



FRIENDS PROVIDENT FOUNDATION

A 'whole of endowment approach' to tackling climate and economic injustice

- **Country:** United Kingdom
- **Number of staff:** 8
- **Year of incorporation:** 2004
- **Type:** Independent foundation
- **Endowment:** Yes (GBP 33 million)
- **More info:** [friendsprovidentfoundation.org](https://www.friendsprovidentfoundation.org)

The Friends Provident Foundation (FPF) is a British independent charity that was established in 2004, with a mission to promote economic systems change. Built on Quakers¹ legacy and values of equality and justice and the Foundation's financial management expertise, FPF explicitly leverages its influence as an asset owner, grantmaker and convener to promote a fairer and more sustainable economy. Since its early years, the Foundation has only had one programme to deliver its mission, which it recently reshaped and renamed 'Building a 4D Economy'. This programme aims to change the global economic system through the four 'Ds': decarbonisation, decentralisation, democratisation and diversification.

FPF's climate journey is relatively recent and encompasses its programmatic approach, operations and broader understanding of the difference that a philanthropic organisation can make by using its influence as an asset owner. The Foundation's concern about the climate crisis was made public in September 2019, when it published a Climate emergency declaration² through which it committed to framing all its activities.

¹ "The Religious Society of Friends (Quakers) is a movement that began in seventeenth-century England and experienced persecution for their comparatively progressive thoughts and religious practices. Quakers rejected elaborate religious ceremonies, didn't have official clergy and believed in spiritual equality for men and women, among other ideas considered polemic at that time.

² "Climate emergency declaration", Friends Provident Foundation, 2019,
<https://www.friendsprovidentfoundation.org/about-us/climate-emergency-declaration/>

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“Recognising the role we can play in challenging ourselves and our sector to do philanthropy better – pushing for greater accountability and transparency in what and how the sector funds”.

– FPF’S CLIMATE EMERGENCY DECLARATION

In addition to its own declaration, FPF also signed the Funder Commitment on Climate Change³ – the UK climate commitment of the #PhilanthropyForClimate movement.

In its operations, for example, the Foundation is committed to various actions, such as engaging with its property manager to switch to a renewable energy tariff and improve energy efficiency in its buildings; reviewing its travel policy to support sustainable travel; revising working practices to help staff reduce the carbon impact of commuting; and reducing its catering carbon footprint. Although the Covid-19 pandemic impacted FPF’s ability to deliver on some of its operational commitments, one year later the Foundation reported⁴ that it managed to accomplish some progress on all of them.

Adopting a ‘whole of endowment approach’

Having adopted a holistic approach to its climate commitment, the main climate efforts undertaken by FPF are concentrated on investment outreach. The Foundation uses its grants, investments, shareholder activism, communications, collaboration, influencing, events and movements to disrupt and challenge the current economic status quo and increase the diversity of thought and practice. Although FPF did not specify deadlines for fully decarbonising its endowment and did not publish a percentage of divestments towards this objective in its first progress report, the Foundation has been engaging in several efforts to change the norms and practices of the financial system.

One of the main instruments for this has been to use its shareholder influence, which refers to the power that shareholders of a company have to affect or influence the decision-making processes of the company. Shareholder influence can take several forms, including voting rights on key decisions, such as the election of board members, mergers, acquisitions and major corporate actions, or establishing a dialogue with the

³“Funder Commitment on Climate Change, <https://fundercommitmentclimatechange.org/>

⁴“Climate emergency declaration”, Friends Provident Foundation, 2019, <https://www.friendsprovidentfoundation.org/about-us/climate-emergency-declaration/>

company's management to express concerns, ask questions and provide feedback. By using its shareholder influence, FPF wants to ensure that its investments have a positive climate impact. Examples of concrete actions are published on the Foundation's website, below the Climate emergency declaration. In partnership with Royal London Asset Management, FPF used its shareholder's position to influence energy utility companies like SSE Energy Services – one of the UK's largest energy suppliers – to publish the world's first formal just energy transition strategy in 2020. In response, at its annual general meeting, SSE announced that it would integrate socioeconomic factors into its decarbonisation strategy. The following year, many other energy companies followed this example by also publishing just energy transition strategies.

FPF is also encouraging other organisations to think about how their investments can help to address the climate crisis. In partnership with Students Organising for Sustainability - UK, the Charities Responsible Investment Network, and the Responsible Investment Network – Universities, FPF articulated the COP26 *declaration: asset owner climate expectations of asset management*⁵ – a set of minimum standards to judge asset manager claims and commitments, which counted 25 founding signatories representing GBP 7 billion of investment, mainly through foundations and university endowments.

Investing in a just carbon-neutral economic transition

Aside from its advocacy to promote a systemic shift away from fossil fuels, FPF has also been investing in a low-carbon economy. The Foundation organised the ESG investing Olympics to push for best practices in the environmental, social and governance (ESG) market and send a message that asset owners want to invest with purpose. For the ESG investing Olympics, FPF partnered with the Joffe Charitable Trust and the Blagrove Trust to put over GBP 33 million of investment funds to tender to increase the quality of ethical investment funds. More than 60 proposals were received and, together with the winner⁶, Cazenove Capital, a fund was created that sets high-level ESG standards.

By favouring investments in companies with a net zero business model, the Foundation has invested in businesses with the goal of promoting transport decarbonisation, such as Riding Sunbeams, and in strategies that push the energy utilities sector to change.

⁵ "It is time to end greenwashing in asset management", Friends Provident Foundation, 2021,
<https://www.friendsprovidentfoundation.org/news/it-is-time-to-end-greenwashing-in-asset-management/>

⁶ "Cazenove declared winner of the 'ESG investing olympics'", Friends Provident Foundation, 2020,
<https://www.friendsprovidentfoundation.org/news/cazenove-declared-winner-of-the-esg-investing-olympics/>

Mainstreaming climate in its programmes

Beyond its investor role, FPF supports climate action work in its programmes. The promotion of a low-carbon economy and community energy were among eight issues prioritised by the Foundation, along with core funding; diversity, equity and inclusion; corporate investor behaviour; local development; tax; and community assets. FPF's threefold strategy, which was approved in 2020, includes mainstreaming climate into its grantmaking and the Foundation's ability to convene and communicate. FPF has been adopting different strategies to provide climate-related grants. Some grants addressed the risk of 'stranded people' and 'stranded communities'⁷ and others have focused on climate leadership efforts and leadership programmes for Black, Indigenous and people of colour and youth associated with the Green New Deal⁸. A full list⁹ of supported projects is available on the Foundation's website.

Beyond reporting on its climate efforts on its website, FPF has also been proactively sharing its journey to mainstream climate. The Foundation publishes conference reflections, articles¹⁰ and opportunities for collaboration¹¹, backing philanthropy support organisations like the Association of Charitable Foundations by co-hosting an Economic Justice Group and openly inviting¹² interested people to suggest topics for webinars and events that they organise.

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⁷The concept of stranded assets refers to people and communities who suffer from an unanticipated or premature devaluation of their skills and economic utility as a result of the far-reaching changes needed to decarbonise the economy.

⁸"350.org - Green New Deal Rising Leadership Programme", Friends Provident Foundation,
<https://www.friendsprovidentfoundation.org/grants/projects/350-org-green-new-deal-rising-leadership-programme/>

⁹Live projects, Friends Provident Foundation,
<https://www.friendsprovidentfoundation.org/grants/what-have-we-funded/live-projects/>

¹⁰"Reflections on Utilising Whole Endowments for Mission event", Friends Provident Foundation,
<https://www.friendsprovidentfoundation.org/news/utilising-whole-endowments-for-mission/>

¹¹Collaborations, Campaigns and Projects, Friends Provident Foundation,
<https://www.friendsprovidentfoundation.org/collaboration-and-campaigns/our-approach-to-collaboration/>

¹²Get involved, Friends Provident Foundation
<https://www.friendsprovidentfoundation.org/collaboration-and-campaigns/get-involved/>