



Funding Climate Action: Pathways for Philanthropy

MARCH 2023

This report was written by **Randall Kempner, Senior Advisor, Energy and Environment Program at the Aspen Institute**. It is based on the author's review of public documents, more than fifteen interviews with philanthropic leaders, and dozens of conversations with colleagues and experts. It benefits from input by multiple reviewers at both Morgan Stanley and the Aspen Institute.

The Aspen Institute is a global nonprofit organization committed to realizing a free, just, and equitable society. Founded in 1949, the Institute drives change through dialogue, leadership, and action to help solve the most important challenges facing the United States and the world. Headquartered in Washington, DC, the Institute has a campus in Aspen, Colorado, and an international network of partners. For more information, visit www.aspeninstitute.org.

Morgan Stanley Private Wealth Management is the division within Morgan Stanley Wealth Management that focuses exclusively on the ultra high net worth segment. By providing advice founded on a culture of excellence and driven by global insight, Morgan Stanley Private Wealth Management helps clients preserve and grow their financial, family, and social capital.

Family Office Resources offers an expansive suite of specialized services to enhance our ultra high net worth capabilities. Delivering the tactical expertise of specialists across a broad range of wealth management disciplines, Family Office Resources helps our affluent clients address the complex, multigenerational challenges of managing significant wealth. Specialists within the group are available to consult on issues ranging from wealth transfer strategies to family governance, liquidity solutions, and management of the affluent style. Working closely with Private Wealth Advisors and Morgan Stanley Sustainable Investing professionals, specialists in philanthropy help structure and implement strategies to magnify the impact of giving strategies with environmental objectives.

Contributions by Morgan Stanley Private Wealth Management were made by **Susan McDowell, Head of PWM Sustainable Investing Business Development, Chad Bolick, Head of Philanthropy Management**, and **Morgan Grunat, Philanthropic Advisor, Philanthropy Management**.

To learn more, please visit www.morganstanley.com/PWM.

Table of Contents

Foreword.....4

Executive Summary6

Chapter 1: Climate Philanthropy Today.....8

Chapter 2: Tools for Climate Philanthropy11

Chapter 3: Climate Funder Archetypes15

Chapter 4: Guiding Principles for Climate Philanthropy30

Appendix I: Resources33

Appendix II: List of Interviews.....34

Foreword

On behalf of Morgan Stanley and Private Wealth Management, we are proud to sponsor this insightful report on climate philanthropy from our partners at the Aspen Institute. This effort is part of a larger collaboration with the Aspen Institute designed to help our clients explore critical issues and magnify their impact on the causes that are meaningful to them, and essential to many clients' understanding of the preservation of biodiversity on our planet.

Our association with the Aspen Institute is part of Morgan Stanley's commitment to sustainability. When we founded our Global Sustainable Finance Group in 2009, now our Global Sustainability Office, it was among the first efforts by a major Wall Street firm to deliver innovative sustainable finance solutions as a commercial opportunity. We have worked with our clients and other stakeholders ever since to integrate climate change solutions and environmental considerations across our businesses. In 2013, we expanded these efforts by establishing the Morgan Stanley Institute for Sustainable Investing and, in 2020, Morgan Stanley became the first large U.S. bank to commit to reaching net-zero financed emissions by 2050.¹ We have also committed to mobilizing \$1 trillion by 2030 for sustainable solutions that support environmental and social solutions.²

We are proud of the actions we have taken, and the ways in which we have supported our clients' environmental ambitions. Through our association with the Aspen Institute, we hope to shed further light on the key issues in this space, create opportunities for learning and discussions, and help our clients refine their philanthropic strategies.

Thank you to all of the dedicated people at the Aspen Institute who contributed to this report. We hope that you find it helpful as you consider how to make the difference you wish to make in the world.



Liz Dennis
Managing Director
Head of Morgan Stanley Private Wealth Management

¹ Commitment to Reach Net-Zero Emissions | Morgan Stanley

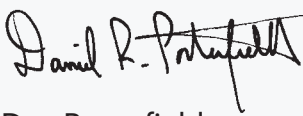
² Sustainable Solutions: \$1 Trillion Pledge | Morgan Stanley

Increased greenhouse gas pollution is warming the planet quickly, threatening people, cultures, ecosystems, and global stability. We need a worldwide transition to clean, safe, accessible energy. This transition is complex and requires steady, staged progress. Too often, strategies for addressing the twin challenges of protecting the planet and promoting clean energy access have been slowed by divisions between and among nations, governments at all levels, the private sector, nonprofits, and advocates. At risk are the people and communities that need solutions.

This report is a call to action. The solutions necessary to combat climate change are systemic and require collaboration across the public, private, nonprofit, and philanthropic sectors. Fortunately, there are also hopeful signs of progress, both globally and here in the U.S. In the last few years, we have seen an acceleration of government funding, significant Net Zero commitments from corporations, and an important increase in philanthropy focused on climate adaptation and mitigation.

At the Aspen Institute, we have a track record of success on energy and the environment, thanks in part to our reputation for productive and impartial convenings. We take pride in bringing together diverse parties for dialogue and progress through a wide array of programs in education, economic opportunity, health, and global affairs. Our programs unite the individuals, organizations, and governments to build the cooperation and partnerships needed to catalyze a clean energy transition, mitigate the effects of a warming planet, and help people and communities adapt to unavoidable change.

We are grateful for our partnership with Morgan Stanley on this report and at Aspen Ideas: Climate, our annual conference designed to catalyze energy and climate solutions. Our two organizations share the belief that philanthropy can rise to meet the climate challenge. We hope that this report will serve as a resource for funders interested in learning and doing more.



Dan Porterfield
President and CEO
The Aspen Institute

Executive Summary

Climate change represents a critical challenge to humanity.

While there are still some that contest this fact, most of the world accepts that we must act now to reduce the worst impacts of climate change on society.

While climate-focused philanthropy has increased significantly in recent years, it is still insufficient relative to the size and urgency of the challenge. Less than two percent of global philanthropy is focused on climate-related giving.³ In a recent survey, 85 percent of all U.S. foundation funders stated that climate change was a top three issue, but only about a third reported they were “open to considering funding efforts” to address climate change.⁴

The goal of this report is to inspire more philanthropists to act. The report provides tools, case studies, and encouragement to help existing and potential climate philanthropists overcome barriers to action.

The report begins by reviewing the full scope of tools available to climate funders, including donations, investments, grantee engagement, and external advocacy. We then offer a taxonomy of climate funders that is based, among other things, on how these tools can be used. The report describes five different climate funder archetypes that are complemented by profiles of actual philanthropic organizations and leaders. These case studies are designed to illustrate different pathways that funders can consider in their own climate journey. The five archetypes include:



“It is not that climate is more important than everything else, it’s that it is inextricably connected to everything else; if we fail on climate, we fail on everything.”

- LARRY KRAMER, HEWLETT FOUNDATION



Climate Explorer



Climate Lens Applier



Climate Philanthropy Leader



Investment-Led Philanthropist



Climate Action Integrator

³ Funding Trends 2022 | ClimateWorks Foundation

⁴ Report: Much Alarm, Less Action | Center for Effective Philanthropy



Interspersed throughout the report are profiles of organizations and networks that provide helpful resources to climate philanthropists. An appendix compiles these and other resources.

The report concludes by offering guiding principles for climate philanthropy that we believe are relevant to emerging and experienced climate philanthropists alike. These include:

- There *is* a right time to act: Now
- There is *not* a “right level” of engagement
- You are not alone; there are many resources out there
- Collaborate to increase impact
- Consider how your climate strategy impacts social equity – and vice versa
- Think about climate across your (financial) life

Climate change is a global challenge that requires engagement from our global community.

Every little bit can help – especially if it leads to the systemic change that is ultimately required. So as the first guiding principle urges – start acting, now. **The planet needs all hands on deck – including yours.**



“You have to decide if you are more afraid of analysis paralysis or potentially wasting money. Err on the side of moving money sooner and learning from your experiences.”

– CHRIS KOHLHARDT,
KOHLHARDT FUND

Chapter 1: Climate Philanthropy Today

Climate change represents a critical challenge to humanity.

While there are still some who contest this fact, most of the world accepts that countries, companies, and communities must act now to reduce the worst impacts of global warming. Most philanthropists recognize that climate change is a critical issue. A March 2022 survey of 188 U.S.-based foundation leaders by the [Center for Effective Philanthropy](#) (CEP) found that 60 percent of them thought that climate change was an “extremely urgent problem.”⁵ A large majority — 85 percent — believe climate change to be one of the top three most important problems to address right now.

85%

BELIEVE CLIMATE CHANGE
TO BE ONE OF THE TOP THREE
MOST IMPORTANT PROBLEMS TO
ADDRESS RIGHT NOW

In response, **climate philanthropy has been increasing steadily**. According to a recent [ClimateWorks](#) report, in 2021 climate mitigation philanthropy from foundations and individuals totaled between \$7.5 and 12.5 billion.⁶ About \$3 billion of this came from foundations, a 40 percent increase from the \$1.9 billion foundations gave in 2020 and triple the \$900 million donated in 2015. Individual giving is harder to track, but ClimateWorks reports that it is also definitely increasing.⁷

Given the number of billionaires making climate philanthropy pledges, this positive trend is likely to continue. Individuals with last names such as Bezos, Bloomberg, Gates, and Powell-Jobs have all made pledges of at least \$500 million. Less wealthy families and foundations are also stepping up.

In addition to independent action, the field is seeing an important increase in collaborative funding efforts focused on climate. For example, in 2020, 39 foundations came together at the Global Climate Action Summit to collectively dedicate \$6 billion to climate solutions by 2025. In 2021, 15 foundations launched the [Global Methane Hub](#) with \$330 million in pooled funding to support methane abatement. They acted to support the Global Methane Pledge that 110 countries made at the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP26) in 2021. Also in 2021, the Ikea and Rockefeller Foundations launched a joint \$1 billion platform to address climate change and energy poverty.⁸

However, **the amount of climate philanthropy is still tiny relative to the challenge**.

ClimateWorks estimates that global climate mitigation funding was approximately 1.75 percent of total global philanthropy in 2021, and that it has never been more than 2 percent. As the CEP report put it, “there is much alarm, but little action” among foundation funders.

In the United States, it is basically the same story. For U.S.-based foundation giving in 2020, McKinsey estimated that direct climate change giving was only 0.5 percent of total giving.⁹ Even expanding the scope to include the broader classification of environmental funding, the total only rises to 2.2 percent of total U.S. foundation funding. According to McKinsey, all U.S. environmental funding (including climate change) amounted to \$1.4 billion — approximately 1/15 of the funding going to the top area of philanthropic funding (health).

⁵ Report: Much Alarm, Less Action | Center for Effective Philanthropy

⁶ Funding Trends 2022 | ClimateWorks Foundation

⁷ Funding Trends 2022 | ClimateWorks Foundation

⁸ New \$1 billion platform launched to tackle energy poverty and climate change | Ikea Foundation

⁹ It's time for philanthropy to step up the fight against climate change | McKinsey | Oct 20, 2021

Unfortunately, the issue is not just quantity, but quality. Foundation executives who took the CEP survey were unenthusiastic about the impacts of their own efforts. Only 11 percent thought their own foundation's strategy to address climate change was very effective. Only 4 percent thought that efforts by philanthropic foundations broadly were very effective.

Part of the issue is that climate change is a very difficult systemic challenge. Success in combating it requires collaborative action within philanthropic institutions and across sectors and geographies. Many funders — individual and institutions — are simply not confident that they have found the best approaches yet. An area of particular concern is climate equity. While foundation leaders increasingly seek to promote a just transition to a low-carbon economy, they are unclear about how to do so effectively.

Even though climate foundation leaders overwhelmingly see climate change as a crisis, **relatively few funders plan to increase climate funding or even to incorporate a climate lens into their existing funding.**

While 85 percent of all funders thought climate change was a top three issue in the U.S., only about a third reported to CEP they were “open to considering funding efforts” to address climate change. Note that’s just *considering* it — not *committing* to it.

They offered the following explanations to CEP for their lack of action:

- Climate change is not part of the foundation's mission (79%)
- The board has limited interest or willingness to address [climate change] (39%)
- The problem is too big (35%)

These are understandable perspectives, especially for established foundations. Similar perspectives are often expressed by high-net worth individuals and family foundation leaders. However, as Hewlett Foundation CEO Larry Kramer says, “It is not that climate is more important than everything else; it’s that it is inextricably connected to everything else. If we fail on climate, we fail on everything.”¹⁰

This report is intended to inspire more climate philanthropy and to help existing and potential climate philanthropists overcome barriers to action by providing tools, case studies, and encouragement. While the analysis and suggestions that follow are global in nature, the report has a particular focus on North American philanthropy.

“It is not that climate is more important than everything else, it’s that it is inextricably connected to everything else; if we fail on climate, we fail on everything.”

- LARRY KRAMER, HEWLETT FOUNDATION

¹⁰ “Philanthropy Must Stop Fiddling While the World Burns.” | Larry Kramer in *The Chronicle of Philanthropy* | Jan. 7, 2020



A NOTE ON U.S. FEDERAL CLIMATE FUNDING

Over the past two years, the U.S. Congress has passed bills that will unlock at least \$500 billion in economic incentives to address climate change, as well as direct climate investment.¹¹ In particular, the 2021 Infrastructure Investment and Jobs Act and the 2022 Inflation Reduction Act have substantially shifted the economic playing field. Together, they may quickly propel the U.S. economy toward low carbon industries, companies, and activities. These laws include major incentives to decarbonize existing industries and to further develop low- and no-carbon energy sources. Other important provisions drive funding to disadvantaged communities and BIPOC-led organizations.

While certainly very important, even this level of new funding does not significantly alter the need to radically increase climate philanthropy to address global climate adaptation and mitigation. The World Resources Institute's [State of Climate Action 2021](#) report found that \$5 trillion will be needed annually by 2030 to finance the system-wide transformations needed to limit global warming to 1.5 degrees Celsius.¹² In the U.S., the recent appropriations may help direct resources from private philanthropists into areas less directly affected by the new federal funding. Examples might include funding for climate adaptation in emerging markets, workforce development and training programs for workers in the U.S., and the further development of national or global carbon markets.

¹¹ "Congress just passed a big climate bill. No, not that one." | Robinson Meyer in *The Atlantic* | Aug. 10, 2022

¹² Commentary: We're Not on Track for 1.5 Degrees C. What Will it Take? | World Resources Institute (multiple authors)

Chapter 2: Tools for Climate Philanthropy

Historically, foundations have generally leveraged one principal tool: grantmaking.

“We need an all-tools approach to climate action. A single technological solution is not sufficient to address climate change, and neither is a single philanthropic approach.”

– ZIA KHAN,
THE ROCKEFELLER FOUNDATION

Yet the instruments accessible to philanthropists go well beyond making donations. Increasingly, funders across the social and environmental impact landscapes are embracing the full philanthropic toolbox. As Zia Khan, the senior vice president for innovation at The Rockefeller Foundation says, “we need an all-tools approach to climate action. A single technological solution is not sufficient to address climate change, and neither is a single philanthropic approach.”¹³

There are four broad categories of tools that donors can deploy to support a particular cause or organization: grantmaking, grantee engagement, external outreach, and investment strategy. (See Table I: Funder Impact Tools.)

Grantmaking

Grantmaking is the gift of funds to another entity (usually a nonprofit organization, though sometimes a business or a local government body) for a specific purpose linked to public benefit. Foundations make many different types of grants. Often a relationship will begin with small pilot grant to explore a new opportunity. These typically take the form of a research grant or initiative. Research can, of course, be small or extensive, low cost or very expensive.

The traditional “bread and butter” of many philanthropies is project-related funding. These are grants to support a particular nonprofit project or initiative. Typically, they require a project-specific grant request, reporting, and accounting.

Core support or general operations funding is designed to support the broad mission of the organization rather than one particular element or project. For this reason, it is often

TABLE I: FUNDER IMPACT TOOLS

GRANTMAKING
• Pilot/Research Grants • Project Related Grants • Capacity Building Grants • Core Support/General Operations Grants • Recoverable Grants • Program Related Investments
GRANTEE ENGAGEMENT
• Ad-Hoc Advice/Counsel • Mentorship • Connections to Partners/Funders • Board Service
EXTERNAL OUTREACH
• Social Media Posts • Writing Op-Eds, Articles, Reports • Legislative Advocacy • Convenings
INVESTMENT STRATEGY
• Intentional Alignment with Philanthropic Goals • Divestment • Mission Related Investments

¹³ Author interview with Zia Khan, January 2023

called “unrestricted” funding. Commonly, foundations start with pilot or project support to learn about an organization and then move to core support, though in recent years there has been a trend in philanthropy to focus increasingly on long-term general operations support.

Capacity building grants are typically aimed at developing the human resources of a grantee partner. This could include funding the creation of new positions, staff training, or other programming that helps the implementing organization improve its ability to deliver on its goals. Alternatively, it could support specific tools, like computers, databases, or other resources that help build broad organizational capacity.

Program Related Investments (PRIs) are below-market rate investments made to support the philanthropic goals of organization. While not technically a grant, they are treated in the same way as grants by the U.S. International Revenue Service (IRS), so they count towards the annual five percent minimum charitable giving payout requirement that all U.S. foundations must meet. PRIs are made with the explicit expectation of financial returns less than market-rate, risk-adjusted returns. Though PRIs can be made in any investment class, most are made through loans or loan guarantees. For example, a loan to a local environmental nonprofit to expand its office at a rate less than it could receive at a local bank would constitute a PRI. Recoverable grants are a particular type of PRI, where a loan is offered at a zero percent interest rate, typically for a short term, to help an organization with an urgent need.

Grantee Engagement

As individuals and institutions, funders have many opportunities to “go beyond the check” in supporting grantees. On the lighter touch end, it is common for funders to share their subject matter or functional expertise with their grantee partners. This can be ad-hoc advice on a particular technology, impact strategy, or organizational function such as finance or accounting.

Some foundations invest heavily in this capacity and may offer more formal consulting to their partners or dedicate specific funding pools for capacity development, which grantees can access. Another version of this kind of support is mentorship, offered either directly by foundation staff or via connections to mentorship organizations.

Many funders are eager to help grantees make introductions to experts, similar organizations, and/or other funders. As foundations are often well linked within their focus areas, they can offer valuable connections that would otherwise be difficult for implementing organizations to obtain. Some foundations even host annual convenings of their grantees and partners to ensure that they meet each other and share insights.

Serving on the organization’s board or advisory committees is another formal way to engage with grantee partners. This is a high-touch way of engaging deeply with the strategy and operations of grantees.

External Outreach

In addition to direct engagement with grantees, there are many ways that funders can amplify the messages and work of their partners. With little resource commitment, funders can help by reposting tweets and other social media posts and making space for grantee announcements on the funder’s website. More involved efforts include foundation-authored op-eds or articles about key topics or direct legislative advocacy efforts. To support knowledge development and sharing for key focus areas, foundations will often commission landscape reports or policy briefs. These can support individual grantees or broader movements.

One of the greatest assets many independent funders have is their convening power. Because foundations and philanthropists are not beholden to specific corporate or political interests, they are often seen as neutral brokers. They are well placed to bring together people from multiple sectors — public, private, nonprofit — to discuss potential solutions. In addition, foundations can (and increasingly do) form funder collaboratives to address specific issues that no one funder can tackle alone. It is common to see foundation roundtables at a metropolitan area level (e.g., The Galveston Roundtable of Foundations) as well as issue level (e.g., The Water Funder Initiative).

Investment Strategy

Almost all foundations or donor-advised funds have endowments, and those endowments are invested. How those endowment funds are invested is a critical decision facing any philanthropic entity.

Historically, there has been a wall between the grant-making function and the investment function of formal foundations. The investment team has sought to make as much money for the foundation as possible while balancing financial risk and reward. The grant-making team has sought to maximize the social impact of the foundation, using funds from the endowment. Put simply, the investment team focused on financial return, while the grants team focused on social return.

In the last ten to fifteen years, there has been a major reexamination of this relationship. Pushed by nonprofit and foundation leaders, several funders began to review their investment portfolios to assess if they were investing in companies or bonds that were misaligned with their philanthropic goals. So, for example, in health care, foundations that were funding efforts to reduce lung cancer or stop smoking might discover that their investment portfolio included tobacco companies. In the climate space, foundations may find that they were invested in a coal company.

A first step for many funders is to develop an investment policy that excludes companies or sectors that operate against their philanthropic goals. The next step is often to craft a policy that specifically includes companies or government bonds that are aligned with the philanthropic mission. Examples would be health-focused foundations investing in medical device companies or climate-focused funders investing in clean energy companies.

Mission Related Investing (MRI) is the term of art for intentionally investing foundation endowment funds for a positive social or environmental impact while also ensuring long-term financial stability and growth.¹⁴ Unlike PRIs, these investments seek market-rate returns and must meet applicable legal “prudent investor” standards. They can be focused across all asset classes, including public equity, debt, venture, and angel capital.

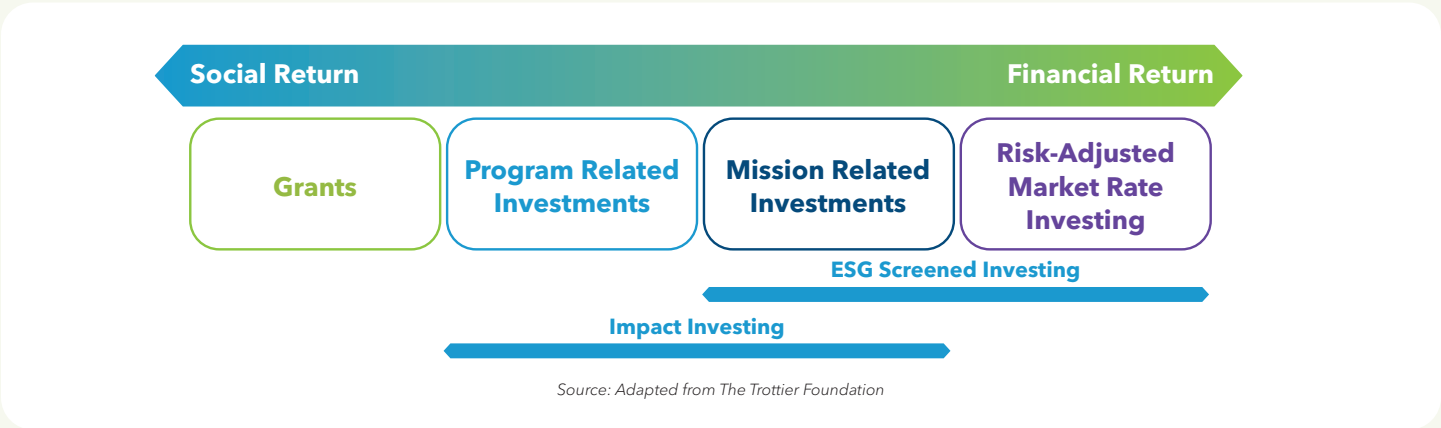
While there is an ongoing debate in financial circles about whether foundations can be fully mission aligned and still receive long-term market-rate returns — notwithstanding the hundreds of foundations officially committed to doing so — there is no debate about the ability of foundations to leverage their corpus to support their philanthropic mission.¹⁵ It is a readily available tool in the climate action toolbox.

¹⁴ What are mission-related investments? | Giving Compass

A NOTE ON INVESTMENT STRATEGIES

It may be helpful to consider investment on a spectrum from pure philanthropic grantmaking to traditional market-rate investing. (See Table II: Investing Return Spectrum.)

TABLE II: INVESTING RETURN SPECTRUM



On one end, grants, by definition, have zero financial return (actually, a negative infinity return if you do the math). A funder provides financial support with high expectations for social or environmental impact but will not receive any financial return. Through program related investments, including returnable grants, foundations can loan money with an expectation of a below-market-rate return. However, this vehicle allows for the funds to be recovered and recycled.

Mission related investments are made first and foremost with a social return goal, though there is the potential for market-rate (or higher) returns depending on the performance of the investment and the strategy employed. Traditional market-rate investing places financial return as its primary goal, even though there may be ways to deploy it to drive social impact.

Two investment strategies, Impact Investing and Environmental, Social and Governance (ESG) Investing, have become popular in recent years and merit inclusion; both are referenced in Table II. Impact investing is investing with the specific intent to achieve both social impact and financial return. Some impact investing opportunities are “finance-first,” where the goal is to maximize financial returns with a social impact floor. An example here would be an early-stage investment in a start-up solar installation firm where the investor believes the market opportunity is excellent. Others are “impact-first,” where the goal is to maximize social returns with a financial return floor. Here, an example may be an early-stage investment in the expansion of a clean cook stove firm in Africa, where the investor prioritizes health and environmental benefits while expecting below average financial return. Given this range, both PRIs and MRIs could be considered impact investments.

ESG investing is an investment approach that explicitly incorporates environment, social, and corporate governance considerations in the investment decision process. In response to investor interest, ESG screening methodologies and investment products have expanded — in both public and private markets. Depending on the investment profile, ESG strategies could be considered mission related investments. Alternatively, ESG can be viewed as another sub-strategy within traditional investing, as ESG funds have been shown to have financial returns on par with non-ESG screened funds.¹⁶

¹⁶ “How does investing in ESG companies affect returns?” | Madison Sargis and Patrick Wang for Morningstar | Feb. 19, 2020.

Chapter 3: Climate Funder Archetypes

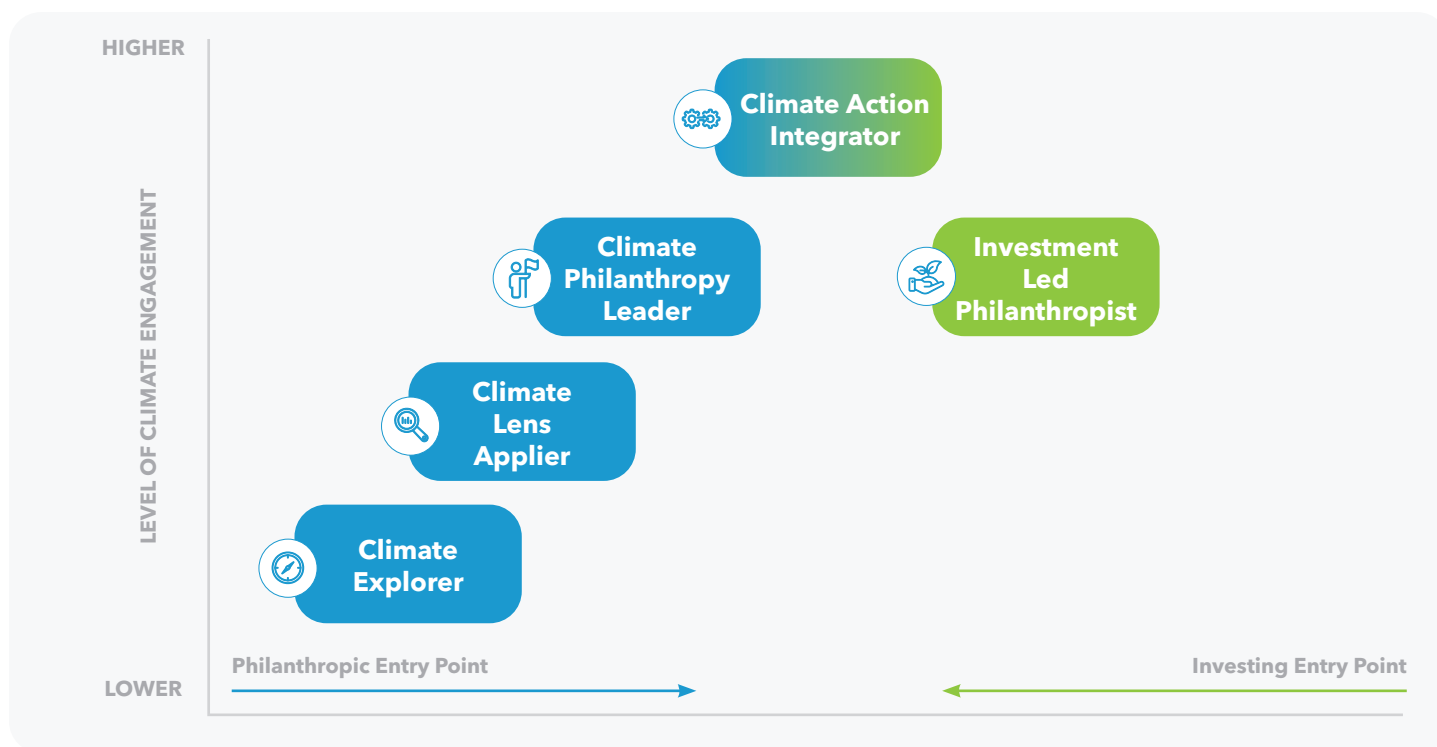
Introduction: What Type of Funder are You?

For funders or funding organizations, implementing a climate philanthropy strategy is essentially a set of choices about how to use the various tools available. It can seem overwhelming at first, especially to emerging philanthropists. Not only are there several tools to consider, but climate change is a massive global systemic challenge made up of various intertwined sub-challenges, each with their own set of actors, potential solutions, and barriers to scale.

To make the strategic process a bit easier, we have identified different archetypes of climate funders that we hope will resonate with those entering or expanding efforts in this space. (See Figure 1: Climate Funder Archetypes.) For each archetype, we offer a list of questions that those funders are typically considering as well as a case study of a real-life funder that fit the model. The case studies are designed to illustrate different pathways that funders can consider as they design their own climate journey.

Interspersed in this discussion are profiles of climate organizations that offer helpful resources to climate philanthropists.

FIGURE 1: CLIMATE FUNDER ARCHETYPES



We see funders in this space joining from two main entry points: philanthropy or investing. In our experience, most funders, whether a first-time philanthropist or an existing foundation considering a change in focus, will come to climate philanthropy first through a desire to make charitable contributions. Other climate philanthropists may migrate to climate philanthropy from a base in climate-related investing, spurred by the recognition that investing alone cannot scale necessary climate solutions.

Another important defining characteristic is the level of climate engagement. Not surprisingly, the intensity of engagement tends to increase with time in the sector, though some funders find a comfortable level of engagement and stay there.

While climate philanthropists can be found across the entire matrix, we have identified five archetypes that we believe represent a significant number of climate funders.



FUNDER ARCHETYPE:

Climate Explorer

Climate Explorers have seen the light (or the dark, if you prefer) about the importance of climate change but have yet to meaningfully engage in climate philanthropy. They are interested in doing something but do not yet know what to do. Or perhaps they have made a few climate-related grants, but now they seek to develop a more strategic approach to the sector.

At this stage, they are likely considering only more traditional philanthropic measures, such as grants and program related investments and not investment opportunities through their foundation endowment.

Many emerging philanthropists fall into this archetype, as do individuals who inherited significant sums or entrepreneurs who benefited from a major liquidity event.

The **key questions** facing such funders likely include:

- What is the right structure for my philanthropic giving?
- How do I learn more about the different issues, segments, and players in the climate action space?
- Where can my climate funding be most impactful, and does it even matter given the size of the problem?
- Should we develop our own strategy or join existing climate funding collaboratives?
- What would a meaningful allocation of philanthropic capital look like for us?
- For existing foundations, is there a way to integrate climate philanthropy into our existing focus areas, or would we be better served by developing a separate and distinct pool of funding?



FUNDER ARCHETYPE:

Climate Explorer**FUNDER PROFILE: KOHLHARDT CHARITABLE FUND**

Chris Kohlhardt is a successful software entrepreneur based in San Francisco. He launched Gliffy, a software company, in 2005 and ran it until late 2018, when he sold it to a larger firm. For the first time in his life, he could think about philanthropy in a big way.

“You have to decide if you are more afraid of analysis paralysis or potentially wasting money. Based on my experience, analysis paralysis is the greater threat. Err on the side of moving money sooner and learning from your experiences.”

- CHRIS KOHLHARDT,
KOLHARDT CHARITABLE FUND

As the sale negotiations were taking place, Kohlhardt started taking steps to create a philanthropic vehicle that would allow him to fund issues close to his heart. According to Chris, “the only thing that I knew at the beginning is that I wanted to start with a focus on climate.”¹⁷ But he didn’t really know where to look or how to define that focus.

He turned to a long-time friend who was in the philanthropic advisory business to help him set up the fund and identify

potential grant areas and grantees. Working with his advisor, Chris decided to set up a Donor-Advised Fund (DAF) and donate appreciated stock before the sale of his company closed.¹⁸ This allowed him to avoid some capital gains taxes while creating an easy-to-operate structure, as the DAF provider manages all of the back-office elements of the grant-making and reporting.

With his advisor taking the lead, they began to explore potential areas of support within the climate space. They found [Project Drawdown](#), an organization that provides a list of 100 climate solutions with information about their potential impact on greenhouse gas emissions. Chris reviewed the list and identified approximately ten that resonated with him and asked his advisor to do further research on the issue areas and relevant nonprofits. He and his advisor also reached out directly to Jonathan Foley, the executive director of Project Drawdown, to get his input.

The first focus area Chris identified was solutions where the carbon dioxide abatement was clearly measurable, a trait that appealed to his background as an engineer. In addition, Chris tried “to fund projects that touched [his] life more directly.” For example, he remodeled a home in

San Francisco and removed all gas burning appliances. The challenges of this experience compelled him to fund organizations in the building retrofit and solar installation space, including [Grid Alternatives](#), a nonprofit community solar installer, as well as the [Building Decarbonization Coalition](#). The California focus of both groups was attractive to Chris, as he wanted to give close to home.

Over time, Chris has become more comfortable with policy efforts that have large potential impact but are harder to quantify. He expanded his giving to groups like the [Sierra Club](#), the oldest environmental advocacy organization in the U.S.; [RMI](#), a leading climate research and advocacy organization; and the [Climate Action Campaign](#), a nonprofit focused on driving climate policy and action in San Diego County. All three groups have a significant environmental justice focus.

Throughout this process, Chris has continued to rely on his advisor to manage the due diligence process and be the primary interface with grantees. While Chris engages with organizations he funds, he also has chosen not to be a full-time philanthropist. In fact, he estimates he only spends about two percent of his time on the fund, so having a trusted partner has been critical in his view.

Chris’s original goal was to spend down the fund’s original \$10 million corpus in five years. But that’s been harder than expected, he says. In part, that was because he intentionally chose to start small, both with the size of organizations he was supporting and the size of the grants the fund was making. “I just wasn’t comfortable writing a bigger check until I got to know the organizations better.”

Now with four-plus years under his belt, Chris’s grant sizes are increasing. Most grants are multi-year core support grants. He is a strong believer in supporting organizations that are doing good work with operational support, rather than one-off project support. With this strategy, he expects to spend down the foundation in about three more years.

Chris offers this simple advice to others considering jumping into climate philanthropy: “Just do it.” He notes that you need to determine if you are more afraid of analysis paralysis or potentially wasting money. Based on his experience, “analysis paralysis is a greater threat. Err on the side of moving money sooner and learning from your experiences.”

¹⁷ Author Interview with Chris Kohlhardt, January 2023. Note: all personal quotes, unless otherwise notated, are from author interviews conducted in January and February 2023 with the quoted individual.

¹⁸ A donor-advised fund, or DAF, is a charitable giving vehicle administered by a third-party sponsoring organization. DAFs are IRS-defined 501(c)(3) entities created with the intent of managing charitable donations on behalf of individuals, families, and organizations.



RESOURCE PROFILE: PROJECT DRAWDOWN

[Project Drawdown](#) bills itself as “The World’s Leading Resource for Climate Solutions,” and it has good reason to make that claim.

The core work of Project Drawdown is assessing existing and potential solutions that can help the world reach “drawdown”—the point in the future when levels of greenhouse gases in the atmosphere stop climbing and start to steadily decline, thereby halting catastrophic climate change.

Leveraging a team of scientists, Project Drawdown has compiled a list of practices and technologies that are able to reduce greenhouse gas concentrations in Earth’s atmosphere and “are 1) currently available, 2) growing in scale, 3) financially viable, 4) able to have a net positive impact, and 5) quantifiable under different scenarios.”

For each solution, Project Drawdown offers an assessment of the potential carbon dioxide emission reductions and an estimated cost to reach scale for the solution. Challenges and opportunities associated with implementing each solution are also explored. It has also recently developed a “Drawdown Roadmap” that uses the latest science to guide investments in climate solutions across sectors, timescales, and geography. It is intended to help deploy philanthropic and impact capital more effectively.

Project Drawdown’s information is consistently updated and available for free via its website. It is a go-to resource for anyone, including philanthropists and investors, interested in learning about climate solutions.



FUNDER ARCHETYPE:

Climate Lens Applier

Climate Lens Appliers have recognized that climate change is an important global challenge and that their own philanthropic mission will be impacted by the changing climate. While they may not have shifted their mission to focus exclusively on climate issues, they have explicitly decided to apply a climate lens to their giving. This means they ask, “How will climate change impact the outcome of this grant, initiative, or grantee organization?” The answer may be that there is no discernible impact, but they want to come to that conclusion based on data, not presumption.

Climate Lens Appliers may also shift the target of their grantmaking while maintaining their core mission and focus areas. So, for example, a homelessness funder may choose to support new research into the impacts of increasing temperatures on health outcomes for target populations. Or instead of supporting a long-standing homeless shelter grantee with a programmatic grant, they may choose to make an infrastructure grant to help the organization upgrade its HVAC system.

Existing family foundations are generally well represented within this archetype. Often, there is an evolution toward embracing a climate lens as the next generation of family board members comes along, as younger generations tend to be more concerned with climate issues.

The key questions facing such funders likely include:

- How does climate change impact the mission of the foundation?
- Is it worth considering a change in mission to embrace a more direct climate change focus?
- How can I bring other family members along? How can I convince other board members that climate change is important and relevant to our work?
- How does climate change impact the operations of our grantees and their ability to deliver high impact results?
- What changes in our strategies or implementation approach are necessitated by climate change?



FUNDER ARCHETYPE:

Climate Lens Applier

FUNDER PROFILE: TROTTIER FOUNDATION

The [Trottier Family Foundation](#) was established in 2000 by Lorne Trottier and Louise Rousselle Trottier, a successful Montreal-based family. In the first fifteen years of its existence, the foundation's focus reflected long-standing local community interests and commitments of the Trottier Family. These included significant support to local hospitals, medical clinics, and universities, many of which are still grantees today.

In 2016, the foundation hired full-time staff to lead its operations and refocused its efforts to support innovation in the areas of health, education, science, and the environment. Éric St-Pierre was employee number one when he was hired as executive director, and he has been a leading force in building out the foundation's environment and climate portfolio.

The Trottier Family Foundation has taken a leadership role in promoting climate action and policy change in Canada even while maintaining its traditional emphasis on advancing scientific inquiry, promoting education, and fostering better health.

In the past few years, the foundation board has adopted a strategy to apply a climate lens to its broader health care portfolio. As Éric explains it, "we are maintaining a focus on healthcare in Quebec, but intentionally looking at the relationship between health and the environment. We are launching both an adaptation and mitigation strategy in the context of health."

On the adaptation side, the foundation has begun to support grants to community organizations, local governments, and health centers focused on helping disadvantaged communities manage the increase in extreme weather events. A few years ago, more than 60 people in Montreal died during a heat wave. Not surprisingly, the fatalities overwhelmingly occurred in poorer areas of the city, where air conditioning is less common. The Trottier Family Foundation strategy is centered on helping avert such tragedies in the future.

On the mitigation side, the foundation is supporting efforts to reduce carbon emissions and other negative environmental impacts of the healthcare sector. Trottier is

funding a consulting firm to implement greenhouse gas inventories for more than 40 hospitals in Quebec. Based on these assessments, the foundation plans to support the development of institutional climate action plans at specific hospitals. It is also bringing hospitals to the table as part of a broader regional effort to update and expand the [Montreal Climate Action Plan](#).



"We are leveraging our expertise in climate and environment to support another key focus sector for us. This approach is novel for us, but consistent with our mission to promote innovative and collaborative approaches across our portfolio. If it works, we will expand this climate lens to other program areas."

- ÉRIC ST-PIERRE, TROTTIER FAMILY FOUNDATION

The foundation is working closely with a local electric ambulance manufacturing company, local hospitals, and local governments to massively expand the use of electric ambulances in the region. It is considering grants to local hospitals to install EV chargers and considering hiring a grant writer to assist hospitals and health districts to apply for existing Canadian federal electric vehicle funding

Éric is excited about this new approach for the foundation. "We are leveraging our expertise in climate and environment to support another key focus sector for us. This approach is novel for us, but it is consistent with our mission to promote innovative and collaborative approaches across our portfolio. If it works, we will expand this climate lens to other program areas."

RESOURCE PROFILE: #PHILANTHROPYFORCLIMATE MOVEMENT

[#PhilanthropyForClimate](#) is a global movement of foundations committed to taking urgent action on climate change.

Its roots go back to late 2019, when 14 U.K.-based funders made a public commitment to tackle climate change and called on other funders to join a U.K. Funder Commitment on Climate Change.

The idea of having a common framework to encourage and enable all foundations, regardless of their mission, to integrate a climate lens across their work was brought to the European level through the PEXForum 2020 in Madrid. Since then, national philanthropic networks in

multiple countries have created national climate philanthropy pledges. More than 600 foundations have signed one of the national commitments or the [International Philanthropy Commitment on Climate Change](#). [WINGS](#), a global network of philanthropy support and development organizations, hosts the International Philanthropy Commitment on Climate Change. In addition to seeking to promote the International Commitment globally, WINGS provides [curated resources](#) for foundations that are considering how to integrate climate considerations into their philanthropic strategies.



FUNDER ARCHETYPE:

Climate Philanthropy Leader

Climate Philanthropy Leaders have embraced climate change as a major element of their philanthropic giving. They have developed thoughtful strategies about sub-segments of climate focus and impact measurement. These funders are eager to share their learnings and to suggest impact strategies. Climate Leaders are often willing to take catalytic roles in forming collaborations around key climate issues.

In terms of their grantmaking, these funders usually leverage data and experience to identify organizations doing strong work in the space. They are more likely to invest in long-term core support for strong grantee partners. Many will also deploy the full range of philanthropic tools, including program related investments, matching grants, and convening efforts to draw in other funders. Further, they are likely to have at least started the process of aligning their foundation's investment strategy with its climate-focused grantmaking strategy.

Climate Philanthropy Leaders tend to be established foundations, often with many years of climate philanthropy under their belts. In general, they have figured out their preferred climate funding strategies and are more focused on measuring and scaling impact.

The key questions facing such funders likely include:

- How do we assess the impact of our climate giving?
- How can we amplify our impact and the impact of our grantees by sharing data and insights?
- Who else is doing great things out there? What else do we need to know to excel?
- How can we encourage other philanthropists to engage in climate funding?
- Should we initiate formal or informal funder collaboratives?



FUNDER ARCHETYPE:

Climate Philanthropy Leader

FUNDER PROFILE: CALDERA FOUNDATION

Peter and Terry Gamble Boyer have been concerned about climate for the last forty years. Both were inspired (and scared) by early literature on the subject. In Peter's case, it was *Global Warming: Are We Entering the Greenhouse Century?*, a seminal 1990 work by Stanford Professor Stephen Schneider; for Terry it was *Boiling Point* by Ross Gelbspan and the reporting of Elizabeth Kolbert. By the early mid-2000s they had already decided to dedicate their social activism to climate change and begun to meet with leading players in the climate sector to learn more.

With philanthropic funds inherited from a predecessor family foundation, Terry and her husband Peter created the [Caldera Foundation](#) in 2008. From its beginning, the foundation was focused on climate change.

In their own words, "we focus especially on issues related to preventing climate disruption and making wise use of our natural capital. Our work is grounded in optimism, because we see progress being made and innovations unfolding all around us. Caldera's goal is to contribute, however modestly, to strategies that might help lift the world into a new era—one in which it's understood that green-is-good economics and being resource-smart enhances our way of life."

"The first phase of climate change understanding can lead to grief. But this phase will pass—especially if you start engaging with the committed people and organizations working in the climate space."

- TERRY BOYER,
CALDERA FOUNDATION

The foundation was launched with about \$10 million, and it has remained a relatively small foundation as the Boyers have intentionally spent more than the five percent IRS requirement every year. Knowing their resources were

not immense, the Boyers carved out a niche in supporting new organizations or emerging programs within existing established organizations. Caldera focuses on providing funding in the early, pivotal stage to help groundbreaking initiatives gain momentum and attract funding from larger social investors. As Terry puts it, "We are krill, but krill is really important. Eventually you get whales."

Their grantmaking is explicitly designed to be catalytic, as is their engagement with their grantees and within the broader climate philanthropy field. They view themselves as thought and action partners with their grantees, often offering advice and connections and frequently accepting board seats. They have also collaborated directly with grantees like the [Union of Concerned Scientists](#) and [RMI](#) (formerly the Rocky Mountain Institute) to design programs that then receive seed funding from the foundation.

Peter and Terry are both active members of [The Philanthropy Workshop](#) (TPW), a global community of philanthropists committed to solving the world's most pressing social issues. Terry notes that when they joined in 2012, there were few members interested in climate, so she led an effort to educate members about the topic. That initial effort led to Caldera funding an expansion of TPW's climate-focused staff and the launch of the Climate Action Lab, a working group within TPW.

Outside of TPW, the Boyers frequently counsel philanthropists on climate opportunities. Their primary message: Jump in – now. "Building and learning while you go works in the climate space," says Peter. An important secondary message is to not get discouraged by the size and the scope of the challenge. While acknowledging that the first phase of climate change understanding can lead to grief, Terry says that phase will pass – especially if you start engaging with the committed people and organizations that are working in the climate space.



RESOURCE PROFILE: THE PHILANTHROPY WORKSHOP

[The Philanthropy Workshop](#) (TPW) is a community of 400 global philanthropy leaders committed to solving the world's most pressing social issues. TPW engages "humble actors" who seek to leverage their time, talent, resources, and ties for sustainable impact.

TPW has developed an intentional community building program to support peer-to-peer learning. Each new member is invited to participate in an integration program that leads participants through three steps: Essentials, Community, and Action. "Essentials" provides key tools for strategic philanthropists and social investors. "Community" programs include the TPW Global Conference and on-site learning journeys. Finally, "Action" offers ongoing support in building individual action plans and convening peer group meetings on specific topics.

TPW has been active in the climate space for more than a decade, and close to half of its members are engaged in climate philanthropy in some way. It curates a Climate Action Lab with subgroups open to members interested in climate mitigation, climate adaptation, and climate innovation. These groups are meant not just to educate, but to also inspire and support greater philanthropic giving in the climate realm. As TPW CEO Renee Kaplan says, "We are happy to help our members learn, but our goal here is to push for action, be that more strategic grants, more mission related investing, or advocacy."



FUNDER ARCHETYPE:

Investment-Led Philanthropist

Investment-Led Philanthropists generally come to philanthropy from a base in climate investment. They tend to be individual investors or family offices with an investment portfolio that includes clean energy or other sustainability-focused investments. As they learn more about various for-profit investment sectors, they recognize the need (and the opportunity) to support nonprofit organizations that are contributing to climate solutions.

Sometimes there is close alignment between philanthropic and investment target segments within climate. For example, a clean energy investor may support national nonprofits that promote clean energy policy or programs. In other cases, there may be little linkage between investment and philanthropic targets other than the common goal to address climate change.

In addition to grants, Investment-Led Philanthropists are often willing to use mission related investments and program related investments as they are comfortable with investing vehicles.

The **key questions** facing such funders likely include:

- How closely do we want to align our investment and philanthropic goals when it comes to climate?
- How do we assess a solution or sector that needs a philanthropic push to generate investable businesses?
- What are the relevant institutions to support ecosystem building? Non-profit environmental organizations? Incubators/Accelerators?
- Beyond our investment assessments, what other analysis is necessary to make grant decisions?
- Should we develop a stand-alone philanthropic endeavor in addition to our family office/investment vehicle?



FUNDER ARCHETYPE:

Investment-Led Philanthropist

FUNDER PROFILE: EXCELSIOR IMPACT FUND

The [Excelsior Impact Fund](#) is a multi-family charitable fund run by Tony Stayner, a successful investor based in the Bay Area. Driven by his long-standing personal interest in climate action, Tony launched Excelsior in 2014. With an MBA and business background, he believed he could leverage his expertise to support the expansion of climate solutions and other important causes.

Not long after Excelsior started, a number of his friends with similar environmental and equity concerns added their investments to the fund. While the vehicle is structured as a donor advised fund, Tony and his colleagues spend more time focused on managing the investment portfolio than on grant-making.

Initially, the investment portfolio was heavily weighted toward public ESG funds, relying on shareholder activism of the fund managers for its primary impact. Over time however, Tony has sought to deepen his impact by steadily increasing the proportion of the fund focused on private equity, and especially early-stage climate solutions companies, and more recently on more catalytic investments. The fund invests across the returns continuum, evaluating each grant or investment by its combination of impact, financial return, and risk. Stayner believes the least understood and most neglected segment is the one with subcommercial or “catalytic” returns, so it presents the greatest opportunity.

This evolution represents a shift to where there is greater capital need and greater potential impact. “With a relatively small amount to invest, I want to be as catalytic as possible,” he says. “It’s easier to invest in public equities and less risky, so that makes sense for new entrants into

climate-focused investing. As I now have the benefit of more experience and contacts, we’ve shifted Excelsior’s portfolio mix. The home run is to have the grants and investments working together for system change.”

Excelsior relies on a partnership with [Align Impact](#), an impact investing advisory firm, to source deals. In addition, Tony sources deals from colleagues in [Toniic](#), a global impact investing network. He has been a Toniic member for a decade and an active participant in its Climate Impact Working Group.

Excelsior intentionally aligns its philanthropic giving with its investment focus. Tony explains that most of the grants go to larger climate-focused organizations that have embraced a market-based approach to climate action, including RMI and [The Nature Conservancy](#). Grants are also dedicated to pro-climate policy initiatives, as policy is not a place where one can make a financial investment.

On a personal level, Tony is highly engaged with local incubators and networks that support climate action. He’s a mentor at the [Miller Center](#), a social entrepreneurship incubator at Santa Clara University, and actively promotes impact investing at the [Silicon Valley Social Venture Fund](#).

Stayner is happy with the completeness of his purpose-focused life. Excelsior allows him to work with friends while his mentorship of younger entrepreneurs and investors brings him personal gratification. His advice to funders in this space: “You need to bring the entire capital stack and your entire self to climate and other global challenges.”



“With a relatively small amount to invest, I want to be as catalytic as possible. It’s easier to invest in public equities and less risky, so that makes sense for new entrants into climate-focused investing. As I now have the benefit of more experience and contacts, we’ve shifted Excelsior’s portfolio mix.”

- TONY STAYNER, EXCELSIOR IMPACT FUND



RESOURCE PROFILE: TONIIC

[Toniic](#) was founded in 2010 as the global action network for individual and family office impact investors. (It was cheekily named Toniic in a nod to a sister institution, the GIIN, or Global Impact Investing Network)

Today, its membership includes more than 500 high-net-wealth individuals, family offices, and foundation asset owners based in 25 countries around the world. For its members, it provides impact investing training programs and curates impact investing opportunities based upon individual preferences. On major social and environmental impact areas, including climate action, Toniic convenes working groups to discuss key investment and impact trends, including mission related and program related investing approaches.

In its role as a field builder, Toniic offers a robust [resource center](#) that offers free publicly available case studies, tools, and guides for impact investors, social entrepreneurs, and associated parties. It also maintains a separate free database of impact investing legal templates, deal structures, and definitions called the [Impact Terms Platform](#).



FUNDER ARCHETYPE:

Climate Action Integrator

The Climate Action Integrator is all-in on climate. Funders in this archetype are dedicated to implementing a comprehensive philanthropic and investment strategy to address climate change, including grantmaking, mission related investing, and active individual engagement on climate issues.

Addressing climate change is the primary mission of a Climate Action Integrator. If their funding entity maintains additional grantmaking focus areas, they will generally assess them with a climate lens. On the investment side, they typically apply a climate screen to all investments and are overweighted on sectors that can help address climate change. If they make private equity investments, they have built a portfolio that focuses on climate solutions. As individuals, they are often actively participating in climate change advocacy efforts, either publicly or behind the scenes. As an organization, they actively pursue leadership and inclusion opportunities, seeking to share knowledge and widen the circle of climate actors.

The **key questions** facing such funders likely include:

- How can we maximize all of our assets to drive climate action?
- Are we willing to embrace a spend-down strategy for our foundation to maximize short term impact on climate?
- How can we transition our investment strategy to ensure the greatest short- and medium-term climate impact?
- At what organizations should I seek a board position to lend time and insight to the cause?
- In what sort of advocacy do we want to engage? Make political donations? Write a book? Hit the conference circuit?





FUNDER ARCHETYPE:

Climate Action Integrator

FUNDER PROFILE: WALLACE GLOBAL FUND

The [Wallace Global Fund](#) (WGF) traces its roots to the work and values of Henry A. Wallace, a progressive farmer, politician, and statesman who served as Vice President under President Franklin Delano Roosevelt. His progressive values were passed along to his children, one of whom launched the Wallace Global Fund in 1995. Since the beginning, WGF has been on the leading edge of many philanthropic trends, including the recognition of climate change as a critical global challenge.

Not long after the Kyoto Protocol on greenhouse gas emissions was signed, Wallace Global Fund became an early investor in efforts to mitigate climate change. An early effort was to debunk “junk science” through funding the strategic efforts of the National Environmental Trust. Since then, its efforts to promote climate action have expanded, with a particular focus on supporting movements of dedicated citizens around the world driving political and social change and confronting the power of industries and governments failing to act.



“Every WGF program officer we have – in corporate accountability, in democracy and in women’s rights – is also a climate program officer.”

– ELLEN DORSEY,
WALLACE GLOBAL FUND

According to Ellen Dorsey, the foundation’s executive director, support for “people-powered” movement-building to advance justice-centered social change is fundamental to its strategies. It has funded movements globally, along with hundreds of organizations, across spheres of democracy building, human rights, corporate accountability, and climate change. It is often the first to support nascent organizations.

In the climate arena, for example, it was an early supporter of a student-led climate movement that launched a call for universities to divest their endowments from fossil fuel companies and invest in clean energy companies instead. The earliest student divestment activists went on to found the [Sunrise Movement](#), important architects of the Green New Deal.

As of January 2023, institutional investors controlling more than \$40 trillion dollars in assets under management have committed to divest from fossil fuels. A campaign calling on philanthropy to join the movement was launched by WGF in 2017, with now over 200 philanthropic institutions

taking the [DivestInvest](#) pledge, including committing at least 5% of their portfolios to climate solutions.

An early adopter of ESG investing, WGF embraced the integration of its investment strategy with its grantmaking strategy over a decade ago. At present, 100 percent of its investment holdings are now mission-aligned, and about 15 percent of its assets are dedicated to clean energy solutions. Its leaders proudly share that this strategy has resulted in highly positive financial returns. Based on its successful experience, WGF is actively promoting mission-aligned investment strategies to foundation peers.

In the last ten years, the foundation has also deepened its commitment to intersectional programming, infusing a climate lens across its work. As Ellen says, “every program officer we have – in corporate accountability, in democracy and in women’s rights – is also a climate program officer. All of our programs have changed to incorporate climate considerations and environmental justice has taken a new level of importance.”

Most significantly, driven by concerns by the related democracy and climate challenges, in 2018 the foundation board decided to become a spend-down foundation. Dorsey explains that, after deep consideration, the board concluded that the threats were so large and so urgent that they merited all the resources the foundation could offer. It expects to finalize grants within the next decade.

Ellen offers the following suggestions to funders that want to dive in deeply to supporting climate action:

- Start with a theory of change that focuses on the systems change needed and the instruments of that systems change. Building movements has been key to building and shifting power necessary for achieving major policy change.
- Center the people who have been harmed the most. Working with indigenous communities, minority communities, and low wealth communities impacted by negative social trends helps us identify the best solutions – and it is morally just.
- Bring all the tools in your toolbox. WGF uses all the foundation’s assets: grants, investments, networks, and our own advocacy voice.
- Give more, whether increasing payout or spending down over time, and center climate as relevant to every mission and all your programs.
- Be audacious because the world demands it.

RESOURCE PROFILE: CLIMATEWORKS FOUNDATION

Founded in 2008, [ClimateWorks Foundation](#) (ClimateWorks) is a global platform that helps philanthropy innovate and scale high-impact climate solutions that benefit people and planet. Active in more than 50 countries around the world, ClimateWorks co-creates effective climate strategies, publicly shares the latest data on climate philanthropy and gaps in the field, and convenes funders to build its collective action and strategic alignment through our Global Intelligence, Global Collaborations, Global Programs and Grantmaking initiatives.

On the Global Intelligence side, ClimateWorks provides data and analyses on funding flows, grantee landscapes, and climate insights that help funders to build knowledge, identify investment priorities, and support the effective deployment of funding. It authors an [annual report on global climate philanthropy](#) as well as topical reports on issues across sector- and geographic-specific climate opportunities.

Through Global Collaborations, ClimateWorks facilitates international convenings that build high-trust relationships among the climate solutions community and facilitate coordinated actions across the climate philanthropy ecosystem. Examples include The Funders Table for not-for-profit foundations dedicated to climate change mitigation, the India Climate Philanthropy Learning Network, the [Drive Electric Campaign](#), and the [Clean Cooling Collaborative](#). Finally, through ClimateWorks' Global Programs and Grantmaking work, it supports networks of funders, grantees, and partners around the world to develop people-centered strategies and make grants to advance climate solutions across all sectors of the economy, including road transportation, maritime shipping, cooling, finance, industry, carbon removal, and more. Since its founding, ClimateWorks has granted over \$1.3 billion to more than 750 grantees in over 50 countries.

RESOURCE PROFILE: DONORS OF COLOR NETWORK

The [Donors of Color Network](#) (DOCN) is the first-ever cross-racial community of high-net-worth donors of color—a home for donors committed to building the collective power of people of color to drive systems change and advance racial equity. Founded in 2016, the organization mobilizes donors of color in support of racial justice movements, produces research on Black, Indigenous, and people of color (BIPOC) philanthropy and hosts community-building events for philanthropists of color.

Inspired by research that shows only 1.3 percent of U.S. philanthropic climate-related funding goes to BIPOC-led groups, DOCN launched its first major climate initiative in 2021. The [Climate Funders Justice Pledge](#) (CFJP) is an advocacy effort calling on all climate funders — especially large institutional funders — to increase their commitment to transparency and support for BIPOC-led justice groups.

The pledge comprises two parts: challenging the nation's top funders (1) to allocate at least 30 percent of their U.S.-based climate funding to BIPOC-led power-building groups, and (2) committing to greater transparency by publicly sharing their funding percentages dedicated to such groups.

According to CFJP Campaign Manager Abdul Dosunmu, "the core theory of change behind the CFJP is that a focus on racial justice is essential to build a winning climate movement and facilitating more effective climate action." For foundations that take the pledge, the CFJP supports them with research and access to BIPOC-led groups and philanthropic peers.

Chapter 4: Guiding Principles for Climate Philanthropy

• There is a right time to act: Now

The potential negative effects of climate change are immense and highly time sensitive. Leading climate scientists believe that we have about ten years to act to reduce the most damaging impacts. Now is not the time to sit on the sidelines. Larry Kramer, president of the Hewlett Foundation, is more blunt: “Philanthropy must stop fiddling while the world burns.”¹⁹

We are at a juncture in climate philanthropy where the traditional multi-year learning efforts guided by small pilot grants are less valuable. Yes, any philanthropist should learn, but as most of the philanthropists interviewed for this report noted, this is a sector where you can learn by doing. To paraphrase Chris Kohlhardt, don’t get caught up in analysis paralysis.

Fortunately, there are many ways to jump in, and almost all of them will help the cause. You can focus on climate justice, building retrofits, emerging market climate adaptation, elevating Native American environmental wisdom, preserving existing forests, scaling biochar as a carbon removal solution, or dozens of other innovative projects. There is no lack of promising and proven solutions; there is a lack of funding to scale them.

As Peter Boyer of the Caldera Foundation puts it, “climate philanthropy is like shooting fish in a barrel: You can’t miss.” So start shooting.



“Climate philanthropy is like shooting fish in a barrel: You can’t miss.”

– PETER BOYER,
CALDERA FOUNDATION

• There is not a “right level” of engagement

How much you shoot is up to you. As the case studies show, there are many models and pathways within climate philanthropy. Some individuals will prefer to dedicate a small amount of time to philanthropy, while outsourcing due diligence and grants management. Others will want to work at philanthropic institutions where they can dedicate their professional lives to addressing the climate crisis. Some will choose to primarily leverage their influence as advocates, rather than their financial resources.

Many existing foundations may retain their existing mission but implement a climate lens or screen across the portfolio. Others will add a climate program. Still others will shift to embrace climate as their primary (or only) focus area.

Life circumstances, personal goals, and financial position will all play a role in how engaged a person (or institution) chooses to be. You do not have to dedicate your entire life to climate action; the key is to offer what you can.

¹⁹ “Philanthropy Must Stop Fiddling While the World Burns.” | Larry Kramer in *The Chronicle of Philanthropy* | Jan. 7, 2020

• You are not alone; there are many resources out there

Throughout this report, we have profiled organizations that support climate philanthropists. In Appendix I we provide a list of additional resources. While carefully curated, it is not exhaustive. There are many entities offering data, insight, tools, and networking opportunities for philanthropists in this sector.

For many funders, the most accessible resources are probably friends and family already engaged in the space — so leverage them. At a local level, you can almost always find environmental groups and/or community foundations that can provide guidance, networking opportunities, and peer-learning. At the national level, there are a growing number of philanthropic networks and associations that will help you find your tribe.

It is completely possible to do your giving anonymously or quietly if you wish, but you need never ride alone.

• Collaborate to increase impact

Quietly or loudly, funders should look for opportunities to collaborate. Even billion-dollar foundations cannot cover the landscape of climate action. Bill Gates alone does not have enough money to fund the necessary research and development in modular nuclear reactors (one of his favorite climate solutions).

Based on this broad recognition, the last few years have seen an important increase in philanthropic collaboratives at many levels. To philanthropists, these offer a mechanism to quickly learn about promising approaches without doing as much individual due diligence or impact assessment. To nonprofits and social entrepreneurs with proven solutions, they can offer access to scaling resources in larger tranches with less effort.

Cross-sector collaboration is also deeply needed in the climate space. It is estimated that the Inflation Reduction Act, Bipartisan Infrastructure Investment and Jobs Act, and other recent federal climate initiatives will drive \$500 billion into climate solutions. That is serious money. However, most climate experts point out that even with these funds, more support is still needed to help with program implementation. For example, the U.S. needs an army of skilled trades workers to install all the building retrofit and clean energy infrastructure receiving federal funds — which means that those workers need to be found, inspired, trained, hired, and deployed. This will require collaboration across the government, educational, corporate, and community development sectors.

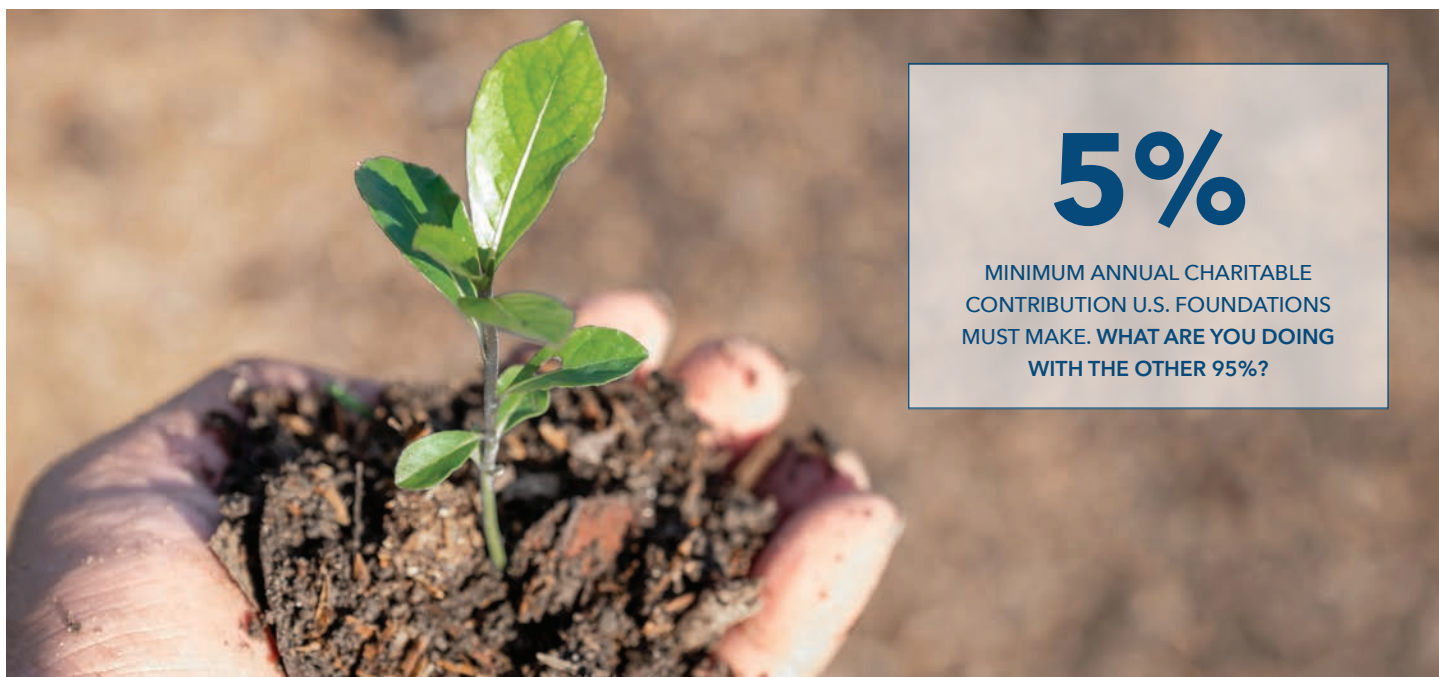


“We need the wisdom of the people being most impacted. We need the insight of laborers who work directly with toxic substances, farm workers who produce our food, families who live in fence-line communities, yet we tend to suppress their voices. We do this at our own peril.”

– SHARON CHEN, PHILANTHROPIST

• Consider how your climate strategy impacts social equity – and vice versa

Many climate funders explicitly center social equity in their giving. They believe that action on climate change should also serve to address longstanding social inequality, and at a minimum should not exacerbate existing injustices. These funders tend to focus on environmental justice as a core tenet of their work. In addition, they are highly focused on ensuring that the voices of disadvantaged communities are amplified. Sharon Chen, a Seattle-based philanthropist explains, “We need the wisdom of the people being most impacted. We need the insight of laborers who work directly with toxic substances, farm workers who produce our food, families who live in fence-line communities, yet we tend to suppress their voices. We do this at our own peril.”



Even if social equity is not a primary goal of your climate philanthropy, there is a strong argument that you can't ignore it. Solutions and programs that do not consider social and environmental impacts on disadvantaged communities are likely to meet significant resistance via local elected officials, legal challenges, social media campaigns, and/or protests. Essentially, every climate funder should at least ask the question: Will my strategy contribute to a more just transition? If not, be prepared to justify why the strategy is worth pursuing.

- **Think about climate across your (financial) life**

However you start your climate philanthropy journey, make sure it ultimately includes an investment component as well. As mentioned above, U.S. foundations must make a five percent minimum annual charitable contribution. What are you doing with the other 95%?

A foundation's endowment or an individual's portfolio can easily be aligned with climate goals. The number of investment options available, across all asset classes and levels of risk tolerance, is vast. So why not invest with the intention of doing well and doing good? Don't let inertia or old-guard financial advice stand in the way of your at least exploring integrating your investment and philanthropic strategies. Also consider banking with institutions with a serious commitment to climate action.

The same advice can be extended to many personal life choices. If you can afford it, consider installing better insulation and windows, installing solar panels on your home, driving an electric vehicle, xeriscaping your lawn, reducing your water consumption, or eating less meat. Almost all these choices will offer long-term positive financial return while providing ongoing reductions of greenhouse gases.

While the direct climate impact may be small, your actions can inspire neighbors and friends, who may inspire others. Climate change is a global challenge that requires our global community to engage. Every little bit can help, especially if it leads to the systemic change that is ultimately required. So as the first guiding principle urges: start acting, now. The planet needs all hands on deck, including yours.

Appendix I: Resources

Philanthropy Focused Associations and Networks

[Climate Leadership Initiative](#)

[Confluence Philanthropy](#)

[Donors of Color Network](#)

[Environmental Grantmakers Association](#)

[Exponent Philanthropy](#)

[National Center for Family Philanthropy \(NCFP\)](#)

[Philanthropic Foundations Canada](#)

[The Philanthropy Workshop](#)

Resource Providers/Toolkits

[ClimateWorks](#)

[Center for Effective Philanthropy](#)

[#PhilanthropyforClimate](#)

[Project Drawdown](#)

Nonprofit Databases

[Candid](#)

[Guidestar](#)

Investment Focused Associations and Networks

[As You Sow](#)

[CREO](#)

[The Forum for Sustainable and Responsible Investment \(US SIF\)](#)

[Mission Investor Exchange](#)

[Toniic](#)

Appendix II: List of Interviews

The author is highly grateful to the many institutions and individuals who were willing to be interviewed for this report. Each of you provided important insight into the work.

Organization	Individual(s)
Bertzman Social Ventures	Neil Berman and Linda Heitzman
Builders Initiative	Ryan Strode
Burnt Island Ventures	Tom Ferguson
Caldera Foundation	Peter and Terry Boyer
Chan-Zuckerberg Initiative	Caitlyn Fox
Compania Sao Paulo Foundation	Marco Demarie
Donors of Color ACTION	Sharon Chen
Donors of Color Network	Abdul Dosunmu
Emerson Collective	Ross Jensen
Excelsior Impact Fund	Tony Stayner
Futures Unbound	Peter Zahn
Kohlhardt Charitable Fund	Chris Kohlhardt
Manaaki Foundation	Bill Gee/Sue Crothers
Rockefeller Foundation	Zia Khan
The Philanthropy Workshop	Renee Kaplan
Trottier Family Foundation	Éric St-Pierre
Wallace Global Fund	Ellen Dorsey
WINGS	Alice de Moraes Amorim Vogas

Disclosures

Recoverable Grants are made to nonprofit public charities and must comply with all IRS guidelines, including but not limited to ensuring that no Prohibited Benefits are conferred to any Disqualified Persons or supporting organizations, Private Non-Operating foundations, or for direct or grassroots lobbying purposes.

Recoverable Grants are made with no guarantee of recovery of funds or guarantee of impact results. Recovery of funds is not legally required and is performed on a best-efforts basis as determined by each nonprofit in accordance with the terms outlined in the Letter of Intent (LOI).

Note on Recoverable Grants: Recoverable grants are a form of charitable giving. Donors should be prepared that funds may not be recovered and are a permanent and irrevocable gift to the nonprofit.

Although the statements of fact and data in this report have been obtained from, and are based upon, sources that the firm believes to be reliable, we do not guarantee their accuracy, and any such information may be incomplete or condensed.

This report is for informational purposes only and is not intended as an offer or solicitation with respect to the purchase or sale of any security or fund. Past performance is not a guarantee of future results.

The information in this report is not comprehensive but is intended to stimulate philanthropic ideas and encourage philanthropic giving. There are many other charities and philanthropic endeavors to consider other than those discussed here, and we encourage you to explore any other options that appeal to you and your family.

The charities, funds and organizations mentioned in this report should in no way be considered to be a solicitation or endorsement by Morgan Stanley on behalf of those named. If you choose to support any of the charities or philanthropic endeavors listed or any other charity that you separately identify, we recommend that you evaluate the charity or philanthropic endeavor and make your own independent decision as to its legitimacy and merits.

Morgan Stanley will not receive referral fees from any of the charities or organizations for inclusion in this report or for donations from clients. Morgan Stanley is part of a diversified financial services company with millions of clients in several countries around the world. Morgan Stanley routinely enters into a variety of business relationships for which either Morgan Stanley receives compensation or pays for services, and such business relationships may include relationships with charities or organizations in this report, or with their employees or agents.

Morgan Stanley Smith Barney LLC, its affiliates, and employees, including Financial Advisors and Private Wealth Advisors, do not provide legal or tax advice. You should consult your own tax advisor for matters involving taxation and tax planning, and your attorney for matters involving trust and estate planning, charitable giving, philanthropic planning, economic sanctions compliance and other legal matters.

Contributions to a charity or philanthropic endeavor are not appropriate for everyone. Other forms of charitable giving may be more appropriate depending on a donor's specific situation. Of critical importance to any person considering making a donation to a charity is the fact that any such donation is an irrevocable contribution. Contributions become the legal property of that charity when donated.

This material contains links to third-party nonprofit organizations or charities ("third party"). These links are provided only as a convenience. The inclusion of any link is not and does not imply an affiliation, sponsorship, endorsement, approval, investigation, verification or monitoring by Morgan Stanley of any information contained in any third-party website. In no event shall Morgan Stanley be responsible for the information contained on third party websites or your use of or inability to use such websites, nor do we guarantee their accuracy or completeness. The information provided by nonprofit organizations or charities on their websites is subject to change without notice. You should also be aware of the terms and conditions of the third-party websites, including their privacy policies.

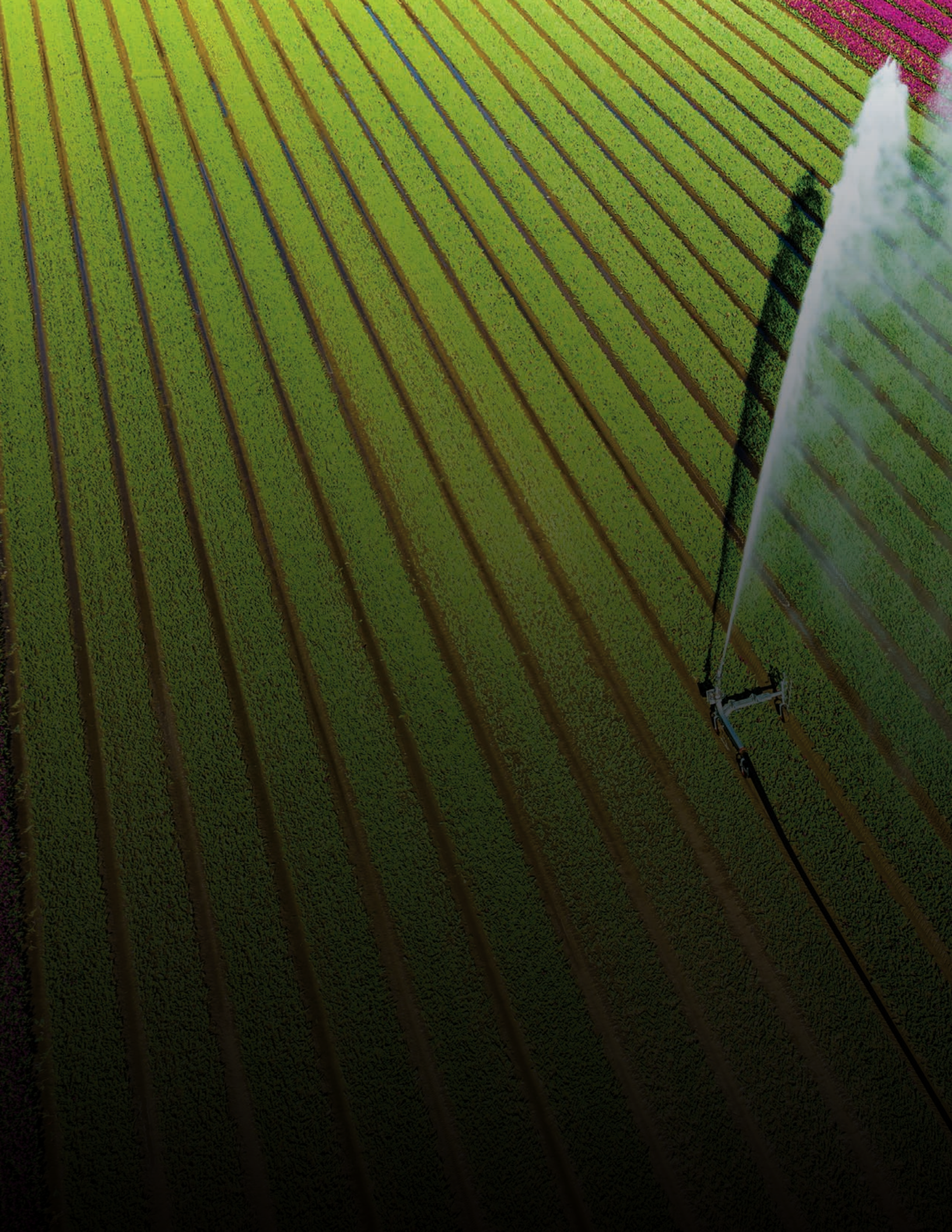
The authored books or articles discussed or shown in this report do not constitute an endorsement, authorization, sponsorship by or affiliation with Morgan Stanley. Morgan Stanley has not reviewed the books or articles for approval and is not responsible for the information contained therein.

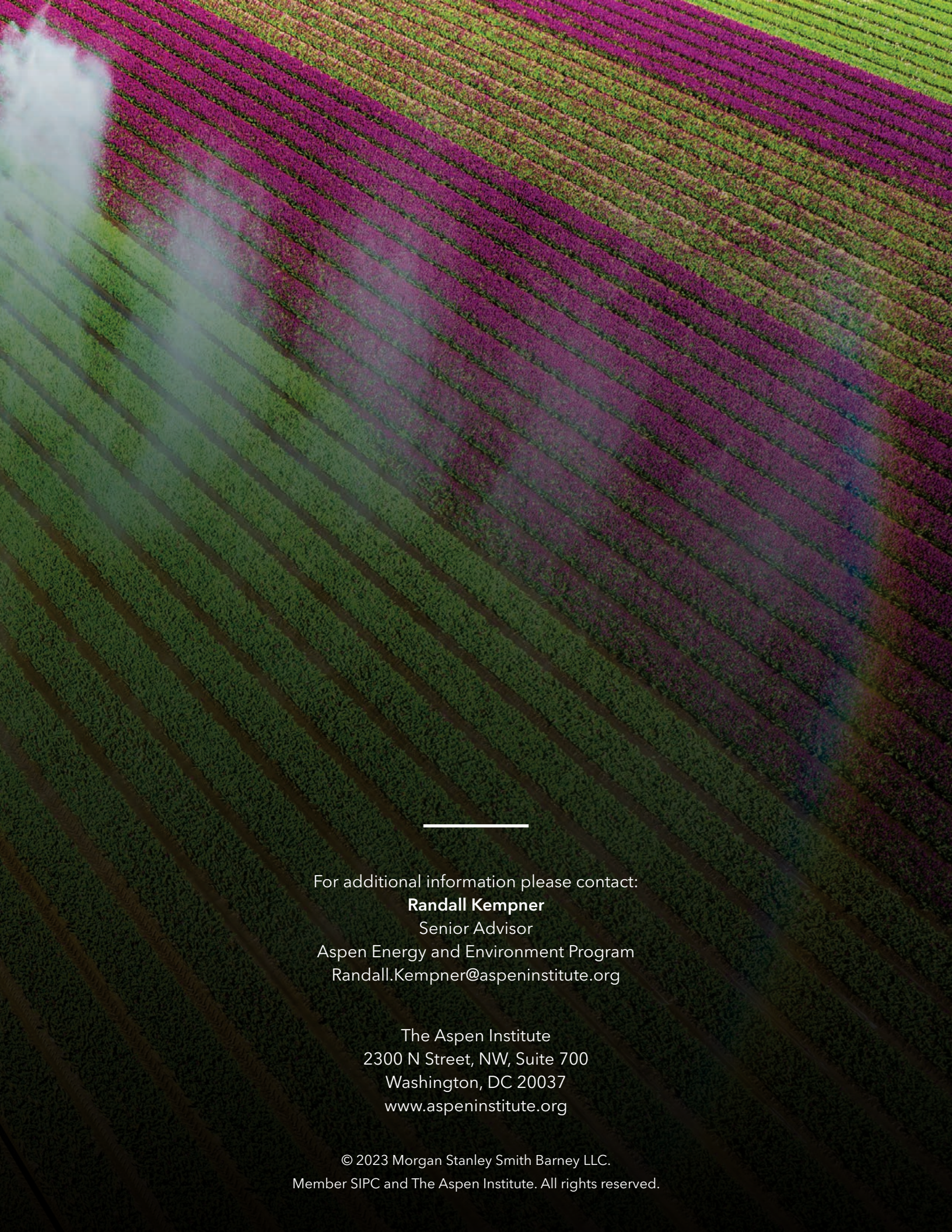
Portfolios that include investment holdings deemed Environmental, Social and Governance ("ESG") investments or that employ ESG screening criteria as part of an overall strategy may experience performance that is lower or higher than a portfolio not employing such practices. Portfolios with ESG restrictions and strategies as well as ESG investments may not be able to take advantage of the same opportunities or market trends as portfolios where ESG criteria is not applied. ESG investments may also be referred to as sustainable investments, impact aware investments, socially responsible investments or diversity, equity, and inclusion ("DEI") investments. It is important to understand there are inconsistent ESG definitions and criteria within the industry, as well as multiple ESG ratings providers that provide ESG ratings of the same subject companies and/or securities that may vary among the providers. This is due to a current lack of consistent global reporting and auditing standards as well as differences in methodologies, processes, data sources and subjectivity among ESG rating providers when determining a rating. Certain issuers of investments including, but not limited to, separately managed accounts (SMAs), mutual funds and exchange traded-funds (ETFs) may have differing and inconsistent views concerning ESG criteria where the ESG claims made in offering documents or other literature may overstate ESG impact. As a result, it may be difficult to compare ESG investment products.

Investment managers can have different approaches to ESG and can offer strategies that may differ from the strategies offered by other investment managers with respect to the same theme or topic. Additionally, when evaluating investments, an investment manager is dependent upon information and data that may be incomplete, inaccurate, or unavailable, which could cause the manager to incorrectly assess an investment's ESG characteristics or performance.

For reference, environmental ("E") factors can include, but are not limited to, climate change, pollution, waste, and how an issuer protects and/or conserves natural resources. Social ("S") factors can include, but are not limited to, how an issuer manages its relationships with individuals, such as its employees, shareholders, and customers as well as its community. Governance ("G") factors can include, but are not limited to, how an issuer operates, such as its leadership composition, pay and incentive structures, internal controls, and the rights of equity and debt holders. You should carefully review an investment product's prospectus or disclosure brochure to learn more about how it incorporates ESG factors into its investment strategy.

© 2023 Morgan Stanley Smith Barney LLC. Member SIPC
CRC5464176 (03/2023)





For additional information please contact:

Randall Kempner

Senior Advisor

Aspen Energy and Environment Program

Randall.Kempner@aspeninstitute.org

The Aspen Institute
2300 N Street, NW, Suite 700
Washington, DC 20037
www.aspeninstitute.org

© 2023 Morgan Stanley Smith Barney LLC.
Member SIPC and The Aspen Institute. All rights reserved.

