

## The Baring Foundation

### Environmental Audits - 23<sup>rd</sup> April 2008.

Martin Findlay, chair for the round-table discussion and a former trustee of the Baring Foundation who had spurred it to action on climate change, welcomed everyone to the first of two roundtable discussions. He handed over to Matthew Smerdon, Deputy Director of the Foundation who had previously circulated a paper.

Matthew said that he hoped that today's group, composed of environmental auditors, audited organisations, environmental experts and funders, could address the question with which his paper concludes.

In a wide ranging discussion over the next one and a half hours, the following points were made:

- Is there a gap in the supply of environmental audits for charities? In this respect charities can be treated as analogous to businesses and need to be segmented into small and large organisations. Some thought that there were few providers of audits and that most of them were present at this roundtable. Others felt that there was no shortage of consultants, at least in London, though it was concerning that there is now less support funding to charities to pay for these. Also there was some concern over the quality and appropriateness of some consultancies.
- Is there a gap in the demand for environmental audits? There was little consensus over whether third sector organisations should be forced by funders or whether The Charity Commission, as regulator, should compel the uptake of environmental audits. There was a danger that this could become another tick box exercise. Alternatively as long as the standards applied were good ones, then in matters that are overwhelmingly important, for instance health and safety, equalities or financial probity, compulsion is legitimate and widely accepted. This issue is likely to be looked at both by the Big Lottery Fund and through the Intelligent Funding Forum which it convenes.
- There has been a lack of attention by charities about how climate change affects their primary charitable purpose or mission rather than the carbon footprint generated by their operations. Only a handful of non-environmental domestic charities had risen to this challenge, e.g. Breakthrough Breast Cancer's concern at the effect of increased UV radiation on the prevalence of cancer. Other examples are refugee organisations, MIND, ACRE, The National Trust and Tenants Participation Advisory Service. This will be explored in the next Baring Foundation round-table discussion.
- There is a need for a diversity of environmental audits or 'products' in this area. They need to be sensitive to the individual circumstances of a charity, for instance whether an organisation rents or owns a building will effect its ability to respond.
- It is important to re-frame this issue. Audits are only important as processes to make individuals ask questions within organisations that then effects their behaviour both there and in their wider lives. It would be better to think about sustainable development rather than the narrower question of reducing carbon emissions.
- Good audits should get deep into the basic organisational processes of a charity, for instance job descriptions and performance appraisal, that really influence behaviour.
- There are distinct limitations to audits as they are usually conducted at the moment. They tend to come up with similar results and recommendations and perhaps this could be streamlined in some way. More fundamentally they do not change the discourse to one about the radical social change that is needed to halt climate change – this is something that the third sector is good at.
- Foundations have an important role regarding climate change. They have an unusual degree of freedom and they can influence the debate as well as the behaviour of

operational charities. They need to look beyond environmental audits to the way that they invest, if they have endowments, and to encouraging campaigning. The example was given of a grant by the Baring Foundation to the Rainforest Foundation which had resulted in the prevention of logging in a large part of the Democratic Republic of the Congo which would have released at least 3 million tons of carbon into the atmosphere had it gone ahead.

- Social justice and environmental justice are inextricably linked. International NGOs are becoming clearer about this in their work and this is beginning to happen in the UK too in considering the effects of climate change on the poorest and most vulnerable. This theme will be taken up at the annual conference of the Association of Charitable Funders in June.
- The non-environmental third sector appears to be lagging behind similar sized private sector businesses. Small businesses are expected to have an action plan at least.
- Now is a good time for organisations to be reducing their carbon footprint simply in terms of controlling their finances. The price of appropriate technology is dropping rapidly along with soaring costs of most forms of energy. This trend will continue to accelerate.
- Perhaps the Baring Foundation should concentrate its resources on a small number of exciting demonstration projects in organisations that strategically influence the sector. This has been the approach adopted by the City Bridge Trust – which has led to carbon footprint being a standard item on the Board papers of the National Council for Voluntary Organisations. This is what happened too when the Baring Foundation funded an environmental audit for the Directory of Social Change which has thousands of visitors, mainly from the third sector, to its offices and conferences. The Charity Finance Directors' Group is looking at social and environmental reporting.
- What is needed: a trusted source of information on what to do; money to purchase audits; and the personal support that a good consultant can give through the audit process to an organisation.

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