

KR Foundation

Annual Report 2016



About KR Foundation

KR Foundation is a philanthropic foundation established on 21 December 2014 by VILLUM FONDEN and the descendants of Villum Kann Rasmussen, MSc in Engineering. The purpose of the Foundation is to address the root causes of climate change and environmental degradation.

KR Foundation has a stated capital of approx. DKK 10m, donated by its founders, and an annual distributable capital of approx. DKK 100m, donated by VILLUM FONDEN.

KR Foundation is based in Copenhagen, Denmark but works internationally.

KR Foundation Annual Report 2016

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Cover

Cargo bike in front of Torvehallerne in Copenhagen, where KR Foundation is located.

Photo **Thomas Rousing**

Credit **Copenhagen Media Center**



Table of Contents

- 2. Mission
- 3. Climate change in 2016
- 3. Two new programme areas – Sustainable finance and sustainable behaviour
- 4. Networks and partners
- 4. Governance
- 6. 2016 key figures

Examples of grants made in 2016

- 8. New visual language for climate change
- 11. Mainstreaming climate and environment in economic decision-making
- 12. Phasing out coal-fired power plants in the EU
- 15. Challenging materialistic notions of happiness
- 16. Making coal phase out politically and socially acceptable
- 19. Eliminating subsidies to fossil fuel production

Mission

Humanity is facing unprecedented risks caused by climate change and environmental degradation. The unsustainable production and consumption patterns of modern societies – and, especially, the dependency on fossil fuels – are changing the climate and damaging ecosystems at an extraordinary scale and pace.

The root causes of these grave challenges are economic, political and cultural. For instance, the current economic paradigm does not acknowledge the planetary boundaries – often, due to short-term thinking and the inadequate pricing of externalities.

There is an urgent need to transform the current understanding of how growth is measured and valued and how society relates to and manages natural resources. These questions must be brought into the mainstream of economic and political decision-making as well as into day-to-day practices and behaviour.

The mission of KR Foundation is to help provide answers to, change minds about, and encourage action on the long-term challenges faced by current and future generations living on a planet with finite resources, fragile ecosystems, and climate change.

Climate change in 2016

2016 was an eventful year in climate change. Considerable progress was made in the political, technological, and economic domains. However, climate change remains a severe challenge to global society.

Substantial political progress was made, thanks to the ratification of the Paris Agreement⁽¹⁾ in November 2016, only a year after the historic agreement was made. The aim of the agreement is to combat climate change by rapidly reducing greenhouse gas emissions, keeping the rise in global temperatures in this century well below 2°C (above pre-industrial levels) and pursuing efforts to limit the temperature increase to 1.5°C. In 2016, international agreements were also made to phase out the use of hydrofluorocarbons⁽²⁾ (HFCs) and to curb emissions in the aviation⁽³⁾ and shipping⁽⁴⁾ sectors.

However, shortly after its ratification, the Paris Agreement came under attack by the newly-elected president of the US, Donald Trump, who had campaigned on promises to withdraw the US from the agreement, to roll back his predecessor's climate-friendly policies, and to revive the US fossil fuel industry.

2016 saw a continued global expansion of renewable energy capacity⁽⁵⁾ and a sustained drop in the cost of renewable energy technologies. Solar and wind energy became cost-competitive with – and, in some markets, even cheaper than – energy based on traditional fossil fuels. In the US, employment in the solar industry⁽⁶⁾ surpassed employment in the coal, gas and oil industries, thereby accounting for the largest share of workers in the US power generation field. It seems highly unlikely that the new US administration will be able to reverse this revolutionary development in clean energy.

Furthermore, 2016 was the year in which the financial sector really took climate change into account: Investors committed to divest⁽⁷⁾ a total of USD 5.2tn from fossil fuels, and an international task force⁽⁸⁾ was established to make recommendations on how to address the financial risks posed by climate change.

Despite these positive developments, the challenge of climate change is still very severe: The year 2016 made history⁽⁹⁾ with a record global temperature, exceptionally low sea-ice levels, and

an unabated rise in sea level and ocean heat. 2016 was the warmest year on record – a remarkable 1.1°C above the pre-industrial period. Moreover, the impact of climate change no longer belongs to the future; in 2016, weather events such as droughts, heat waves, storms, and coral bleaching were exacerbated⁽¹⁰⁾ by climate change.

Climate change remains a daunting global challenge that must be urgently addressed by society at large, including the public and private sectors as well as civil society.

Two new program areas – Sustainable Finance and Sustainable Behaviour

In 2016, KR Foundation adopted two programme areas: sustainable finance and sustainable behaviour.

KR Foundation expects to continue to offer grants in these two programme areas in the coming years while also prioritizing other important interventions.

Sustainable finance

Finance is a significant leverage point for addressing climate change and environmental degradation. Much of the known fossil fuel reserves must remain in the ground⁽¹¹⁾. Yet, the existing financial system is driving the production and consumption of fossil fuels to unsustainable levels.

In this programme area, KR Foundation supports interventions that aim to shift financial incentives (such as investments, subsidies, taxes, regulation, etc.) away from fossil fuel production and consumption. Projects may focus on:

- Stranded assets and unburnable fossil fuel reserves
- Financial incentives to keep fossil fuels in the ground
- Strategic communication around the need to keep fossil fuels in the ground

- The role of private investors in reducing funding for fossil fuel companies
- International agreements on phasing out fossil fuel subsidies in the G20 and other fora.

Sustainable behaviour

There is growing awareness that current levels of material consumption are destabilizing the climate and degrading the environment. However, progress on promoting sustainable ways of living has been slow. The norms and practices of mainstream society often facilitate unsustainable consumption⁽¹²⁾, and this is reinforced by policies, infrastructure and discourse that tend to promote high-impact lifestyles.

In this programme area, KR Foundation supports interventions with the potential quickly to reduce the impact from consumption that exceeds planetary boundaries. Projects may focus on the positive role that citizens and communities play in mitigating climate change – for example, by communicating the possibilities for positive change. Focus will also be on interventions that strengthen common intrinsic, benevolent values in ways that promote pro-environmental mind-sets, behaviour changes and active citizenship.

Networks and partners

To maximise impact, KR Foundation coordinates its efforts with international foundations and partners. Key networks and partners are:

- European Climate Foundation (ECF)⁽¹³⁾, a major philanthropic initiative established to help Europe foster the development of a low-carbon society and play an even stronger international leadership role to mitigate climate change. KR Foundation's Chair, Connie Hedegaard, is a member of ECF's board.
- Partners for a New Economy (P4NE)⁽¹⁴⁾, an international donor collaborative that supports innovative, high-risk interventions that encourage the economic system to value ecological integrity and human well-being. KR Foundation's Vice-Chair, Astrid Kann-Rasmussen, is a member of P4NE's Partners Board.

- ClimateWorks Foundation⁽¹⁵⁾: Through ClimateWorks, KR Foundation participates in the Funders Table, which is an informal collaboration of not-for-profit foundations dedicated to climate change mitigation.

Governance

KR Foundation's Board of Directors has 5 members:

- **Connie Hedegaard** (Chair),
Former European Commissioner for Climate Action and Danish Minister for Climate and Energy (DK)
- **Astrid Kann-Rasmussen** (Vice-Chair and co-founder),
Chair of V. Kann Rasmussen Foundation (US)
- **Anthony A. Leiserowitz**,
Research scientist & Director of the Yale Project on Climate Change Communication, School of Forestry & Environmental Studies, Yale University (US)
- **Tim Jackson**,
Professor of sustainable development & Director of the Sustainable Lifestyles Research Group, University of Surrey (UK)
- **Johan Rockström**,
Professor of water systems and global sustainability & Director of the Stockholm Resilience Centre, Stockholm University (SE)

Brian Valbjørn Sørensen is the Executive Director of KR Foundation.



2016 key figures

2016 was KR Foundation's second year in operation. The Foundation awarded 38 grants in the total amount of DKK 84m.

FIGURE 1

Number of letters of inquiry and full proposals reviewed by KR Foundation and grants awarded, 2016

Twice annually, KR Foundation accepts unsolicited letters of inquiry (LOIs). A limited number of LOI applicants are invited to submit full proposals. KR Foundation awards grants based on a prioritization of the full proposals. In 2016, KR Foundation received LOIs for the total amount of DKK 1bn. Full proposals amounted to DKK 128m.

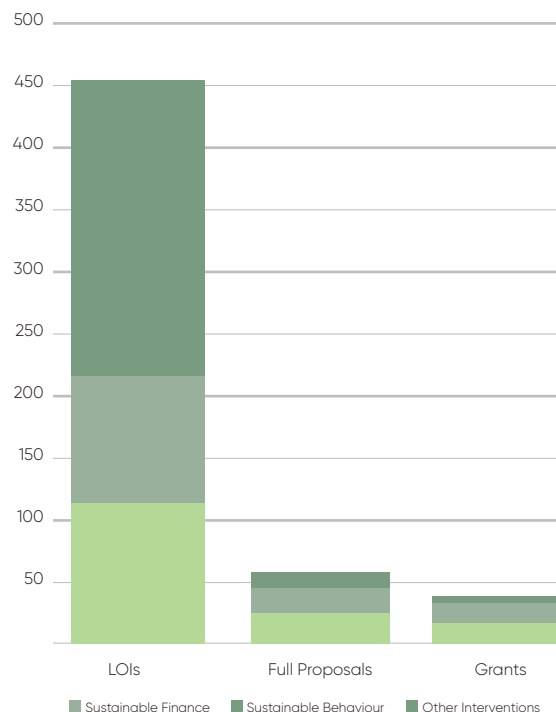
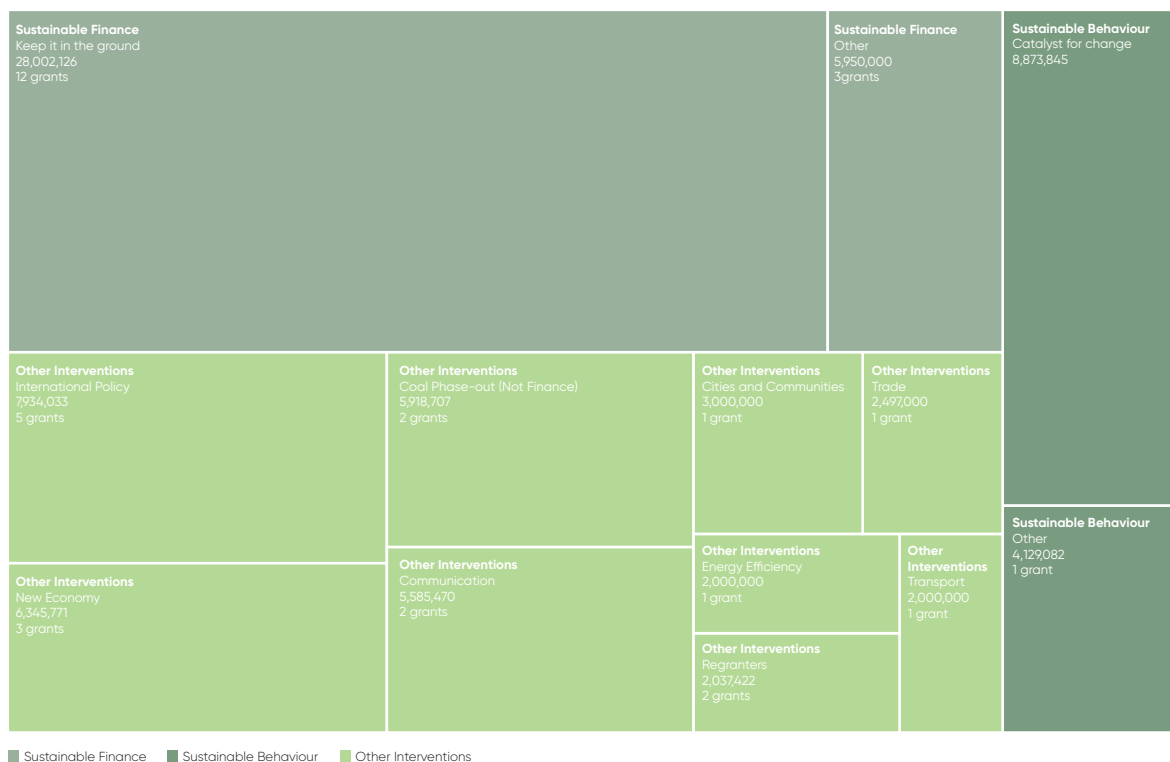


FIGURE 2 Grants awarded by programme area and sub-area, 2016



Grants were awarded in KR Foundation's three programme areas: Sustainable Finance (DKK 34m), Sustainable Behaviour (DKK 13m), and Other Interventions (DKK 37m).

Many of KR Foundation's grantees have activities in several countries, and some work globally.

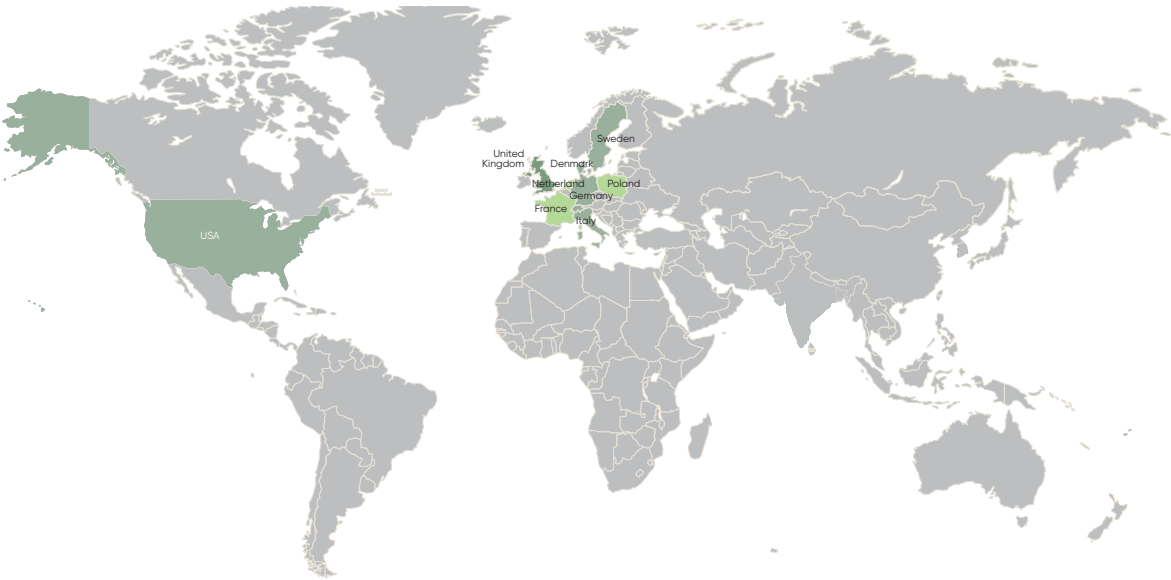


FIGURE 3 Location of KR Foundation grantees, 2016

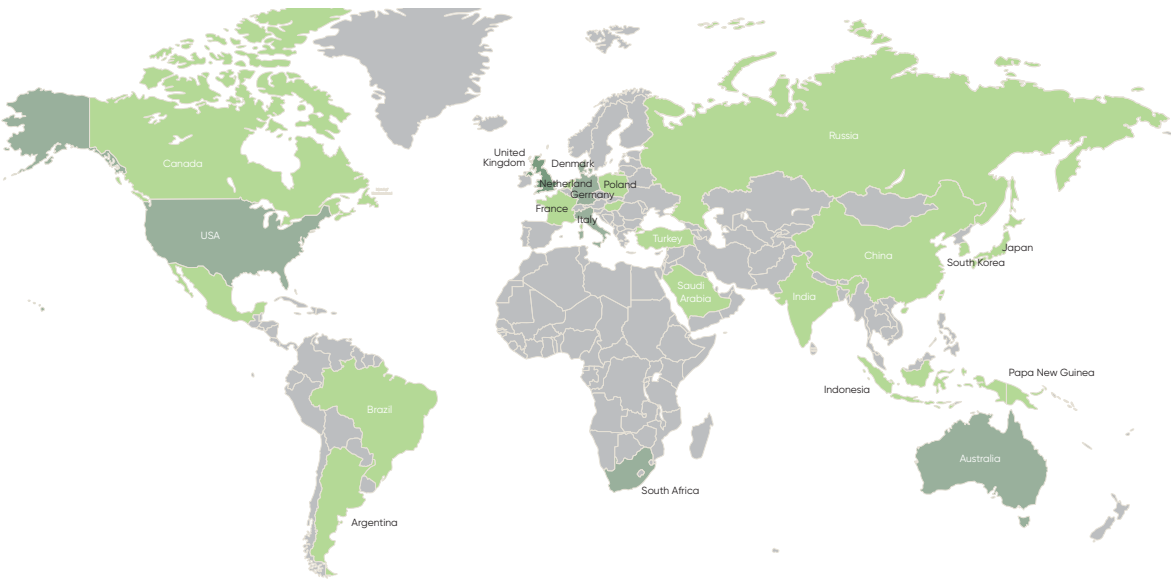


FIGURE 4 Location of the activities of KR Foundation grantees, 2016

A New Visual Language for **Climate Change**

Currently, the understanding of the role that images play in communication about climate change is very limited. The project builds on the first international analysis of which images work and which do not. It aims to transform the visual language of climate change in order ultimately to bring about more committed and compassionate personal engagement from citizens at an international level.

Despite the energy and resources dedicated to communication and campaigning on climate change, understanding how effectively to engage people using visual images is much more limited. The climate change iconography that has taken root over the past 25 years of polar bears, melting ice caps, smokestacks, etc., undermines the effectiveness of campaign messages.

It is a barrier to personal behavioural engagement and detracts from the reach and value of journalistic reporting on climate change. A more compelling and diverse visual language for climate change is urgently required.

In this project, Climate Outreach will use their unique position to match the social research on effective visual communication with the practical goals of campaigners. This multi-layered and strategic intervention will shift the visual language of climate change out of the "green ghetto" and into the mainstream.



Climate Outreach is a politically independent, Oxford-based, non-profit organization. With 12 years of experience, the organisation seeks to broaden public engagement with climate change. Through the Climate Visuals Project, Climate Outreach seeks to:

- **Change the working practices of globally-influential photographic agencies**
- **Build, train and support an active 'user community' of influential visual communicators**
- **Establish the Climate Visual website and image library as a key international resource**
- **Secure a future for the Climate Visual programme**

Grantee	Climate Outreach
Project	Climate Visuals – Creating & Catalysing a New Visual Language for Climate Change
Programme Area	Sustainable Behaviour
Grant	DKK 2,099,493
Year	2017-2019



Women learning how to use a solar cooker. Solar cookers can help to reduce deforestation and carbon production bringing cleaner air locally as well as lower carbon globally.

Photo UN PHOTO

KR Foundation Annual Report 2016

, France



Celebration after the adoption
of the Paris Agreement

Photo IISD/Klara Worth

Mainstreaming Climate and Environment in Economic Decision-Making

Ambitious economic policy-making is required to mitigate climate change. This project equips current and future leaders in the world's ministries of finance, economy and business with knowledge about the state of the global climate and environment, the interconnectedness between the climate and the economy, and insights into new growth models.

The aim is to enable leaders to move beyond traditional economic measures and thinking, allowing them to develop the policies needed to avoid the worst impacts of climate change and achieve sustainable development.

Given the urgency of climate change, the transformation towards sustainability must be made a cross-government agenda, supported and enabled by progressive ministries of finance and economy, which have maximal influence on government policies. For this to happen, the next generation of leaders must understand how the challenges related to climate and the environment will affect their time in power and define their legacies.

The project brings together current and future leaders from a variety of countries, establishing a sense of shared ownership of problems and solutions that cut across national borders and traditional political divisions. In the process, the participants are equipped with the necessary tools, concepts, language and capacities needed to advance a mainstream economic agenda for climate and sustainable development.



Chatham House, the Royal Institute of International Affairs, is an independent policy institute based in London. Its mission is to help build a sustainably secure, prosperous and just world. With this project, Chatham House aims to:

- Enhance current and future leaders' understanding of climate and environmental challenges
- Promote new kinds of environmental leadership
- Lay the groundwork for ambitious environmental policy-making

Grantee	Chatham House
Project	Mainstreaming Climate and Environment in Finance Ministries
Programme Area	Sustainable Finance
Grant	DKK 1,941,543
Year	2016

Phasing Out

Coal-Fired Power Plants in the EU

Burning coal for energy damages the climate and the environment. This project provides the outlines for a science-based plan to phase out coal from the EU energy mix. The aim is to inform investors, policymakers and civil society about the consequences of the Paris Agreement for Europe's coal industry, thereby raising awareness of the urgency to phase out coal in Europe.

The Paris Agreement set as a goal to keep global warming well below 2°C and to pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels. To achieve this, global greenhouse gas emissions must be brought down to zero in the second half of this century.

Meeting these goals requires a rapid phase out of coal – at the latest, by mid-century globally and by 2030 in the EU. The existing coal-fired power plants combined with those either planned or under construction are inconsistent with these goals, but the current debate on coal phase-out has not yet been translated into a clear exit strategy. This is both the starting point and the end point for this project: To deliver the knowledge necessary for this strategy to be formulated and carried out, resulting in the phase-out of coal power in Europe in time to avoid dangerous climate change.



Climate Analytics is a non-profit climate science and policy institute with a mission to support science-based policies to prevent dangerous climate change and promote sustainable development. Through this project, Climate Analytics delivers an analysis which:

- Defines coal-related emissions pathways consistent with staying within the Paris Agreement's long-term temperature goal of "well below" 2°C and "pursuing efforts to limit the temperature increase to 1.5°C"
- Delivers a detailed breakdown of coal-fired power plants and coal-related emissions within the EU
- Showcases two phase-out schedules compatible with the Paris Agreement: one prioritising the shut-down of the most carbon-intensive plants first, and one keeping plants with the highest economic value online as long as possible

Grantee	Climate Analytics
Project	A Stress Test for Coal in Europe under the Paris Agreement: Scientific Goalposts for a Coordinated Phase Out and Divestment
Programme Area	Other Interventions
Grant	DKK 657,207
Year	2016-2017



The Melnik Power Station in the Czech Republic.
The 1050 MW four unit plant is fueled by lignite from
mines in North and West Bohemia.

Photo BESTWEB



We often look for happiness in the wrong places. Our obsession with shopping is destroying natural habitats, forcing hardship on others and doesn't give us lasting fulfilment.

Photo: n.karim

Challenging Materialistic Notions of Happiness

Current levels of material consumption are destabilizing the climate and degrading the environment. This project aims to support hundreds of young people in three countries to lead fulfilling, happy lives without accumulating an abundance of possessions to achieve this. Guided by leading academics in the relatively new field of well-being and materialism, the project will put into practice the latest techniques to demonstrate the importance – for both our planet and our health – of changing destructive patterns of consumption.

Mass consumption and growth is the prevailing economic and political norm in society, entrenching materialistic values and goals (wealth, possessions, image and status). This relentless quest to acquire fulfilment through consumption relies on the illusion that natural resources are infinite, but they are not; the planet cannot replenish the resources at the current rate of consumption.

This project gears up radical action to change consumption patterns – for the health of the planet and the people on it. The Challenging Materialistic Notions of Happiness project will recruit more than 200 young people from the millennial generation in three European countries. They will be helped to rechannel future consumption choices, carefully considering how they spend their

time, money and energy by making choices not based on materialistic consumption. The project will share the stories of these young people with a wider audience.



Global Action Plan (GAP) works with young people to reimagine their relationship with things and dream up radically different ways of living and working. With the help of innovative companies and funders, GAP supports young people all over the world to demand and pursue a happier, healthier future for themselves and the planet. Their mission is to support young people to end our throwaway society and fight excessive pressures to consume. Through this project, GAP addresses:

- Individual change: For young people to lead more fulfilling lives with lower environmental impact
- Wider change: By highlighting the link between materialism and well-being and, thereby, getting other practitioners to incorporate the project's tools and techniques into their own youth development programmes

Grantee	Global Action Plan UK
Project	Living Life (Not the Planet) to the Max
Programme Area	Sustainable Behaviour
Grant	DKK 2,774,352
Year	2017–2019

Making Coal Phase Out Politically and Socially Acceptable

With the Paris Agreement from December 2016, the global society agreed to reduce greenhouse gas emissions rapidly in order to mitigate dangerous climate change. This requires significant reductions in the use of coal in the energy sector. With this project, IDDRI, Climate Strategies and other partners explore the major economic, social and political challenges involved in an early phase-out of coal production and consumption in six coal dependent countries: Australia, China, Germany, India, Poland and South Africa.

In many major greenhouse gas-emitting countries, coal remains an important source of energy and accounts for a dominant share of the total generation of electricity. Phasing out coal is a major economic, social and political challenge, because it affects the labour market, the economy, and energy security. A successful transition away from coal, therefore, requires a whole-of-government approach to create societal acceptance of the many changes this transition necessarily entails.

This project aims to address the challenges related to phasing out coal by linking and reinforcing policy, research and advocacy efforts on coal transition in six countries. The project seeks to strengthen international dialogue and promote learning about coal transition.



IDDRI is a leading think tank on sustainable development with a particular focus on climate and energy. The project, which is implemented by IDDRI in consortium with seven partners, seeks to achieve:

- Deeper understanding among national and international stakeholders of the implications of the Paris Agreement for the future of coal production and consumption
- Support for a socially acceptable transition away from coal and the embrace of a coal phase-down with economic renewal in key coal-producing countries
- Knowledge and acceptance of newly developed policy recommendations and narratives on the future of coal, and concrete steps for national coal phase-out strategies in six countries

Grantee	Institut du développement durable et des relations internationales (IDDRI)
Project	Comprehensive, Whole-of-Government Strategies on Coal Transition in Major Coal Using Countries
Programme Area	Other Interventions
Grant	DKK 5,261,500
Year	2016-2018



Two brothers cycling in Amsterdam

Photo [Amsterdamized](#)



Windmill, Michigan, 2014

Photo: Consumers Energy

Eliminating Subsidies for Fossil Fuel Production

For decades, government subsidies for fossil fuel production have encouraged wasteful spending and harmful greenhouse gas emissions. It is broadly agreed that phasing out subsidies for fossil fuels could make a significant contribution to keeping global warming below the 1.5 – 2°C goal of the Paris Agreement. However, even though the need to phase out fossil fuel subsidies has become an agreed political priority for climate action and fiscal reform in many countries, progress has been insignificant so far. This project aims to address this challenge by implementing a strong international campaign advancing the end of government support for fossil fuel production.

Governments around the world continue to subsidise and finance efforts to find and produce more fossil fuels, thereby exacerbating dangerous climate change with government resources that could be spent on public goods such as health, education and low-carbon energy. Rather than putting a high price on carbon, fossil fuel subsidies discount carbon and incentivise greenhouse gas emissions.

Recent research by ODI (The Overseas Development Institute), OCI (Oil Change International), and GSI (Global Subsidies Initiative) on G20 government support for fossil fuel production shows that, today, only limited guidance for fossil fuel subsidy reform exists. Moreover, there is little understanding of the links between subsidies for consumption and subsidies for production and of the links between subsidies and new fossil fuel exploration.

This project will launch a strong international campaign on subsidies and public finance. The campaign will strengthen coordination, apply pressure on global institutions and processes, and share lessons learned, analysis and tools with national and regional groups working on subsidy reform.



ODI is a leading independent think tank on international development and humanitarian issues. The objectives of the campaign, implemented jointly by ODI, OCI, GSI, and Natural Resource Defense Council, are:

- An internationally-agreed-upon schedule and criteria for phasing out fossil fuel subsidies (led by the G20 with a phase-out by 2020)
- An agreement for a full ban on G20 public finance for fossil fuels by 2020 (ideally, expanded to cover all countries by 2025)
- Transparent and publicly available annual reporting of subsidies and public finance for fossil fuels

Grantee Project	Overseas Development Institute (ODI) International Campaign Eliminating Subsidies for Fossil Fuel Production: Analysis, Advocacy and Outreach
Programme Area Grant	Sustainable Finance DKK 4,876,725
Year	2016–2018
