the global financial market. However, increasing public uptake remains hampered by a pronounced insufficiency of resources.

The innovation landscape within the social sector often resembles the uncharted territories of the Wild West. Numerous change-makers and organisations navigate this terrain in silos, striving for breakthroughs without interest in developing field-building structures. Yet, within this ecosystem, notable entities, including Ashoka, Levers for Change and Catalyst 2030 stand out. These organisations represent beacons of structure and collaboration. Yet there's a marked scarcity of support to amplify the impact of such organisations or fortify the innovation field otherwise to ensure that our most promising solutions are identified and scaled.

In my work, 'Imagine the Possibilities', I invite us to explore the extraordinary potential within our collective capabilities, yet outside our usual scope of considerations. We are not short of opportunities to apply economies of scale principals to further the capacities of, for instance, philanthropy support organisations. By adopting strategic campaign practices, we are again not short of the capacity to double the social impact investment market by 2030. Notably, investing in increasing regenerative resources such as global giving could expand the pie and allow us to address better not just isolated issues but the multitude of interconnected challenges that constitute what is increasingly commonly being referred to as a polycrisis—a web of complex, interrelated threats that impact us all.

Opportunity-centred funding carries its set of inherent risks. Yet the landscape is ripe with possibilities for those who approach it with strategic intent and rigorous due diligence. Success in this domain may hinge on our ability to set aside a discretionary fund to enable the potential of opportunities to supersede predetermined objectives. My grant-making journey is devoid of any extraordinary talents. My success stories may very well be attributable to my opportunity-centred approach, aided by serendipity.

Financial realities remind us that externalities influence outcomes. Economic headwinds can reduce available resources, thereby dampening philanthropic impact. Nonetheless, my experiences suggest that investing in standout opportunities for broad impact often demand less capital, management, and risk tolerance than typically found in capital ventures. Ongoing inquiry into opportunity-centred grant-making could unveil strategies with fewer pitfalls and heightened rewards. For instance, my success with the TechSoup campaign alone could off-set years of unexpected loss resulting from under-performing grants. Indeed, one or a few extraordinary successes could not only provide personal or organisational gratification, but improve our world by achieving unprecedented, record-breaking levels of impact. ■

PETER BRACH

Peter Brach is an emerging thought leader who is dedicated to equipping social impact infrastructure organisations with the capacity support needed to drive transformative change. With this objective in mind, in January 2022, he founded Propel Philanthropy, a network of nearly 40 organisations advancing the philanthropy, non-profit and civil society sectors. Since 2014, Peter has worn multiple hats as a trustee for a private family foundation, and, since 2019, he has managed the Funders 2025 Fund. His consultancy expertise includes assisting the SDG Philanthropy Platform, the Worldwide Initiative of Grantmaker Support (WINGS), and other organisations in his network. Beyond his professional endeavors, Peter seeks to harmonise his philanthropy ("love of humankind") with spiritual development, personal growth, and artistic creativity.

"HIGHER MORTALITY AT THE US METROPOLITAN LEVEL, AS WELL AS HIGHER RATES OF OBESITY AT THE US STATE LEVEL, ARE ALSO LINKED TO INCOME INEQUALITY."

WHAT ARE YOUR PRIORITIES, AND WHY?
THE ROBIN HOOD EFFECT

PETER SAMUELSON – WWW.FIRSTSTARUK.ORG

Taking a personal approach to revenue generation can have dramatic benefits – for philanthropists as well as charities

I spend a lot of time persuading people that selflessness can be selfish. Arguing self-interest in philanthropy may seem like an oxymoron, but in fact it is often the difference between success and failure in fundraising for those of us building non-profit organisations. From my four decades building charities, not only does the strategy clearly work in encouraging donors, but in addition I suggest its ethics and morality can oftentimes be admirable and appropriate.

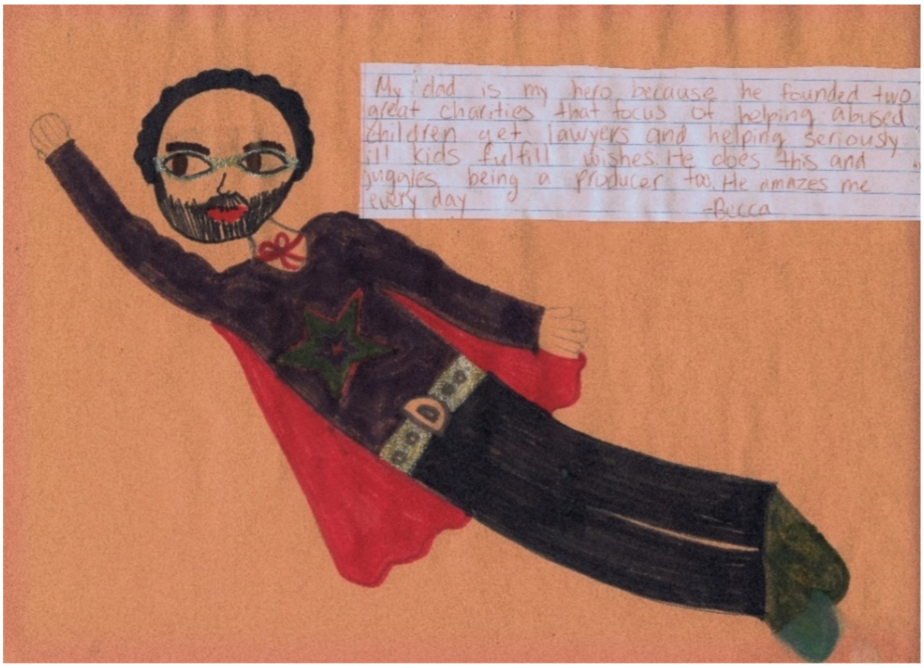
Most of us feel the urge to do good deeds and support those less fortunate than ourselves based on our shared belief that we are "all in this thing together" and that the strong should support the weak. Quite often we learn this motivation as a core tenet of our religion, or when we are taught a philosophy of life. Certainly, I have taught four children that civilisation is fragile, and that it is the responsibility of each and every member of society to improve it, as well as to further build resilient and ambitious social structures to pass on to our children.

However, recent research shows us that there is also self-interest in helping those less fortunate. Ichiro Kawachi, www.hsph.harvard.edu/profile/ichiro-kawachi in collaboration with the Social Environment Working Group of the John D. and Catherine T. MacArthur Research Network on Socioeconomic Status and Health, has demonstrated that the degree of income inequality in a society is related to the health status of that population. Greater income inequality is linked to lower life expectancy, higher mortality rates and worse self-rated health. For the wealthy as well as for the poor. Higher mortality at the US metropolitan level, as well as higher rates of obesity at the US state level, are also linked to income inequality. This association may seem surprising, but it is statistically robust when corrected for differentials of age, race, sex and individual socio-economic characteristics. The bottom line is that affluent people live shorter and less healthy lives the more the people around them are poor.

Why exactly this demonstrable correlation exists is still subject to debate. When poverty leads to inadequate healthcare among the poorest in society, everyone is at a greater risk. Having worked in several developing nations where the gulf between rich and poor is gigantic, as well as the obvious stress endured by the poor, I can attest to the incremental stress among the affluent caused by protecting themselves.

One of most important areas where self-interest is an entirely appropriate motivation for philanthropy is in the brilliant sponsorships I have been able to encourage by Fortune 500 companies. There was a time many years ago when I would fly into the headquarters city of a major corporation. I would visit with the corporation's foundation staff and would beg for their help in supporting one of my children's charities. "You know that we do good work, you know that we're efficient and that seriously ill children need your help. You are yourself a parent... could you please see a way to making a donation to support these special kids in need?" When things went well I would receive a $25,000 donation for Starlight and be politely asked not to return for another year.

At a certain point, I realised that a worthy cause is capable of presenting a net gain to a major corporation. Put bluntly, a worthy cause can help sell their product or service. So I started visiting with the Executive Vice President for Marketing, rather than with the foundation division of each company. My pitch back then would be quite different. "In our recent national promotion with Colgate-Palmolive, Starlight-Starbright demonstrated a 25% uplift in the brand's Nielsen ScanTrack market share. We think we can similarly create a dramatic benefit for your own corporation, which will also be very good for Starlight's special children."



The results were astonishing. Instead of receiving $25,000 from the corporation's foundation, we were suddenly receiving $250,000 from a cause related marketing campaign. Some Starlight promotions generate large sums each year. And they tend to repeat. I am sure they also sell a great deal of product – a perfect example of the corporation acting responsibly not only to society but also to its stockholders: a true win-win.

What a wonderful thing it is to understand from research at the University of Florida, that a dollar donation to charity triggered by a consumer's purchase of a product or service generates more of an uplift in sales than a dollar discount coupon offered to the same consumer. This means that, generally speaking, consumers are more ready to help disadvantaged children than they are their own pocketbooks. It gives one hope for the future. Ponder that: the power of empathy.

I still teach that altruism is an ennobling part of character that enriches the giver as well as our whole civilisation. I still teach that any act, however small, by which we build society makes us part of the virtuous forces that heal the world and build a better life for our descendants. That it is better to give a man a job than just to give him money, better to build a bridge then to swim the river, and a terrific thing to apply entrepreneurial skills in a non-profit, philanthropic direction.

But I also tell them that Starlight, First Star and EDAR are the best possible opportunities to meet like-minded souls, brilliant people whose enthusiasm for life, children and the future will make great friendships blossom.

When I lecture in business schools, I always tell the students that their career track or volunteer track in philanthropy will be about ten times faster than in an ordinary business for profit; the charities of America are so in need, so eager and so ready to embrace new ways of achieving their goals, People know in the meetings of my philanthropies that it is a dangerous thing to suggest a good idea; one immediately finds oneself the head of a taskforce charged with its study and implementation!

For me personally, I laugh when someone talks to me as though I was some noble soul dedicating time and resources to non-profit causes. I know secretly in my heart that the greatest gift I've ever received was the realisation that through good works I would make myself very, very happy. I constantly receive much more than I give. ■

PETER SAMUELSON

Peter Samuelson, Co-Founder and President of First Star, and CEO of PhilmCo Media llc, is a serial pro-social entrepreneur. In 1982, he co-founded the Starlight Children's Foundation. By 1990, the positive psychological impact of Starlight had seeded his next pro-social endeavour, Starbright World, co-founded with Steven Spielberg. 1999 saw the formation of First Star, 2005 EDAR Everyone Deserves a Roof, and 2013 saw him launch ASPIRE, the Academy for Social Purpose in Responsible Entertainment. In the midst of all this, Peter has produced 26 films and raised four children. Educated at Cambridge and the Anderson School of Management at UCLA, Peter resides in Los Angeles with his wife Saryl, and continues to fight every day for those less fortunate, chief among them America's abused and neglected children.

"WE KNOW THAT THE MAJOR CORPORATIONS WILL BE HELMED BY MILLENNIALS BY THE END OF THE DECADE."

ZENNIALS ARE AT THE FOREFRONT OF USING CAPITAL FOR GOOD, AND BOOMERS CAN HELP THEM ACHIEVE THIS

KEN COSTA – WWW.BLOOMSBURY.COM/UK/100-TRILLION-DOLLAR-WEALTH-TRANSFER-9781399407632

Millennials and Gen Z will soon have the power to make changes that will impact the economy as we know it – we must ensure that we Boomers can facilitate this

Right now, the global economy is witnessing one of the biggest transformations in history. The Great Wealth Transfer is imminent, as over the next decade a massive volume of wealth at an unprecedented scale will be passed down from the Boomer generation to Millennials and Gen Z. Globally, this enormous handover is estimated to equate to over $100 trillion.

Simultaneously, the youth population is currently the largest generation in the world. Zennials – how I like to refer to Millennials (born 1981–1996) and Gen Zs (born 1997–2013) – make up a vast amount of the global population, with around 64% of people fitting within the Zennial demographic.

Zennials are markedly identifiable by their stances on ethical capitalism, even what we can call a 'socially energised capitalism', making considered, active choices in the corporations they choose to support and contribute to. If not party-politically engaged, the past few years have seen the younger generation take on causes such as environmental protection, racial and social justice, gender equality, mental wellbeing and more. One of the questions I explore in my book, The 100 Trillion Dollar Wealth Transfer, is how I, as a Boomer, can help facilitate this?

We know that the major corporations will be helmed by Millennials by the end of the decade. They will be in a powerful position to make changes that will impact the economy as we know it, and current business and institutional leaders must take this into account and formulate a 'CO' driven approach. Let me explain.

We are at a pivotal point in the emergence of a new way in which capital is earned, invested and deployed. CO is the method through which we can work together to move forward together. If Boomers and Zennials are ready to explore this joint venture, we might co-operatively implement this new season of capitalism with compassion and wisdom. Zennials have moved beyond the need for feedback, rather seeking what I refer to as 'feed-forward'. The advice they seek is not merely to reflect on the past, but to embrace change and what can be done next to improve.

Currently, the chasm between generations is extraordinarily large, to the extent that it is on the verge of creating an unmendable rift that will not only damage cross-generational relations, but break capitalism itself. The next generation of leaders needs to be taken seriously and given a real, meaningful buy-in in order for capitalism to survive.

Capitalism does not need to take on the evil, immoral, 'Gordon-Gekko-Greed-is-Good' form that was rampant in the formative years of my professional life. Zennials are already showing us that capitalism and doing good can go hand in hand – as we see in ESG and sustainable business models. What we need to do as Boomers, is help them master the resources that they will eventually use to deliver their vision.

Good or bad capitalism – we can't have capitalists at all without capital.

Living through recessions, the acceleration of climate change, a global pandemic: these are some of the unprecedented, life-affecting challenges to which Zennials have been exposed from an early age, at times when they are just about to enter the already uncertain stage of adult life. It is unsurprising that an entire generation

developed an ingrained mistrust of the financial system. From Millennials suffering the consequences of the 2008 financial crisis, to Gen Z facing the rapid succession of COVID, to the cost-of-living crisis on top on the ongoing climate emergency and housing shortage, this has only served to expose cracks and inequalities in our current system.

Despite these hardships, many Zennials still have a strong drive to participate in both global endeavours and helping their local communities flourish. To cultivate a socially energised capitalism. And this goes well beyond the traditional sense of philanthropic giving, directly to charities or trusts, that us older generations are familiar with. Today, Zennials choose to invest and spend their money on companies and brands that have demonstrated a genuine commitment to resolve environmental, social and governance issues (ESG). They have readily embraced shareholder activism.

Zennials have high expectations about where they spend their money. When brands take a stand in support of causes such as social or environmental justice, Zennials have a four-to-one higher likelihood of purchasing from the brand.

Furthermore, in 2021, 26% of Millennials and 30% of Gen Zs revealed they had participated in public demonstrations, protests or marches in the past 24 months. Zennials are actively seeking to enact change in areas important to them, from environmental issues to racial discrimination to income inequality and much more.

Ultimately, the Zennial generation has proven themselves to be highly value-driven, and this is already reflected in global markets. They have driven a shift from passive investing to actively participating in corporate governance. With their ethos on sustainable, ethical investment and spending, financial prosperity can do good in the world when used well.

Already co-working, co-living and co-investing are part of the idiom of today, but it has a broader philosophical underpinning and could be extended into all the areas of cooperation including co-destiny, co-learning and co-creation through which jointly we can strengthen the pillars of the market economy. As Boomers, we can share our wisdom and life experience in order to make this achievable. It is with these qualities we can productively create a more inclusive, purposeful and socially energised capitalism, where capital is used for good, for the future. ■

"ULTIMATELY, THE ZENNIAL GENERATION HAS PROVEN THEMSELVES TO BE HIGHLY VALUE-DRIVEN, AND THIS IS ALREADY REFLECTED IN GLOBAL MARKETS."

KEN COSTA

For over 40 years, Ken Costa has been a leading global investment banker, philanthropist and thought leader. Born in South Africa, he was active in the anti-apartheid movement as a student leader in Johannesburg, and went on to study law at Queens' College, University of Cambridge, thereafter becoming Chair of UBS Investment Bank (EMEA) and Lazard International. He is currently chairman of Helios Fairfax, the largest private equity group in Africa. As a supporter of investment in the next generation, he chairs Glorify, a meditation app. Alongside his finance career, Ken has been heavily involved in various not-for-profit organisations, including the Advisory Board of the London Symphony Orchestra, and Trustee of the Nelson Mandela Children's Fund (UK). In 2023, he was awarded the Canterbury Cross by the Archbishop of Canterbury for outstanding contributions to the Church of England. He created the highly successful Tick Tock Club for Great Ormond Street Hospital, which has raised £50million for the hospital. He is Emeritus Professor of Commerce at Gresham College, and was coordinator of the City's response to the Make Poverty History campaign. He has been a contributor to The Financial Times, The Wall Street Journal, The Times and The Telegraph. He is married to Dr Fiona Costa, with whom he has four adult children.

UNLOCKING PUBLIC EQUITY IS KEY TO SCALING IMPACT INVESTMENTS

SEB BELOE – WWW.WHEBGROUP.COM

Investors must be able to allocate purpose-led capital to the largest public markets if they are to deliver the scale of global solutions that both society and the planet require

Philanthropy has always been about the allocation of private capital for a positive effect at individual or public benefit level, often reflecting steadfast values held by the donor. In so doing, philanthropists not only deliver benefits to the recipients of their generosity, but also wield power over a range of governmental and non-governmental organisations, including both private and charitable sectors.

Impact investing, a more recent phenomenon, shares the intention of using capital allocation to create positive value-led impact, but with the dual aim of also producing financial return and, crucially, of evidencing the capital investment's impact.

TRADITIONAL PRIVATE EQUITY DOMINANCE

Given its philanthropic roots, much of the survey data around capital allocation to impact investing was reported to be largely achieved through private equity. In a GIIN / JP Morgan annual impact investment survey in 2011[1], public debt and equity together accounted for just three out of 2,213 investments.

By 2019, public equity and debt, also known as listed equity (ie publicly traded stocks and shares), accounted for around one third of impact investments, becoming two of the fastest growing asset classes for purpose-led investors.

A traditional view of impact investing holds that the investor must prove a positive outcome as a direct result of the invested capital. Known as 'additionality', this concept appears to protect against bad-faith actors making false claims or 'impact washing'.

However, attributing causality for a positive change in cost of capital to a single investor is impossible when there are multiple parties willing to inject capital. The only applicable circumstance is one where the investor is the only actual or potential capital provider. This necessarily restricts impact investing to philanthropy or capital allocations to markets with very poor liquidity, and therefore excludes all markets that seek a market rate of return on the basis that there will almost always be other investors willing to make that investment.

Interpreting impact investing this way leaves the practice in a small cul-de-sac of highly illiquid and philanthropic markets. In order to have big global impacts, you need big global companies, matched with big global markets. As Sir Ronald Cohen put it[2], 'there is no other way to cope with the scale and severity of social and environmental issues other than to attract investment capital from the $200 trillion of investable assets in our financial system'.

Without the means to allocate purpose-led capital to the largest – public – markets, impact investors will fail to deliver the scale of global solutions our communities and planet require.

[1] https://thegiin.org/assets/documents/Insight%20into%20Impact%20Investment%20Market2.pdf
[2] *'Impact, Reshaping capitalism to drive real change'*, Sir Ronald Cohen, Ebury Press, 2020

PUBLIC (LISTED) EQUITY BENEFITS

Public equity markets remain a dominant part of the financial ecosystem, with a value almost ten times the $5.8trillion of private equity markets (in 2020). Public, listed markets offer scale, liquidity and enhanced transparency. They are also accessible to small and large investors alike. Impact investing in these markets can attract more – and more widespread – support than private markets, which remain the preserve of large private investors.

A traditional view that investing via listed equities fails to prove additionality because buying and selling stock has little impact on the cost of capital or anything else, is, we believe, false. It ignores the systemic nature of finance and the economic system. It is right that individual transactions have less effect on the cost of capital as the market becomes larger and more liquid. But this is quite different from saying that those transactions have no impact. Clearly, every participant has some say on where prices are set.

By maintaining or even increasing equity prices and thus lowering the cost of capital for the investee company, trading in listed shares supports businesses in other ways too. For example, higher equity prices support the company in tangible ways, such as by underpinning employee incentive structures that rely on equity prices. Companies may also be better able to undertake acquisitions by using their equity to finance deals. In addition, as holders of the company's equity, shareholders get a say on the company's strategy and its capital allocation policies. Encouraging management teams to reinvest profits in further growth is a key pillar in accelerating the positive impact of the enterprise as a whole.

Ultimately, by supporting or even increasing market value, investors enable businesses to leverage their equity in pursuing more activity, in turn enabling the company to scale more quickly and deliver greater positive impact. In our view, affecting the cost of capital for a business in this way constitutes a form of investor impact. And it is certainly not exclusive to private markets.

"ULTIMATELY, BY SUPPORTING OR EVEN INCREASING MARKET VALUE, INVESTORS ENABLE BUSINESSES TO LEVERAGE THEIR EQUITY IN PURSUING MORE ACTIVITY, IN TURN ENABLING THE COMPANY TO SCALE MORE QUICKLY AND DELIVER GREATER POSITIVE IMPACT."

SEB BELOE

Seb Beloe has spent over 25 years working at the nexus of business, investment and sustainability. Since 2012 he has been a Partner and Head of Research at WHEB Asset Management, where he is a member of the senior management and investment teams.

Prior to WHEB, Seb was Head of SRI Research at Henderson Global Investors. Seb also spent ten years in senior roles at SustainAbility, a leading think-tank and consultancy.

Seb is part of expert committees for the BSi, and sits on the advisory council of the Future-Fit Foundation. He has two degrees in environmental science and technology from the University of East Anglia and Imperial College London.

"LISTED COMPANIES ARE SUBJECT TO DISCLOSURE REGULATIONS AND GOVERNANCE REQUIREMENTS THAT FAR EXCEED THOSE IN PRIVATE MARKETS."

Secondary markets – whether private or public – support the functioning of primary investments. A primary contribution with no value realisation mechanism is a donation rather than an investment. The prospect of secondary markets is what encourages impact entrepreneurs to create impactful business models. This, in turn, is what leads them to recycle their capital and do it all over again. The impact ecosystem does not work with primary investments alone.

TACKLING 'IMPACT WASHING'

The rapid expansion of impact investing has been met with concern by some early practitioners. Some consider 'impact washing' the greatest threat facing the market, and worry that investing in listed equities represents a contradiction in terms.

A significant benefit of impact investing through public markets is right there on the label – they're public. Listed companies are subject to disclosure regulations and governance requirements that far exceed those in private markets. This means they face public scrutiny and access by small and large investors alike, with far greater oversight, access to corporate information, and mechanisms for shareholder stewardship such as voting rights and opportunities to influence.

We believe in a 'holistic' approach that focuses on investments as part of the financial system, emphasising the interdependencies between different asset classes. This view holds that investor impact is founded in the investor's intention to deliver positive impact. This needs to be evidenced through a clearly articulated 'theory of change' connecting the investment and the underlying holding with the problem that is being tackled. The ultimate impact also needs to be described and measured to further underpin the impact claim.

CONCLUSION

Establishing demanding but pragmatic standards that require clarity in investment intentions, and evidence of related impact, is essential if impact investment is to retain its potency – free from bad-faith actors and 'impact washing' – and its potential to bridge the $2.5 trillion[3] annual deficit for meeting current UN Sustainable Development Goal commitments.

These standards would enable impact investors to harness the full potential of capital markets in order to drive scalable positive impacts that are urgently needed by our communities.

It would be a travesty for impact investing to remain niche, inevitably failing to deliver positive impact at the scale that is required. By unlocking public equity and debt markets, and investing with intentionality and evidenced rigour, impact investors can access listed markets that are more transparent, offer higher liquidity and can attract more – and more widespread – support than private markets alone.

[3] https://press.un.org/en/2019/dsgsm1340.doc.htm

"THE UN CONVENTION TO COMBAT DESERTIFICATION (UNCCD) RECENTLY RELEASED DATA SHOWING THAT THE WORLD LOST AT LEAST 100 MILLION HECTARES OF FERTILE LAND ANNUALLY BETWEEN 2015-19."

THE CATALYTIC POWER OF BLENDED FINANCE TO REGENERATE OUR ECOSYSTEMS

ANJOU DARGAR – WWW.PHYLA.EARTH

By aligning financial interests with environmental sustainability, we can pave the way for a greener and more prosperous future

Energy is the ultimate currency of life. Every living thing relies on the transfer and transformation of energy, the primary source of which is the one thing that connects us all — the sun. Before the modern era, most of the energy we used came directly from food, and this tied us closely to the Earth. But over the past century, the ability to harness, store and commodify concentrated sunlight (ie fossil fuels) to use for energy has essentially disconnected us from the natural world, the effects of which we are starting to see and experience today.

Our global economic systems have largely been decoupled from the planet's ecological systems. Economies have been built on the premise that the products and services derived from the Earth's ecosystems are more valuable than the actual ecosystems from which they are sourced. This extractive model has led to intensive mining and industrial farming, resulting in depleted soils, which in many instances are now unable to withstand life. The UN Convention to Combat Desertification (UNCCD) recently released data showing that the world lost at least 100 million hectares of fertile land annually between 2015-19.

Global food systems, in particular, are increasingly vulnerable to production shocks, and productive agricultural land has become a prized asset. While large-scale industrial farming has enabled tremendous efficiencies in food production at lower costs to the consumer, these mass production systems are entirely unsustainable and have left a devastating ecological footprint, inducing deforestation, biodiversity loss, water pollution and degraded soils. Plus land degradation is inextricably linked to climate change, food insecurity, ill health, forced migration and violent conflict. These things may seem remote to some of us but we are part of a global food system that is intricately weaved together. And as Martin Luther King Jr. wisely and so eloquently said, "Whatever affects one directly, affects all indirectly."

It's a gloomy prognosis if we stick to the antiquated economic models built on the assumption that human beings are separate from nature. Or we can change course, and work towards a rosier future by building and investing in new models that recognise our economies cannot be decoupled from our ecosystems. Regenerative food production has the potential to reverse the environmental impact and societal repercussions of industrial farming. Food provides the sustenance we require to simply exist but food is also intertwined with culture, history and relationships, and is a key element to bringing communities together. Regenerative agroforestry, which incorporates the cultivation of trees into agriculture whilst actively improving soil fertility, biodiversity, water percolation and the overall health of ecosystems, also enables inclusive growth by empowering farmers and fostering resilient communities. Social cohesion is a vital aspect of sustainable production that has largely been lost in industrialised farming practices.

But is sustainable production just a pipe dream? What about the elephant in the room: none of us wants to give up the conveniences the extractive economy has afforded us — access to vast varieties of food, the ability to travel across the world, and, we might recall from physics class that energy is the

ability to do work. The energy we consume today via fossil fuels has displaced the manual labour we'd previously have had to do for basic things such as laundry; one would be hard-pressed to find anyone advocating for a ban on washing machines. Air travel, though, has caught the ire of some environmentalists.

Fortunately, Phyla Earth has been developing solutions to change course and make sustainable aviation and regenerative agriculture a reality. By observing nature's biological processes and her ability to produce energy, sequester carbon, fix nitrogen and provide food, Phyla has been involved in groundbreaking afforestation work propagating climate change resilient plant species. One species they've been working on that's particularly effective in regenerating degraded ecosystems is Pongamia pinnata, a non-invasive legume tree native to India and Southeast Asia with medicinal properties that is nitrogen-fixing (no need for fertilisers!) and produces perennial dividends high in protein and oil. Remarkably, many of Phyla's varieties of Pongamia are able to withstand drought and metal toxicities where virtually no other plants are able to grow, thus serving as a powerful catalyst, laying the foundation to rebuild healthy soils and generate new biodiverse ecosystems. Phyla's Elite Pongamia surpasses the output of standard Pongamia by up to ten times, and thus has the capability of producing commercially significant volumes of feedstocks for sustainable aviation fuel and plant-based proteins whilst sequestering carbon and providing other vital ecosystem services.

With a business model rooted in nature and bolstered by productive biological infrastructure, Phyla's agroforestry systems have been successful in transforming contaminated and wholly barren landscapes into fertile forests. And their proprietary technology and AI capabilities allow them to monitor and quantify climate mitigation activity, adapting accordingly to solve our deeply entrenched socioeconomic and environmental challenges encapsulated within the UN's Sustainable Development Goals (SDGs). The SDGs are often seen as challenges but they present an enormous business opportunity. The Business Commission estimates tackling them could generate USD 12 trillion in market opportunities. But in order to achieve the SDGs and solve the systemic and interconnected challenges outlined above, these systems have to be scaled appreciably.

To that end, global carbon markets were valued at over $909 billion in 2022; that's nearly a trillion US dollars of carbon traded last year. Carbon credit schemes have been attractive to impact investors because carbon is seen as a sort of currency to mitigate climate change. Unfortunately, the systems in place are not always transparent, and the quality of credits are highly varied given the lack of standardisation. With effective reform, carbon markets will be an important mechanism to finance emission reductions, but excessive focus on carbon returns can sometimes crowd out the social and ecological dimensions of regeneration work where returns aren't as easily measured. But attention to and quantification of these elements is key to a sustainable future.

There are a number of restoration initiatives, such as Ecosia and Justdiggit, which are making considerable inroads towards sustainable development through awareness campaigns and concerted tree planting. Both are non-profit organisations, but Ecosia earns revenue from advertising, and has planted over 185 million trees globally, while Justdiggit is funded primarily through donations and government subsidies. Justdiggit has restored 14 million trees in the past five years and has a mission to regreen Africa through regenerative 'treecovery'.

ANJOU DARGAR

Anjou Dargar is a Strategic Communications and Policy Advisor at Phyla Earth, and is very passionate about regenerating the Earth's ecosystems.

She has two decades of experience in public policy/international relations, working between London and Washington, DC. Anjou has worked as a consultant with Commonland and a number of start-ups focused on sustainable solutions. She spent a large chunk of her career in the corporate sector. During Anjou's tenure as Head of Public Policy & Emerging Markets in Government Affairs at Thomson Reuters, she focused on issues as wide-ranging as privacy, cybersecurity, green finance, intellectual property rights, fintech and AI.

Sitting on several government and private sector advisory groups involved in the emerging markets, Anjou provides thought-leadership, and underscores the technologies that aid growth and promote sustainable development.

Anjou is an aspiring author eager to make an impact through storytelling. She is currently writing a novel that spans the globe and delves into our relationship with the natural world.

Anjou has a Master's degree in Global Politics from the London School of Economics, where she focused on international trade and development, as well as a Bachelor's degree in Biology from Lafayette College.

"BLENDED FINANCE OFFERS AN INCENTIVE STRUCTURE THAT HAS THE POTENTIAL TO CORRECT MARKET FAILURES BY STRATEGICALLY COMBINING PUBLIC, PHILANTHROPIC AND PRIVATE CAPITAL..."

Commonland is another not-for-profit working towards holistic landscape restoration with an ambitious mission to restore 100 million hectares of degraded land by 2040. They have developed a unique four-returns framework to generate social, inspirational and natural returns in addition to financial returns, giving rise to a number of regenerative businesses producing sustainable food products, thereby bolstering communities whilst restoring the land. These organisations are doing exceptionally valuable work to reverse biodiversity loss and elevate the climate dialogue to highlight the vital role healthy ecosystems play within our lives and within a larger economic and planetary context.

But can we meet the UN's target to restore 5 billion hectares of degraded land by 2050 without investment from the private sector? Asset managers / institutional investors, who hold trillions in assets globally, have the financial resources to fill a significant portion of the SDG investment gap, and many have committed to the Net-Zero Banking Alliance. But their appetite for land restoration projects has been curbed by a preference for low-risk, liquid investments with a clear ROI profile. Private equity investments in impact sectors are often constrained due to shorter fund durations compared to the recovery time required for ecosystems to regain economic productivity. While prevailing short-term models can be highly lucrative, they simply don't account for the existential risks that result from the unsustainable use of natural resources.

How do we then restructure financial models to finance companies working on solutions to exceedingly complex problems? Blended finance offers an incentive structure that has the potential to correct market failures by strategically combining public, philanthropic and private capital to catalyse investment into sectors that are largely seen as risky or unprofitable in the short-term. Philanthropic and concessional finance mitigates risk in early-stage regeneration projects when capital requirements are high, making the investments more attractive to private investors seeking long-term commercial returns. Plus, restoration allows asset managers to hedge risks against more unsustainable investments. Phyla's regeneration systems, for instance, offer attractive financial returns over the medium and long-term, secured against future revenue from the sale of biofuel, protein and biomass in addition to carbon and nature-based credits. When restoration projects are well-designed, they also create permanent jobs, enhance livelihoods and social unity. Through scaling sustainable development and yielding positive financial returns, blended finance offers tremendous upside for all stakeholders.

Recent years have underscored the fragility of our global economic and food systems. By aligning financial interests with environmental sustainability, we can pave the way for a greener and more prosperous future, ensuring positive returns for investors whilst making a meaningful impact on climate change and global food security. With public institutions, philanthropists and private investors collaborating to share risk and capital to further sustainable development, blended finance can be a true catalyst for systemic change.

HOW DO WE OVERCOME THE DISCONNECT BETWEEN WEALTH ADVICE AND GREEN PHILANTHROPY?

NATASHA RATTER AND LOUISE KRZAN – WWW.GREENFUNDERS.ORG

There's little doubt that leading wealth advisors are trying to support their clients' interest in sustainable investing and green philanthropy, but what if their way of doing business gets in the way?

The biodiversity and climate crises are global threats to us all, and intersect with almost every other issue, from health to education, refugees, women and girls. More than ever, High Net Worth Individuals (HNWIs) are keen to find ways to help, but are also — like the rest of us — feeling overwhelmed by the scale of the problem and the complexity of the possible solutions.

Over the last year, the Environmental Funders Network (EFN) has embarked on a project to engage wealth advisors with green philanthropy, starting by interviewing over 30 wealth and philanthropy advisors and a number of their clients, to better understand the following hypothesis: 'If supported better [with more information, advice and guidance on environmental issues, their potential solutions, and ways to financially support them], wealth and philanthropy advisors could provide better guidance to clients interested in tackling the climate and nature crises.' The idea for this project was driven by our interactions with people working on the frontlines of this crisis, at environmental charities and NGOs, who believe there must be more we can do to increase the levels of funding going into the environment sector by engaging with the gatekeepers to those individuals that have the greatest capacity to give.

The conversations we had with advisors were varied, complex and thought-provoking, and they exposed several conflicting and challenging ideas. Almost all of the advisors that we spoke with expressed a desire to do more for their clients who are interested in supporting the climate and biodiversity crises philanthropically. They reported that climate change in particular has been coming up in conversation with most clients in one way or another, a stark difference compared with even one or two years ago.

'It's a mix, from total overwhelm to doing their research and wanting to get into the details… some say: "I'm not moving all my philanthropy to climate but I want to put a 'climate lens' on what I am already doing."

But advisors often feel they have their hands tied when it comes to supporting clients to address their concerns. There are few opportunities or incentives to prioritise clients' environmental or philanthropic values in any meaningful way in the context of their day-to-day work and training. For example, when asked how often they are able to talk about philanthropy with their clients, one advisor said: "We only ever do this after everything else has been discussed, when the wealth planning is done… and we generally only bring it up with the ultra-wealthy."

Advisors also shared that their clients were feeling overwhelmed and even paralysed when it came to the environmental crisis — they want to help tackle the problem but they don't know where to start, and sometimes they fear being called out as a hypocrite or getting involved with something that feels 'too political'. "We're definitely having those conversations, but no one has a real understanding of how they can help, and what they can do to make a difference."

We hear clients saying: '"What can I actually do, what difference will it make?" We need to help them feel it does make a difference.'

We spoke to advisors about whether they might find particular resources helpful in overcoming these barriers for their clients, or whether there was information or support that the environment sector or EFN could help deliver to them, for example providing information guides or maps that enable them to deepen their understanding of interlocking environmental issues and their potential solutions. This was met with surprisingly little enthusiasm — the advisors shared that they are overstretched and under-resourced as it is, and so don't have the time to consume reports, webinars and more information.

Some also spoke about their need to be impartial and 'cause-neutral' and so they felt (sometimes frustratedly) that there wasn't much point becoming more professionally informed about the environmental crisis, green philanthropy and sustainable investing,

"WHAT CAN HELP TURN THE SUBSTANTIAL RESOURCES AND EXPERTISE OF THE WEALTH ADVISORY SECTOR TOWARDS OUR COMMON CHALLENGES?"

as they wouldn't be able to influence their clients with this information anyway.

At the crux of the issue seems to be a disconnect. Most wealth advisors see their job as preserving the wealth of their clients, and prioritise this over all other aspects of the support that they offer. But our interviews with wealth-holders – and we're conducting more at the moment – are showing that many wealthy clients are horrified by the environmental crisis, and want their wealth to join the arsenal of forces addressing it. But they're not always getting the support they need to do so. Their needs and interests in environmental action are not being met, advisors are feeling frustrated and unclear about how to move forward, and capital is still being prevented from flowing into the environmental NGO sector and delivering solutions, despite the urgency and scale of the crises we face.

"There's a very binary, combative and emotive dialogue that we now have, exacerbated by social media... it's very difficult for people to find their way into this sector with confidence and feel which side of the table they come down on."

Delaying action will not end well for any of us, and so the systems and structures informing the workings of the wealth advisory industry need to be more deeply interrogated — and quickly. It seems that individuals working within wealth management firms are trying to do the right thing but ultimately losing a fight against a business model that often makes the act of giving away wealth for societal gain too difficult.

As we continue our interviews, we're looking for solutions to this problem. What can help turn the substantial resources and expertise of the wealth advisory sector towards our common challenges? How can wealth-holders get the advice and guidance they need to be part of the solution? Certainly there are some shining examples of great philanthropy advisory services that are supporting their clients to become effective and engaged climate and nature donors and actors; many of them participate in EFN. How can best practices be spread? ■

LOUISE KRZAN, FREELANCE CONSULTANT, EFN

Louise is a non-profit professional focused on increasing philanthropy to secure a green and peaceful future for all. She has been working with HNWs, trusts and foundations to grow green philanthropy since 2002 for a number of different charities and campaigning groups.

NATASHA RATTER

Natasha co-ordinates the Environmental Funders Network's work to strengthen the effectiveness of the environmental charity sector, and facilitates the Green Fundraiser's Forum. She joined EFN from the Natural History Museum, where she raised funds for projects that re-connect people to nature, particularly in urban areas. She is currently a Trustee of Sydenham Garden, a wellbeing centre using its gardens and nature reserve to help people in recovery from mental and physical ill-health. Natasha is half Ugandan and half British – she spent her childhood in Kampala, Uganda, and then moved to the UK to do her degree in zoology.

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TRAINING

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

This course has been developed specifically for private client professional advisors

THE NEED FOR THIS TRAINING IS DRIVEN BY

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

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

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

WHY ATTEND THIS COURSE

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

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

Rating by (U)HNW clients of professional advisors for their philanthropy advice:
5.9/10

This course could help advisors achieve a rating of:
10/10

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

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

"PRIVATE SECTOR FUNDING CAN ACCELERATE THE CONSTRUCTION OF AFFORDABLE HOUSING UNITS, PROVIDING MORE OPTIONS FOR THOSE IN NEED."

INVESTING AND GIVING FOR GOOD – HOMELESSNESS: ITS IMPACT ON THE ECONOMY

SHAKEEL ADLI – WWW.ZUNIKH.CO.UK

Homelessness casts a long and dark shadow on society, but collaboration and creativity from the public, private and charity sectors can lead to huge changes for the better

The UK has one of the richest economies in the world, yet there is a growing number of people in the country experiencing the indignity of homelessness.

While there are no national figures on how many people are homeless, it's estimated that, with pressure from the cost-of-living crisis, this could be affecting more than 300,000 households each night. (source: The Homelessness Monitor Great Britain).

According to insights from Crisis, when people become homeless, it's often because of things such as not being able to find affordable housing, facing poverty or unemployment, going through tough times in relationships, dealing with domestic abuse, mental health struggles, financial debt, immigration challenges or issues with substance misuse.

However, homelessness can be prevented, and early intervention can reduce the personal and financial cost of homelessness. Figures from Crisis confirm that the cost of a single person sleeping rough for a year is estimated at £20,128, while successful early intervention only costs £1,426. Early intervention can reduce the financial implications of homelessness as well as personal distress, social isolation, barriers to education and work, as well as reducing preventable illness and death, improving mental and physical health for those affected.

It is clear that the lack of private, public and charity sector funding, as well as the lack of a unified strategy, has impacted the UK's housing stock.

It is important to work with local authorities, politicians, charities and housing associations to tackle the issues and work towards a society in which the symptoms of homelessness are better dealt with. Those who find themselves with nowhere to live can obtain quick and meaningful assistance in getting their lives back on track.

A comprehensive and collaborative effort is required across the board to achieve this.

Private sector funding can accelerate the construction of affordable housing units, providing more options for those in need. Public sector investment is crucial for creating policies, initiatives and incentives that encourage the development of housing solutions, and charity sector funding can play a pivotal role in providing immediate support and services to individuals experiencing homelessness.

Together, all three sectors can provide an effective and holistic approach to reducing homelessness but only when their collaboration extends to, and is backed by, central and local governments.

Establishing a framework that facilitates collaboration among the public, private and charity sectors ensures a more defined approach, enhancing the effectiveness and efficiency in addressing the root causes and negative consequences of homelessness.

A key focus of any framework put in place would be to find ways to boost housing stock quickly and cost-effectively. This would no doubt involve not only repurposing under-utilised

"HOMELESSNESS IS A COMPLEX ISSUE, BUT IT IS EVIDENT THAT ITS IMPACT EXTENDS FAR BEYOND THE PEOPLE WHO SUFFER THE INDIGNITY OF LIVING WITHOUT A HOME."

properties or those properties struggling for development / redevelopment, but also, offering planning discounts or pricing incentives for Local Planning Authority (LPA) owned properties earmarked for homelessness reduction initiatives.

Additionally, guaranteeing rents and potentially providing insurance-backed products can provide additional motivation for developers and institutional investors to explore the construction of more homes with a specific focus on addressing homelessness.

Ultimately, effective solutions to address the issue would not only ease short-term public budget allocations for homelessness but also, by reintegrating individuals experiencing homelessness back into society, yield lasting benefits for society in the long term.

With enhanced clarity, incentive and purpose, we would hope private bodies interested in assisting could establish a framework of support, together with existing charities. This collaborative effort would contribute to funding programs aimed at preventing homelessness and addressing underlying issues.

Within this, tax breaks could provide an incentive for those in the private sector to get involved. Tax incentives often have multiple benefits aside from the pure tax savings. In the context of homelessness, businesses would be encouraged to invest in the wellbeing of their local community while also boosting their corporate social responsibility efforts.

Initiatives like this are a great way for the private sector to invest in reducing homelessness and give for good whilst enjoying extra benefits at the same time.

Homelessness is a complex issue, but it is evident that its impact extends far beyond the people who suffer the indignity of living without a home. It casts a long and dark shadow on society in general, which will likely only get worse as the cost-of-living crisis continues.

Yet, through collaboration and creativity from the public, private and charity sectors, massive changes can be made. Homelessness is preventable. By harnessing our collective power and receiving support from central and local governments, we can strive to create a future where homelessness is a thing of the past, benefiting both individuals at risk and society as a whole.

For example, in response to this, Crisis set up the Venture Studio from Crisis in late 2020. They invest in, and scale businesses that end homelessness for those experiencing it or prevent homelessness from happening in the first place.

The good things that come from solving homelessness aren't just for right now—they last into the future, creating a legacy of resilience and social responsibility embedded in all sectors.

When we work together to tackle homelessness, we're building the foundation for a society that values everyone.

SHAKEEL ADLI

Shakeel is the Founder and Chief Executive of Zunikh.

He is a qualified solicitor, and spent over 18 years working at various international law firms in London and Dubai. He was most recently a Partner and Global Head of Islamic Finance at CMS.
Shakeel is a firm believer in the power of real estate to change people's lives, and founded Zunikh with the intention of creating a unique property development and investment offering.

"CHICAGO IS A TRULY GLOBAL CITY, ENCOMPASSING ONE OF THE WORLD'S BUSIEST AIRPORTS, SEVERAL WORLD-CLASS UNIVERSITIES, MAJOR MULTI-NATIONAL CORPORATIONS…"

NON-PROFIT CENTRES: A MULTIPLIER EFFECT FOR SOCIAL IMPACT

APRIL DONNELLAN – WWW.GLOBAL-PHILANTHROPY.ORG

Social-impact properties offer a multiplier effect for investments – as well as providing enormous opportunities and results for the organisations that use them

Looking around the functional but somewhat drab conference room in Chicago, I can't help but smile. I see clusters of engaged peers, mostly global non-profit staff, in lively conversations. Many are inspired by the passionate keynote delivered by DiverseDEV's Angela Bruce-Raeburn, an expert brought in from Washington, DC to share provocatively honest insights on decolonisation and how DEI translates to our sector – organisations working worldwide on issues ranging from healthcare to environment to youth to human rights.

One colleague who heads a non-profit working on education issues in Uganda remarks, "When I first envisioned the Simmons Center for Global Chicago, this is exactly what I was hoping for."

The Simmons Center is one model of a Social Impact Infrastructure Organisation (SIIO) - bringing the kinds of sector support that we all take for granted. As defined by Propel Philanthropy, "SIIOs are the indispensable backbone for the philanthropic, non-profit and civil society sectors. They are the resource builders, conveners, networks, platforms, trainers, educators, researchers, media outlets and advocates needed to build the future we all want to see." In our case as a themed non-profit centre, we provide a place for globally engaged organisations with a footprint in Chicago to find robust programming, capacity-building initiatives such as shared intern support and access to experts, collaborative grants to incentivise working together and cross learning, as well as quality space for meetings and events.

Chicago is a truly global city, encompassing one of the world's busiest airports, several world-class universities, major multi-national corporations, the largest contingent of consulates outside of UN missions in New York, and a population with ties to all regions of the Earth. Despite that, to be a professional in the global development sector here has often meant working in isolation. Although the greater Chicago area hosts hundreds of groups working with partners worldwide or with international populations in the region, opportunities to connect with peers, to share challenges and solutions, and to find smart ways to collaborate has been elusive.

Add to that the issue many non-profits face around working space. Smaller entities that seem more like start-up organisations have often operated out of the homes of their executive directors, even before COVID's disruptions. Some groups locate in donated spaces that can leave a lot to be desired and give new meaning to the adage 'you get what you pay for'. Those spaces can also be withdrawn with little notice, leaving organisations scrambling for replacement options. Some groups that had office space pre-COVID are reluctant to re-introduce a budget line item that the board is sure to question. We are all too aware of the expectation that non-profits keep overhead costs to a minimum and demonstrate maximum spending on programs, a standard that private-sector entities seem to be able to avoid.

Professional, quality workspace makes a difference. The Nonprofit Centers Network's most recent state-of-the-sector report notes that over 86% of organisations connected through non-profit centres report improvements in overall organisational capacity and achieving their mission and goals. In addition, most report enhanced staff recruitment, retention and morale. "It is evident that non-profit centres are addressing the obstacles of higher rents, potential displacement, and varying space needs – the many tasks that can distract organisations from their missions."

"THE PROCESS OF WORKING TOGETHER, MEANWHILE, ALSO BUILDS TRUST AND ADVANCES SHARING OF KNOWLEDGE, RESOURCES AND OTHER NETWORKS TO EACH PARTICIPANT."

Having a professional workspace is also an equity issue. In a sector that is working through many layers of privilege, to assume that a staff member has a suitable home space that can serve as an office, where they will have quiet surroundings and quality wifi to allow for Zoom connectivity does not reflect an equity mindset. It is simply not OK to expect people to do their best work in makeshift conditions just because they want to do good. This is one more hurdle for staff who are already in a sector notorious for lower compensation for their skillsets.

Social-impact real estate such as non-profit centres provide a multiplier effect for investments in a sector where a philanthropist wants to catalyse impact. Shared conference rooms, printer / copiers, and wifi are apparent. But greater impact can come from less obvious capacity-building offerings.

For example, one funder to the Simmons Center covers the relatively modest cost of our intern program. The centre recruits local college students, intentionally prioritising those whose identities are underrepresented in the sector, for paid, flexible, hybrid positions. Interns are part of the Simmons Center payroll, taking care of the administrative tasks that might be a barrier to some member groups. Member organisations of all sizes request support for social media campaigns, grant opportunity research, database consolidation, and other projects. We make the match and track project progress. This one investment from a funder now serves 40+ member organisations, helping all of them move projects off of their 'to do' lists. Simultaneously, our interns are exposed to the work of non-profit organisations, gaining exposure to various types of groups doing work across issue areas with an opportunity to consider their own career paths.

Another illustration is our collaborative grants program, which encourages member organisations to get to know each other and explore ways they might work together. Modest unrestricted funds ($5-10K each) are offered to member organisations who find a way to work together where one plus one equals three. In a recent example, two groups that operate in East Africa connected to bring mobile literacy interventions (from an education-focused non-profit) to a pediatric hospital (served by a healthcare organisation), offering better outcomes to children returning from lengthy hospitalisations to school. In each case, a small seed fund enabled groups to leverage additional dollars to further their project goals. Again, one investment from a funder could increase projects deployed and the scope of initiatives. The process of working together, meanwhile, also builds trust and advances sharing of knowledge, resources and other networks to each participant. The entire community learns about the collaborative grant impact and further adds to their toolbox.

Programs bringing thought leaders to the group to address critical issues, such as the symposium on Decentralising Power and DEI in the International Aid and Development Sector that sparked vibrant dialogue, demonstrates another way to share and discuss powerful ideas while building community. These in-person connections build bridges among the community and enable practitioners to find local resources. For those working in the social service field, having a community to turn to during challenging times builds resilience that we all need.

Creative philanthropic funders should seek opportunities to fund Social Impact Infrastructure Organisations including social-purpose real estate, a creative and impactful way to see their investments catalyse results.

APRIL KANNE DONNELLAN

April Kanne Donnellan joined Global Philanthropy Partnership as Executive Director in 2005. In 2021, GPP launched the Simmons Center for Global Chicago, where April is also Co-Director. She previously served as Program Director of the Chicago Council on Global Affairs. Prior to that, Ms. Donnellan was a Foreign Service Officer with the US Department of State, completing assignments in Port Louis, Mauritius and Washington, DC, and earning a Meritorious Honor Award for her work implementing multilateral sanctions. Ms. Donnellan, a former term member of the Council on Foreign Relations, is a graduate of Georgetown University, and is fluent in French. She served for nine years as a board member of Women's Global Education Project, and is currently a director of the Stanley Center for Peace and Security board. She was a Girl Scout troop leader for 12 years.

"GIFTS IN WILLS HAVE GROWN OVER THE PAST 20 YEARS, WITH MORE PEOPLE LEAVING A GIFT IN THEIR WILL THAN EVER BEFORE."

A MATCH MADE BEFORE HEAVEN – PHILANTHROPY, LEGACIES AND THE GROWING OPPORTUNITY OF BLENDED GIVING

SIANNE HALDANE, FOUNDER, BOON PHILANTHROPY, AND LUCINDA FROSTICK, DIRECTOR, REMEMBER A CHARITY – WWW.REMEMBERACHARITY.ORG.UK

An increase in high-value legacy gifts would make a considerable difference to UK charities – if we want wealthy individuals to make this choice, we must offer them greater agency and impact

Charitable legacies have flourished in the UK in recent years, strengthening the sector's resilience at a time where it has never been more needed, and sustaining vital services. In fact, many well-known charities, and hundreds of smaller and community-based organisations, now rely on charitable legacies as an unrestricted source of income, accounting for up to 60% and more of their voluntary income[1]. We know that appetite for legacy-giving is on the rise, but to engage high-value supporters (those leaving gifts over £500K) , there is a need for charities to take a more blended, holistic approach, and for professional advisors to play a crucial role, while deepening client relationships[2]. Could this be the key to transform and inspire long-term giving amongst high net worth audiences?

THE LEGACY MARKET HAS GROWN AND IS SET TO KEEP GROWING

Gifts in Wills have grown over the past 20 years, with more people leaving a gift in their Will than ever before. We are now on the precipice of the biggest inter-generational wealth transfer of all time, which creates a truly exceptional opportunity for legacy-giving; one that offers benefits for families, charities and professional advisors alike.

Remember A Charity (a not-for-profit organisation working collectively on behalf of 200 charities) has a strategic objective to grow the legacy-giving market and ensure solicitors, Will-writers and other advisors consistently mention the option of leaving a legacy with relevant clients. They have proved how working with professional advisors (particularly legal advisors) can have a dramatic impact on increasing the number of Wills that include a charitable bequest. Almost a quarter (24%) of Wills handled by UK solicitors and Will-writers now include a donation to charity, showing a 50% increase, up from 16% in 2014[3]. And there are now more than 10,000 charities named in Wills each year.

While legacy-giving has become increasingly popular amongst smaller estates too, the impact is largely being seen in Wills prepared for mass or mass affluent individuals (estates with a value of between £500k – £3million)[4]. This makes sense. In order to go to the expense and trouble of creating an estate plan, one has to have at least some wealth to pass on. But the dominance of large gifts comes into sharp relief when you consider that over one quarter of the entire charity sector's annual legacy income (around £1billion) comes from less than 1% of gifts – those valued at £500K and above[5].

THE OPPORTUNITY TO GROW LEGACIES IN THE HIGHER VALUE MARKET

As the net worth of an individual increases, of course so does the complexity of not only their Will writing, but also other wealth and estate-planning considerations. With higher value audiences, there is an opportunity to influence and support a more strategic and holistic approach to giving, tied in with overall estate planning. This could unlock much greater value for UK charities, while also delivering a more joined up, beneficial and inspiring experience for clients and supporters. Remember A Charity is now looking to increase its

[1] Remember A Charity 2023 | [2] Remember A Charity 2023 | [3] Remember A Charity 2022 | [4] Smee & Ford 2022 | [5] Smee & Ford 2023

"LEGACY GIVING IS THE ULTIMATE INVESTMENT. A COMMITMENT NOT ONLY OF AN INDIVIDUAL'S FINANCES, BUT OF THEIR BELIEFS AND LIFE VALUES. IT'S AN ACT OR DECISION THAT CLIENTS AND SUPPORTERS CAN FIND DEEPLY EMPOWERING."

focus on higher value audiences, and has been collaborating with Philanthropy Impact to do this.

WHAT IS A TRUSTED ADVISOR?

Trusted advisors include private-client lawyers, tax advisors and wealth managers to name but a few – and their roles have broadened in recent years. Gone are the days when an advisor's role was limited strictly to the scope their title suggests. In today's world, these professionals – together with specialist philanthropy advisers – play an increasingly important role in supporting clients in meeting their charitable, environmental and social goals.

Philanthropy executive Kristen Jaarda has written about how charitable organisations in the US are hiring philanthropic planning specialists to support their donors in their decision making, especially around setting up foundations. This also includes consulting with their significant others, partly to avoid future contentious issues.

In the UK, wealth managers and philanthropy specialists are increasingly sought after to support clients with lifetime giving, but less so with legacies it seems. And yet, legacy conversations with clients – those that really get under the skin of what causes matter most to clients and how they wish to be remembered – can not only deepen advisors' relationships with clients, but provide vital framing to shape and guide their approach to lifetime giving.

OPPORTUNITY FOR A MORE BLENDED APPROACH TO LIFETIME AND LEGACY GIVING

Currently, major lifetime gifts (annual gifts of over £10,000) and legacies are considered quite separately by the not-for-profit sector. It is often viewed as an either / or scenario, with a fear that if donors are asked for a legacy, they may not then give in their lifetime – or vice versa. Particularly in the current cost-of-living crisis, with charities in urgent need for cash to fund services now, this can contribute to fewer transformational, high-value legacies being left. The reality of course is that people who donate to a cause in their lifetime are more likely to wish to leave a gift in their Will.

But it's important that charities' approach to high-value givers recognises their needs and expectations. High-value donors are investing significant sums in the charitable organisation, for no financial return. They will want to know and feel that their gift will have a vital impact, and what that will be. They will likely expect more information and reassurance on the organisation's strategy, governance, goals and stability. Depending on how much, when and over what period they are contributing, they may well have multiple advisors consulting with them on the most effective and tax-efficient way of giving that aligns with their overall wealth, philanthropic and succession-planning goals.

Legacy giving is the ultimate investment. A commitment not only

SIANNE HALDANE

Sianne is a STEP qualified lawyer with over 20 years' experience working and consulting in the third sector, as well as advising private clients. Formerly Head of Planned Giving Philanthropy at Cancer Research UK, the UK's largest charity, Sianne brought in their three largest ever individual gifts, totalling over $100 million. Sianne works with not-for-profits and individuals to support their philanthropy and impact strategies. She is a committee member of the STEP Philanthropy Advisors Global Special Interest Group, sits on the Advisory Committee of the UN Global Compact Network UK, and acts as an advisor on UBP's Biodiversity Restoration Impact Fund. She regularly gives keynote talks at philanthropy and private client conferences and events. She is also a Trustee of Save the Rhino and Mosaik Education, a charity helping refugees access tertiary education.

LUCINDA FROSTICK

Lucinda Frostick is Director of Remember A Charity, a 200-strong consortium of UK charities whose mission is to make giving to charity from your Will a social norm. The consortium runs consumer campaigns year round to build awareness and understanding, and to inspire action among the giving public, with Remember A Charity Week taking place each September. Working closely with government and legal partners, the consortium runs a campaign supporter scheme, providing resources and a free web listing service for professional advisors that commit to making relevant clients aware of the option of including a charitable gift in their Will.

"THERE ARE MANY STEPS CHARITIES CAN TAKE TO PROACTIVELY ENGAGE HIGH NET WORTH INDIVIDUALS IN LEGACY GIVING..."

of an individual's finances, but of their beliefs and life values. It's an act or decision that clients and supporters can find deeply empowering. And yet, it's astoundingly simple to write a potentially transformational gift into a Will. Although there are of course more advanced investment tools that can be used to structure legacy giving, such as Donor Advised Funds.

HOW TO GROW THE HIGH-VALUE LEGACY MARKET

Growing high-value legacy giving will require charities to not only articulate legacy giving in a way that appeals to wealthier audiences, but to engage with a wider range of private-client professional advisors than just solicitors and Will-writers.

It will also require charities to be proactive in identifying and stewarding high-value legacy pledgers. There are many steps charities can take to proactively engage high net worth individuals in legacy giving, which might include:

1. Developing 'investment cases' to showcase the 'ROI' of a legacy
2. Deepening existing 'transactional' legacy administration relationships with professional advisors, and developing relationships with solicitors and Will-writers who are already working with high-value pledgers
3. Engaging with a broader range of private-client advisors and helping them to understand the value that talking about legacies adds to their work
4. Providing resources for professional advisors to help them broach what could be delicate or unfamiliar conversations
5. Creating opportunities for advisors to share specific opportunities with clients and allow them to see where, when and how they might involve other stakeholders, whether solicitors, tax advisors, philanthropy consultants, or of course, charities themselves
6. Optimising high-value pledger stewardship by improving collaboration between major gifts and legacy fundraisers, working together to understand the deeper motivations and preferences of donors and prospects, and co-creating a holistic approach with shared KPIs, ideally leading to options for blended giving
7. Ensuring a proactive approach to stewarding, and understanding pledgers' motivations and values in a way that builds long-term loyalty, for example, knowing whether supporters want to attend events, what information they need, and if they wish to support the charity in other ways, such as volunteering
8. Understanding the tax incentives linked with legacy-giving, and related investment vehicles such as Donor Advised Funds.

CONCLUSION

Even a small growth in the number of high-value legacy gifts could make a considerable difference to UK charities. But if we hope and expect wealthy individuals to make this choice, we need to offer them the opportunity to have greater impact and agency. In short, charities, fundraisers and advisors need to speak their language and support wealthy individuals with a more bespoke approach.

This means breaking down any siloes between legacy and major giving fundraisers, and collaborating more closely with the professional advisor community, who are well placed to enact change, but will need support in doing so. We have seen how legacy-giving has flourished in recent years, and that there's considerable greater propensity for growth, but without tailoring our offering for high net worth individuals and working more closely with advisors, we may only see the tip of that iceberg. And greater collaboration is the key.

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"DURING THE PANEL SESSION, JOHN WARNED THAT THE WEALTH TRANSFER COULD ALSO SEE THE NEXT GENERATION SWITCHING ADVISORS IF THEY DO NOT KEEP UP WITH CHANGING TRENDS."

EVOLVING ATTITUDES TOWARDS SUSTAINABLE INVESTING

STEPHANIE GLOVER – WWW.WEAREGUERNSEY.COM/FINANCE-INDUSTRY/THEMATICS/SUSTAINABLE-FINANCE

A panel discussion on new standards and disclosures in sustainable finance, and whether those standards are driving investors towards net zero

As part of Guernsey Finance's flagship Sustainable Finance week, Philanthropy Impact Chief Executive John Pepin took part in this insightful panel session. John sat alongside fellow panellists Harriet Assem, Head of Sustainability at the British Private Equity & Venture Capital Association (BVCA), Amy Lazenby, Managing Director at Close Brothers Asset Management, Tonia Plakhotniuk, Vice President of Climate & ESG Capital Markets at NatWest, and Moderator Natalie Finlayson, Associate Director at KPMG Channel Islands. This is a summary of this and other discussions on the day.

With impact at the forefront of everyone's minds, the traditional two-dimensional 'risk and return' investment model simply will not fit the bill for the next generation of investors. Gen Z, Millennials and women of wealth increasingly want to use their assets to create positive environmental and social impacts.

This sentiment is also reflected in recent Philanthropy Impact research. As John said: "The interviews we did showed that these wealth-holders want to use their wealth to help them live their values."

This was echoed later in the week, by Kate Rogers, Global Head of Sustainability Wealth Management of Cazenove Capital, who said: "In terms of the demand picture, there is a massive opportunity in the transfer of owners of wealth. The pattern we see is that the new holders are more purpose and values-driven and, therefore, have ideas of what they want to avoid. They want values-alignment with their investment portfolios. We've seen a tripling of our assets under management in sustainable products."

However, those wealth holders do not always feel their investment advisors are meeting their ambition to invest in responsible and sustainable focused initiatives. During the panel session, John warned that the wealth transfer could also see the next generation switching advisors if they do not keep up with changing trends. He cited a 'lack of leadership commitment' on ESG matters as being something of concern to the new generation of wealth holders. There is an opportunity here though for forward-thinking advisors and managers to provide greater services to their clients, through keeping up with the changing values of future wealth-holders.

CHANGING EXPECTATIONS OF INVEST COMMUNICATION

Amy underlined the importance of communication within client/advisor relationships, explaining that communication is now crucial, saying we have moved on from a world where clients just want to see financial impact and receive a monthly or quarterly financial report.

So, how can we encourage better communication between wealth advisors and high net worth individuals in this regard? Amy said although relaying impact to clients can be difficult, sustainability standards and disclosures help in this effort, along with engaging the client at every stage of the investment journey.

She talked about using the UN Sustainable Development Goals to tell the story of the human impact of an investor's equity portfolio, and the tangible outcomes of sustainable investments such as renewable energy technologies.

"TNFD'S 14 RECOMMENDATIONS FOR NATURE-RELATED RISK MANAGEMENT AND DISCLOSURE HAVE BEEN IN DEVELOPMENT FOR ALMOST TWO YEARS..."

INVESTOR PERCEPTION OF FRAMEWORKS AND DISCLOSURES

The panellists discussed the Task Force on Climate-Related Financial Disclosures, which they agreed has become voluntarily adopted by an increasing number of corporate firms and investors.

Another framework closely aligned to TCFD was serendipitously finalised during Guernsey Finance's Sustainable Finance Week, the Taskforce on Nature-Related Financial Disclosures.

TNFD's 14 recommendations for nature-related risk management and disclosure have been in development for almost two years, and aim to address requirements for further disclosure about a company's nature-related risks. They are consistent with the TCFD and the International Sustainability Standards Board (ISSB) and fall under four pillars: governance, strategy, risk and impact management, and metrics and targets.

TNFD has said the recommendations and guidance will "enable business and finance to integrate nature into decision-making, and ultimately support a shift in global financial flows away from nature-negative outcomes and toward nature-positive outcomes."

Andrew Mitchell, Sustainable Finance Week panellist, founder of Equilibrium Futures and one of the architects of the TNFD, described it as a "guidebook through the maze".

"We've deliberately made TNFD to be very similar to the TCFD in terms of process," he said. "I'm looking forward to seeing it being used."

So how do investors perceive these regulations, standards and frameworks?

According to Tonia, they are seen positively by investors who desire clear, transparent disclosures because ultimately, they struggle with analysing the data themselves.

"Increasingly, we are seeing investors perceiving the objectives of the regulations as a critical opportunity and something that drives the market," she said.

THE CONFLICTING ROLE OF PHILANTHROPY AND COMMERCIAL CAPITAL

Andrew explained that typically, we are still seeing philanthropy or governments providing risk capital to new climate or nature-related initiatives, followed later by commercial capital.

But there is a need to commercialise entities with a venture-capital mentality sooner, so they become investable, said keynote speaker and Executive Director of Pollination, Dr Gemma Cranston.

"It's about how money is deployed smartly, and not being constrained to miss out on opportunities," Gemma said.

Describing the TNFD as "an incredible starting point", Gemma said: "This is the first time we are going to have a framework that allows corporates and financiers to understand how they can report on risks and opportunities associated with nature."

But she warned that there was still a huge amount of progress to be made.

"So, channel your inner David Attenborough, but also let's get commercial about this and find out what the real market opportunities are. To work with nature, rather than against it. I think we need true systems change and the only way to do that is collaboratively with passion and ambition," she added.

GUERNSEY'S APPROACH

Guernsey has been at the forefront of the development of sustainable finance-regulated regimes such as the Guernsey Green Fund and Natural Capital Fund, as well as including considerations of climate change in the Code of Corporate Governance.

During the week, Alison Gavey, of the Guernsey Financial Services Commission, announced that the Commission would launch a discussion paper on the International Sustainability Standards Board (ISSB) in 2024 to gather industry views on the best way to implement the new standards.

Alison said: "At the Commission we take a very practical approach. We filter out the developments most relevant to Guernsey, and consider whether and how to apply those most sensibly."

"Guernsey is assessing if and how to best use the standards to ensure that business is prepared, able to continue competing internationally, and how to best make use of the information gained."

"The Bailiwick has a reputation as a well-regulated jurisdiction, and this puts us in a good position to become a sustainable finance hub."

STEPHANIE GLOVER

Stephanie is Head of Sustainable Finance for Guernsey Finance, the promotional body for the island's financial services industry. Stephanie is the lead for green and sustainable finance initiatives, including the development of the strategy and positioning for green and sustainable finance within Guernsey. Stephanie leads the Sustainable Finance Guernsey Strategy Group, where she liaises with key stakeholders, including government, the financial services regulator and industry regarding technical development in sustainable finance that affect the island's finance industry locally and globally. Stephanie is Guernsey's representative at the UNDP Financial Centres for Sustainability, and sits on their working groups for biodiversity and the FC4S Annual Assessment Programme. Stephanie also sits on the TheCityUK Next Generation Leadership Council. Stephanie previously worked in advisory services at KPMG in Guernsey and has a BA (Hons) in Philosophy, Religion and Ethics from King's College London. She holds the Sustainable Finance Certificate with the Cambridge Institute for Sustainability Leadership, and is a youth ambassador for the not-for-profit Sustainability & You.

"THE PANDEMIC CAN BE BLAMED FOR PART OF THE DELAY, BUT THE LAUNCH OF PROCEEDINGS IN THE HIGH COURT BY TWO CHARITIES WAS, INEVITABLY, THE MORE IMPORTANT FACTOR."

NEW RULES FOR CHARITIES – A HELP OR A HINDRANCE TO IMPACT INVESTMENT?

IAN BURROWS – WWW.INVESTEC.COM/EN_GB/WEALTH/CHARITIES

A case in the High Court and new Charity Commission guidance have changed the rules and guidance for charity investments. Does this help or hinder those charity trustees interested in impact investment?

The new Charity Commission guidance on investments has been a long time coming. It was way back in January 2020 that the Commission first launched a listening exercise to help understand the barriers that may have been holding some charities back from ethical or responsible investment. In some ways, therefore, it may be surprising that it was not until August of this year that the Commission was finally able to launch its redrafted guidance on investments for charities. Of course, a lot has changed in the intervening period. The pandemic can be blamed for part of the delay, but the launch of proceedings in the High Court by two charities was, inevitably, the more important factor.

BUTLER-SLOSS CASE

Brought by trustees of the Ashden Trust (now known as the Aurora Trust) and the Mark Leonard Trust, the case sought clarity on trustees' ability to invest in a climate-conscious fashion, even if it might be detrimental to financial returns. Heard by Mr Justice Michael Green, who gave his ruling in May last year, it is fair to say that there is some difference of opinion as to importance of the judgement.

For some, it is a useful restatement of the existing law, which dates back to the Bishop of Oxford case of 1992, but which doesn't change things materially. For others, however, there are important nuances in the judgement that will prove helpful for those trustees interested in pursuing ethical or responsible investment policies, and perhaps even impact investment.

The common theme of both judgements is that trustees should exercise their power to invest to further the charity's purpose, and that a charity's purposes are usually best served by seeking to obtain the maximum return on investment. The differences are in what comes next. In the original Bishop of Oxford case, it was thought that only in comparatively rare cases would trustees be justified in departing from this principle. These were where there was a straightforward and direct conflict between an investment and a charity's purposes, and where divestment was unlikely to result in financial detriment, e.g., a cancer charity divesting from tobacco.

The Butler-Sloss judgement, meanwhile, takes a broader approach. Mr Justice Green held that where trustees are of the reasonable view that a particular investment potentially conflicts with a charity's purpose, the trustees have discretion to exclude such investment. This is even where this would cause a reduction in the anticipated financial return. It is up to trustees to balance the competing factors, such as the severity of any potential conflicts and any financial implications, including any potential impact on the charity's reputation or the support it receives.

While the judgement is concerned exclusively with negative screening – a judge can decide only questions that have been asked – it is thought that the principles that have been established are helpful for those interested in other forms of responsible investment. In particular, these include the principle that trustees have discretion to adopt whichever investment strategy they decide is best suited to fulfilling their charity's purpose.

CHARITY COMMISSION GUIDANCE

Indeed, the revised Charity Commission guidance on investments, known as CC14, appears to be much more permissive. It helpfully now includes specific reference to incorporating Environmental, Social and Governance (ESG) factors into investment decisions, as well as using active stewardship and engagement as examples of approaches that trustees might consider.

This is significant, as while the Charity Commission doesn't have the power to make the law, as the regulator of the sector it is the most likely body to bring proceedings for any alleged breaches of the law. It would thus seem unlikely for it to bring proceedings against a charity for following the guidance that it itself has set.

"THE NEW RULES AND GUIDANCE AROUND CHARITY INVESTMENT HAVE BEEN A LONG TIME COMING, BUT THEY DO APPEAR TO BE HELPFUL..."

What is missing from the new guidance, however, is any explicit mention of the term impact investment. This was apparently by design, at least in regard to the terminology. From people who were close to the Commission's thinking, we understand there was fear that inclusion of the term could lead to confusion with the concept of impact measurement, itself a big issue in the charity sector.

SOCIAL INVESTMENT

This is not to say that the guidance is silent on the broader concept. Instead, the guidance describes a method of investment that seeks to achieve a charity's purpose directly through an investment, i.e. create impact, and make a financial return. This is termed 'social investment' and the guidance helpfully gives examples that would chime with many people's understanding of impact investment, e.g. a development charity making loans to small-scale farming businesses.

One potentially limiting factor, however, is the requirement to link the impact created to a charity's purpose. This is unlikely to create an issue for a charity with a very broad purpose, e.g. for such charitable objects as the trustees shall from time to time think fit. It may, however, limit the range of social/impact investments for those with more narrowly defined purposes. Could a healthcare charity, for example, justify making that investment in loans to small-scale farming businesses? The guidance is silent on how strong, or otherwise, a link must be, and hence this will be for trustees to judge and potentially defend, if challenged in future.

That is, of course, unless trustees choose another option. The guidance distinguishes between financial investment (including negative screening, ESG etc) and social investment, principally because these two types are defined and regulated by separate Acts of Parliament. There could, however, be a grey area between them, where one investment could be treated as either financial or social depending on the intent of the trustees. Indeed, the list of examples of financial investment in the guidance is described as non-exclusive, potentially leaving the door open for other forms of investment under that category.

CONCLUSION

The new rules and guidance around charity investment have been a long time coming, but they do appear to be helpful for those seeking to link their investments more closely to their purpose. Those seeking to extend the range of negative exclusions or to incorporate ESG strategies will be more comfortable as such strategies are explicitly described in the guidance. Those interested in impact investment may, however, need to give the matter some additional thought, and potentially seek additional advice.

IAN BURROWS

Ian joined Investec in 2023, after spending more than two decades at other leading firms, including a period as the head of a regional specialist charity team. Ian has considerable experience of working with and advising trustees of charities and other non-profit organisations of all types and sizes and from a wide range of sectors. He is also a frequent speaker on charity-related investment matters. Ian is a Chartered Fellow of the Chartered Institute of Securities & Investment (CISI) as well as an Affiliate Member of the Association of Corporate Governance Practitioners. He holds the CFA Certificate in ESG Investing, is a member of the Investment Advisory Committee at Birmingham Women's & Children's Hospital Charity, and a Trustee of Forest of Hearts.

INTEGRATED PORTFOLIO IMPACT: RISKS AND OPPORTUNITIES IN THINKING ABOUT IMPACT FROM THE WHOLE PORTFOLIO PERSPECTIVE

DAVID NEAUM – WWW.THINKNPC.ORG

For investors and philanthropists, integrity and impact are increasingly important – and for the biggest impact, the whole portfolio really matters

One of the suspicions that philanthropists face is that their giving is a form of reputation-laundering. Giving money made by questionable means to unquestionably good causes is an effective way of getting people to forget where the money came from. It allows the owners of ill-gotten gains to be recognised as generous benefactors and patrons, rather than extractive rentiers. We know reputation-laundering goes on. Those who make their money from organised crime and other morally questionable businesses go to a lot of effort and pay high sums to ensure that they are welcomed into society. Unfortunately, the taint of suspicion lingers and tarnishes even those who have made their money honestly.

Endowed trusts and foundations face this suspicion from two quarters. The first is where their capital assets came from in the first place. Correspondingly, many endowments feel that it is important to tell their money story. They want to be transparent about how the money was made and how those assets grew. Many then conclude that their money story should inform how they think about their purpose and strategy.

The second contributing factor to lingering distrust is the lack of transparency about how trusts and foundations generate the income that makes their grant-making possible. There can be little thought given to the make-up of an endowment's underlying investment portfolio. Tracker funds and a reliance on professional asset management advisory services can enable a wilful blindness. A few basic negative screens and the setting of an overall return expectation suffices to let them support the causes dear to their hearts with a clear conscience.

The rise of ESG investing and the growing interest in impact for its own sake indicates that the times they are a-changing. Asset owners and investors want to go further than merely considering the likely effect that environmental, social, or governance factors could have on profitability. They are increasingly interested in how a business model will positively or negatively impact the sustainability of the environment, the wellbeing of individuals and communities, and the stability of the political and economic systems that we all rely upon. This leads to investing with an impact lens rather than merely an ESG lens.

One step up from being impact-aware, is being impact-intentional. Here, the investor deliberately invests to achieve specific kinds of impact, often through focusing on supporting the development and scaling of solutions to social or environmental challenges. One step further and you have social investment. Here the focus isn't even just on the impact but on the legal and governance structures of the organisations seeking to create it. Social investment focuses on investing in the charities, social enterprises, and organisations that are impact-first all the way down, redistributing, and reinvesting profits to achieve even deeper impact.

Leading trusts, foundations and philanthropists have been pushing forwards and pathfinding for years, asking for better

"THE SUSPICION OF REPUTATION-LAUNDERING NOW SITS DEEPER THAN IT USED TO, AND INCREASINGLY THE INTEGRITY OF THE WHOLE PORTFOLIO MATTERS."

information, shaping investment strategies, and pushing for impact alongside returns. Impact carve-outs from portfolios have become commonplace and awareness is increasing. But for all the interest, the commitment is small.

The suspicion of reputation-laundering now sits deeper than it used to, and increasingly the integrity of the whole portfolio matters. You can't give with the right hand and take with the left. For endowed trusts and foundations, their impact is felt through both their investing and their giving. There are leading examples of endowment impact reporting. Access, the foundation for social investment, provides a good example. They were endowed with government money for a spend-down strategy to support building the social investment market and driving capital into the social sector. Their investment strategy matches their mission, and they report on its impact and returns.

Many endowments are starting to look holistically at their investing and grant-making strategies. They are looking for opportunities within the investable universe to have the kind of impact they previously sought only within their grant-making strategies. At the impact edge of these opportunities, catalytic capital is increasingly being deployed by trusts and foundations as a tool to achieve their impact ambitions. Catalytic capital is the provision of investment capital that is patient, risk-tolerant, concessionar, and flexible. It is designed to serve the needs of impact organisations that might struggle to access commercial investment because their impact-focus adds risk or reduces returns that the market doesn't reward. [Disclosure: NPC is the evaluation and learning partner for the Catalytic Capital Consortium's market building initiative] The deployment of catalytic capital will shift the overall risk/return profile of a portfolio but, more importantly, it will also shift the impact that it is likely to achieve.

Developing a whole portfolio impact strategy and rewriting investment policy statements can take time and resources but it also deepens the impact integrity. The intangible benefits to investing in these ways are the relationships that can be built and the trust that can be established. Tailored solutions and the provision of patient capital through direct investments can have a long-term transformative impact. An example at the impact edge of social investment is the Sumerian Foundation, which actively seeks out opportunities, and develops tailored approaches to investing in them. But all of this requires more work and more time, more knowledge and more expertise. Not everyone is able to do that. Traditional asset managers can sometimes help, but they are often inherently conflicted between corporate profitability mandates and client-impact mandates. This is where specialist impact consultancies that are themselves charities have a role to play, working with clients to think in a more holistic way, developing strategies that reflect their interests and intentions, and implementing the frameworks for measuring, managing, and reporting on impact across the whole of a portfolio. NPC is one of these, and impact integrity is deeply woven into all that we do.

Integrity is important to those who give generously. The opportunities to deepen that integrity while reducing perception risks are growing. The whole portfolio matters when you are seeking integrated portfolio impact.

DAVID NEAUM

David is a Senior Consultant in Impact Investing within the Research and Consultancy Team at NPC. He is particularly interested in the potential of impact investing as a lever to deliver systemic changes in how and where capital flows, and in redirecting it to grow other forms of value such as natural and social capital. David previously worked at Big Society Capital and Imperial College Health Partners, and prior to that was a Fellow of St Catharine's College, Cambridge.

He is currently working with Rethink Mental Illness to support their work increasing quality supported accommodation in the community for people with severe mental illness through using a systems lens and innovative approaches to social investment to unlock and scale solutions. David also works with the MacArthur Foundation on the Catalytic Capital Consortium (C3) initiative in NPC's capacity as learning partner, and leads NPC's work as impact partner to Social Investment Scotland (SIS) Ventures, providing impact practice and management support.

> *"AN ETHICAL, HOLISTIC APPROACH, THEREFORE NEEDS TO BE APPLIED SYSTEMATICALLY AND CONSISTENTLY IF SOCIAL IMPACT INVESTMENT IN PHILANTHROPY IS TO BE TRUSTED."*

BUILDING TRUST IN SOCIAL IMPACT INVESTING

RUTH JACKSON – WWW.STEWARDSHIP.ORG.UK

If social impact investment in philanthropy is to be trusted, an ethical and holistic approach must be applied systematically and consistently

Social impact investing is now big business. In its 2023 annual survey, Big Society Capital[1], the UK's leading social impact investor, reported that the amount invested into tackling social issues had increased to £9.4 billion in 2022, up from £7.9 billion in 2021, and a more than ten-fold increase since 2011. The Global Impact Investing Network (GIIN)[2], an international think-tank on impact investing, released a study in autumn 2022 that estimated the private impact market had grown to approximately $1.2 trillion at the end of 2021—up 63% since 2019.

Modern philanthropists who are ambitious to do more good with their wealth are keen for a slice of the action; they understand that a more strategic and sophisticated approach to their philanthropy has the potential to scale their impact way beyond that of traditional one-off grants.

This echoes the findings of The Beacon Collaborative's Giving Experience Report[3], which confirms the growing appeal of social investment to the new generation of philanthropists who are motivated to make a positive impact on key societal issues such as race, gender, and the environment, which have been brought into sharp focus by the 2030 Sustainable Development Goals (SDGs). Young philanthropists wanting to step into the gap between these challenges and governments' attempts to solve them like social investment's potential to make a material difference, the value of which can be tracked and measured.

Investing and social impact aren't obvious bedfellows. If the starting point isn't wholly altruistic – after all, investing is traditionally about wealth-creation not benefiting society – does that in some way contaminate the good the investment seeks to create? For the entrepreneur establishing a B-Corp[4], it is understood that the starting point is profit; the 'purpose' they seek to create in the process is seen as a positive step forwards. For the philanthropist, however, the situation is reversed; they need to be careful that the integrity of the good they seek to create is not in any way compromised by their investment activity.

An ethical, holistic approach, therefore needs to be applied systematically and consistently if social impact investment in philanthropy is to be trusted. The 2023 Edelman Trust Barometer[5] reveals a fundamental lack of faith in societal institutions triggered by economic anxiety, disinformation, mass-class divide and a failure of leadership. Business is now the sole institution seen as competent and ethical, and is under pressure to step into the void left by government.

Philanthropy can of course join business in making a constructive difference to society and rebuilding trust in the public arena, but only when done with absolute integrity. The trust picture is made more complex by the pervasive lack of trust in charities too; while the level of trust has risen slightly in the last couple of years, 47% of all adults over 16 still don't think charities are generally trustworthy, according to the 2023 CAF Giving Report[6]. In short, the philanthropist not only has a significant role to play in helping to demonstrate the trustworthiness of social impact investing, but must also work out which charitable causes can be trusted to steward any investment well.

> *"PHILANTHROPY CAN OF COURSE JOIN BUSINESS IN MAKING A CONSTRUCTIVE DIFFERENCE TO SOCIETY AND REBUILDING TRUST IN THE PUBLIC ARENA..."*

"THE LONG-TERM CAPITAL PROVIDED HELPS THE CHOSEN CAUSES TO SCALE UP AND BECOME MORE SUSTAINABLE, FOR EXAMPLE BY PROVIDING WORKING CAPITAL..."

This double challenge involved in social impact is offset by some distinct advantages. The time-poor philanthropist appreciates the efficiency of this blended approach to investing and philanthropy. It also allows for longer term, more strategic support that can build a legacy to be passed onto future generations in philanthropic families. Plus, any potential returns on an investment can be recycled for future social impact investing opportunities, or indeed to fund charitable grants, to deliver further benefit. So, what needs to be in place for social impact investing to be done well?

One key factor for success is effective collaboration between philanthropists, advisors, trustees and Donor Advised Fund (DAF) providers, depending on the philanthropy vehicle being used. Together, they can create a trusted flow of information and advice that empowers the philanthropist to identify, evaluate and select opportunities that align with their passions and aspirations and have significant impact potential. Each stakeholder understandably wants to carefully guard their relationship with the philanthropist, so taking time to accommodate input from their wider circle of influence might seem counter-intuitive in the near term. However, this team-based approach can be well-rewarded in the longer term with a much stronger relationship with the philanthropist; as a result, they build trust in each member of their 'team' that leads to lasting loyalty as well as commitment to their chosen causes. The circle of stakeholders also benefits from a shared learning about how they can help each other in their work, which leads to future referrals and collaborations. In short, everyone wins.

The ease and flexibility of the DAF model also create an optimal environment for social impact investing to flourish. The structure allows the philanthropist to allocate funds from their DAF account to support a charity with a loan or other funding arrangement. The long-term capital provided helps the chosen causes to scale up and become more sustainable, for example by providing working capital or by enabling the purchase of assets such as property. The administration and governance involved is taken care of by the DAF provider. Moreover, the donor can control their relationship with their chosen causes, opting for anonymity if preferred, or building authentic relationships over the longer term.

One perceived drawback of the DAF vehicle as opposed to the traditional charitable trust model is that the donor doesn't benefit from the support of trustees when evaluating options and

RUTH JACKSON

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"CHARITABLE TRUSTS AND ENDOWMENTS TO LIBRARIES AND THE LIKE WILL NO DOUBT CONTINUE TO HAVE THEIR PLACE IN THE WORLD OF PHILANTHROPY..."

making decisions. One innovative DAF provider has developed a Donor Advisory Board service to fill the gap, allowing the philanthropist to involve trusted advisors, friends and family members in their decision-making while avoiding the bureaucracy and expense of running a trust. It's early days but the service is proving popular with evidence that the increased support provided is resulting in an increase in giving.

Charitable trusts and endowments to libraries and the like will no doubt continue to have their place in the world of philanthropy, but the traditional boundaries are definitely blurring and shifting. Modern philanthropists are innovating in the space between making and giving away their wealth, and it is far from grey. It paints a bright and exciting future, one with uncertainty to resolve and challenges to overcome but also one with a world of new potential to do a whole lot of good indeed. ■

SOCIAL IMPACT INVESTING CASE STUDY

High property prices frequently prevent people who work as Christian missionaries in the UK from living in the communities they serve. Mission Housing is a charity that helps overcome this hurdle by providing shared ownerships where the Christian worker buys at least a 25% share of the property and the balance of up to 75% is owned by Mission Housing, funded by charitable gifts and loans. The charity's work is made possible by the generosity of individuals, churches, organisations and trusts who make gifts, provide loans, rent their properties at below-market rates, and sometimes even donate properties and leave legacies.

As a long-standing partner with one DAF provider, Mission Housing has frequently benefited from the willingness of some of its philanthropists to help meet a critical need for housing by requesting for some or all their giving account balance to be allocated as a loan to the charity. The partnership has also enabled it to expand its work from its traditional focus in Central London to other communities across the UK where housing is an issue for mission workers.

"IF TRUST AND FLEXIBILITY ARE THE HOLY GRAIL, WE ARE STILL A LONG WAY OFF. AT A RECENT CONFERENCE, I HEARD FROM A GRASSROOTS ORGANISATION AT THE CENTRE OF THE MIGRANT CRISIS…"

WHY A TRUST-BASED APPROACH IS THE KEY TO CATALYSING IMPACT

ASHLING CASHMORE – WWW.CAFONLINE.ORG

Funders should support their partners to thrive – trusting charities and being flexible will unlock greater impact and help to build resilience

There is a lot of current discussion about trust-based philanthropy or participatory approaches to grant-making in articles and in panel discussions. Despite this, most funders have yet to embrace a truly trust-based approach, which requires trusting organisations and stakeholders 'on the ground' to make decisions about allocating funding, and giving them agency to determine their needs for greatest impact. If charities are to continue to drive the positive change that our society needs, then we must change the funder-funded relationship.

This is especially important given that need for charitable services is showing no signs of slowing down. According to CAF's research, around six in ten (59%) charities say that demand has increased compared with a year ago, with a third (31%) saying this has increased substantially (September 2023 wave, CAF Charity Resilience Index). But their resources are stretched beyond measure, with charitable giving declining over the long-term and their reserves depleted after the pandemic. A manager at a children's nursery told us recently: "We cannot continue for long under our present circumstances. There is nothing left to cut."

TRUST THE EXPERTS

Philanthropy is a very personal act. Donors are often driven by passion, events or experiences that have shaped their outlook, or indeed faith. This informs how they want to give and to what. Institutional funders or grant-making organisations have defined missions with requirements for accountability and reporting, and a remit to understand how their money is spent. However, this does not make funders or donors experts on the needs of the communities. Many charities will admit to adapting and telling funders what they want to hear to secure funding. What's more, restricting funds to specific projects not only weakens a charity's resilience, it also limits their ability to adapt based on the evolving needs on the ground. In business, if a strategy isn't working, you regroup and adapt. Therefore, in the third sector, charities must be able to use their experience and knowledge to change the approach when required.

If trust and flexibility are the holy grail, we are still a long way off. At a recent conference, I heard from a grassroots organisation at the centre of the migrant crisis, which had launched a centre connected to a camp in Greece to work on educational outcomes for young people. For weeks, nobody showed up because they were stuck in five-hour queues for food in the camp. So, they asked the multilateral funder if they could reallocate some of the funding to provide food at their centre to help young people join their initiatives. The funder refused, indicating budgets had been agreed and the funding was restricted. With the prospect of the initiative failing before it had started, the organisation had to find money elsewhere, wasting precious time and resource. This demonstrated a lack of trust and flexibility from the funder, despite the experts providing a sensible and informed solution.

It's common to hear funders question operational costs, and the resulting charity starvation cycle has severe ramifications on organisations' resilience and, ultimately, their impact. Why shouldn't charities be able to attract talent to put their minds to driving impact in the sector? We should trust them to allocate their resources as they see fit, whether that is recruiting a new team member or investing in a new finance system. Many charities have told us about the pressures their employees and volunteers are under, and how they're struggling to retain staff who are leaving for better-paid jobs. A women's charity we spoke to reported their team is frazzled and stretched, and they cannot compete with other sectors. Yet only 10% of charities are asking their funders to pay for staff salary increases, and only a third (35%) for help with increased costs (September 2023 wave, CAF Charity Resilience Index).

FLEXIBILITY AS FUNDERS

These examples emphasise the importance of more trust, and the benefits of providing unrestricted / flexible funding. At CAF we believe that trust and flexibility are key tenets of best practice grant-making, and that listening to charities and trusting them can unlock more impact. The power dynamics in a funder-funded relationship are clear, but funders that are conscious of this imbalance will focus on creating trust-based partnerships, trusting charities to use their grants effectively and efficiently. Funders can also boost an organisation's resilience through multi-year funding – giving their partners visibility and the ability to plan ahead with confidence.

The Lloyds Bank Foundation is a good example of this; with 'greater flexibility' a key focus of their 2018–2022 strategy, all new grants from their main funding programmes since 2020 were unrestricted, and they simplified the reporting criteria for charities. The Foundation's regional managers report that unrestricted funding has improved trust and openness between Foundation staff and charity partners.

BUILDING RESILIENCE FOR GREATER IMPACT

Funders can and should go further, supporting their partners to thrive. Resilience funding can give charities the time and space to identify areas where they need to strengthen their organisation for the long term. Many need to invest in their people, processes and systems, but lack the funds to do so. The Fore is a funder that is trying to address this issue, by offering 'wraparound pro-bono support' alongside unrestricted multi-year grant-funding, providing charities with training and expertise from the corporate sector as well as peer-to-peer networking.

LESSONS FROM OUR GRANT-MAKING

At CAF we have been increasingly focused on building resilience amongst our grant-holders, and have been piloting ways of doing so. The second phase of the £40m CAF Resilience Fund was designed with the explicit intention to fund differently, to trial new approaches and to go beyond the traditional funder-funded relationships by being supportive and flexible.

We had three guiding principles for the programme:

- A dual approach to investing in delivery and resilience-building: we wanted organisations to have the time, space and expertise to deliver impactful support in communities and boost their organisational resilience. We therefore designed a funding programme with two grant elements that would work in tandem: a Main Grant to cover project, staff and organisational costs, and a Resilience Support Grant to bring in external expertise to support long-term sustainability.

ASHLING CASHMORE

Ashling Cashmore heads up Charities Aid Foundation's Impact Accelerator: a team of over 20 experts in strategic impact advisory, grant-making and social investment. Her career has spanned social impact consultancy, philanthropy advisory and strategic communications advisory.

Ashling has supported companies, investors, foundations and non-profits across the world in their quest for social impact, and has extensive experience advising HNW and UHNW clientele.

- Trust and flexibility: we wanted to give funded organisations greater control over how they spent much of their grant award, trusting them to take decisions to achieve the best outcomes for individuals, communities and their organisations. This was particularly important as we were still coming out of the pandemic, and it was likely there would be unforeseen challenges and changes that would affect their plans.
- Testing non-financial support to boost the impact: we knew that structured work on building organisational resilience was new for many of our funded organisations. We used our experience delivering resilience and other strategic support to design a programme of non-financial support to help them on this journey.

The feedback we've received demonstrates the difference this approach can make for charities. The Churches Trust in Derry said: "I've not known an opportunity like this. The flexibility of the grant meant we achieved so much more."

54% of the organisations involved said this programme was transformational. A more resilient and effective charity, which is not jumping from one crisis to the next to keep itself afloat, and granted flexibility to allocate funds as it sees fits, will be more able to focus on its mission and creating impact (CAF Resilience Fund report, published October 2023).

At CAF, we are already using our learning from the Resilience Fund and incorporating this into future grant-making design. The pandemic opened more funders' eyes to the importance of resilience but this must be about more than just survival. Those of us who are committed to a trust-based approach have seen how it can catalyse impact. We must continue to learn from the experts on the ground, trust their insights and their experiences as well as learning from each other. By sharing our experiences, we hope to inspire more charities to undertake resilience work and encourage other donors and funders to prioritise this approach.

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Owen James Events and Philanthropy Impact Partnership

SOCIAL IMPACT INVESTMENT AND PHILANTHROPY CAMPAIGN

PLUGGING INTO THE SPECTRUM OF CAPITAL

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

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

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

KEY ELEMENTS TO THE PERFECT CAMPAIGN

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Events

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

Content Creation

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

Insight / Research

- Inclusion of questions in Scene Setter questionnaire
- Bespoke research

Marketing

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

WHAT NEXT?

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

James Goad at Owen James Group on 01483 861334 or jamesgoad@owenjamesgroup.com
John Pepin at Philanthropy Impact on 07803051674 or john.pepin@philanthropy-impact.org

THE RISE OF IMPACT INVESTMENT IN ABU DHABI

DR CHIH HOONG SIN – LINKEDIN PROFILE

The emirate faces challenges in moving away from existing models, but its ecosystem has solid foundations for the growth of impact investment

The Government of Abu Dhabi – the federal capital of the United Arab Emirates (UAE) – recognises the need to diversify its economy further in order to secure sustainable growth. Its long-term plan for the economic transformation includes a reduced reliance on hydro-carbons over time. There is also recognition that the economy is overly reliant on the performance of and spending from government and government-related entities. This may 'crowd out' the private sector and stymie innovation and competition while concentrating risks to future growth and prosperity.

Going further, the Abu Dhabu Economic Vision 2030 acknowledges that a diversified economy is not merely driven by a thriving private sector, but also by a robust social sector. The Abu Dhabi Government has identified that social development and economic development should go hand in hand. This has sparked off efforts at fostering community-led and impact-driven development.

In line with the objective to enable the private sector to thrive further and to scale back the overwhelming reliance of public spending to drive economic growth, the Vision sets out a number of economic priorities, including the ambition to enable 'financial markets to become the key financiers of economic sectors and projects'.

These various ambitions have meant that impact investment, with its deployment of private financial capital into mission-led social and private-sector entities with the intention of achieving financial returns and social impact, is set to play a more prominent role in securing the future articulated by the political leadership of Abu Dhabi.

The emirate has an established set of social protection and welfare practices, informed by a strong 'do good' culture. Abu Dhabi has notable characteristics that represent both potential barriers to and opportunities for growing impact investment. For example, in the first decade since the publication of the World Giving Index, the UAE ranked in the top 10 'biggest risers'. However, as the latest edition of the Index demonstrated, the performance of the UAE in the different forms of giving varies enormously, where 'donations' played a dominant role.

The cultural context in Abu Dhabi also means that family businesses and intergenerational wealth management are highly significant. While the governance, regulation and legislation around these are not established as those in Saudi Arabia and Kuwait, they are nonetheless evolving rapidly. For example, the Dubai International Financial Centre introduced regulations to enable more family businesses to start operating with greater confidence and clearer governance from its Global Family Business and Private Wealth Centre, launched in March 2023.

This is one of a number of initiatives intended to create an enabling environment in alignment with the UAE Government's commitment to support family businesses in recognition of their prominent role in the growth of the country's economy.

At the same time, there is a desire to diversify away from investment that has traditionally been concentrated in real estate, hospitality and logistics. There is growing interest in impact investment as businesses and high net worth individuals explore ways of pivoting to meet the challenges of securing the twin objectives of economic and social development, functioning as key partners in the country's sustainable development goals.

More broadly, while impact investment is starting to take off in Abu Dhabi, there are important differences in the forms and emphases arising from different types of local opportunities, for instance, arising from local climate conditions and the particular demographic structures and immigration patterns. There will be a period of experimentation and adaptation.

While the Abu Dhabi ecosystem has identifiable strengths that form solid foundations for the growth of impact

DR CHIH HOONG SIN

Dr Chih Hoong Sin is an independent expert in social outcomes contracting and impact investment. With over 20 years' experience in supporting public, private and social sector entities to improve outcomes, Chih Hoong is passionate about optimising impact through innovative financing and funding, as well as through cross-sectoral collaboration and innovation. He provides expert support to governments and partners in the United Kingdom, Abu Dhabi, Japan, Hong Kong, Singapore, Chile, and more. Chih Hoong is increasingly being called upon to provide strategic advice to international bodies such as UNESCO and UNICEF to effect positive social change at scale.

investment, it can nonetheless be challenging to re-orientate narratives and practices away from existing orthodoxies and established models.

First, the well-developed market for financial instruments and commercial investments can mean that investments may be assumed to 'do good' simply because of they have been 'branded' as such. In a relatively nascent impact investment market, where standards are emergent and levels of awareness comparatively low, local players have to be vigilant against impact-washing.

Second, the well-established model of philanthropic giving means that it can be tricky explaining that 'money for social good' does not always need to take the form of donations or grants. Charitable giving is practised routinely by individuals, businesses and the government. Family businesses are the largest contributor to social and charitable causes, while private corporations also use their Corporate Social Responsibility portfolio for such causes. These sources of capital have not been aligned historically with developments in impact investing. To unlock their massive potential for impact investment requires a change in mindset and practice.

Distinct narratives have to be formulated over time, building on current strengths in the local ecosystem but simultaneously extending and transforming the conventional narrative. For example, anchoring conversations to concepts and practice such as Zakat and family businesses, the narrative around impact investment is founded on the same underlining principle of 'doing good'. At the same time, the messaging of impact investment goes further, by encouraging these stakeholders not just to 'do good', but to 'do good well', particularly through evidencing the impact achieved.

Additionally, Islamic finance continues to grow in size and scope. Islamic finance is based on a belief that money should not have any value in itself but is just a way to exchange products and services that do have a value. It adheres to high ethical standards as set forth in Islamic law (otherwise known as maqasid al-Shariah), and considers the wellbeing of all stakeholders, broader society, and the environment when making financial decisions.

Impact investment offers interesting avenues for extending Islamic financing by shifting the focus away from financing as an end in itself, towards thinking of financing as a vehicle to achieve social impact purposively rather than incidentally. This means thinking of finance not only through an 'input' lens, but also in an outcomes-focused manner. It behoves stakeholders to measure and evidence impact rather than to assume that this is generated simply due to good intentions.

For impact investment to take off meaningfully in Abu Dhabi and the wider region, this attention to impact and its measurement is likely to take centre-stage. In this respect, Abu Dhabi has taken an interesting approach in setting an overarching framework for focusing minds and efforts on impact. In the emirate, the stewardship of the overarching social development agenda falls on the shoulders of the Department of Community Development (DCD), and affiliates accountable to it, for the delivery of specific aspects of this wide-ranging agenda. The DCD commissioned detailed evidence and research to distil eight priorities in the short to medium term.

This framework, setting out key social priorities and desired impact, facilitates partners to coalesce around clear points of focus. The approach set out by the Abu Dhabi Government defines impact as a shared agenda. It recognises that the public, private and social sectors have historically been attempting to tackle similar issues in uncoordinated and siloed ways, leading to inefficiency and a failure to optimise impact. There are already early attempts at directing and leveraging additional and new sources of capital in service of these social priorities.

Abu Dhabi offers an intriguing example of a jurisdiction that is consciously attempting to reconfigure the local system in order to activate a wider set of actors and align them around clearly defined social development objectives, while stimulating the supply of and demand for impact investment. In doing so, the Government is not simply 'pushing' for change but can instead be seen to socialise, familiarise and incentivise different system players to create the 'pull' for change, helping to achieve the objectives set out in the national plan.

HOW TO HARNESS PUBLIC OPINION AS A FORCE FOR GOOD

HARRIET KINGABY – WWW.ACTCLIMATELABS.ORG

NGOs must rethink their communication strategies if they are to fight disinformation, shape national narratives, and maintain their mission-driven work

In today's fast-paced digital age, the way non-governmental organisations (NGOs) communicate and fundraise has never been more crucial. They find themselves locked in a battle against disinformation creators who are determined to erode trust in institutions and spread confusion around issues such as climate change.

Philanthropy is now embroiled in the culture wars, entangled in conspiracy theories like never before, and this challenge is set to continue leading up to 2024, when two billion people go to the polls globally. To effectively combat this disinformation and maintain their mission-driven work, NGOs must adapt and evolve their communication strategies.

Disinformation, the deliberate spread of false or misleading information, has become a pervasive threat in today's society. It transcends borders, targets different sectors, and seeks to undermine trust in established institutions. NGOs, often perceived as benevolent entities working for the greater good, are not immune to this threat. Disinformation creators often paint philanthropists as having hidden agendas, thereby sowing doubt in the minds of the public and undermining their good work.

The consequences of disinformation are profound. It can impede fundraising efforts, hinder the accomplishment of critical missions, and erode public support. Philanthropy, once seen as a force for positive change, now finds itself in the crosshairs of misinformation campaigns.

Advertising is a powerful tool that NGOs should harness to get ahead – providing a potent avenue to reach mass audiences quickly and effectively. In an era where misinformation spreads rapidly through social media and other online platforms, NGOs need to be proactive in their communication efforts.

Most climate communications are missing the majority. We call them 'Persuadables' – they account for roughly 69% of the UK population who are neither climate deniers nor climate activists. These people are not firmly aligned with 'for' or 'anti' positions on issues; they are persuadable either way on critical issues. NGOs must engage with persuadable audiences to ensure their message prevails over the misinformation propagated by their adversaries.

ACT Climate Labs, in partnership with NGO collaborators and B Corp Media Bounty, has demonstrated the effectiveness of rethinking climate communication strategies through the lens of combating misinformation. Philanthropy can learn valuable lessons from such initiatives. To build trust with the public, people must understand what philanthropic organisations do, why they do it, and how it benefits them.

NGOs should consider helping their grantees invest in diverse media approaches and seek assistance from advertising agencies to enhance their communication efforts. By choosing B Corps and screening their clients, NGOs can also actively work with organisations that share their values. By doing so, their work will become more effective, highlighting the positive impact of philanthropy, and fostering greater public trust.

The challenges NGOs face in countering misinformation are not limited to the UK; they have global relevance. In 2024, approximately two billion people worldwide will participate in some form of election, with issues debated against the backdrop of wide-scale misinformation and hate speech. This underscores the importance of effective communication strategies for NGOs on a global scale.

One of the key aspects that grantees need to focus on is developing robust

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anti-misinformation strategies. These are essential because they enable NGOs to get ahead of the challenges posed by well-funded opponents. For instance, in the realm of climate activism, oil and gas companies are outspending clean energy advocacy groups by 27x in terms of strategic communications, advertising and lobbying. The oil and gas sector had the largest spend at $1.3 billion. This vast financial gap makes it imperative for NGOs to be equipped with anti-misinformation tactics that can help level the playing field.

Philanthropic organisations should take a proactive role in assisting their grantees in developing anti-misinformation strategies. This support can include funding for media campaigns, fact-checking initiatives and public education programs. By doing so, philanthropic organisations empower their grantees to compete effectively against well-funded adversaries and safeguard their missions. This will make them more effective in the short and long term as they build up expertise.

A successful anti-misinformation strategy should encompass several elements:

1. Promote positive, truthful stories at scale: recognising that conspiracies stem from confusion, distrust and a feeling of anxiety and lack of control; we can counter-message with advertising campaigns aimed at Persuadables that tell positive, truthful stories about climate at a regional, national or international scale.
2. Embrace mass modern media: leveraging advertising to ensure mass reach of campaign messages, that inoculate those most at risk of misinformation. Helping grantees scale campaigns quickly and avoid being distracted by misinformation traps.
3. Combining fact-based and emotional messaging: NGOs often rely on scientifically backed information and facts in their communication efforts. Providing verifiable data is an effective counter-measure against disinformation, but it's not enough to make it stick. At ACT, we use techniques such as Fact, Myth, Fallacy, to effectively reverse belief in misinformation.

   It's important, within your advertising media mix, to include paid media and extend reach beyond the usual 'for' / 'anti' audiences and break out of the bubble by targeting Persuadables.

   At ACT we are already trailblazing ways of doing this with some project partners – read about five campaigns we ran last year, or find all of our advertising resources.
4. Collaboration: collaborating with other organisations, including those from different sectors and industries, can amplify the impact of anti-misinformation efforts.

   One effective approach is to collaborate with B Corps, organisations committed to using business as a force for good. B Corps have a proven track record of ethical practices and social responsibility.

   By partnering with these entities, philanthropic organisations can learn from their expertise in effective communication and expand their reach. For example, by working with independent ethical media and creative agency Media Bounty's advertising skills, ACT has been able to think about climate campaigning from a different angle.

HARRIET KINGABY, HEAD OF ACT CLIMATE LABS

Harriet Kingaby is a Founder working at the intersection of advertising, human rights and climate change. One of Forbes' 43 people changing advertising for the climate, she was a nominee for the Judges' Choice Award in Mediatel's Media Leaders Awards 2021. Her career spans climate change communication, advertising and AI ethics, campaigning and misinformation.

NGOs find themselves in a new era of communication challenges, where disinformation is a formidable adversary. To safeguard their mission, it is essential for them to adapt and embrace innovative strategies. Advertising, in partnership with diverse media approaches and collaboration with B Corps, can be a potent tool to counter misinformation. Additionally, grantees must develop anti-misinformation strategies to effectively compete against well-funded opponents.

By adapting and evolving communication strategies, philanthropic organisations can ensure that their voices are heard, their missions are upheld, and public trust in their work is restored, not just in the UK but on a global scale. ■

"MOST ADVISORS ARE ALSO ILL-PREPARED FOR THE $68 TRILLION WEALTH TRANSFER FROM THE OLDER GENERATION TO GEN X, MILLENNIALS AND GEN Z THAT IS ALREADY UNDERWAY."

UNDERSTANDING SUSTAINABLE FINANCE FOR ADVISORS AND FAMILY OFFICES

ANDREW MITCHELL – TRAINING.EQUILIBRIUMFUTURES.COM

Developing knowledge of sustainable finance can not only help to retain and attract clients – it's also the right thing to do

Let's imagine a 35-year-old multimillionaire comes into your office and says: "I have just inherited my family's portfolio of wealth and I want to go full tilt towards sustainability. How can you help me do that?"

What would be your reaction? Would it be, "Yes, that's fine, we know all about that and we can quickly put a plan together for your consideration"? Or, more likely, would it be: "Err… I'll have to get back to you on that one."

The Next-Gen wealthy are actively looking for firms whose values and approaches align with theirs, and sustainability is on their minds. So, understanding sustainable finance can help retain and attract clients, especially wealthy Next-Gen asset owners, who are increasingly interested in making their money matter. It's also the right thing to do, if the world is to avert the climate and nature crisis.

Let's look at the data. The Schroders Financial Adviser Pulse Survey 2022 demonstrated that 89% of advisors had no adequate strategy in place for dealing with the coming transition to female investors. Yet, 60% of wealth in the UK is anticipated to be in the hands of women by 2025, largely due to the baby boomer generation passing wealth from a husband to a wife. And the stats say women care more about sustainability than men. This is a real threat, as a large proportion of widows choose to leave the advisors used by their husbands, when they inherit. So, how would you set about creating a strategy for preventing your female clients from slipping away under these circumstances?

Most advisors are also ill-prepared for the $68 trillion wealth transfer from the older generation to Gen X, Millennials and Gen Z that is already underway. That moment of wealth transfer is a critical point, at which the advisor is at significant risk of losing the assets. In fact, another of Schroders' reports on the transfer of intergenerational wealth[1] revealed that 65% of new inheritors do not intend to continue using their parents' financial advisor after they receive an inheritance.

This is clearly a challenge for many advisory firms and family offices, but where do you start on the transition towards sustainability in finance? The UN body, Financial Centres for Sustainability (FC4S), has often

ANDREW MITCHELL

Andrew Mitchell is a world-renowned authority on sustainable finance, and founder of Equilibrium Futures, a leading provider of sustainable finance consultancy and education. Andrew is the vice-chair of the Taskforce for Nature-related Financial Disclosures (TNFD), and advisor to many global institutions, including the UN, on sustainable finance.

In September 2023, Equilibrium Futures released 'Understanding Sustainable Finance', an eight-module online CPD-certified training course. This cutting-edge and engaging video course offers a comprehensive blueprint for practitioners seeking to navigate the rapidly evolving landscape of sustainable finance, and lead meaningful conversations based on the latest ESG knowledge and insights.

[1] *A practical guide to intergenerational wealth transfer,* Schroders

“PRACTITIONERS NEED TO BE PREPARED TO HAVE – AND LEAD – MEANINGFUL CONVERSATIONS WITH THESE NEW INHERITORS OF WEALTH, TO PREPARE THE NEXT GENERATION ON HOW THEY BANK...”

suggested that a key starting point is upskilling the financial service provider ecosystem, on issues to do with sustainable finance. This was especially true for the jurisdiction where I work, Jersey in the Channel Islands.

This tiny island administers £1.4trillion worldwide, and a recent stocktake by FC4S identified that trust administrators, and many other service providers to the financial industry, needed training to understand both the imperative and the means of execution towards creating a sustainable finance system. Many advisors and other practitioners feel inadequately prepared to engage in meaningful conversations about this subject with their existing or new clients. And this is particularly the case where the young inheritors of wealth are concerned.

A trustee once said to me that he really needed a simple training course in the subject, but that he found most CPD courses deeply boring and hard to get through. He also said that many of the courses out there were extremely specific, and largely about compliance.

After 50 years at the conservation front line and, more recently, working with the finance sector on understanding climate and nature risk through the Taskforce on Nature-related Financial Disclosures (TNFD), it’s clear to me that if we treat this whole subject as simply a compliance or half-hearted disclosure exercise, then we won’t win.

We are at an existential moment in human history. On the one hand, the finance sector is financing numerous corporate processes that are driving humanity towards extinction. And on the other, humanity is more aware than ever before of the evidence that a crisis is coming. The collapse of nature is all around us, eroding services upon which our economy depends. And the amount of CO_2 in the atmosphere moves inexorably upwards, despite all efforts to reduce it.

So, empowering as well as educating is what is urgently needed, across the financial sector. Practitioners need to be prepared to have – and lead – meaningful conversations with these new inheritors of wealth, to prepare the next generation on how they bank, invest or engage in philanthropic endeavours. Or they could find that their clients will be looking elsewhere for the advice they need.

Let me finish by sharing with you a somewhat philosophical story about the nature of wealth. I was once sitting on the river bank with an indigenous chief in the Amazon, a wise and powerful leader. He looked across the river, and said to me: “What is it about your people that you always have to accumulate things? It seems to me that, no matter how much you have, you always want more. Here in the Amazon, our wealth is all around us. If I want something, I just go to the forest.”

And I remember him turning and looking into my eyes, as he said, “What is it that you really fear?”

I often think about his words. The odd thing is that I have found that the richer some individuals are, the more anxious and fretful they become. It’s a natural thing to want to provide for your children. But we are in a different world now. All wealth is ultimately derived from nature. Eco has always been in the word economy. Destroy nature, and we destroy the ability to create our wealth.

That’s why we need to think about the kind of world the next generation will inherit. That’s why we need to be able to engage in the conversation with the next generation about how to manage their money, in a way that sustains the planet, as well as themselves. ■

EMPOWERING INDIA'S AT-RISK YOUTH

KATIE GRACE JACOBS – WWW.INDIAYOUTHFUND.ORG

Transforming the lives of vulnerable young people is more than a philanthropic endeavour; it's a commitment to a brighter and more equitable future on a global scale

Empowering India's at-risk youth is not just a local concern; it's a global challenge that demands attention. As we delve into the theme of increasing the flow of capital for good across the spectrum of capital, we must first understand the pressing issues faced by vulnerable youth in India. In the context of this magazine's overarching theme, we explore the multifaceted challenges of education disparities, healthcare challenges, and economic vulnerability affecting children in urban slums.

EDUCATIONAL ACCESS IN SLUMS:

According to a recent UNICEF report on education in India, an estimated 58% of children in slums lack access to quality education due to overcrowded classrooms, insufficient infrastructure, and economic constraints. ("State of the World's Children Report" - UNICEF)

VISIONARY APPROACH TO EDUCATION:

Padmini Sekhsaria, the visionary leader behind the India Youth Fund, emphasises the significance of education in transforming the lives of at-risk youths, saying "Out of 100 students between the ages of 12 and 17 in India, only 20 complete their schooling, with families living in the poorest slums surviving on less than £80 per month. India Youth Fund's focus is to advance the importance of schooling, encouraging at-risk youths to complete education and leave with meaningful economic or educational opportunities."

SOCIOECONOMIC CHALLENGES AND DROPOUT RATES:

A study conducted by the Centre for Policy Research further highlights the severity of the situation, indicating that nearly 25% of children in Indian urban slums drop out of school before completing primary education due to various socioeconomic challenges (Centre for Policy Research).

GLOBAL CONTEXT:

This educational gap creates a cycle of disadvantage that needs comprehensive interventions. Initiatives such as the India Youth Fund, led by Padmini Sekhsaria, become crucial. The charity actively involves students in programs that not only focus on academic education but also teach vocational and life skills. This holistic approach aims to break the barriers hindering educational attainment for at-risk youth. To contextualise the impact, it's essential to draw parallels with similar organisations that address education disparities globally, showcasing varied solutions to this common challenge.

INSIGHTS FROM GLOBAL INITIATIVES:

In the broader global context, education disparities are not unique to India. Across the world, many organisations are grappling with similar challenges. For instance, in sub-Saharan Africa, the Global Partnership for Education (GPE) has been actively working to improve access to quality education. By examining the successes and failures of initiatives such as the GPE, we can draw valuable insights for shaping effective strategies to address education disparities globally.

INNOVATIVE APPROACHES:

Examining the experiences of organisations such as Teach For All, operating in multiple countries, sheds light on innovative approaches to bridge educational gaps. By understanding the successes and challenges faced by diverse initiatives, we can inform a more comprehensive global perspective on tackling education disparities.

> "ECONOMIC VULNERABILITY IS A PERVASIVE ISSUE AFFECTING CHILDREN GLOBALLY, PARTICULARLY IN MARGINALISED COMMUNITIES."

ECONOMIC VULNERABILITY, POVERTY AND CHILD LABOUR:

Studies by the World Bank suggest that nearly 40% of families in urban slums live below the poverty line, leading to economic vulnerability for children who often engage in labour activities to support their families' income ("World Development Report" - World Bank). According to the International Labour Organization (ILO), approximately 10% of children in Indian slums are engaged in hazardous forms of child labour, further exacerbating their vulnerability.

GLOBAL ECONOMIC VULNERABILITY:

Economic vulnerability is a pervasive issue affecting children globally, particularly in marginalised communities. Examining the efforts of organisations such as the International Rescue Committee, which focuses on economic empowerment in crisis-affected areas, can provide insights into addressing economic vulnerability on a broader scale.

STRATEGIC FOCUS ON GLOBAL IMPACT:

In the pursuit of breaking the cycle of poverty, numerous charities strategically focus on global initiatives designed to foster dialogue, collaboration and advocacy, reaching communities far and wide. Advisors in the field, such as Padmini Sekhsaria, are committed to global economic empowerment, participating in key events throughout the year worldwide.

Empowering at-risk youth is more than a philanthropic endeavour; it's a dedicated commitment to contribute to a brighter and more equitable future on a global scale. Our aim is to amplify our efforts and bring positive change to communities worldwide. ■

KATIE GRACE JACOBS

From NYC to London, Katie Grace Jacobs is emerging as a professional in the dynamic realm of PR. As Special Projects Executive at The Haze Agency, her growing expertise includes fostering collaborations, crafting compelling narratives around brands, and executing impactful PR campaigns. With a keen focus on content creation and proactive PR strategies, she's establishing herself as a rising talent in the industry.

"AT DAEMON ENGINE, WE ARE ALREADY SEEING A SHIFT OF FOCUS IN OUR OWN FILM SLATE TOWARDS THE DEVELOPMENT OF PROJECTS WITH A STRONG ENVIRONMENTAL MESSAGE."

SUSTAINABLE FILMMAKING'S NEW FRONTIER

SARAH HICKINGBOTHAM – WWW.DAEMONENGINE.COM

The film and TV world is undergoing a seismic shift, pivoting toward content that's not just entertainment, but carries a hefty punch of environmental and social impact. Why? Because new, younger audiences with a conscience - the lifeblood of viewership, demand content that echoes the pulse of their own lives, especially on hot-topic issues like climate change.

This spotlight on environmental and social issues in broadcasting was evident at COP26 in 2021 when, for the first time, film and TV moguls were huddled, not about box office receipts, but about how to plug sustainability narratives into mainstream media. Netflix's 'Don't Look Up' clocked an incredible 152 million hours viewed in a week, suggesting strong audience appetite for titles that shine a light on sustainability.[1] "I'm under no illusions that one film will be the cure to the climate crisis, but if it inspires conversation, critical thinking, and makes people less tolerant of inaction from their leaders, then I'd say we accomplished our goal," said Adam McKay, the film's director. Earlier this year, Apple TV's 'Extrapolations' tackled the topic of climate change through a high-budget, star-studded series, highlighting Hollywood's recognition that weaving sustainability into storytelling isn't just noble; it's smart business.

Storytelling is a mighty sword. It's about painting the future, stirring emotions, and sparking actions. It's about crafting stories that inspire, move us, and disrupt the norm. As the author and founder of Futerra, Solitaire Townsend, aptly puts it in Forbes, "Telling a new story of climate change is not about being earnest and unengaging; quite the opposite." She continues, "The creative, film and TV industry's power to shape lifestyles really can shape the planet's future. Its 'brainprint' - the environmental impact of its messages - is vastly bigger than its footprint."[2]

Of course, stories can only have an impact when they are heard. Comcast/NBCUniversal used their annual report to highlight their own channel's 'programming with a purpose'. "We leveraged the reach of our programming and personalities to spotlight pressing climate challenges facing our world," they wrote. "The goal? Inspiring thoughtful conversation on creating a more sustainable planet."[3]

At Daemon Engine, we are already seeing a shift of focus in our own film slate towards the development of projects with

SARAH HICKINGBOTHAM

Sarah Hickingbotham is the communications director of Daemon Engine. In the dynamic realm of independent film, Daemon Engine is the essential accelerator for innovation, strategy, and artistic excellence.

Daemon Engine offers state-of-the-art technology, commercially strategic expertise, decades of industry knowledge and a global network of technical and creative talent, packaged up into an end-to-end solution for independent, impact-focused features.

[1] *'Adam McKay's 'Don't Look Up' smashes Netflix Viewing Records', Variety 2022*
[2] *'Storytellers for Sustainability', Forbes 2022*
[3] *'Hollywood courts Wall Street's ESG Investors', Hollywood Reporter 2023*

"STORYTELLING IN FILM AND TV ISN'T JUST ABOUT ENTERTAINMENT. IT'S ABOUT SPARKING A MOVEMENT, IGNITING CHANGE."

a strong environmental message. These stories need to be told in a way that is multifaceted and resonates on multiple levels if they are to engage with new audiences.

Daemon Engine is part of the new generation of creative powerhouses, formed from an alliance of seasoned executive producers and cutting-edge creatives, to bring a new, forward-thinking approach to independent filmmaking, not only in terms of intelligent content, but also in routes to content production.

Lean and efficient new virtual production techniques utilise real-time tools including Unreal Engine to create virtual words and environments, reducing the need for physical sets and extensive on-location shoots, which can be resource and carbon-intensive. Smart technology with real-time insight can play a large role in reducing the production footprint. Studios and industry consortiums like BAFTA's Albert in the UK, and the Production Guild in the US agree, and are developing certification schemes and offering green production guide toolkits to ensure that everyone in the media and entertainment industry has an opportunity to create positive environmental change. Mick Southworth, Executive Producer at Enriched Media Group and Daemon Engine, said: "Cinema has always reflected important current and historical issues. Clearly the environment is now front and centre, and serious filmmakers are conscious of their responsibility to highlight these burning issues."

With the increasing visibility of impactful content, there is an unparalleled opportunity for private philanthropy in the film industry. Good Energy, a non-profit consulting firm in the US, works with TV and film studios to help them incorporate climate themes into their stories. It has received financial support from environmental advocacy groups and philanthropic foundations including Bloomberg Philanthropies and the Walton Family Foundation. Perhaps we are approaching a point where philanthropists become the new-age producers, investing not in films but in more nuanced, hopeful, and purpose-driven narratives.

Storytelling in film and TV isn't just about entertainment. It's about sparking a movement, igniting change. With USC's Media Impact Project reporting that 48% of climate-conscious viewers wanted to see more themes related to global warming[4], the message is loud and clear. We need stories that not only depict the crisis, but also champion the solutions. It's time for industry to harness this power, to weave narratives that not just reflect, but reshape our reality. As the Hopi proverb goes, "Those who tell the stories rule the world." The future is in the hands of those daring enough to tell stories that matter.

[4] *USC Annenberg, Norman Lear Centre, Media Impact Project, 2022*

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