



# Funder Commitment on Climate Change

Year 2 report

June 2022

# Summary

- There has been good progress on delivering on the Funder Commitment on Climate Change, with progress on each of the six pillars of the Commitment
- The high response rate to the survey and this progress shows funders remain committed to action on climate change
- A range of actions is being taken to deliver within funders, including
  - Using targets and indicators
  - Reporting mechanisms
  - Action plans
  - Working groups
  - Links to strategies
  - Trustee buy-in
- Funders are working across a spectrum of engagement with grantees, from welcoming applications which consider climate change to dedicated funds
- There is significant activity on investment with a big jump in the number of funders taking action on this pillar of the Commitment
- Covid-19 has provided an opportunity for actions to reduce the impact of operations on climate change but consideration of wider impacts remains limited (though funders' overall emissions are small compared to other sectors)
- Respondents identified a need for further support on collaboration, good practice and tailored advice

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# Introduction

The impacts of climate change are already felt. In the past year, the UK has experienced unusually intense storms, heavy rainfall and severe flooding putting people, nature and infrastructure at risk. Reports by the UN's Intergovernmental Panel on Climate Change (IPCC) have described the devastating loss, damage and destruction ahead should the current level of emissions continue. The people and places responsible for the smallest share of emissions — both within and between countries — are most vulnerable and set to be hit hardest.

Given the extents of its impacts, climate change is a health issue, a gender equality issue, a racial and social justice issue, an intergenerational issue, educational issue, an economic issue, a cultural issue, a security issue, a human rights issue, and a local community issue. It therefore affects all areas of funding and poses a serious risk to all funders' missions.

Funders around the world are recognising the urgency of this challenge and committing to take action on climate change, including through the framework of the Funder Commitment on Climate Change. This report contains examples of what that action looks like and is especially timely, reporting back on a year when the UK hosted COP26 in Glasgow and as the country began to find its way out of the Covid-19 pandemic. Conscious of their independence and ability to respond to crises while maintaining a long-term view of impacts and challenges ahead, foundations are also recognising their unique role in funding adaptation to the effects of climate change and addressing its causes.

The Funder Commitment was launched in November 2019 and since June 2020 has been hosted by the Association of Charitable Foundations (ACF). It is a holistic, high-level framework supporting funders to play their part in tackling the causes and impacts of climate change.

The UK Funder Commitment on Climate Change was the first of its kind and inspired other philanthropy networks to develop parallel commitments in other countries or for other types of philanthropists. Over 500 foundations of varying size, mission and area of benefit are now part of the global [#PhilanthropyForClimate](#) movement, signalling their commitment to integrating a climate lens across their

funding programmes, endowments and operations. The movement brings together an international philanthropy commitment on climate (launched at COP26 in November 2021) and national level commitments in Canada, France, Italy, Spain and the UK. A [Donors Commitment](#) was launched during COP26.

Signatories commit to taking action on five pillars of the UK Commitment, as follows:

**1. Educate and learn.** We will make opportunities for our trustees, staff and stakeholders to learn more about the key causes and solutions of climate change.

**2. Commit resources.** We will commit resources to accelerate work that addresses the causes and impacts of climate change. (If our governing document or other factors make it difficult to directly fund such work, we will find other ways to contribute, or consider how such barriers might be overcome).

3.

**Integrate.** Within all our existing programmes, priorities and processes, we will seek opportunities to contribute to a fair and lasting transition to a post carbon society, and to support adaptation to climate change impacts.

4.

**Steward our investments for a post carbon future.**

We will recognise climate change as a high-level risk to our investments, and therefore to our mission. We will proactively address the risks and opportunities of a transition to a post carbon economy in our investment strategy and its implementation, recognising that our decisions can contribute to this transition being achieved.

5.

**Decarbonise our operations.** We will take ambitious action to minimise the carbon footprint of our own operations.

The sixth and final pillar of the Funder Commitment commits signatories to transparency and accountability in their work on climate:

**6.** **Report on progress.** We will report annually on our progress against the five goals listed above. We will continue to develop our practice, to learn from others, and to share our learning.

This report provides that public report. Appendix A covers more about the survey, who responded and the methodology used.

We have quoted verbatim from responses and included the names of example organisations in the overall analysis. This is so that signatories (and those thinking of signing) can find out more, including from the raw qualitative data on activities undertaken in each area which has been compiled into a spreadsheet:



Raw data

# Overall analysis and cross-cutting themes

## Strong progress over the last year

This is the second progress report from signatories. The high response rate suggests continued strong commitment from signatories, who are willing to spend time describing their activity in the survey. As detailed in the later section on each pillar of the Commitment, there continues to be progress towards implementation across the board with more signatories reporting making some progress or being at an advanced stage. All signatories are taking action on at least two of the Commitment pillars.

## Approaches to implementing the Commitment

Signatories have taken a variety of approaches to ensuring delivery in their organisation. This section looks at some common approaches to overall delivery of the Funder Commitment. It highlights examples which are either listed in the following sections on individual pillars or which can be looked up in the spreadsheet available on the [ACF website](#).

Funders face a choice about whether to have a focused programme with dedicated staff working on climate to give the work an initial impetus or to seek to mainstream climate into their overall thinking. The former approach may be more suitable to larger funders (at least in this initial period) and the second more applicable to smaller funders with less internal resource or to funders where the environment may not be a funding priority.

## Targets and indicators

Quite a few funders use targets or indicators to generate change. Examples include:

- Setting organisational-wide KPIs to grow the community business model year on year in alignment with our strategic priorities [which include climate change]: Power to Change
- Measuring and monitoring carbon emissions and an annual carbon budget to get to the net zero path: World Habitat
- Significant work to undertake to achieve the Net Zero targets within an ambitious strategy: City Bridge Trust
- Some have goals to be net zero (eg World Habitat with a target of 2030, Corra Foundation's "strategic commitment to net zero" and Robertson Trust)

- Bridge House Estates/City Bridge Trust are committed to the de-carbonisation of its operations and is actively working towards achieving net zero emissions by 2040.
- Arkbound Foundation is a carbon negative organisation.

One funder requested help “to consider how we bring the various aspects of our work on our climate commitment into a regular single unified report so that Trustees and staff can easily track our progress for example including an overall carbon value that we seek to reduce” (Robertson Trust).

Esmée Fairbairn Foundation compared emissions from their operations against grant spending: “The first estimate for the total footprint of our offices in 2019 was 280 tonnes CO<sub>2</sub>e<sup>1</sup>. In that year, we awarded approximately £40m of funding to projects and so the footprint equated to approximately 7 grams CO<sub>2</sub>e per pound of grant funding.”

However, most did not say how they framed their targets or goals, and few beyond those listed above mentioned net zero explicitly as a target for themselves, although some referenced it in relation to investments. Across a range of areas for the Commitment, signatories mentioned the challenges of baseline setting.

## Reporting

Reporting to trustee boards or management structures is fairly common, whether there are formal targets or not. And, in addition to the annual progress reports organised by ACF, 14 signatories have reported on their website their progress on the Commitment (though some of these are more generally about the environment or climate change rather than explicitly focused on the Funder Commitment) and 11 have included a section on their work under the Commitment in their annual report.

## Climate action plans

Some signatories mentioned specific climate action plans:

- Carnegie and Access - The Foundation for Social Investment have an action plan
- Quartet Community Foundation are updating their action plan in the light of signing the Commitment
- Grantscape are signing off their action plan on measuring and reporting their impact
- Community Foundation Northern Ireland are finalising their Draft Climate Change Action Plan
- Robertson Trust are working on their action plan
- City Bridge Trust are developing an overarching environmental action plan

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<sup>1</sup> Carbon dioxide equivalent

Some signatories also have objectives within their overall business plan (eg Kent Community Foundation).

Others aspire to having an action plan. Jerwood Arts said that an environmental consultant to benchmark their current work and help them with an action plan would be helpful. Barrow Cadbury Trust have a forthcoming environmental plan. Comic Relief want to pull together the various strands of their activities around climate change into an integrated and coherent strategy and action plan. Local Trust plans to implement a carbon strategy.

However, those with an existing or forthcoming climate plan are a minority. It is surprising that more signatories do not mention bringing their work together in this way (particularly for the larger funders where this might be needed to coordinate work across teams).

### Links with strategy

Linking the Commitment to organisational strategy is mentioned by many signatories. The Albert Hunt Trust see climate as integral to their strategy. The Dixon Foundation has an environment-first strategy. World Habitat have made the climate emergency a priority issue in their new strategy. Esmée Fairbairn Foundation have an overarching objective on climate (as with diversity, equity and inclusion). Power to Change's new strategy commits them to embedding and integrating the commitment to climate action alongside diversity, equity and inclusion and digital transformation. Action under Power to Change's strategic focus on climate includes:

- Setting organisational-wide KPIs to grow the community business model year on year in alignment with strategic priorities
- Providing targeted capacity building support to community businesses to enable them to grow and enhance the climate and nature benefits they provide (under the Powering Up development and growth programme)
- Reviewing and updating their grants handbook to integrate climate action in how they design, assess, award and manage grants
- Including climate and sustainability considerations in their procurement policy

Kent Community Foundation talked about ensuring their strategy is integrated organisation-wide, "wanting to do everything at once but acknowledging that these things take time and are often piecemeal".

Other signatories that referenced strategy include

- Global Green Grants
- OVO Foundation are planning a review of funding strategy
- Foundation Scotland's strategy includes environment objectives
- Robertson Trust has climate as a cross-cutting theme underpinning strategy

- Carnegie UK’s new strategy talks about collective wellbeing which takes account of the environment too
- Comic Relief are refreshing their Social Change Strategy to embed climate-aware approaches and apply a climate justice lens
- World Habitat have made the climate emergency a priority issue in their new strategy.

Within organisational strategies, there is not the sense that climate change is seen as a fundamental challenge to the very core of strategies, more that it is something that should be considered across the strategy and addressed. Given the speed of the transition to a net zero world, this may change in the coming years (see below on the UK transition to net zero).

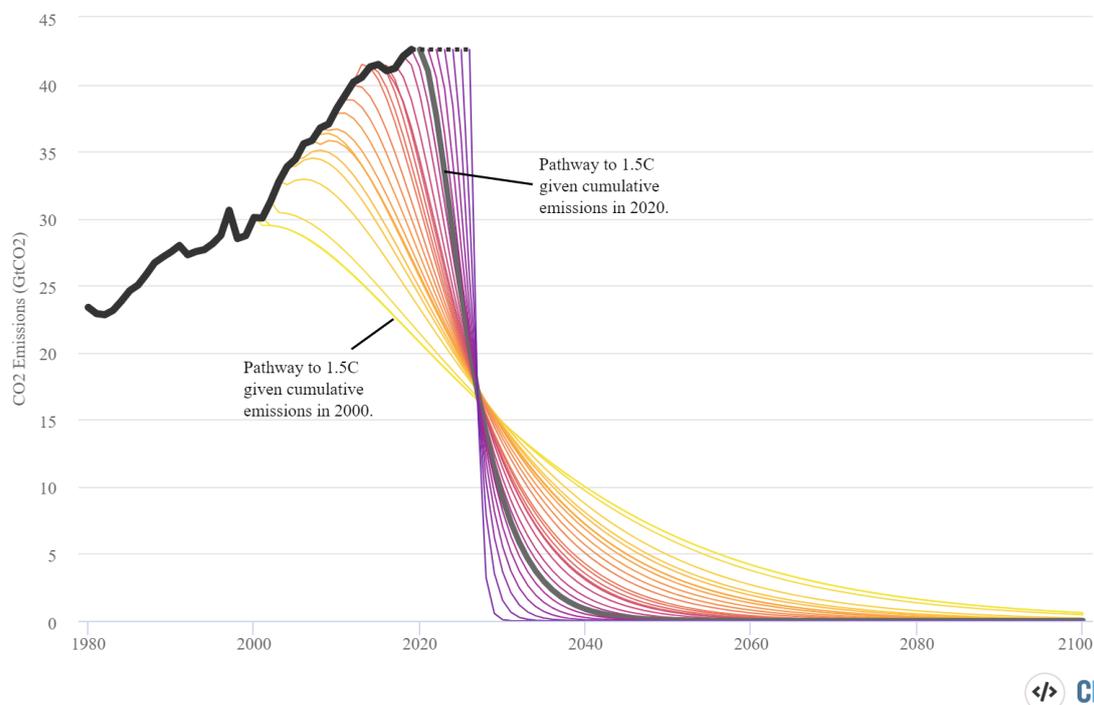


Figure: Emission reduction trajectories associated with a 66% chance of limiting warming below 1.5C, without a reliance on net-negative emissions, by starting year. Solid black line shows historical emissions, while dashed black line shows emissions constant at 2019 levels. Source: Historical CO2 emissions from the Global Carbon Project. 1.5C carbon budgets based on the IPCC SR15 report. Original figure from Robbie Andrews. Chart by Carbon Brief.

### Delivering change

A small number of signatories point to setting up working groups to help deliver changes needed. This includes Community Foundation Northern Ireland, Robertson Trust (who are using a Sharepoint team and channels to support this), South Yorkshire Community Foundation (who include trustees on the group), City Bridge Trust (through their Environmentally Responsible Working Group), Grocers’ Charity, Kent Community

Foundation (with staff, trustees and external advisers), Foundation Scotland (with membership from all teams across the organisation).

A handful have mentioned looking at integrating climate into their own processes, for instance the Power to Change grants handbook mentioned above, Corra Foundation introducing Salesforce coding to support analysis and reporting on integration, and Wolfson Foundation adding a field to their grants database to allow them to tag and track awards related to climate change.

## Governance and trustees

Trustee involvement seems key and there are many examples of trustees taking a lead. Wolfson Foundation noted the involvement of their trustees with a scientific academic background. DWF Foundation said that “Whilst we did fund environmental project through our education and health and wellbeing themes the trustees wanted a clearer message that they want to support environmental activities”. BWCE Fund’s trustees are committed to continuously learning about and acting on climate change.

Challenges for trustee involvement include time and finding ways to engage trustees who may not have an environmental background. Approaches on this include, bringing in outside speakers like Richard Black from the Energy & Climate Intelligence Unit, allocated time in all trustee meetings to discuss the commitment as a standing item or regularly in the governance cycle of meetings, demonstrating need with data or narratives that work for non-environmental audiences.

## Expertise and networks

There is a sense from replies that smaller funders seem to be able to effect change quicker but have less ability to buy in support from outside or to have dedicated staff. Networks of support and information may be more important to smaller funders.

With this in mind, ACF has worked with the Environment Funders Network (EFN) on their resource guide [Environmental Funders Network Acting on the Climate Crisis – Why, How and the Role of Philanthropy: A resource pack for funders - Environmental Funders Network \(greenfunders.org\)](#). Support from EFN is available to funders who are not environmentally focused as well as those for whom it is a funding priority. Other sources of information and advice included Carbon Literacy, AimHi Earth, Climate Outreach, Greenpeace, ECIU, Client Earth, Fit for the Future Network, Carbon Tracker and ACF.

Investment networks particularly featured, including the Esmée Fairbairn Foundation collaborative Environmental Finance and Learning Fund, the Investor Decarbonisation Initiative (from Share Action), Make My Money Matter, CCLA’s ethical investment sessions

for trustees, using the UN investment principles, the Carbon Disclosure Project, Shareholder Commons and the Climate Change Collaboration.

But many signatories are also looking at what expertise they have in-house, rather than just assuming that they need to look outside. This can include going to trustees as well as staff and being proactive in doing so.

Some have looked to bring in expertise by hiring staff or bringing outside experts on to internal working groups. A few (but not that many) mention learning from grantees.

Some signatories have or make links to a conceptual framework. UN sustainable development goals were mentioned by Foundation Scotland, Sussex Community Foundation and UK Community Foundations. The idea of a just transition was mentioned by Friends Provident Foundation, Solberga Foundation, Esmée Fairbairn Foundation, The Ashden Trust, Polden-Puckham Charitable Foundation and John Ellerman Foundation. In addition, Friends Provident Foundation talked about the idea of “stranded communities” as a result of climate change, building on the idea of stranded assets. The City Bridge Trust, Blagrove, Esmée Fairbairn and Community Foundation for Northern Ireland also made a link to work on social or racial justice.

Formal collaboration was not mentioned beyond the Esmée Fairbairn Environmental Finance and Learning Fund.

### Working with government

There were only a few references to the Government and its role, though Scottish funders seem to be closer to Scottish government’s work on climate change and to work with them, including managing a government fund. There was also one call for action by ACF to speak up to government on climate change. The Climate Change Committee was not mentioned in any response (for instance, no mention of the advice it gives on mitigation or adaptation).

### Resource and capacity constraints

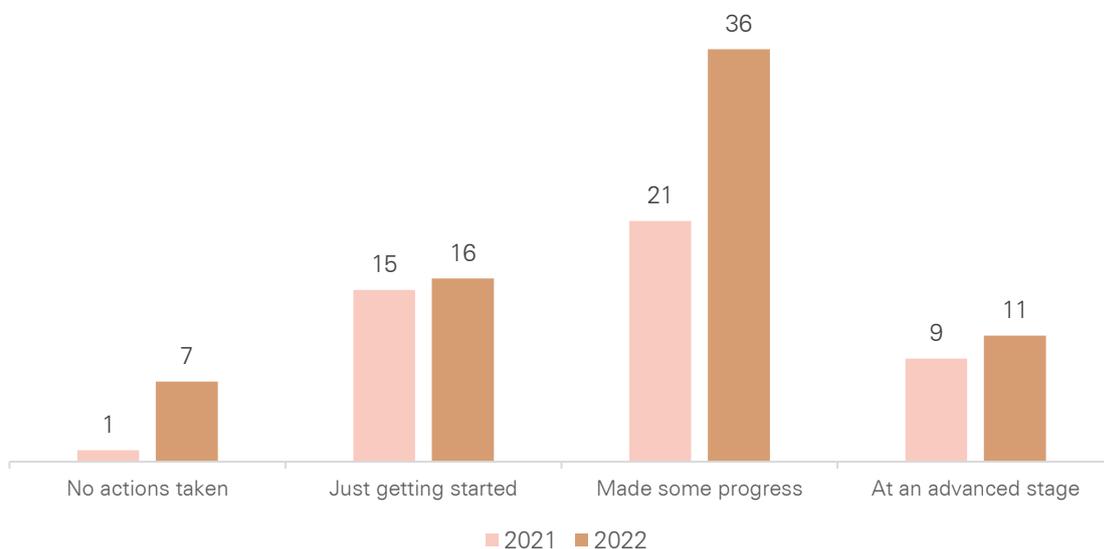
Finally, resource and capacity constraints seem to be less of a problem compared to 2021, during the depths of Covid-19 when many signatories reported that these were limiting their ability to take forward their commitments on climate change. This year there were far fewer reports of Covid-19 specifically as an issue, though a handful still reported Covid-19 impacts and others wider capacity constraints.

# Progress under each area of the Commitment

## 1. EDUCATE AND LEARN

*We will make opportunities for our trustees, staff and stakeholders to learn more about the key causes and solutions of climate change.*

Self-assessment of progress:



In the main, signatories feel fairly confident about progress on this pillar. There is strong evidence of sharing information across organisations, with both staff and trustees involved and actively engaged, rather than just passively receiving information. Access to networks is important as a source of information and training (see analysis section above). Some signatories also seek to learn from grantees.

## Examples of activity

### SAMWORTH FOUNDATION

1. Continued to organise convenings between environmentally focussed grantees and other grantees to share information and knowledge
2. Regularly invite environmental guest speakers to trustee board meetings
3. Staff attend national and international webinars on climate change, land management and biodiversity
4. Staff attend EFN annual retreat

### BWCE FUND

All of our nine trustees are committed to continuously learning about and acting on climate change and they also work professionally in climate, environment or another aspect of sustainability in addition to their contribution to the BWCE Fund. We aim to educate stakeholders about climate change through our publicity and public engagement around our annual funding round, which supports local projects that target carbon reduction and/or fuel poverty.

### QUARTET COMMUNITY FOUNDATION

We continue to use our 2021 report on Climate Change and Philanthropy to speak to local organisations, philanthropists and local authorities, learning how our funding can best support local efforts on climate change. We've liaised with our umbrella body to share learning and ensure the climate is on our collective agenda.

### VEOLIA ENVIRONMENTAL TRUST

Since signing the Funder Commitment on Climate Change, all our staff have undertaken accredited Carbon Literacy training specifically geared at enabling charities to take action on climate change. We are in the process of arranging similar training for our trustees. As part of our strategic review, we undertook significant research on climate change and community climate action, providing our trustees with a detailed report on causes, effects and potential actions that we can take to combat climate change.

### ARKBOUND FOUNDATION

Published two books in the area with free copies and wide engagement with all staff.

### BADUR FOUNDATION

We have established an environmental sub-committee to focus on our grant making and learning in this area. We are starting to have regular internal discussions, as well as speaking with experts and organisations in the sector to help us to refine our work and to build our knowledge. We have hired a UK staff

member to focus on this area of our work – she is attending regular workshops and events, and is sharing relevant information with the wider team.

## **IMPACT FUNDING PARTNERS**

All of Impact Funding Partners members will keep their own knowledge current through training webinars, relevant articles, and bulletins. Throughout the year, there will be opportunities to discuss and learn more about climate change's fundamental causes and solutions for trustees, staff, and stakeholders.

## **ARCADIA**

We are part of the Fit for the Future network and the Environmental Funders Network, and regularly attend discussions and events. We also contribute data on our environmental giving to help assess giving trends and gaps. We share our annual sustainability reports with our team. We hold sustainability committee meetings (senior management and sustainability champions) to address issues across our business and private operations. We delivered an internal webinar on the climate crisis and the history of the green movement and are working with AimHi Earth to deliver the Climate and Sustainability leadership course for all staff.

## **JOHN ELLERMAN FOUNDATION**

Staff have engaged experts and attended seminars and events organised or promoted by EFN, Greenpeace, Climate Outreach, Client Earth and others, as well as actively contributing to the EFN Climate Funders Group. Richard Black from ECIU spoke at the March 2020 Board Meeting. We continue to learn and educate ourselves through the climate related grants we have made since December 2019. A full list of the grants made is available upon request. We are in the process of booking climate action training with AimHi Earth.

## **THE MARK LEONARD TRUST**

As the Trust already supports organisations that help to tackle the key causes of climate change, we make sure that we continue to learn from the organisations we fund and those in the field on the best ways to address climate change. Key pieces of research that are put together by either grantees or staff are also circulated to staff and trustees on a regular basis.

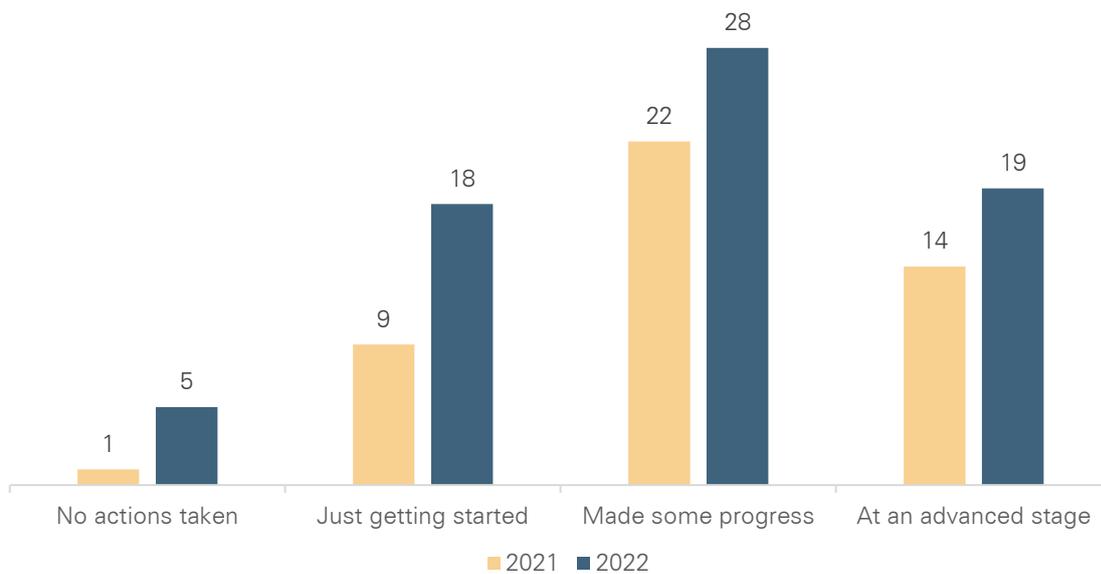
## **CATTANACH**

Exploration with grantees what actions the early years sector can take on climate change.

## 2. COMMITTING RESOURCES

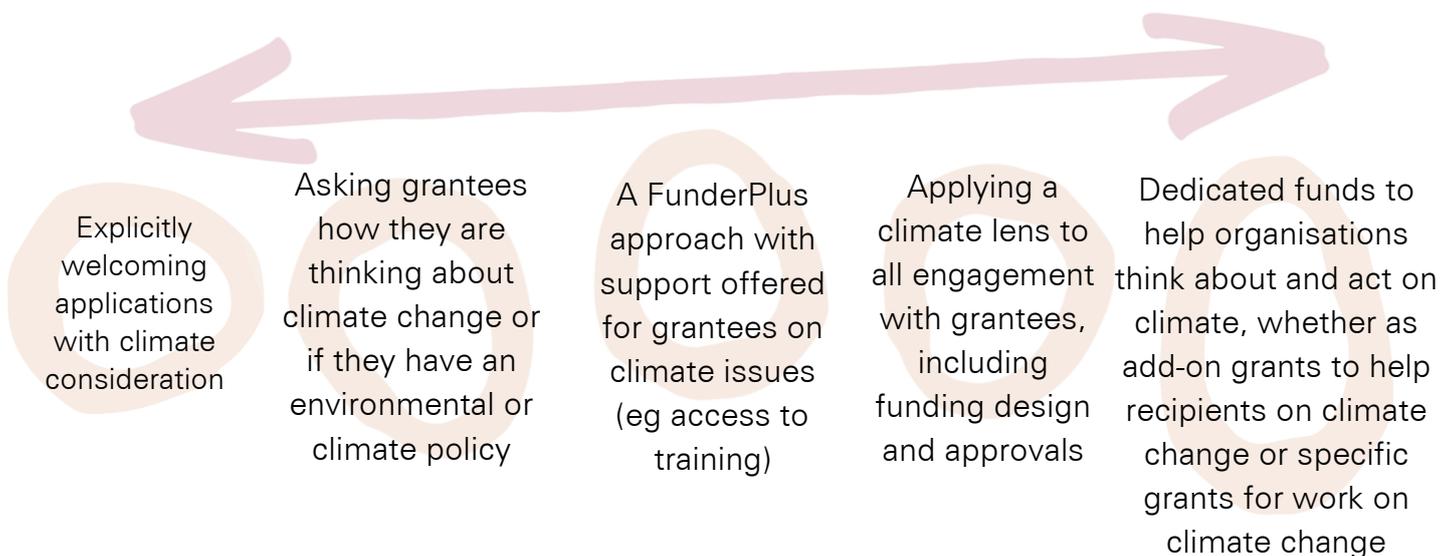
*We will commit resources to accelerate work that addresses the causes and impacts of climate change. (If our governing document or other factors make it difficult to directly fund such work, we will find other ways to contribute, or consider how such barriers might be overcome).*

Self-assessment progress:



There is some blurring between how signatories report on this pillar on committing resources and the following pillar on integrating resources, as both pillars cover funders’ relationships with those they fund. This analysis covers both pillars.

Overall, there is a spectrum of activity under these two pillars.



Capital funders are looking at issues like energy efficiency, for instance retrofitting of existing buildings and carbon performance of new buildings.

Research funders are including research on climate change and its impacts as part of their approach. Others have directly funded renewable energy, sustainable transport and land restoration projects in the UK and abroad.

## Examples of activity

### POWER TO CHANGE

As part of our new five year strategy, Power to Change are committed to providing a flagship multi-million pound Climate Action funding and support programme for the community business sector to launch in 2022. We are currently seeking partners to maximise the scale and impact of the programme. Findings of the scoping study are [available here](#).

### OVO FOUNDATION

Launched Climate Changers in 2020. It's our £1m funding area which helps the next generation create projects that have a real impact on the climate crisis. During 2021, we continued to monitor its delivery and used data from the projects to educate our customers and people (see response above). We have also begun to plan a review of our funding strategy in order to commit greater resources to work that addresses the causes and impacts of climate change. We will be discussing this with our Board and implement decisions during 2022.

### THE DIXON FOUNDATION

As well as leveraging funds, we are exploring what other resources we can use to further our environmental mission. We have been setting private challenges to HNWI's in our network who are currently unengaged with climate issues, and asking them to read/watch our recommended climate resources in exchange for a donation to their charity of choice. We are also collaborating with other funders/businesses to keep pushing forward ways to increase our potential for impact. Finally, our Foundation is attached to a business, so we are providing any business support we can to our grantees (where appropriate) to help them further their mission.

## ACCESS – THE FOUNDATION FOR SOCIAL INVESTMENT

The Environmental strand of our Enterprise Development Programme has recruited its first cohort of organisations, to support environmentally focussed organisations to grow their financial resilience and impact. We are exploring the possibility of incorporating themes around climate change and awareness of long-term implications in our standard Due Diligence processes.

## BARROW CADBURY TRUST

Climate change is not one of our core programmes, but we have supported grantees to learn more about climate change, including funding 10 grantees to attend the Carbon Literacy Project training.

## ESMÉE FAIRBAIRN FOUNDATION

We are also looking at how we can adapt and use all our tools and working practices as a funder to innovate. For example, we have had a land purchase scheme within our social investment allocation for a number of years now and are looking at whether it is possible to scale this offering and allow external capital to participate. We are also committed to supporting unusual and cross-sector alliances to tackle environmental issues – through our funding as well as our ability to convene, connect, and commissioning research so that we can better understand the issues. Another recent example is the Environmental Finance and Learning Fund, managed by our social investment team. It was created in response to the need for ‘pathfinder funding’ – early stage, high risk repayable finance – to support and scale a new wave of environmental initiatives. As well as managing the Fund, [we will also be providing match funding](#).

## KENT COMMUNITY FOUNDATION

KCF has a dedicated Environmental Committee. The group includes staff, trustees, and external advisors to ensure any new initiatives are both deliverable and implemented successfully. We have launched an Environmental fund and embedded this as one of our core funding themes, demonstrating our ongoing commitment to environmental issues. The development team continues to fundraise to ensure the sustainability of the new Fund for the Environment.

## JAC TRUST

We have focused our entire funding programme on addressing the climate crisis. Our objective is to support refugees, other displaced people and their host communities to adapt to the climate crisis and become more climate resilient. We

have committed over £800,000 to this challenge since signing the Funder Commitment on Climate Change.

### **BRIDGE HOUSE ESTATES (CITY BRIDGE TRUST)**

Since signing the Funder Commitment on Climate Change, BHE has continued to commit staff time and resource to CBT's Environmentally Responsible Working Group. The group's remit includes ensuring progress on our Funder Commitment on Climate Change and reviewing the CBT team's response to the significant challenges that climate change and related issues pose to Londoners and the voluntary sector. The research commissioned by this group in October 2021 will inform an Environmental Action Plan for CBT. This plan will include considerations of how CBT can support Grantees' transition to net zero emissions and climate adaptations; where CBT funding can have the greatest impact on Londoners' environment; how CBT take an equitable and just approach to environmental work; and how CBT can place the total assets approach at the heart of its strategy.

### **CLOUDESLEY**

In our current funding programme, Islington churches can apply for grants of up to £50,000 for sustainability and environmental works. We are exploring the possibility of running a second Sustainable Church Buildings Project, which would commit additional resources to this area, and have begun to discuss this with church contacts. In 2021, we commissioned our property managers to undertake an assessment of potential improvements to the energy efficiency and environmental impact of the charity's residential assets, taking into account planning and listed building restrictions.

### **SUSSEX COMMUNITY FOUNDATION**

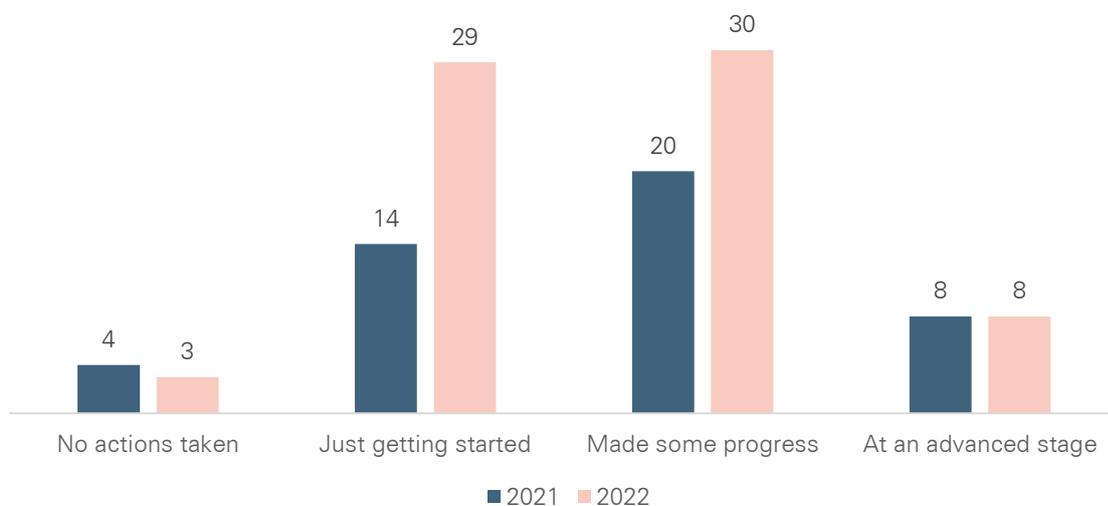
We are continuing to grow our portfolio of environmental funds. This includes two windfarm funds (one attached to a significant endowment) and several donor-led funds with relevant themes.

Our funds help to improve the local environment whilst contributing to wider environmental impacts including a reduction in carbon emissions. Projects include those that support sustainable energy, reduced food waste, sustainable transport and environmental education and learning (especially for young people).

### 3. INTEGRATE

*Within all our existing programmes, priorities and processes, we will seek opportunities to contribute to a fair and lasting transition to a post carbon society, and to support adaptation to climate change impacts.*

Self-assessment progress:



The section above sets out the spectrum of activity across this pillar and the pillar on committing resources. In addition, it is worth noting that signatories report less progress on the integration pillar compared to the pillar on committing resources. Ten signatories mentioned applying a climate lens or similar to their work. Detail on what this lens would look like was less clear and one signatory is looking to further define what a "climate lens" looks like in practice for them. Being able to track climate related grants to understand how climate is being considered in them and draw out learning was mentioned by a couple of foundations.

#### Examples of activity

##### FOUNDATION SCOTLAND

Part of our funding application process asks if the intended project/service will have a positive or negative environmental impact. Where possible, we ask community groups and charitable organisations to consider sustainable alternatives for projects and services. We have partnered with Zero Waste Scotland Energy Efficiency Business Support to support applicants in making climate-smart choices for their communities, in particular in the development or refurbishment of community buildings.

## THE ROBERTSON TRUST

Our mission is to improve the wellbeing of people in Scotland affected by poverty and trauma. We do this by funding and supporting individuals, communities, the Third Sector and Programmes of work across the four themes of Financial Security, Emotional Wellbeing, Education Pathways, and Work Pathways, as well as informing our own practices and others... We have introduced cross cutting themes including our climate commitment, with a budget allocation to explore and deliver an integrated approach across our charitable expenditure. We are keen to develop options for embedding climate-enhancing actions across our own work and to avoid creating onerous reporting conditions for our grant holders in line with IVAR's Open and Trusted Grant-Making principles.

## THE WOLFSON FOUNDATION

In August 2021 we added a field to our grants database to allow us to tag, and therefore track, awards made related to climate change. This has been backdated to when we signed the Commitment in June 2020. We are conscious of our ongoing commitment to support grant holders to transition to a post-carbon society. For example, we recently awarded £500,000 to replace single glazed windows as part of Wolfson College, Oxford's project to decarbonise their estate. Having funded the building of the College in the 1960s, this was recognition of our responsibility to support the places we fund to adapt to and mitigate the challenges of the 21st century.

## JERWOOD CHARITY (TRADING AS JERWOOD ARTS)

- Discussions with other funders about new opportunities to collaborate
- Early ideas about how to embed environmental responsibility into our guidance and grant conditions
- Early ideas to attach a sustainability specialist to our programmes to provide funder plus support to our grantees

## CARNEGIE UK

We have already noticed a culture shift in the way that we think about and integrate climate change into our existing wellbeing programmes, which has been driven by external context as well as the internal environment we are striving to create. We want to ensure that this happens routinely and so we have begun to introduce structures that will allow us to do that. Our 'wellbeing tests' that guide our programme development require teams to consider both environmental wellbeing and 'long-termism' (that is, whether the proposed activity will safeguard the

wellbeing of future generations). We have built review points into our programme management tools that ask programme teams to consider how they are contributing to environmental wellbeing and any emerging opportunities for this. We are also creating unstructured opportunities for programme teams to share what they are learning about integrating environmental wellbeing into their programme delivery.

### **OGLESBY CHARITABLE TRUST**

We are expecting to roll out our new small grant programme on climate change, which will be available to grant holders across our giving sectors. This is about making adaptations but also, crucially for smaller orgs, to helping them become 'adaptation-ready'. We have revised our 'Environment' activity further this year, which specifically includes climate change. We have revised our application and monitoring forms to include questions here about action on climate change and we proactively ask organisations about this at an early stage in our relationship with them.

### **BLAGRAVE TRUST**

We are still considering, and are open to learning about, how we can better support our wider network of partners to consider the climate crisis across all their work

- We do not engage our partners on their organisational carbon footprints, as we do not feel we are best placed to advise or guide on this. It would be an additional burden or tick box exercise when the typically small charities we support are unlikely to be significant contributors to the climate crisis.
- If there were a pooled fund to support charities to transition to a net zero or significantly reduced carbon operations, we would consider supporting this.

### **LOCAL TRUST**

We have developed a climate support offer for Big Local partnerships and are asking other partners offering support to Big Local partnerships to take the climate crisis into consideration where relevant.

### **HEATHROW COMMUNITY TRUST**

Within our grant application process for all streams we ask questions regarding the environmental impact of programmes and organisations.

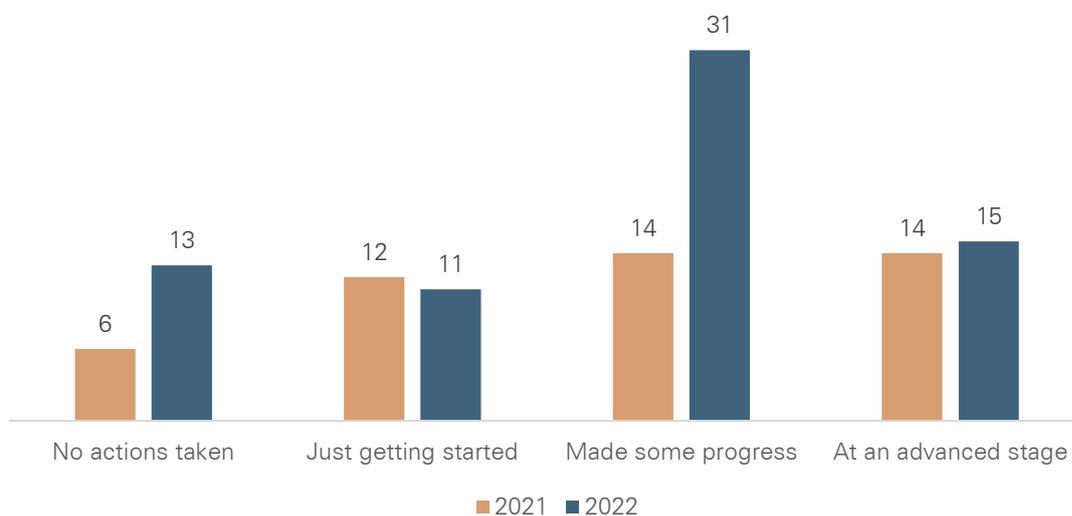
## QUARTET COMMUNITY FOUNDATION

We've updated our grant guidelines to make explicit that we welcome applications for or that include elements of climate-related work. We're investigating how our assessors can effectively determine the impacts of projects requesting funding. Climate is a key strand of a new Covid-related fund we are offering, working strategically with VCSE climate change leaders to strengthen the sector and organisations working within it.

## 4. STEWARD OUR INVESTMENTS FOR A POST CARBON FUTURE

*We will recognise climate change as a high-level risk to our investments, and therefore to our mission. We will proactively address the risks and opportunities of a transition to a post carbon economy in our investment strategy and its implementation, recognising that our decisions can contribute to this transition being achieved.*

Self-assessment progress:



In the 2021 progress report, the investment pillar showed the clearest divide between those who were doing a lot and those just getting started. This year's report shows a shift to those reporting they have made some progress, jumping from 30% to 46% of respondents. Some of those reporting no action may also have no or little investments themselves (for instance regranting from others or fundraising grant-makers), so this pillar of the Commitment may be less relevant to them.

As noted in the overall analysis above, there are many initiatives and organisations supporting action on climate and investment. This has also been helped by a number of events that focused attention on investment in the last year. This included

- The COP26 Summit in Glasgow
- The ESG Investing Olympics organised by Friends Provident Foundation, the Joffe Charitable Trust and the Blagrave Trust
- Charity Commission for England and Wales consultation on their CC14 guidance on investment
- The court case brought by Ashden Trust and Mark Leonard Trust to clarify the legality of their approach to investment and the duties of trustees

## Examples of activity

### FOUNDATION SCOTLAND

In February 2021, Foundation Scotland became the first community foundation in the UK to launch an Impact Fund. Part of our impact investment strategy, this innovative approach ensures the investments we hold bring a social and ethical return as well as financial. Investments are made in companies that deliver a positive societal impact through their goods and services and business practices, such as supply chains, low carbon policies, and staff welfare.

### THE ASHDEN TRUST

The Ashden Trust and the Mark Leonard Trust are seeking legal clarity about their investment duties as they would prefer to invest in ways that do not conflict with their charitable purposes to support the achievement of the Paris Agreement and as this could exclude a large proportion of the investable universe are uncertain how this affects their duty to seek maximum financial return.<sup>2</sup>

### POLDEN-PUCKHAM CHARITABLE FOUNDATION

Our investment policy statement specifies that low carbon investment: specifically, investment in companies, including suppliers, aiming to operate within a 1.5 degree centigrade limit has equal importance to those investments that we exclude. We have set a target for our portfolio to be 100% invested in 'climate sustainable assets' by 2025. These are investments with a major link to climate mitigation technologies or renewable, low-carbon energy development i.e., directly supporting a low carbon transition and also investments indirectly supporting a low

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<sup>2</sup> The case has now concluded. See ACF website for more information on the implications of the case.

carbon economy e.g., investments which are reducing their own GHG emissions year on year, committed to sourcing increasing amounts of renewable energy or those which provide technology, products or services that facilitate the transition. The portfolio is on track to meet the ambitious target set.

### **BRIDGE HOUSE ESTATE (CITY BRIDGE TRUST)**

Our Trustee is considering establishing a designated fund to support funding the costs of addressing BHE's Climate Action Strategy, recognising that as an endowed charity with total investments of £1.6bn (including investment properties of £0.84bn) we have significant work to undertake to achieve the Net Zero targets within our ambitious strategy. As an operational charity, alongside being a funder, managing five bridges which cross the Thames, we have a significant number of assets and projects to consider. We are undertaking surveys across our investment property portfolio to identify immediate energy efficiency measures, and develop a plan for emissions reductions, costs required and key milestones to reach net zero by 2040. We have appointed several specialists to provide dedicated support with implementing our Climate Action Plan.

### **TREEBEARD TRUST**

We have made a total of six direct investments into climate and environment related organisations - the majority are equity investments. Most recently, we invested in Sea Rangers Service which aims to restore 1 million hectares of ocean biodiversity by 2040 whilst training 20,000 young people towards a maritime career. We are now in the process of adding two new investments to our climate/environment portfolio. With an impact investor advisor now working with Treebeard for two days a week, our capacity for identifying investment opportunities, deepening our due diligence capabilities and for working collaboratively with other investors has increased. It is already having an impact on the speed at which we are making investments in climate and environmental projects - and we hope to see this portfolio continue to grow in the coming years.

### **FRIENDS PROVIDENT FOUNDATION**

We have been using our shareholder influence to engage energy utility companies to adopt formal just transition strategies to accompany net zero plans. Working with Royal London Asset Management, we have directly engaged SSE, Centrica, Scottish Power, EDF, Eon, RWE, and National Grid. In November 2020, SSE published the world's first formal just transition strategy... Working with grant recipient Students Organising for Sustainability (SOS), the Charities Responsible

Investment Network, and the Responsible Investment Network Universities, we produced the 'COP26 declaration: asset owner climate expectations of asset management'. The declaration is a set of minimum standards to judge asset manager claims and commitments against and to assist other asset owners, journalists, civil society, and politicians to judge what is good practice and what is greenwashing...We have engaged one of our asset managers, Cazenove Capital, to act on climate misinformation by one its largest holdings, Alphabet, the parent company of YouTube and Google. Our manager requested YouTube de-prioritise content featuring climate denialism in a similar way to extremist content and stop it from being monetised. A policy was announced, and implementation is being monitored.

### **BARROW CADBURY TRUST**

Investments are aligned with our investment manager's Climate Active Fund. Supporting Investment Decarbonisation Initiative, including a new strand of work to encourage chemical companies to convert to renewable energy and replace fossil materials with green alternatives. Supporting HSBC shareholder resolution re climate (2021). Supporting the Institutional Investors Group on Climate Change statement calling on governments to increase action (June 2021). Social investment in renewable energy infrastructure.

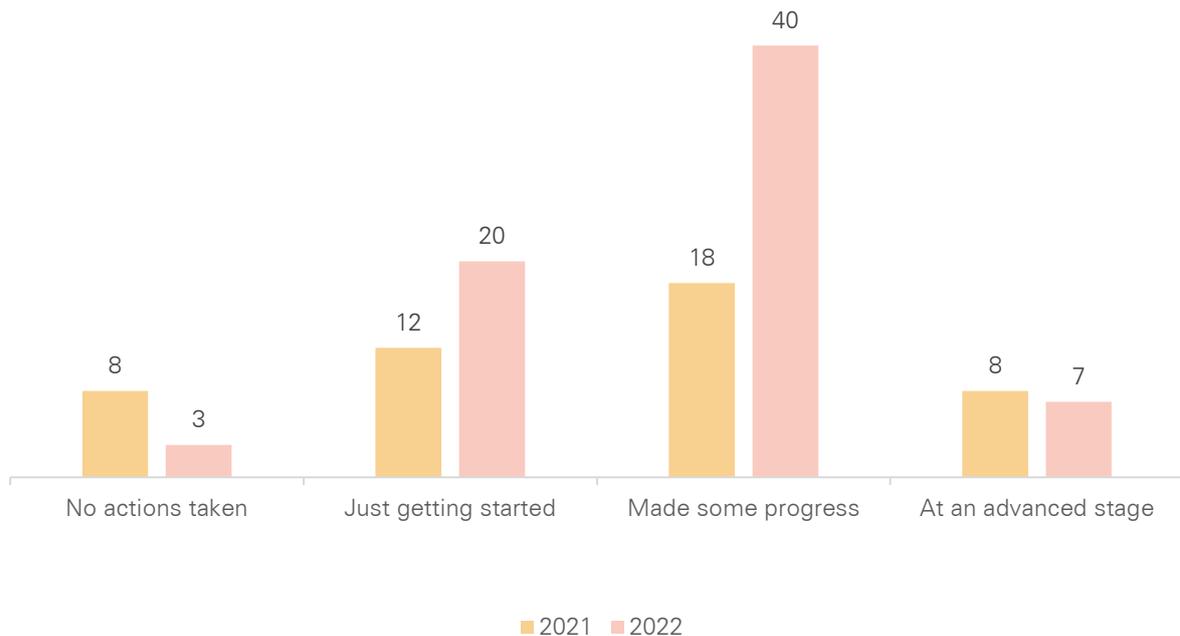
### **WATES FOUNDATION**

We are taking a stronger stance on ESG in our investments - with the environment a particular component in this. At the start of the 2020 we have 17% of our portfolio invested in strong ESG funds by the end of the year we were at 38%.

## 5. DECARBONISE OUR OPERATIONS

*We will take ambitious action to minimise the carbon footprint of our own operations.*

Self-assessment progress:



As with investment, there is a big jump in those signatories reporting that they have made some progress in decarbonising their operations (from 39% to 57%). Very few have taken no action.

Most of the responses focused on building on the impact that Covid-19 had in reducing travel and with home working. Partly linked to the shift to online working, others reported going paperless for meetings, though the carbon impacts of this are limited.

Extensive efforts to cut carbon across operations are limited to a few. More ambitious attempts to address this include looking at carbon accounting and carbon footprint analysis. One mentioned looking at Scope 1, 2 and 3 emissions (see box below), and another is reviewing supplier contracts as they come up for renewal from a climate and wider sustainability point of view. Otherwise, there are few mentions of measures that would come under Scope 3 (though as relatively small and “light” organisations, funders’ overall carbon footprints are not large).

## What are scope 1, 2 and 3 emissions?

Scope 1 covers direct emissions from owned or controlled sources (for instance vehicles owned or controlled by an organisation).

Scope 2 covers indirect emissions from the generation of purchased electricity, steam, heating and cooling consumed by an organisation.

Scope 3 includes all other indirect emissions that occur in a company's value chain (this would include things like corporate travel using vehicles or planes that are not owned by the organisation as well as wider supply chain, commuting by employees and investments).

Carbon offsetting is being looked at by some, and those that are considering this are aware of the debates on the approach and the risks involved around greenwashing or negative impacts from poorly designed or delivered carbon offset schemes.

As mentioned in the overall analysis section, quite a few signatories have indicators or targets that cover their operations. Signatories are also aware of the challenge of putting plans into action, and that they are concentrating on the lower hanging fruit with reductions in business travel, more home working and encouragement of recycling. Those who do not own a building are also looking for ideas on what actions they can take.

There is interest in how signatories can support employees to reduce their emissions. A small number report providing support for staff to commute by bike or public transport (for instance the Bike to Work scheme and provision of bike storage). One signatory has signed up to the 'Climate Perks' commitment from climate charity Possible to offer staff paid 'journey days' to encourage low-carbon holiday travel.

The detailed figures suggest that smaller organisations may be able to move more quickly and be at an advanced stage (see Appendix).

## Examples of activity

### WORLD HABITAT

We have made a commitment to be a net zero charity by 2030. Since 2016 we've been measuring and monitoring our carbon emissions and have set an annual carbon budget to get us to the net zero path. We have implemented a sustainable travel policy (business travel being our highest source of emission) to guide staff with decision making around travel. We just moved in to a new office where we will continue to monitor our emissions and look to encourage other businesses in the building in reducing carbon footprint.

### LANKELLY CHASE

Following our request, the management of our shared building has switched to renewable energy supply. We have also maintained flexibility for colleagues to work remotely, which has reduced travel. That said, we are conscious this may be a less energy efficient model compared to a shared working space and predominantly face to face meetings.

### CORRA FOUNDATION

- Recycling and food waste systems set up and increased amount of recycling resulting (pre-pandemic/WFH)
- Active travel initiative, cycle to work scheme, bike storage in place and bike rack (coming soon).
- Greener office supplies instituted, including paper and cleaning products.
- Signed up to 'Way to Work' pledge.

### GUY'S & ST THOMAS' FOUNDATION

We have committed to Streamlined Energy and Carbon Reporting for our 21-22 report as well as annual baseline updates on all three scopes to measure our progress. We have committed to developing a climate-friendly and inclusive supply-chain policy over 2022-23 which will look to decarbonise both our own operations and scope 3 emissions from our supply chain.

### **QUARTET COMMUNITY FOUNDATION**

We've undertaken a full environmental audit of our operation and building. A task group is currently going through the recommendations in order to update our climate action plan.

### **THE JJ CHARITABLE TRUST**

Due to Covid-19, staff travel has reduced significantly, but in general staff travel by public transport unless it is not possible or safe to do so. Flights are taken very rarely. The Sainsbury Family Charitable Trusts is the operating office of 17 different independent grant-making trusts, including the JJ Charitable Trust. Our facilities team are reviewing contracts as they expire and where possible are switching to suppliers that are more environmentally conscious. They recently switched to cleaners that only use three cleaning products.

### **UK COMMUNITY FOUNDATIONS**

Our new environmental policy provides direction on how UKCF will work to reduce waste in relations to SDG Goal 12 and contribute toward climate change in SDG Goal 13, with specific emphasis on 13.2 and 13.3.

# Further support

The reporting survey asked respondents what additional support would help them to move further in each area of the Funder Commitment on Climate Change. There was also a wider question about what the foundation had found most challenging in making progress this year, and what ACF specifically could do to help signatories in implementing the Funder Commitment.

Internal capacity challenges, limited funding, competing demands and insufficient time make advancing climate work difficult across all pillars of the Funder Commitment. Another challenge that funders seem to be grappling with in all this is “how our resources can create the best impact”, balancing an acceptance of the longer term approach required while recognising the urgency of the need to act.

Beyond these broader thoughts, reflections on challenges and needs can be grouped into three broad themes: collaboration; best practice; and tailoring support. These are by no means distinct themes which can be neatly separated. Certain ideas for collaboration are about tailored support, while sharing best practice often comes with making connections and learning from other funders.

## Collaboration

Responses show a clear desire to achieve more by working together with other funders. Many highlight a need for networking opportunities for staff and trustees to meet others in this space, share ideas, experiences and learning across organisations. One funder specifically mentioned that collaborating with those who have in-house specialist investment knowledge would be beneficial. Other responding signatories see this need for collaboration as a bit more formalised, looking for collective thinking and a joined-up response from the sector around grantee support and resource development, particularly on integrating climate without excluding smaller applicant organisations.

One funder identifies a need for general understanding of the opportunities that exist for funder collaboration on the topic.

The [Funders' Collaborative Hub](#) is mentioned by one funder as a good resource in this space. The Hub is hosted by ACF and is free for all funders to access. It features several existing funder collaborations about climate and the environment.

The Hub exists to support funders to connect and collaborate on the topics that matter to them, and ACF will continue to encourage signatories to the Funder Commitment to make the most of the collaboration resources that the Hub offers and explore emerging funder collaboration ideas. The Environmental Funders Network also brings together a Climate Funders group, who regularly share funding opportunities, ideas and proposals in the space, and ACF can make better connections to that group.

## Good practice

The other main area of identified additional support is sharing best practice and examples including funders who have identified a need for opportunities to learn through hearing or reading case studies about how others are implementing the Funder Commitment. We hope the selected quotes showing action under each pillar in the report, as well as the filterable spreadsheet of all signatory responses data, will further help signatories and other foundations see the potential for taking action under each pillar.

Other foundations are more explicitly looking for training, resources and research on climate change as well as more funder-specific information on how charitable foundations can act. A few signatories mention a need for training suitable for different levels of knowledge and expertise. ACF previously worked with the Environmental Funders Group on [a resource pack which pulled together some existing learning resources and information for funders](#). While we continue to share relevant training and learning resources with signatories as they come up, there are also other regular newsletters which we could signpost for signatories. The [European Philanthropy Coalition for Climate](#) shares weekly updates on news from the sector.

Around the pillars on investment and operations there are more specific support needs identified. Responses mentioned a need for practical guides, measurement tools, sample investment or environmental policies, and agreed standardised targets for signatories to compare and benchmark against. This is an area where external businesses, consultancies or firms with specific expertise can provide the structures, measurement tools or approaches to guide funders in these areas.

Often funders will want to learn from other funders on the external resources or expertise they've relied on, as there are differing opinions and approaches. As one funder summarised in their response: *"We'd hoped to find a simple 'best practice' approach to green investing but after talking to experts, investment managers and*

*other charities on this journey, there really isn't a very simple solution or products – the judgements are much more nuanced and require a lot of consideration”*

### Tailoring support

Some areas of more tailored attention emerged from the responses, which cut across all pillars of the Funder Commitment on Climate Change as well as the collaboration and best practice needs. The first of these is support with raising and keeping climate on the agenda with board and senior leadership. This might mean specific tailored training or sessions for board members, who will have different considerations, concerns and priorities than grant-making staff when applying a climate lens on their work. While trustees who are committed or have some knowledge of the topic can spearhead a foundation's climate work, for others there's a big education piece needed to get trustees committed before progress can be made on other areas. ACF will consider how we might meaningfully communicate and engage with trustees and executives on this.

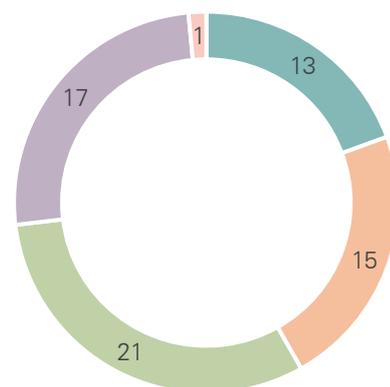
The other area of more tailored support seems to be in funders' relationships and engagement with grantees. Many signatories to the Funder Commitment are grappling with how to influence non-environmental grantees and applicants to be more sustainable and consider climate in their work too. Approaches to this vary. Some are looking at a more 'funder plus' engagement and thinking about training and education opportunities for grantees. Others are introducing questions into application forms or monitoring and evaluation and would find it useful to learn from others on how foundations are structuring this without putting too much of a burden on grant recipients or applicants, and without it being merely a checkbox activity. EFN have been working to pull together resources on supporting grantees, and we'll explore together with EFN how ACF might centrally collate a resource of example application or monitoring questions that might help foundations develop their own.

# Appendix A – survey methodology and respondents

The spirit of the Funder Commitment is that every foundation can strive to do more, whatever their starting point or area of expertise. Some have been active on climate change for many years, while others are at an earlier stage in exploring how the climate crisis impacts their particular area of funding. The framework is being implemented by a range of UK-based foundations (both ACF members and non-members) of all sizes with a variety of different charitable purposes. For this year’s report we collected data on the size, type and funding area of responding signatory foundations.

## Contributors by size

We found a well-balanced representation of different sized funders, with 37 responding funders (54%) having annual grant expenditure of over £1m and 29 funders (43%) giving under £1m. This demonstrates that all funders, regardless of size, can take action on climate.

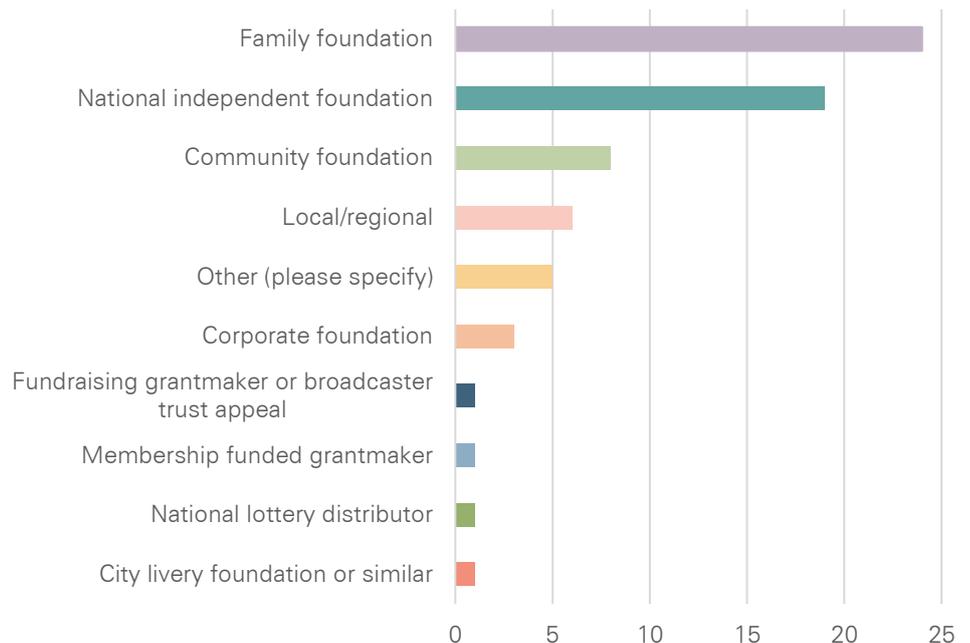


But relative to ACF’s membership, there may be a slight skew towards larger funders signing the Funder Commitment. While over a third of ACF membership have an annual expenditure on grants below £250,000, this is just under a fifth of the signatories

who contributed to this report. One signatory reported not making grants, with its main activity being research, policy and advocacy.

### Contributors by type

Signatories to the Funder Commitment who reported on their progress represent a range of types of funder. 35% are family foundations and 27% are independent foundations. Together they make up three fifths of the respondents. Eight others are community foundations (11%) and six are local or regional funders (8%). Only three of the funders who contributed to this report are corporate foundations. Those who identified as 'other' include a regranting foundation, independent fund manager, and membership body of community foundations.



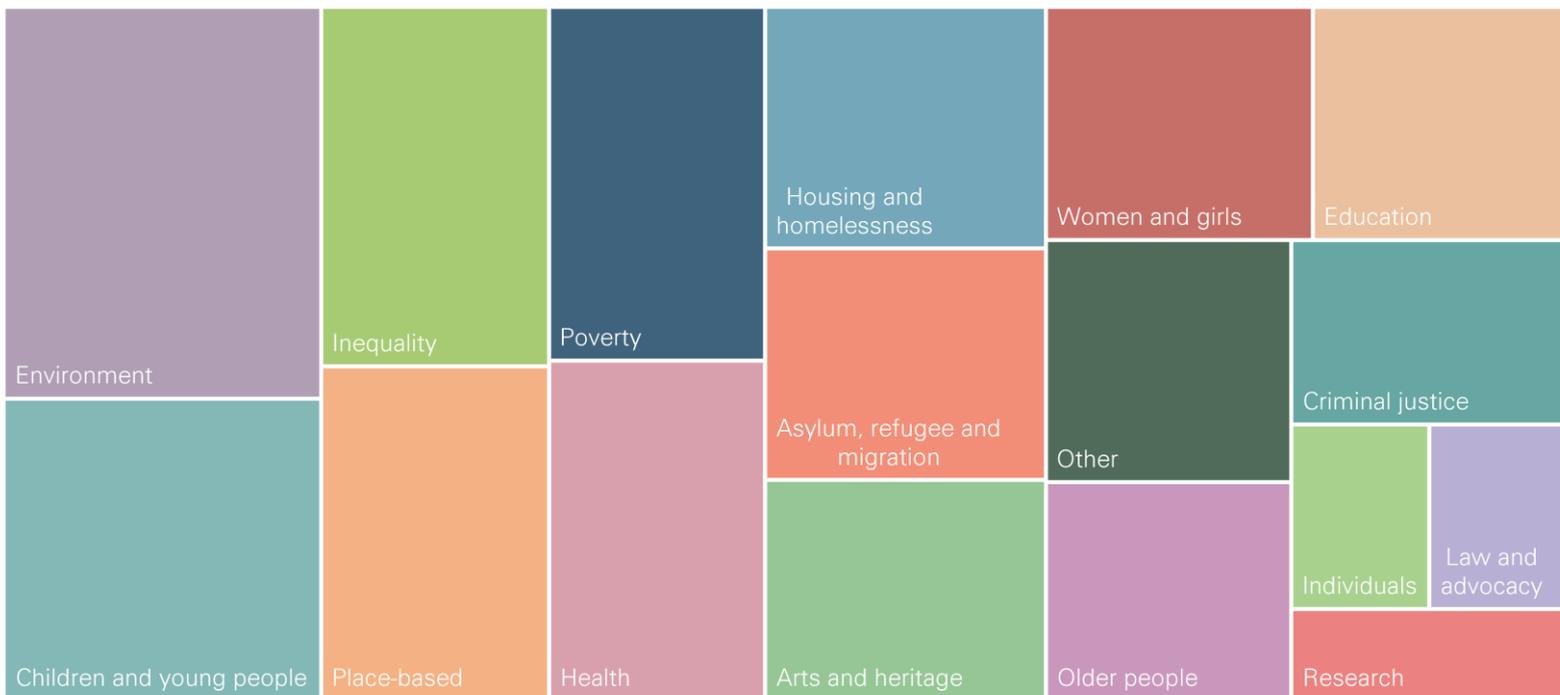
### Contributors by funding area

Climate change poses a risk to all funders' charitable aims, and those committed to action on climate have a vast range of charitable objectives and funding areas. The most common funding area reported by signatories is the environment (64%), followed by children and young people (49%), inequality (41%), poverty (38%), place-based (38%) and health (38%). This means over one third of signatories are not explicitly funding the environment, instead focusing on integrating a climate lens into whatever their charitable missions are. Only seven of the signatories responding to the survey exclusively fund the environment.

20 funders ticked the 'other' category, and the funding areas they mentioned included: trauma, community business, church buildings, wellbeing, social justice,

economic justice, human rights, peace, anti-racism, fuel poverty, community sport and promoting open access to information.

Funding area



### About this year's survey

The Funder Commitment is a public statement of intent. It is not a certification or quality standard, and as such it does not specify a particular activity, reporting format, or rate of progress. It relies on self-reporting. However, to assist Funder Commitment signatories in fulfilling the pledge to annually report on progress, each year ACF runs a self-assessment survey of progress and actions taken under each element of the Funder Commitment.

The survey was open from 7 February to 7 March 2022. 70 signatories provided responses to the survey in this period. There were 84 signatories to the Funder Commitment at the time of the survey opening. It is important to note that the public commitment by signatories is to report annually on progress, and that only 56 signatories had been signed up to the Funder Commitment for over one year. This means 14 signatories shared their progress at an earlier stage, having recently signed the Commitment.

The results of the self-assessment have been collated as bar charts in this report to demonstrate where signatories feel they are at as a whole and broken down further by size in Appendix A. ACF also took this opportunity to ask signatories about particular highlights, challenges and areas of support, which have been pulled out in this report. The responses detailing activities taken under each Commitment area show a wide range of approaches, a sample of which are included in this report to illustrate the breadth and variety of activity and to highlight those which are particularly interesting, useful or applicable to other funders. Responses to the survey varied considerably in length and detail. Some very short answers may represent significant activity, but we have generally drawn on examples that gave a little more explanation.

Often actions on climate touch on more than one element of the Funder Commitment – for example, establishing an internal climate action group can be both a commitment of resources (staff and trustee time) and a mechanism for integrating a climate lens into other work; consideration of climate risk by an investment committee can be both a learning process and part of updating investment policy. The grouping of examples quoted in this report does not rigidly follow the categories used by the respondents. Some quotes are a selected part of a longer survey response, and some abbreviations have been spelled out in full to aid reading. Except for minor details like capitalisation and punctuation, nothing has been edited.

Respondents were given an opportunity to update or add to their data before the report was published. This year we have extended this to include data on size and type of foundation, which you can use to filter through the responses. The funders who had been signed on for over a year and expected to report but failed to do so this year, have been included but left blank on the spreadsheet should they wish to share their progress/activities at a later stage.

While all the information is provided by the foundations themselves, these survey answers should not be relied upon as a full statement of foundation funding guidelines or organisational policies and interested readers should refer to foundation websites for current information. The Funder Commitment relies on self-reporting, and ACF has not independently verified the actions that foundations have reported. Some foundations linked to websites, statements and annual reports where they explain their climate work in more detail, and these links have also been included in the raw data spreadsheet.

# Appendix B – detailed results

Educate and learn (proportion of funders, by size):



Committing resources (proportion of funders, by size):



Integrate into existing funding programmes (proportion of funders, by size):



Steward investments (proportion of funders, by size):



Decarbonise operations (proportion of funders, by size):



The report was written by Joanna Pieńkowska, ACF's senior policy and engagement officer, and Richard Hebditch, ACF's director of external affairs. For any enquiries, please email [climate@acf.org.uk](mailto:climate@acf.org.uk). Designed by Inês Ribeiro, ACF's marketing and communications officer.

The full text of the Funder Commitment, current list of signatories, and form to sign up to the Commitment can all be found at [fundercommitmentclimatechange.org](https://fundercommitmentclimatechange.org).

