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ISSUE 34 | SPRING 2026

Philanthropy Impact

Inspiring Philanthropy and Investing for Impact

MAGAZINE

FINANCIAL AND IMPACT REPORTING FOR GOOD

THE FIRST ISSUE OF A TWO-PART SERIES

From disclosure to decision: what the impact investment advisory sector and the third sector must get right, and why it matters now

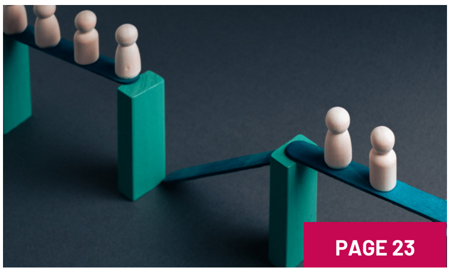
EDITORIAL: WHY IMPACT INVESTING MATTERS TO CLIENTS – AND WHY REPORTING MUST EARN THEIR TRUST

EDITORIAL: MONEY FOR GOOD: PURPOSEFUL WEALTH LEADING TO A NEW KIND OF ADVICE

RE-FRAMING CAPITAL THROUGH ORIGIN, DESTINY, MORALITY AND PURPOSE

HOW WOMEN ARE RESHAPING PHILANTHROPIC GIVING

CONTENTS




PAGE 29

When the Work Is Relational: Reporting That Supports Real Pivots

Florencia Guerzovich — Accountability Lab

Your portfolio reports look on track. But are they? Florencia Guerzovich draws on three World Bank cases to expose a dangerous blind spot: standard reporting sees activity, not the relational mechanisms - coordination, feedback, trust - that actually drive value. The consequence is not just poor decisions. It's organisations defunded not for underperformance, but for illegibility.


PAGE 32

Go for Green: How Charity and Private Sector Partnerships Can Strengthen Your Sustainability Goals

Athina Fokidou — Action Planning

Charities that adopt sustainability practices and measurable ESG metrics can reposition as strategic corporate partners rather than grant recipients. The article examines DAF transparency, ESG-aligned reporting, and case studies including GALVmed, ACEVO, and the Church of England, showing how aligned data unlocks mutual benefit and stronger philanthropic outcomes.


PAGE 34

Blockchain Tokens Allow Impact to Be Audited Like Finance: A Case Study

Luna Kim & Arun Maharajan — UNICEF Office of Innovation

UNICEF proposes 'impact credits' — blockchain-recorded, independently verified certificates of social outcomes, modelled on renewable energy credits. The article argues technology can make social impact as trustworthy as financial instruments, potentially creating a functioning market for social outcomes analogous to the existing compliance carbon market.

PAGE 36

The 'Right' Approach to Impact Reporting in Arts and Culture

Dr Matthew Ross — Royal Academy of Music

Data-driven philanthropy has real value, but in arts and culture over-engineered metrics can damage what they measure. Ross argues for proportionality: use evidence where it genuinely informs, fund core artistic practice unreservedly, and build honest partnerships where intangible outcomes are acknowledged rather than forced into unsuitable frameworks.

PAGE 39

Bridging the Governance Gap: Restoring Authenticity and Fiduciary Duty to Impact Reporting in the Age of AI

Epaminondas Farmakis – Philanthropy 360 Advisors

As AI saturates philanthropic reporting, a dangerous governance gap has opened between technical efficiency and mission-aligned ethics. Epaminondas Farmakis identifies three emerging threats - synthetic stewardship, the Authenticity Tax on AI-generated donor communications, and Digital Colonialism against grassroots leaders and argues that fiduciary duty in 2026 demands a human-in-the-loop mandate, not algorithmic compliance.

PAGE 41

No One Will Protect What They Don't Care About: Collaboration, Experience and Impact in the 2026 SORP Era

Catherine Gage — Hunters Law

'No one will protect what they don't care about.' David Attenborough's words open a compelling argument from Hunters Law. Using the Cambridge Conservation Initiative as a model, Gage argues that physical co-location and shared environments help small charities build collaborative capacity, reduce overhead, and meet SORP 2026's proportionate reporting requirements. Trustees retain full legal responsibility, but collaboration — properly governed — strengthens rather than dilutes purpose and accountability.

PHILANTHROPY IMPACT

Philanthropy Impact is the only organisation in the UK working exclusively at the intersection of wealth advisory, philanthropy, and impact investing and it has been doing so for 27 years. A WealthBriefing Wealth for Good Thought Leadership Award winner, its mission is to increase the flow of capital for good, enhancing the impact economy.

It is not a membership organisation that runs marketing campaigns. It is a system-change platform building the knowledge, confidence, networks, and culture that enable professional advisors across private client, wealth management, private banking, tax, and legal sectors to have richer, values-based conversations with their HNW and UHNW clients. Every interaction - a training completed, a convening joined, a framework applied - moves an advisor closer to the confident, purpose-led practice their clients demand and their regulator expects.

Through CPD-accredited, CISI-endorsed training including its Purpose-Driven Advising micro-credential, sector-defining research on Gen Z, Millennials, and Women of Wealth expectations, a rich programme of thought leadership, events, podcasts, and publications, and its 23 Impact platform, Philanthropy Impact provides the tools, insight, and ecosystem connections that transform technical advice into meaningful client partnerships. Working with Philanthropy Impact enables firms to reach new clients, retain meaningful relationships across generations, and reinforce their reputation as advisors genuinely committed to matching clients' values, goals, and ambitions.

Beyond advisors, it serves as a trusted convener across the full spectrum of capital connecting philanthropists, impact investors, trusts and foundations, and charities and social enterprises with the people, networks, and resources that turn intent into action.

The cumulative effect is measurable. Firms offering philanthropic and impact investment advisory services achieve six times the median assets under management, three times the organic growth, and 1.3 times more new money than those that do not (Fidelity Charitable Research). Its member ecosystem represents between £1 and £3 trillion in client assets globally, with an 89% membership renewal rate and 39% year-on-year growth in new members.

For professional advisors seeking to close the capability gap, and for wealth holders who want their capital to reflect their values, Philanthropy Impact provides the knowledge, networks, and frameworks to move from intent to impact.

Centre of Excellence

- Training for professional wealth and finance advisors: bespoke CPD Certified and CISI Endorsed training courses including eLearning and in person training, providing training across the spectrum of capital from impact investing to philanthropy designed to enhance an advisor's ability to support their clients on their values-based journey.
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- Podcasts: focused on philanthropy, impact investing, and sustainability.
- Training for major donor and corporate fundraisers: bespoke CPD self-certified training for high-value fundraisers working with (U)HNWI, to help them understand the role of their professional advisors and to strengthen professional relationships that will transform their fundraising.

Publications and Research

- Developing our 'body of knowledge'
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- Technical content and analysis
- Market research nd case studies
- Philanthropy Impact Magazine

Philanthropy Impact Public Affairs

- Advocacy: lobbying for policies and regulations that encourage philanthropic giving and impact investment
- Engagement with government and key policy stakeholders

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

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

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

Magazine design and artwork by antmadethis.co.uk

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Philanthropy Impact is a membership organisation committed to fostering collaboration across philanthropy, social investment, ESG, and impact sectors, amplifying capital flow for social good.

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OUR REACH

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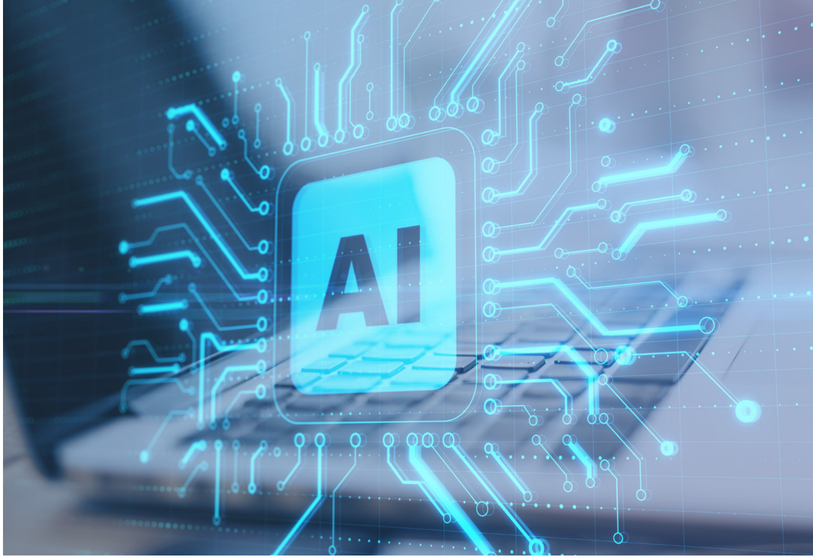
WHILE MORE DATA POINTS ARE GENERATED THAN EVER BEFORE, THEIR UTILITY FOR HIGH-STAKES CAPITAL ALLOCATION REMAINS REMARKABLY LOW.



BRIDGING THE GOVERNANCE GAP: RESTORING AUTHENTICITY AND FIDUCIARY DUTY TO IMPACT REPORTING IN THE AGE OF AI

EPAMEINONDAS FARMAKIS – WWW.PHILANTHROPY360ADVISORS.CH

The philanthropic landscape of 2026 has reached a state of 'digital saturation'. The initial allure of generative models is being replaced by a complex, ethically fraught infrastructure. As artificial intelligence integrates into the operations of foundations, non-profits, and wealth management firms, the sector faces a fundamental crisis of trust — a 'governance gap' that separates technical reporting efficiency from the mission-aligned ethics required for genuine social transformation.

For professional consultants, trustees and institutional investors, the primary challenge is no longer the adoption of high-speed tools, but the maintenance of human agency over the data these tools produce. The transition from narrative-led storytelling to decision-useful data has reached a threshold where the volume of synthetic information threatens to obscure rather than illuminate real-world outcomes.

THE REPORTING CRISIS: WHAT IS MISSING?

The current state of financial and impact reporting is defined by a paradox of abundance. While more data points are generated than ever before, their utility for high-stakes capital allocation remains remarkably low. Current frameworks often prioritise algorithmic legibility over professional judgment, creating a scenario where trustees struggle to discharge their fiduciary duties in the absence of reliable, comparable impact data.

Recent research reveals a stark 'AI Adoption paradox': while 92% of non-profits use AI, only 7% report that it has strategically transformed their mission. Furthermore, 47% of these organisations have no formal AI governance policy. This vacuum leads to reporting that is often used as a performance of accountability — a 'synthetic stewardship' that serves the machine rather than the mission.

AUTHENTICITY TAX AND DIGITAL COLONIALISM

Two critical risks now dominate the advisory landscape. The first is the 'Authenticity Tax', which occurs when the relationship between a donor and a grantee dissolve upon the discovery that 'personal' impact reports were generated by a token predictor rather than a human officer. Stewardship is a partnership; when it becomes a synthetic performance, it loses its value as a tool for building trust.

The second is 'Digital Colonialism', wherein AI tools used to screen applications naturally favour those who write in AI-friendly prose. This creates a structural bias against grass roots leaders and marginalised communities who prioritise frontline work over linguistic optimisation for a machine. This misalignment between the perspectives of the funder, the investor, and the beneficiary is one of the most significant gaps in current reporting.

FIDUCIARY DUTY AND AI DUE DILIGENCE

The regulatory environment has shifted from voluntary guidelines to mandatory disclosure. With the EU AI Act reaching full application in August 2026, transparency rules now mandate the labelling of AI-generated content. For wealth managers and trustees, delegating a decision to a machine does not absolve the human fiduciary from oversight.

Under principles established in both the US Investment Advisers Act and EU directives like SFDR 2.0, consultants owe a duty of care and loyalty. Duty of care in 2026 involves understanding how an AI system works and monitoring its performance. Duty of loyalty requires addressing conflicts of interest, such as models trained on biased data. Strategic philanthropy now requires a specialised form of 'AI due diligence' to identify whether an organisation is funding genuine need or simply identifying *"ease."*

THE THREAT OF AI-WASHING

Just as the previous decade saw the rise of greenwashing, 2026 is defined by AI-washing, the overstatement of AI capabilities to create a veneer of technical sophistication. Regulators have already begun charging consultants for making false or misleading statements about AI-driven analytical methods. Radical disclosure is the new mandate: if an AI tool is scoring impact, the logic and 'weight' given to specific metrics must be free to be disclosed to all stakeholders.

COORDINATION MANDATE

What is clearly missing in Financial and Impact Reporting is the sense of coordination among donors. We are all operating in a moment of extraordinary fragility and speed. Systems are shifting faster than institutions are designed to adapt. The greatest risk is the failure to coordinate. Philanthropy must evolve as a coordinator which will transform and create ethical AI systems. This coordination will be essential in building the connective tissue for human centric Financial and Impact Reporting.

CONCLUSION: THE HUMAN-IN-THE-LOOP MANDATE

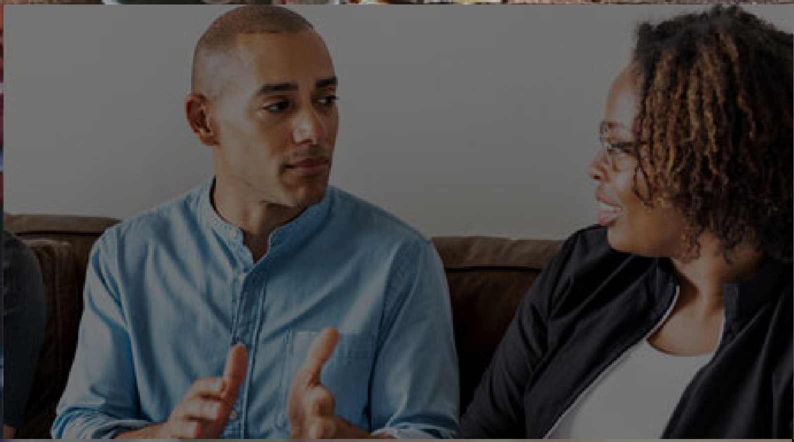
The future of impact reporting is found in the 'human-in-the-loop mandate'. As philanthropy enters the 'post-magic' phase of AI infrastructure, the distance between technical reporting and mission-aligned ethics must be bridged by professional judgment and lived experience.

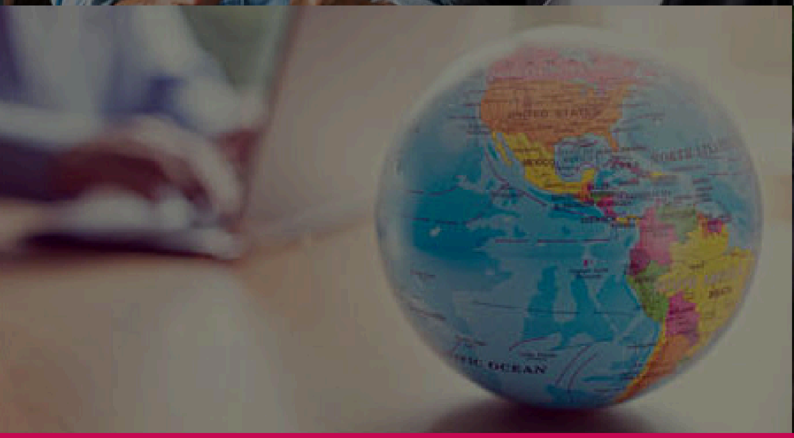
AI is a tool of unprecedented power, but it lacks a moral compass; it can optimise a metric, but it cannot understand the weight of a legacy. Strategic philanthropy in 2026 requires 'generative trust' an initiative-taking commitment to transparency, data sovereignty, and human agency. By clearing the administrative brush with automated tools, humans are now able to focus on the authentic connections that have always been the soul of the sector.

EPAMEINONDAS FARMAKIS

Epameinondas Farmakis is a Senior Philanthropy Advisor with more than 25 years of experience in strategic fundraising, grant management and impact assessment. Throughout his career, he has managed and allocated over €1.1 billion in funding to more than 1,200 non-profits across sixty countries. His current work at Philanthropy 360 Advisors focuses on the intersection of social policy and emerging technology. He specialises in developing AI applications for the social sector and advising foundations on 'AI Due Diligence' to ensure that automation does not compromise transparency or mission-aligned ethics.





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