

Schroders

BIG  
SOCIETY  
CAPITAL

# Schroder BSC Social Impact Trust

## Impact Report 2022





# Contents

Chair’s Statement	3
1. Executive Summary	4
2. Introduction	10
3. Contribution to the UN Sustainable Development Goals	14
4. Asset Class Deep Dives: Debt for Social Enterprises	24
5. Asset Class Deep Dives: High Impact Housing	32
6. Asset Class Deep Dives: Social Outcomes Contracts	38
7. Impact Approach	42
8. Environmental, Social and Governance Risk Management	48
Appendix: Methodological notes	54

# Chair’s Introduction

We are pleased to present our first annual impact report for the Schroder BSC Social Impact Trust.



Susannah Nicklin  
Chair

The Social Impact Trust was listed in December 2020 to provide investors public market access to a diverse portfolio of social impact investments addressing entrenched social issues in the UK.

The cost of living crisis and the Covid-19 pandemic have made this mission even more urgent. The negative effects of both have landed disproportionately on disadvantaged and vulnerable communities, but the response has also highlighted what is possible when social organisations, the public sector, and investors work together to achieve positive impact. The Social Impact Trust has already committed £87m, financing more than 160 organisations working in diverse ways across the country to create a more inclusive, sustainable and prosperous society.

As we discuss in detail in the following pages, the Trust’s portfolio manager, Big Society Capital (BSC) has selected high-quality investments contributing to the UN Sustainable Development Goals (SDGs) in the UK – including SDG1: to eliminate poverty and SDG10: to reduce inequality, among others, which are often underrepresented in investors’ portfolios. Crucially, the Trust’s investments support those in greatest need, with over 90% of the 160,000 beneficiaries reached by our portfolio being from more vulnerable and disadvantaged backgrounds. The high impact models the Trust supports also create an investment profile that is distinct from mainstream markets, with a high proportion of government revenue historically resilient throughout economic cycles, providing additional diversification benefits for investors.

With this first impact report, we are proud to recognise the broad-based impact being achieved through this partnership between investors, funds and social organisations. By sharing our methods for impact investing and reflecting on what we are learning, we hope to provide transparency for our investors, and also help develop the market for social investment, leading to greater capital flows, effective impact measurement and positive social advances for communities across the UK.

We hope you will find this report brings to life the transformative work that our investees are doing and illuminates the process our managers use to manage impact, supporting delivery of the Trust’s target financial returns. We value our shareholders’ support and feedback, and we would be delighted to hear from you.

Susannah Nicklin  
Chair

# Executive Summary



The Schroder BSC Social Impact Trust (the Social Impact Trust) helps connect organisations working for social change with the capital they need to address some of the most important social challenges in the UK.

### Social Challenges in the UK

Social challenges have become even more severe in the last two years following the cost of living crisis and Covid-19.

### Investment needed

The investment required to address these problems is substantial.

More than **180,000 people have been tipped into homelessness**,<sup>1</sup> while more than a quarter of UK children live in poverty.

Just tackling the shortage of housing for homeless people in the UK would require an estimated **£12.8bn**.

**1.5 million older people** do not receive the care and support they need for essential activities.<sup>2</sup>

**£7.7bn** additional investment is needed annually to meet the growing demand for care.<sup>3</sup>

Over **a third of UK households** are forecast to be in **fuel poverty** in 2022.<sup>4</sup>

**£65bn** of investment is needed to insulate UK homes by 2035.<sup>5</sup>

### How the Social Impact Trust can help

Significant funding is required to meaningfully alleviate social challenges in the UK. Local social organisations are often best placed to tackle these challenges, and by partnering with both government and investors, are able to develop innovative solutions that are tailored to help disadvantaged groups.

which are at a point where they require significant funding to scale their impact.

By investing in the Social Impact Trust, investors can access a diversified portfolio of social impact investments, offering good risk-adjusted returns, low correlation to traditional quoted markets and managed by one of the UK's preeminent impact investors.

The Social Impact Trust is uniquely placed to direct fresh capital into these new models, a number of

<sup>1</sup> [https://england.shelter.org.uk/media/press\\_release/91\\_families\\_made\\_homeless\\_every\\_day\\_in\\_england](https://england.shelter.org.uk/media/press_release/91_families_made_homeless_every_day_in_england) . <sup>2</sup> <https://www.ageuk.org.uk/our-impact/campaigning/care-in-crisis/> <sup>3</sup> <https://committees.parliament.uk/publications/3120/documents/29193/default/> . <sup>4</sup> <https://www.resolutionfoundation.org/press-releases/families-suffering-from-fuel-stress-set-to-treble-overnight-to-six-million-households-as-energy-bills-soar/> . <sup>5</sup> <https://www.greenfinanceinstitute.co.uk/wp-content/uploads/2020/06/Financing-energy-efficient-buildings-the-path-to-retrofit-at-scale.pdf>

## Portfolio headline results<sup>6</sup>



**£87m committed**



Financing **160 organisations**



Benefitting more than **160,000 people**



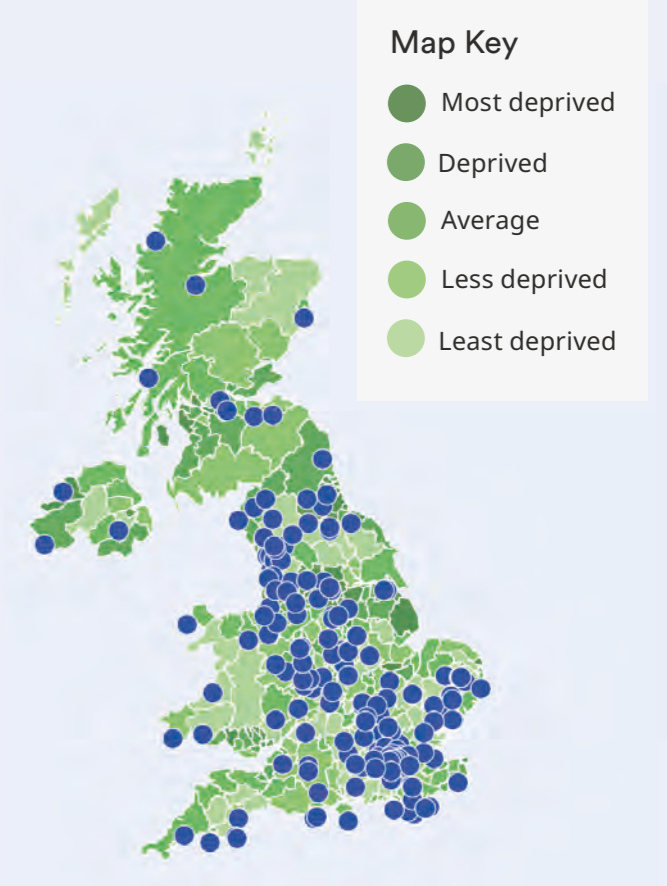
At least 90% **disadvantaged and vulnerable**



Delivering **10,000 affordable homes**

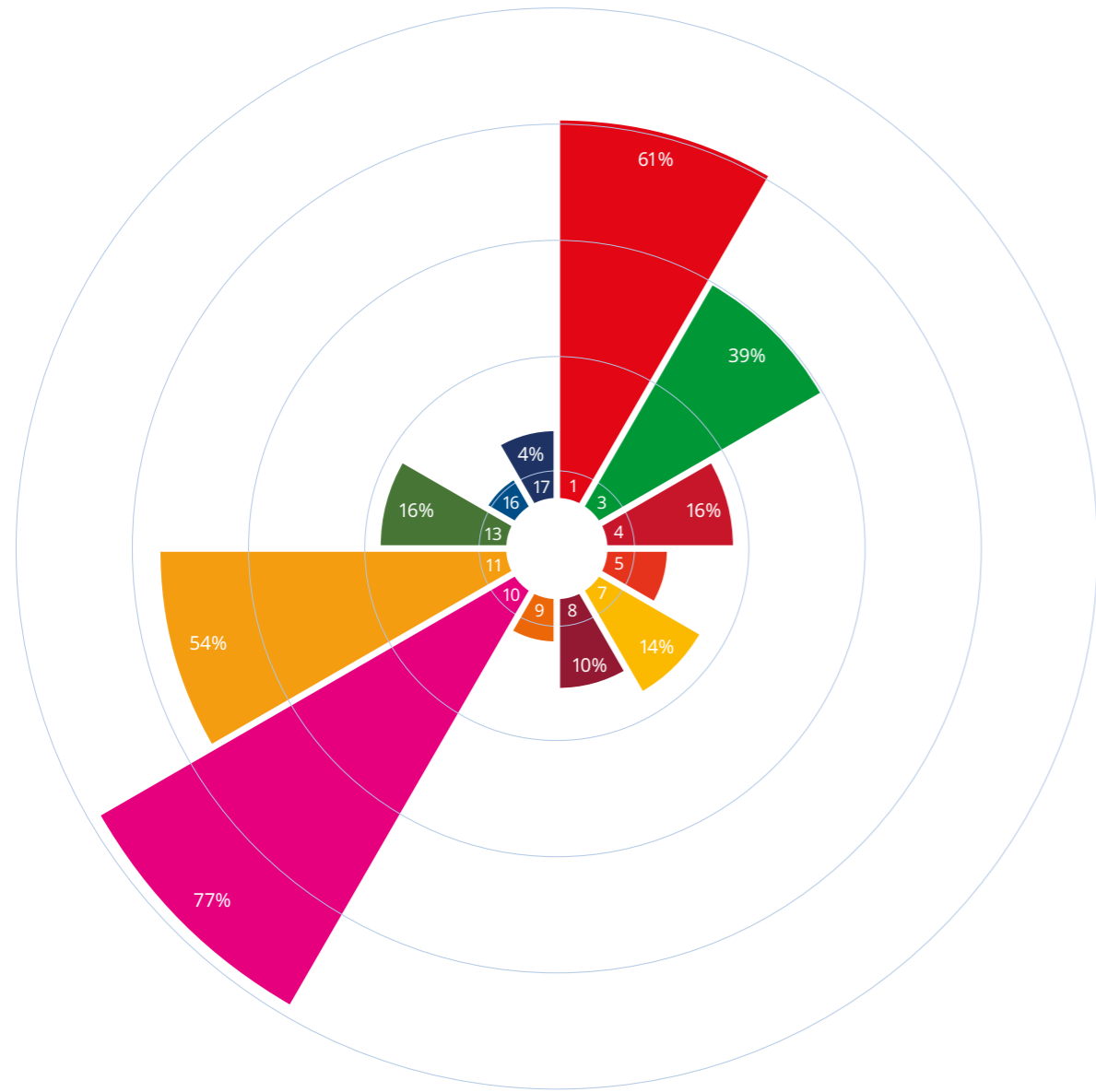


**£55.6m in near term value** as savings\* and benefits for households and government






<sup>6</sup> This report presents impact data for portfolio companies and does not attribute a share of impact results to SBSI investment. Data is taken from the latest available fund manager impact reports submitted to the Social Impact Trust. The report also draws on annual impact reports from frontline investee organisations where available. \* Near term savings include total savings generated and reported through Social Outcomes Contracts since inception, plus total annual savings on energy bills achieved by AgilityEco energy efficiency services. See Appendix: Methodological Notes, for further information.

# 100% of investments aligned with UN Sustainable Development Goals<sup>7</sup>



<sup>7</sup> Individual investments align with multiple SDGs. On average, frontline investments align with 3 SDGs.






The Social Impact Trust focuses on three core asset classes that have proven, investable models for positive social impact and a critical need for funding.

 High Impact Housing	 Debt for Social Enterprises	 Social Outcomes Contracts
<b>Addressing social need, including:</b>		
More than <b>320,000</b> homeless in the UK. <sup>8</sup>  <b>64%</b> of women and children are turned away from refuges. <sup>9</sup>	<b>850,000</b> people with dementia in the UK, rising to <b>1m in 2025</b> . <sup>10</sup>  <b>One in ten</b> households in England live in fuel poverty. <sup>11</sup>	Children in care are five times more likely to be convicted or have a youth caution. <sup>12</sup>  <b>15m</b> people suffer from long term conditions. <sup>13</sup>
<b>Investable solutions, including:</b>		
Transitional accommodation. Social and affordable housing. Refuges for survivors of domestic abuse.	Social enterprises delivering: - community care services. - Government-backed fuel poverty schemes.	Therapy for children on the edge of care to remain with families. Rehabilitation services. Education and training.
<b>Achieving better outcomes for society, including:</b>		
Support for <b>20</b> organisations providing homes for <b>3,915</b> people.	Essential services for more than <b>150,000</b> people.	Care, education and employment support for <b>11,364</b> people. Creating <b>£34.6m</b> in public savings and benefits.

<sup>8</sup> ShelterEngland. <sup>9</sup> Women's Aid. <sup>10</sup> NHS England. Alzheimer's Society. <sup>11</sup> Fuel Poverty Factsheet England. <sup>12</sup> Prison Reform Trust. <sup>13</sup> NHS England.

# Progress Report Card

The Social Impact Trust targets deep, scalable positive impact for disadvantaged and vulnerable people in the UK, by connecting investors with opportunities that have an unmet need for capital. We assess progress for all investments, and for the Trust as a whole, towards this mission.

What we look for	Progress summary 2021
<p> <b>What</b> Important positive outcomes, meaningful to those experiencing the issue and addressing at least one SDG.</p>	<p><b>On track</b> 100% of capital deployed in line with thesis and aligned with at least one UN SDG.</p>
<p> <b>Who</b> Beneficiaries, who are disadvantaged and/or vulnerable.</p>	<p><b>On track</b> 90% of beneficiaries from disadvantaged or vulnerable groups.</p>
<p> <b>How much</b> Significant depth of impact, in making meaningful improvements for people, and/or high scale of impact, through reaching a large number of people.</p>	<p>Scale: The Trust can measure the scale of impact (primarily the number of people reached) for the full portfolio. Depth: The Trust has outcome level data for 82% of investments.</p> <p><b>Area for improvement</b> Extend outcome measurement in segments with limited data on depth of impact.</p>
<p> <b>Contribution</b> Significant improvement or additional benefit as a result of investment and activities.</p>	<p><b>On track</b> £55.6m savings generated through improved and more accessible services. 10,000 homes provided. Consistent assessment of costs and quality in Social Outcomes Contracts.</p> <p><b>Area for improvement</b> Assessment of outcomes and savings in Housing.</p>
<p> <b>Risk</b> Fund managers must assess and mitigate the risks that may prevent the intended outcomes occurring.</p>	<p><b>On track</b> Mitigated by focus on social organisations with strong track records. Average social organisation track record of 28<sup>14</sup> years. Impact risks assessed and managed for all Investments.</p> <p><b>Area for improvement</b> Assessment and deeper engagement with investees on ESG Risk Management.</p>

For more detail on portfolio performance please see **Asset class deep dive sections 4-6**.

<sup>14</sup>Track record is the weighted average number of years in operation per investee.



# 2. Introduction

## 2.1 Our beliefs and approach

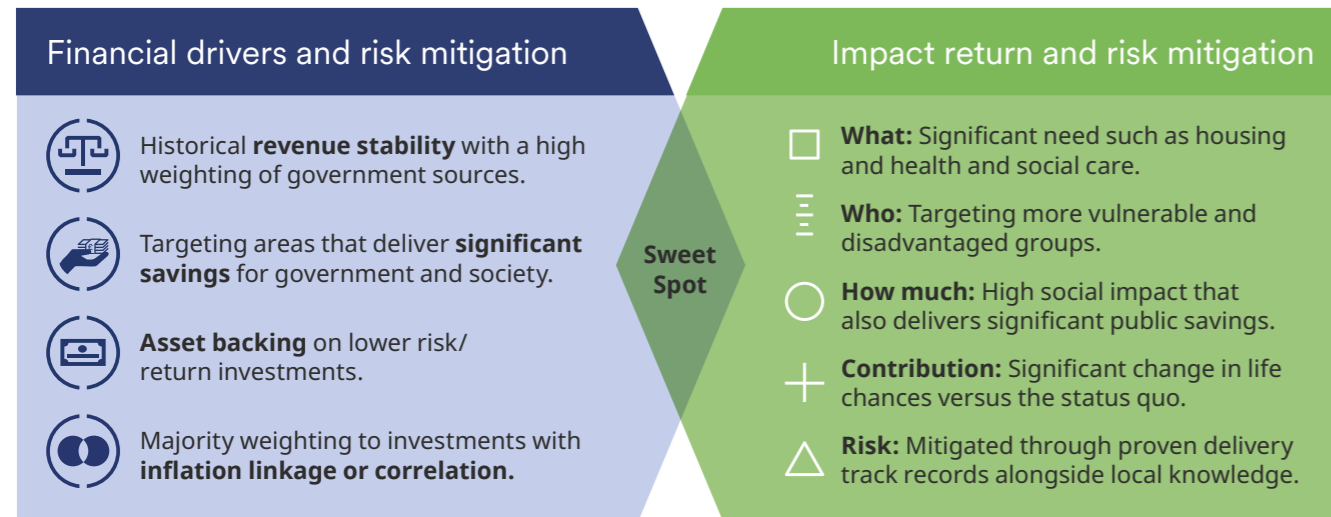
### Impact as a driver of value

The Social Impact Trust starts with the social issue, then identifies investment and enterprise models that can provide sustainable solutions. We then find and support fund managers who can channel investment to those enterprises. We help these fund managers balance the needs of investors with those of social enterprises, charities and social purpose organisations, to build a track record of success that can attract more capital over time.

### Within each issue area, we look for:

- Fund managers that demonstrate good impact practice and an ability to structure investments to align financial and social value.
- Enterprise models that can reach disadvantaged or vulnerable people, generating revenue by delivering significant positive impacts for people and savings for society and government.

### Impact as a source of value



This strategy means our financial performance is dependent on achieving deep, scalable and sustained impact.

## 2.2 Managing Impact

The Trust uses the IMP Framework for assessing impact at fund and frontline company level. This report summarises impact against five core dimensions throughout.

IMP dimension	Trust focus
 <b>What:</b> What outcomes do business activities drive, how important are these outcomes for people or planet?	Important positive outcomes, meaningful to those experiencing the issue and addressing at least one SDG.
 <b>Who:</b> Who experiences the outcomes?	Beneficiaries, who are disadvantaged and/or vulnerable.
 <b>How much:</b> How much of the outcome occurs in terms of scale depth and duration?	Significant depth of impact, in making meaningful improvements for people, and/or high scale of impact, through reaching a large number of people.
 <b>Contribution:</b> What is the enterprise's contribution to what would likely happen anyway?	Significant improvement or additional benefit as a result of investment and activities.
 <b>Impact Risk:</b> What is the risk to people and planet that impact does not occur as expected?	Fund managers must assess and mitigate the risks that may prevent the intended outcomes occurring.



## The Trust manages impact through engagement, targeted support and in-depth measurement in line with industry best practice.

Our full report highlights what we are learning about good practice in impact management, focusing on three elements we view as particularly important for strong performance, based on Big Society Capital's 10 years of engagement with social impact fund managers and organisations.



### User Voice

Involving the people for whom an organisation exists to serve in the planning, delivery, and assessment of products and services. Throughout the portfolio this is crucial to ensuring services offer good value and are accountable to end-users and the public.

Case studies: **Hull Women's Network** (page 17), **West London Zone** (page 21), **Active Prospects** (page 30).



### Partnerships

The Trust's Impact is dependent on providing suitable financing to organisations that are in the right position to address important social issues. We look for fund managers that engage with social organisations to develop financial solutions that are fit for purpose, and social organisations with market leading track records of working locally with disadvantaged and vulnerable communities.

Case Studies: **Social and Sustainable Housing Fund** (page 17), **Bridges Social Outcomes Fund** (page 40), **Real Lettings Property Fund**.



### Holistic Assessment

Financial and Impact performance is highly dependent on fund managers' ability to assess and monitor the full spectrum of potential impacts, and impact related risks of investments.

Case studies: **Bridges Evergreen** (page 23), **Triodos Bank** (page 28), **CBRE UK Affordable Housing Fund** (page 36).

More in-depth detail on these lessons is also included in **section 7**.



# 3. Contribution to the Sustainable Development Goals

The Social Impact Trust’s Investments currently align with 12 of the 17 UN Sustainable Development Goals (SDGs).

This includes seven SDGs where portfolio organisations deliver contribution at scale towards the UK’s specific SDG targets and action plans.



The Trust’s investments focus on meeting the needs of disadvantaged people through a combination of different services.

This means each investment typically addresses more than one SDG. By combining services, our investments stand a much better chance of creating meaningful positive outcomes for people.

The Trust’s housing investments, for example, often combine affordable, decent homes (SDG 11) alongside support for tenants to access training (SDG 4), decent jobs (SDG 6), and healthcare (SDG 3). When done well, this combination of services can help people lift themselves out of poverty (SDG1), reduce inequality (SDG10) and reduce the risk of falling into rental arrears, also benefitting the housing provider and investors.





Hull Womens Network

# SDG 1 No Poverty, SDG 10 Reduced Inequality and SDG 11 Sustainable Communities



**Trust Portfolio**  
**148,466**  
disadvantaged people provided with essential services<sup>15</sup>



**Trust Portfolio**  
**19,000**  
disadvantaged people provided with affordable decent homes<sup>16</sup>

**UK SDG national targets<sup>17</sup>**

**SDG 1 No Poverty Target 1.4: Secure housing tenure for all by 2030.**

Current UK level: 13% of the national population do not have secure tenure, predominantly people from lower income and disadvantaged backgrounds.

**SDG 11 Sustainable Communities Target 11.1: Safe, affordable housing and basic services for all by 2030.**

Current UK level: 18% of housing below decent homes standard, with lower income people most at risk.<sup>18</sup>

**Trust portfolio contribution: High Impact Housing**

Provision of affordable, decent homes for 19,000 disadvantaged, vulnerable and lower income people at risk of insecure tenure and/or sub-standard housing.

## Case Study: Social and Sustainable Housing Fund, Hull Women's Network

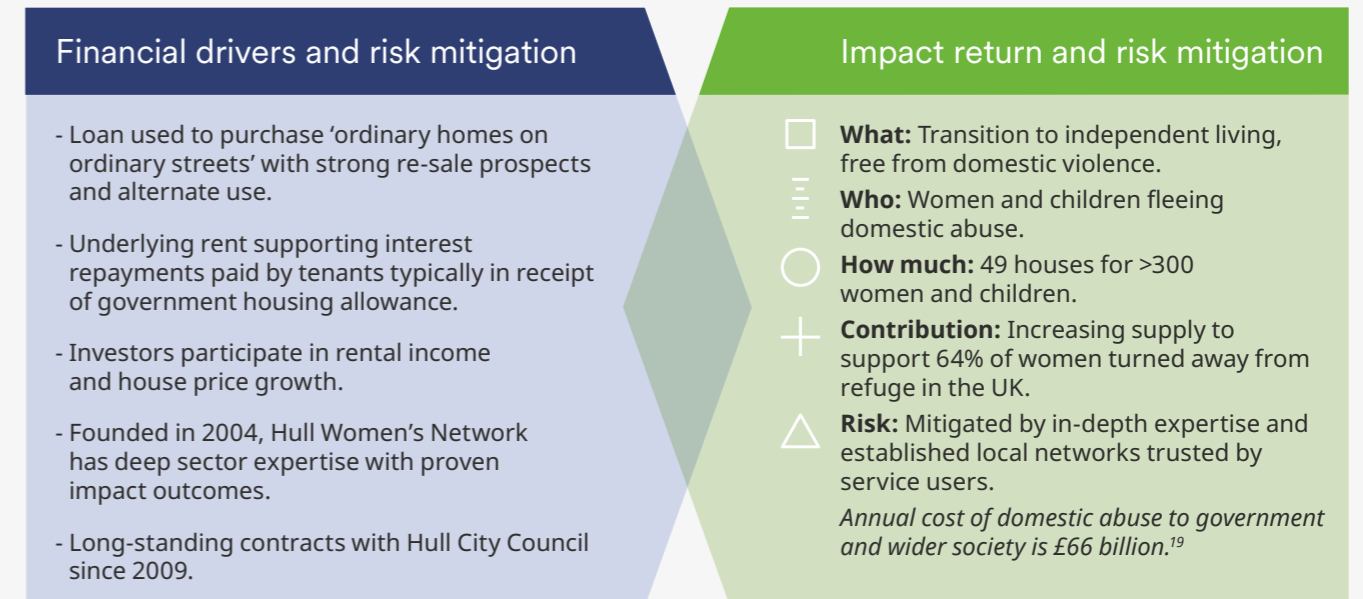
The Social and Sustainable Housing Fund (SASH) provides charitable organisations with the finance required to purchase residential properties to house some of the most disadvantaged people in the UK. Hull Women's Network is an experienced award-winning charity in the Preston Road area of Hull, established in 2004 to help address domestic violence across the city.

Women live with high-risk domestic abuse for an average of 2.6 years before getting effective help. With the benefit of access to safe, high-quality housing, Hull Women's Network supports women and their children to break free on their first attempt.

SASH provided a loan to enable Hull Women's Network to purchase 49 dispersed properties, to deliver a combination of crisis and supported accommodation, alongside transitional housing.

### Impact Practice: User Voice

The voices and experiences of users have been central to shaping Hull Women's Network strategy and services since inception, which was led by a forum of local women in 1999. The organisation has since incorporated user voice through its governance, including through a shadow committee of local women first set up in 2003; research partnerships to understand women's experiences of education and employment in the area; and through incorporating volunteering opportunities to shape service provision and support pathways to employment for participants.



<sup>15</sup> Data is aggregated for all Social Impact Trust investees. <sup>16</sup> Data aggregated for all Social Impact Trust housing investments (29 frontline investments). <sup>17</sup> <https://sdgdata.gov.uk> <sup>18</sup> No applicable UK target on Reduced Inequalities. UK targets relate primarily to income distribution across that national population, and to building inclusive government policies and institutions.

<sup>19</sup> Women's Aid, The Domestic Abuse Report 2020 – The Annual Audit.



Sue Ryder

# SDG 3 Good Health and Well-being



Trust Portfolio

6,756

people provided with high-quality health and care services<sup>20</sup>



Financial drivers and risk mitigation	Impact return and risk mitigation
<ul style="list-style-type: none"> <li>- Secured loan to finance new purpose-built, state-of-the-art, specialist neurological centre.</li> <li>- Low LTV supported by existing assets.</li> <li>- Revenue for neurological services from NHS Clinical Commissioning Groups.</li> <li>- Growing number of people being diagnosed with complex conditions alongside additional demand for community-based care.</li> </ul>	<ul style="list-style-type: none"> <li><b>What:</b> Neurological care, rehabilitation and support – including long term residential care and support for independent living.</li> <li><b>Who:</b> People with neurological conditions and rehabilitation needs.</li> <li><b>How much:</b> 40 residents in Preston.</li> <li><b>Contribution:</b> Community care and independent living that can create savings and better outcomes.</li> <li><b>Risk:</b> Mitigated by focus on quality support and 65+ year track record.</li> </ul>

<p><b>UK SDG national targets<sup>21</sup></b></p> <p><b>SDG 3 Good Health and Well-being UK National Target – No one left behind.</b></p> <p>Support the most disadvantaged young people through high-quality local services.<sup>22</sup></p>	<p><b>Trust portfolio contribution: Social Outcomes Contracts</b></p> <p>Trust portfolio organisations averted 108,021 days out of care through early intervention to date and saved £15m in health and care costs to government.</p>
---	---

## Case Study: Charity Bank, Sue Ryder Care

Charity Bank is the loans and savings bank for people who want to make the world a better place. 'Of the sector and for the sector', Charity Bank is 100% owned by charities and social purpose investors and dedicated to supporting UK charities and social enterprises. Charity Bank uses its savers' money to make much needed loans to enterprising organisations working to create lasting social change in communities across the UK. Since 2002, Charity Bank has made over £400 million of loans to a wide range of organisations across the arts, community, education, environment, faith, health, housing, regeneration, social care and sports sectors. The co-investment facility with Big Society Capital enables Charity Bank to provide larger

loans to social enterprises and charities that can be used for substantial asset purchases such as property to expand health and care services.

Sue Ryder is the national healthcare and bereavement charity, which provides palliative, neurological and bereavement support to people in the UK. The Social Impact Trust's co-investment alongside Charity Bank provided a £7.5m loan to Sue Ryder to finance a new state of the art neurological care and rehabilitation facility near Preston. The centre opened in April 2020 and has provided specialist neurological support throughout the Covid19 pandemic.



### Impact Practice: Barry's story

Barry Whaite, 75, from Preston, was admitted to Sue Ryder Neurological Care Centre Lancashire in April 2020, his head was the only part of his body he could move independently. He spent all of the first national lockdown undergoing physiotherapy and rehabilitation with the Sue Ryder team to help him regain his agility. In August 2020, Barry triumphantly left the centre, walking again with help from a walking aid. "I have nothing but praise for Sue Ryder. Without them, and had I remained at home, I am sure that I would still be bed ridden now". Barry's story, in his own words, is online at: <https://www.sueryder.org/blog/barrys-recovery-at-sue-ryder-neuro-care-centre-lancs>.

<sup>20</sup> Aggregated across all Social Impact Trust investees providing health and care services (7 frontline investments). <sup>21</sup> <https://sdgdata.gov.uk>  
<sup>22</sup> UK National Government Corporate Report: Implementing the Sustainable Development Goals, July 2021.

West London Zone



# SDG 4 Education For All



Trust Portfolio

8,563

people provided with education, training and employment support<sup>23</sup>

UK SDG national target<sup>24</sup>

**SDG 4 Quality Education Target 4.1: Quality education outcomes for all children by 2030.**

Current UK level: 30% of 16-year-olds leaving school without basic qualifications.

**Trust portfolio contribution: West London Zone**

702 at risk young people served in 2021.  
36% improved to get back on track with national standards targets for English.  
25% improved up to national standards for maths.  
75% of young people improved their mental health and confidence.

Case Study:

## Bridges Social Outcomes Fund II, West London Zone

The Harrow Road area in West London is one of the most unequal in the country. Areas of deep poverty exist directly adjacent to some of the most expensive locations in the world. Meanwhile, the existing support systems in West London are not easily able to flex to the needs of individual children. This leaves the local education system particularly exposed to the severe disruption seen since the first phase of Covid-19 lockdowns in 2020.

There are 12,000 children and young people currently living in this area who need additional support. Without it, they are more likely to face challenges in later life, including unemployment, social isolation, and poor mental and emotional

health. The Social Impact Trust investee West London Zone is a charity created to improve life chances for the 20% of children most at risk of poor outcomes in this geographical area, by enabling local community resources to work with local schools, and bringing together funding from local authorities, philanthropists, central government and the schools themselves. The programme is a two-year, personalised and intensive package of support tailored to each child's unique strengths, needs and aspirations. The aim is for them to progress in all aspects of life – particularly well-being, confidence, relationships and academic achievement. Each child has a 'Link Worker' who guides them through the programme.



### Financial drivers and risk mitigation

- Flexible delivery, finance and adaptive management of personalised programmes to improve education outcomes for young people.
- Each child is supported by a combination of funding from local councils, central government, schools, and philanthropy.
- Active and adaptive management of delivery around social outcomes helps create better outcomes and better value while reducing implementation risk.

### Impact return and risk mitigation

- What:** Improved life chances for the children most at risk of poor educational outcomes.
- Who:** Disadvantaged children and young people living in West London.
- How much:** 702 children supported in 2021.
- Contribution:** No other local service supporting young people holistically with integration with schools.
- Risk:** Lockdowns have created disruption to education provision. WLZ has responded by adjusting provision and coordinating with schools track record.

<sup>25</sup> West London Zone, online. <sup>26</sup> Children's Commissioner England report 2019. <sup>27</sup> <https://www.westlondonzone.org/our-latest-data>



### Impact Practice: User Voice

West London Zone's services and revenues are dependent on gathering information from young people and using that information to shape personalised services. This approach was central to WLZ's adjustment to Covid-related disruption. WLZ's Impact Report sets out the experience of young people who have engaged with services so far.<sup>27</sup>

"Before I started going to my Link Worker, I was fighting, messing about, but ever since I started I've been concentrating more on my lessons." (WLZ young person).

<sup>23</sup> Aggregate data for all Social Impact Trust investments providing education and training services (4 frontline investments. <sup>24</sup> <https://sdgdata.gov.uk>

Agility Eco



# SDG 7 Affordable and Clean Energy and SDG 13 Climate Action



**Trust Portfolio**  
**£6,556**  
 average lifetime savings generated for 44,000 households at risk of fuel poverty<sup>28</sup>



**Trust Portfolio**  
**545,753**  
 tonnes of lifetime CO2 emissions abated from improvements to date<sup>29</sup>

UK SDG national targets and status
<b>SDG 7 UK Target:</b> Affordable and clean energy for all by 2030.
<b>Current UK level:</b> Fuel poverty at 13%, forecast to rise to 26% in 2022.
<b>SDG 13 UK Target:</b> Pathway to net zero emissions by 2050 requires all UK housing at minimum energy efficiency level (EPC rating C) by 2028.
<b>Current UK level:</b> 59% of UK homes do not meet minimum energy efficiency level.

**Portfolio contribution to SDG: Debt for social enterprises, High impact housing**

Energy efficiency services provided by portfolio companies brought 44,000 households up to standard in 2020-21.

All new housing developed within portfolio meets standard.

## Case Study: Bridges Evergreen, AgilityEco

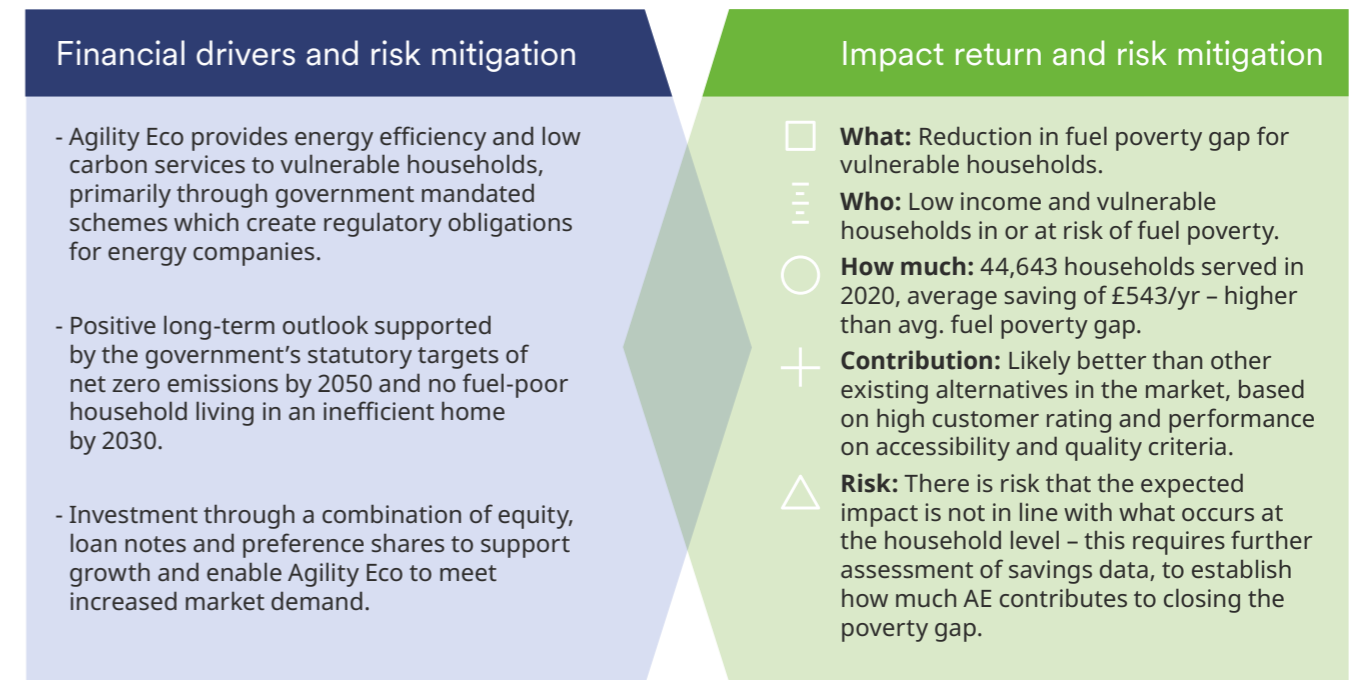
Many mission-driven organisations tackle difficult and entrenched social problems that require a long-term view. The Social Impact Trust invested in Bridges Evergreen, a fund that seeks to build proven, impactful businesses that can scale over the long term without a time-bound focus on exit. Bridges Evergreen's flexible and patient ownership helps support the long-term interests of businesses and the communities they seek to benefit. More than 13% of households in the UK live in fuel poverty. In 2022 this is projected to treble<sup>30</sup> with rising energy prices, making it one of the most severe and urgent pressures on households. Continuously rising fuel costs, inefficient housing stock and rising household debt mean that too many people are forced to make unacceptable choices between "heating or eating". Bridges Evergreen invested in AgilityEco, a leading provider of services to reduce fuel poverty and improve energy efficiency in homes across the UK, helping to tackle the challenge of fuel poverty primarily via two government-backed schemes.

### Impact Practice: Holistic Assessment

Bridges Evergreen assesses impact risks and opportunities across the investment value chain, through supply chain, company operations and employment practices and service provision.

AgilityEco also publishes an in-depth annual impact report. This report provides accountability, and a direct contribution to the organisation's mission to eliminate fuel poverty, by sharing learnings on how to tackle fuel poverty, and the impact case for doing so.

[https://www.agilityeco.co.uk/sites/default/files/agilityeco\\_impact\\_report\\_2020-2021\\_web.pdf](https://www.agilityeco.co.uk/sites/default/files/agilityeco_impact_report_2020-2021_web.pdf)



<sup>28</sup> Data from one Social Impact Trust Investment (AgilityEco, Bridges Evergreen). <sup>29</sup> Aggregate data from Social Impact Trust investments in renewable energy and energy efficiency services (6 frontline investments)

<sup>30</sup> Resolution Foundation <https://www.resolutionfoundation.org/press-releases/families-suffering-from-fuel-stress-set-to-treble-overnight-to-six-million-households-as-energy-bills-soar/>

## 4. Asset Class Deep Dive: Debt for Social Enterprises

Funds committed  
**£40.7m**

Organisations supported  
**60**

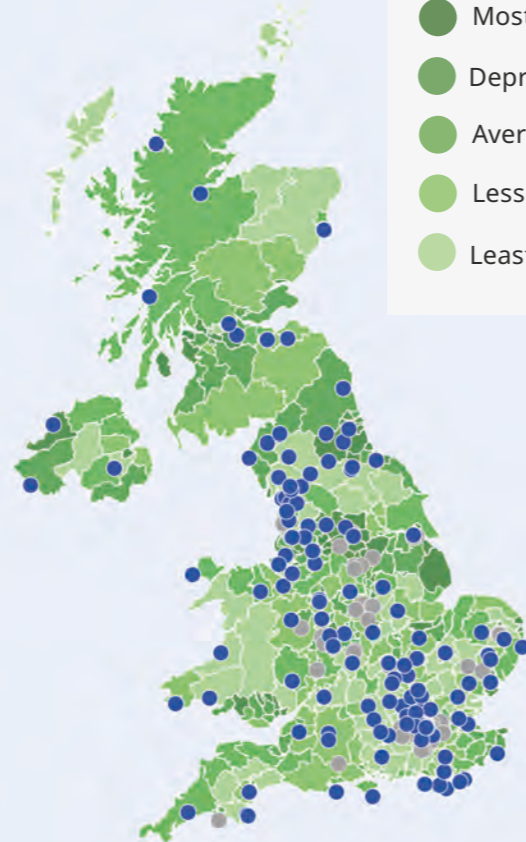
Serving more than  
**150,000**  
people

### Social need

Essential services including health and social care, education, employment and training, and financial inclusion are fundamental to economic and social well-being. New technologies and innovations from businesses, charities and government have created opportunities for real progress across all these areas, but essential service providers are under severe pressure and resource constraints. Lower-income and marginalised people frequently miss out as a result and are disadvantaged across a range of social services. Charities and social enterprises are often best placed to serve these needs, but they need capital to operate and grow. Traditional finance providers are not always well positioned to address these financial needs.

### Solution

The Trust invests in funds and co-investments that provide capital to charities and social enterprises targeting high social impact interventions for more disadvantaged groups, primarily funded by government backed revenues.








### Map Key

- Most deprived
- Deprived
- Average
- Less deprived
- Least deprived

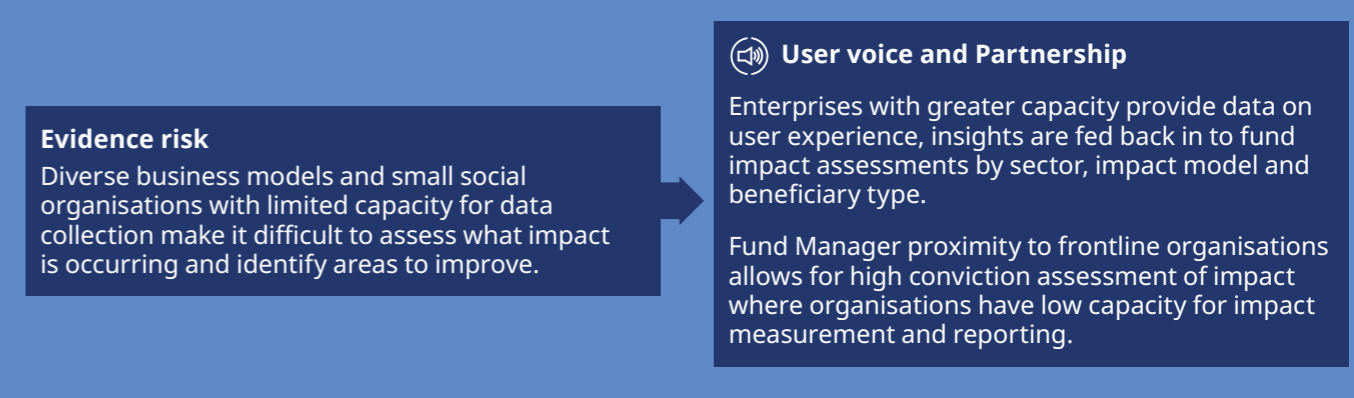
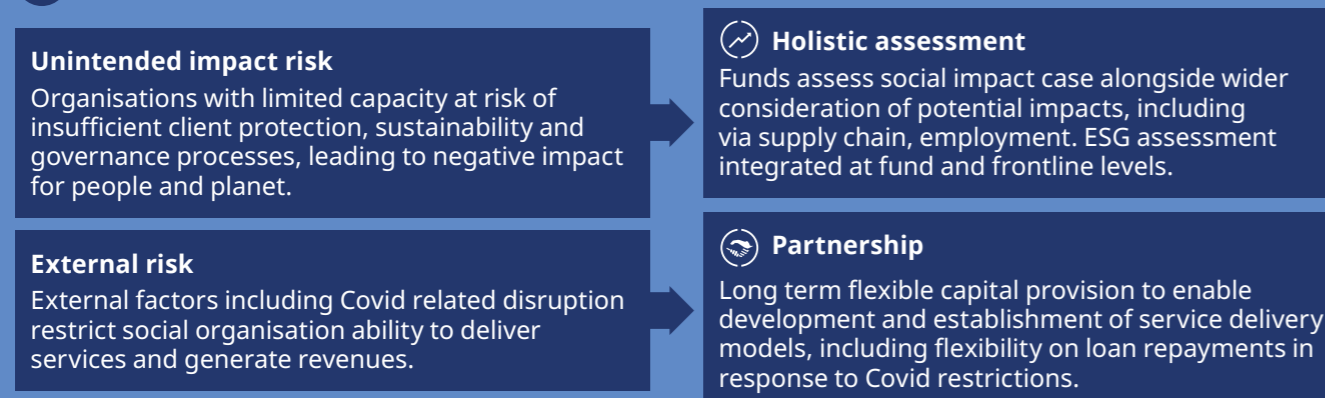


# Debt for Social Enterprises Portfolio

		
<b>Fund</b>	<b>Bridges Evergreen</b> £10m Social Impact Trust investment of £54.5m Fund.	<b>Charity Bank</b> £7.1m Trust committed in co-investments.
<b>What</b>	Four impact themes: Sustainable Planet, Healthier Lives, Future Skills, and Stronger Communities.	Health and care services; affordable housing for elderly people.
<b>Who</b>	Vulnerable or disadvantaged beneficiary groups and/or the planet.	People with long term health conditions and lower income elderly people.
<b>How Much</b>	Energy efficiency services for 44,000 households at risk of fuel poverty, leading to average annual savings of £543 per household. Quality training provision to 5,400 learners, including 30% with no prior qualifications. Affordable housing provided to 378 tenants moving from poor-quality accommodation or insecure tenancy agreements. High quality care, education & therapy for 88 young people with significantly improved outcomes.	Development of a facility to care for 44 people rehabilitating from stroke or recovering from serious injury. Development of 48 housing units for the elderly, of which 33 to be let at affordable rent. Construction of a 20 unit almshouse to provide affordable accommodation for the elderly.
<b>Contribution</b>	Patient, flexible capital alongside hands-on strategic and value creation support, including expert impact measurements, management and reporting.	The loans in the portfolio have enabled charities to purchase or develop properties which will provide high quality, suitable, long-term accommodation and services for their local communities.

		
<b>Triodos</b> £2.5m Trust investment of £5.7m bank capital bond supporting Triodos loan growth.	<b>Rathbones Charity Bond</b> £14.8m Trust investment in charity bonds.	<b>SASC Community Investment Fund</b> £4.5m Trust investment of £13.4m Fund.
Loans to a wide range of social organisations across the UK in healthcare, housing, education and communities.	Broad impact including supported housing, renewable energy generation and broadband connectivity for rural communities.	Investments in social organisations providing care, housing, renewable energy.
Underserved and vulnerable people in the UK.	Vulnerable, disadvantaged or underserved people.	Disadvantaged, vulnerable and underserved communities.
Loans have supported 2326 children provided with education or childcare. 135 older people housed and supported in care homes. 588 tenants housed in social and community housing.	Over 9500 tenants housed at affordable rents. Intensive support including care, education and training, employability and housing provision to more than 7,000 people with health conditions or special educational needs. 1,664MwH renewable energy generated. 7000 rural properties connected with broadband.	2,326 people reached by 11 social organisations providing essential services. £300k generated for community benefit funds to date. 22,172 MWh of renewable energy generated annually.
Flexible, long-term capital and technical support to mission-led organisations across the UK.	Fund provides additional capital to enable Charity Bonds to reach their target size. The fund also engages with investees on impact management.	Flexible, long dated capital provided to small and medium social organisations, supporting growth and resilience.

## Key Impact Risks and Mitigants



## Debt Case Study: Social lending for a just, community led transition to net zero: Triodos and RUSS

Triodos Bank provides a range of finance and advisory services to social organisations across the UK. The Social Impact Trust's investment with Triodos covers a diverse portfolio of more than 800 organisations across care, education, community and cultural events and housing.

In November 2021, Triodos published its strategy to achieve net zero emissions by 2035, As One to Zero. Working in partnership and targeting an inclusive and socially just transition is central to Triodos's strategy. The bank's £8.5m loan to the Rural Urban Synthesis Society (RUSS), demonstrates the value of this strategy. Across the UK, many local people are being priced out of their communities, with the highest annual growth rate in UK house prices for 17 years reported in 2021.

RUSS is the UK's largest self-build community housing project. The project includes permanently

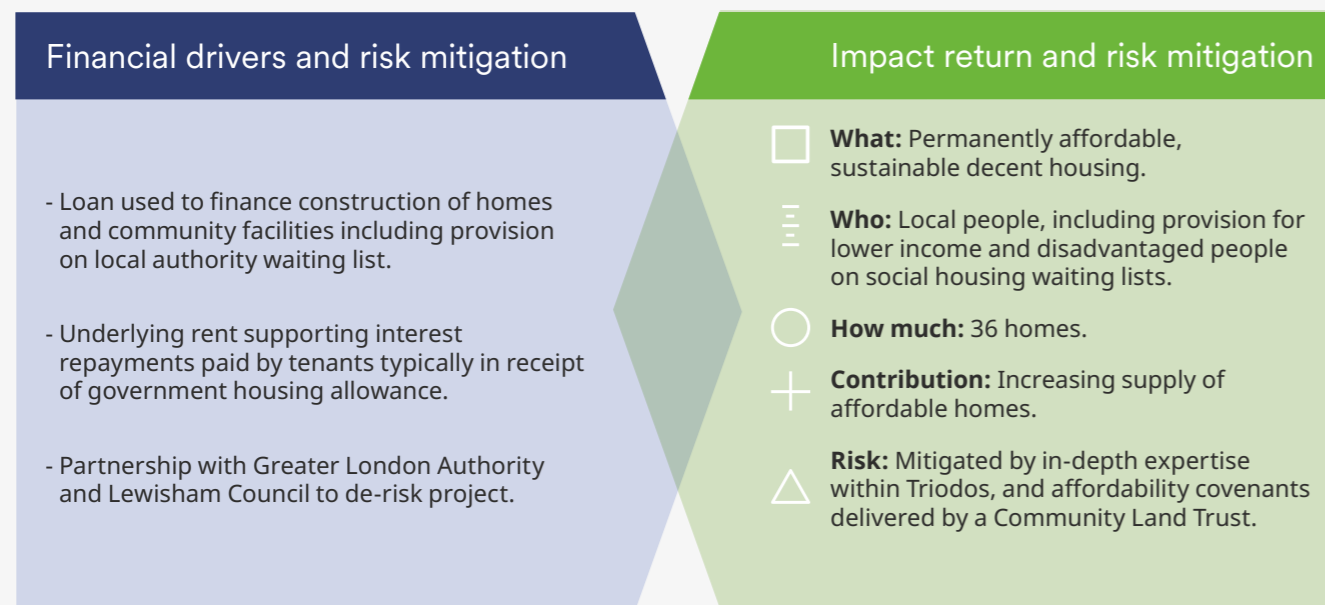
affordable new homes, communal food growing and gardening spaces, a shared laundry and a publicly accessible playground. A Community Hub, built by nearly 100 volunteers in 2019, stands alongside the new homes and will serve as an affordable, eco-friendly work and events space for the local community.

The homes, which are due to be completed in 2023, are designed for a low-carbon future, with an air source heat pump providing metered hot water, extra insulation and photovoltaic panels generating electricity. There will also be rainwater harvesting and plants to provide summer shading. This will reduce the environmental footprint of the development, and also reduce utility bills for residents.

### Impact Practice: Partnership and Holistic Assessment

The bank has been involved in the project for over seven years, including providing financial modelling and advisory work through its corporate finance team.

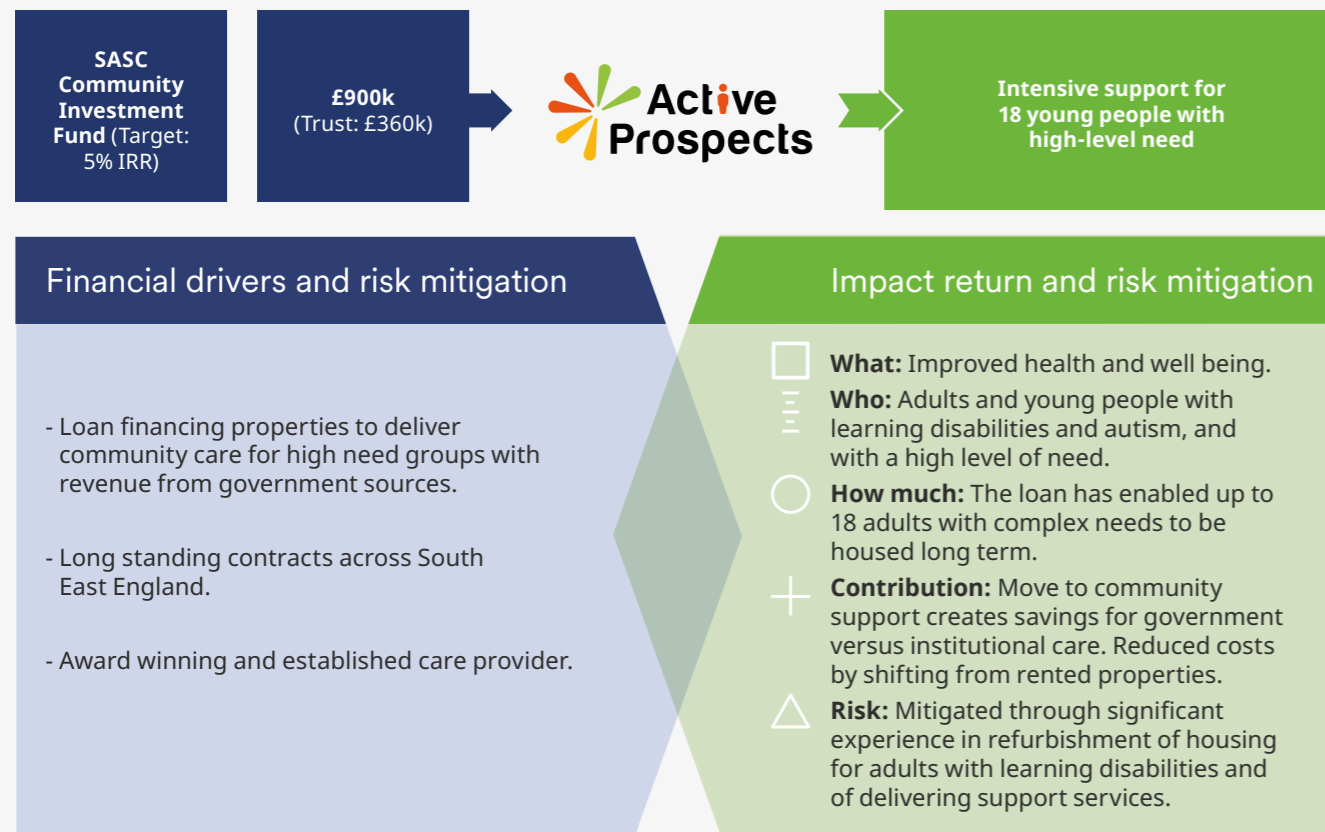
RUSS aims to share the learnings from its pilot housing project with other community housing groups through its School of Community Housing.



## Debt Case Study: SASC Community Investment Fund, Active Prospects

Active Prospects (AP) is a not-for-profit, award-winning residential care provider operating across the South East of England. AP supports adults and young people with learning disabilities, autism, mental health needs, acquired brain injury and other complex needs. Active Prospects develops small

clusters of self-contained homes with communal facilities. These make it possible for people with high-level needs to move out of institutions, creating savings for government. AP's high impact approach is to provide "ordinary homes in ordinary communities".



<sup>31</sup> [https://issuu.com/activeprospects/docs/active\\_prospects\\_impact\\_report\\_2021-web/1](https://issuu.com/activeprospects/docs/active_prospects_impact_report_2021-web/1)

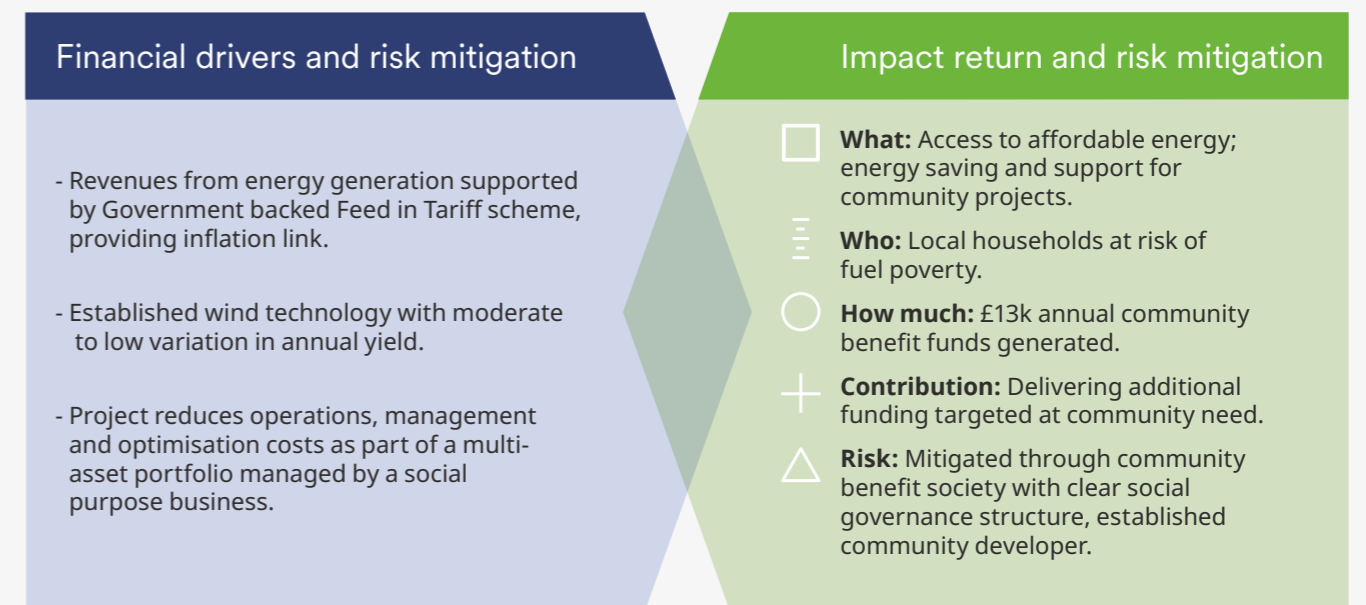
### Impact in practice: User voice

Active Prospects gathers and publishes feedback from clients and their families, ensuring services are tailored to client needs and preferences. AP's 2021 Impact Report<sup>31</sup> found that 94% of people supported would recommend Active Prospects to a friend, while 98% reported staff were caring or very caring. This positive feedback appears to be highly correlated with positive long term outcomes. 92% of people leaving long-stay institutions successfully maintained a new home after two years.

## Debt Case Study: Community Investment Fund: Resilient Energy

The Social Impact Trust holds a £4.5m investment with the SASC Community Investment Fund (CIF), which provides flexible, long-dated finance to small and medium social organisations across England. CIF provided £1.6m asset finance to Resilient Energy Mounteney's Renewables (REMR), a Community Benefit Society in Stroud, to build two 500kW community wind turbines.

The organisation has committed to allocate 4% of its turnover to help build community resilience locally, by addressing current needs and future challenges, and funding projects in local schools, community facilities and recreational areas.





# 5. Asset Class Deep Dive: High Impact Housing

Funds committed  
**£35m**

Organisations supported  
**20**

Number of homes provided  
**1,426**

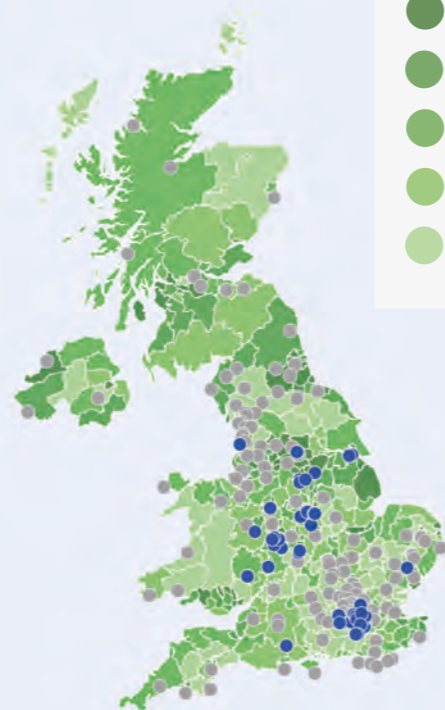
Number of people served  
**3,915**

## The Social Issue

There is a chronic shortage of affordable and social housing in the UK. This crisis disproportionately affects those who are most disadvantaged in our society and those with additional care or support needs. An estimated 183,000 households were pushed into homelessness over the course of the Covid-19 pandemic. The number of people at risk of homelessness is expected to increase with rises in essential living costs in 2022.

## Solutions

Responsible private investment will be crucial to closing the funding gap for decent and affordable housing. Registered housing providers, local authorities and charities provide over five million homes for people who cannot afford to rent or buy in the open market. The Trust invests in funds and organisations that have a track record of developing and managing quality, affordable homes. Funds must be able to build partnerships to reach more disadvantaged and marginalised people and use housing as a starting point for providing a wider range of essential services. The Trust invests in three types of housing, each addressing the specific needs of different lower income groups, supported by different government funding streams.



### Map Key

- Most deprived
- Deprived
- Average
- Less deprived
- Least deprived

### Supported housing

Bespoke/adapted new builds for people with specific needs.  
**700,000 people** with high level long term care and support needs.

### Transitional housing

Existing housing stock (refurbished) for people with vulnerability or in crisis  
**189,500 people.**

### General needs social & affordable housing

New builds to address chronic undersupply of affordable homes.  
**3.8million people** in need of social rented housing and significantly more looking for other types of affordable long term housing solutions.



# High Impact Housing Portfolio

	 <p><b>Resonance Real Lettings Property Fund</b> £5m Trust investment of £56.8m Fund.</p>	 <p><b>Social and Sustainable Housing (SASH)</b> £10m Trust investment of £73m Fund.</p>
<b>Fund</b>	Transitional housing and support for employment and financial inclusion.	Transitional supported housing.
<b>What</b>	People at risk of homelessness.	A range of vulnerable groups, including people with mental health needs, survivors of domestic violence, ex-offenders, vulnerable young people and people at risk of homelessness.
<b>Who</b>	996 people housed.	204 people housed and supported.
<b>How Much</b>	An alternative social landlord preventing homelessness and rough sleeping by working with expert partners to understand and respond to tenants' needs.	More consistent and higher-quality service provision to tenants, through increased organisational resilience of service providers.
<b>Contribution</b>		

  <p><b>Man Community Housing Fund</b> £10m Trust investment of £200m+ Fund.</p>	 <p><b>CBRE UK Affordable Housing Fund</b> £10m Trust investment of Fund £232m net capital committed.</p>
Affordable rents, including focused rents for key-worker groups and shared ownership.	Social and affordable rent, shared ownership, and other affordable mixed tenures (eg temporary accommodation, key worker housing).
Those on median and lower incomes, or those struggling to get on the housing ladder.	Lower-income households unable to rent or buy on the open market.
New investment, delivering housing from 2022 onwards.	1,209 homes with potential to house 3,311 people on completion.
Net increase in supply of affordable housing and better quality housing (through early-stage partnerships with councils and housing associations).	Net increase in supply of affordable housing; mainstream managers adoption of high-quality impact practice; improved well-being and disposable income for residents.

## Key Impact Risks and Mitigants

**Unintended impact risk**  
Engagement with higher risk groups likely to experience negative outcomes in the event of disrupted or poorly aligned services, or poor-quality housing conditions.

**Holistic assessment**  
Equity Impact Project introducing consistent metrics across social and environmental performance.

**External risk**  
Factors outside housing organisation control including tenant employment following Covid disruption. Welfare policy, grant availability and planning changes risk the viability of high impact tenure delivery.

**Partnership**  
Selection focused on fund managers with clear impact goals who will work to find solutions in the face of challenges.

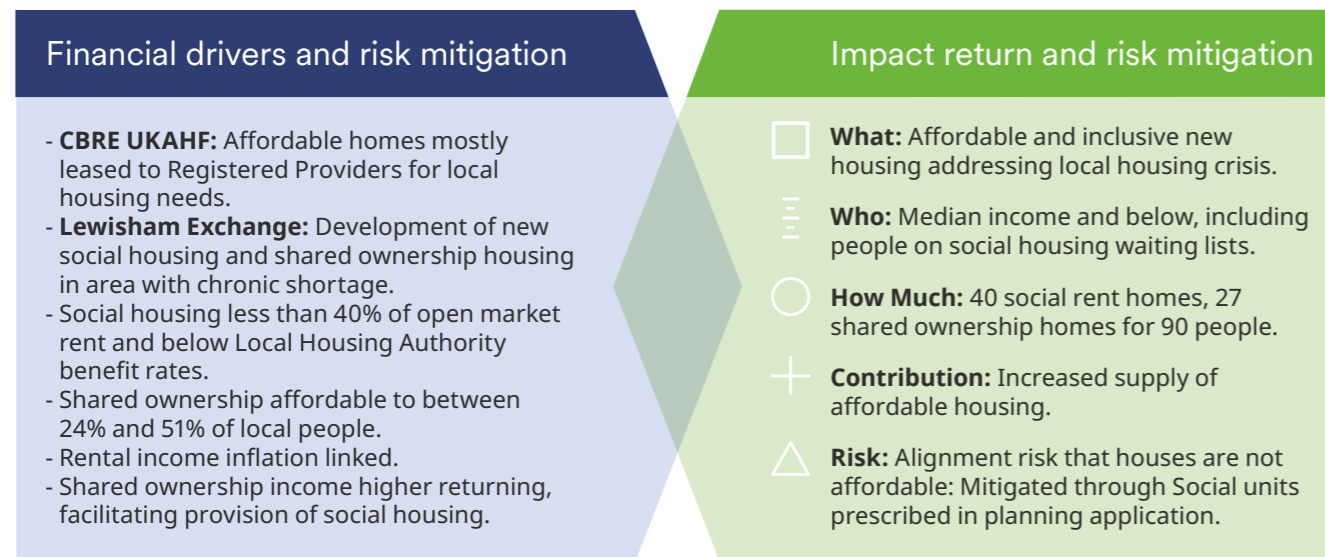
**Evidence risk**  
Delivery of services addressing multiple needs, alongside property acquisition and management.

**User voice and Partnership**  
Measures of tenant satisfaction and positive move-on rates.  
  
Organisation age, size, regulatory status and experience of financial management assessed by fund managers.

## Housing Case Study: CBRE UK Affordable Housing Fund and Lewisham Exchange

The CBRE UK Affordable Housing fund responds to the challenge of chronic shortage of affordable homes in the UK by delivering sustainable and affordable housing in areas of need. The fund purchases existing properties and develops new affordable homes, leasing them on a long term basis to Registered Providers.<sup>32</sup> The fund's investments

include the Lewisham Exchange development completed in 2021. Lewisham is one of the least affordable boroughs in the country, with house prices rising by more than a third in the last five years and nearly 10,000 lower income households on the local authority waiting list for social housing.



### Holistic Assessment

The CBRE UK Affordable Housing Fund operates a proprietary social impact framework that includes impact screening and due diligence on potential acquisitions, and an ongoing assessment of the fund's performance relative to its five impact goals:

- **Social Need:** Target developments which will address the needs of those on Local Authority housing lists who cannot afford to rent or buy in the open market.
- **Affordability:** Ensure funded developments are affordable within their local markets.
- **Fund Sustainable Developments:** Fund developments which improve access to housing and quality of life.

- **Quality Service:** Ensure RPs and Asset (Operational) Managers deliver quality services and outcomes for end users.

- **Increase Supply:** Drive delivery of affordable housing that would otherwise not be built.

The Good Economy publishes an annual social impact report that assesses the fund's performance against these impact objectives, its contributions to specific outcomes, and its risks moving forward. This report are used by the fund to maintain transparency and accountability towards its investors and other key stakeholders.



<sup>32</sup> As defined by the Housing and Regeneration Act of 2008, such as Housing Associations and Local Authorities.

# 6. Asset Class Deep Dive: Social Outcomes Contracts

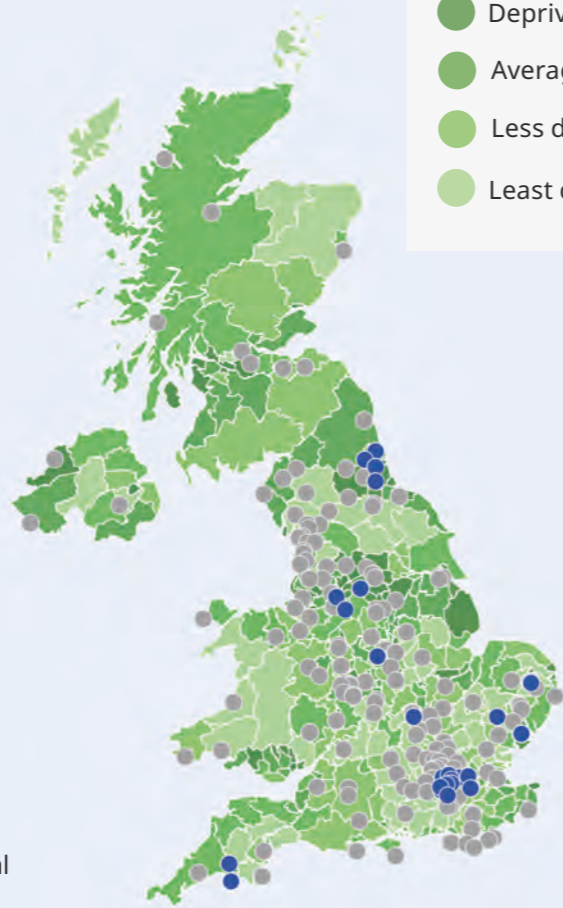
Funds committed	Organisations supported	Short-term public value generated <sup>28</sup>	Number of people supported
<b>£8.3m</b>	<b>80</b>	<b>£34.6m</b>	<b>11,364</b>

### The Social Issue

The UK government spends about £80bn a year commissioning vital social services from third-party providers. The quality of these services has a massive impact on the lives and prospects of more disadvantaged people. However most provision relies on a prescribed fee for services model. This method does not work in areas where services must be highly personalised to individual needs, or where government is trying to catalyse real innovation in service design or delivery. In these areas, a more promising approach is to contract and pay for positive outcomes, leaving delivery teams free to personalise their approaches to each individual. A well designed 'social outcomes contract / partnership' can create these conditions. Social enterprises and charities are a crucial source of innovations, but they often lack the upfront working capital required to deliver these contracts.

### Solution

The Trust invests in funds or direct opportunities that provide capital for expert charities and social enterprises to deliver outcomes-based government contracts across any policy areas where public services need to be fully personalised to individual circumstances, including homelessness support, health, education, family therapy and children's services. This funding enables social organisations to achieve greater impact for vulnerable people, and provide better value for money for the public. Revenue is fully contracted through the life of the contract and is conditional upon achieving better outcomes and better value for money than traditional public service approaches.



### Map Key

- Most deprived
- Deprived
- Average
- Less deprived
- Least deprived

## Social Outcomes Contracts Portfolio

<b>Fund</b>	<b>Bridges Social Outcomes Fund</b> £8.3m Trust investment of £35m Fund.
<b>What</b>	Personalised family, health, social care, education and transitional housing services leading to sustained positive outcomes for citizens and value for taxpayers.
<b>Who</b>	Individuals and families with complex needs who need highly personalised support.
<b>How Much</b>	Short-term public value of £34.6m generated through early intervention. <sup>33</sup> 11,364 people supported across homelessness, education and employment, family care. 603 children and young people engaged for at least one year in programme to improve life chances for the 20% most at risk of poor education and employment outcomes [WLZ].
<b>Contribution</b>	Provision of flexible capital enables social organisations to participate in outcomes based contracts. Bridges works in partnership with local authorities, central government and delivery partners to create partnerships which enable collaborative design, flexible delivery and clearer accountability for improving people's lives.

### Key Impact Risks and Mitigants

**Execution risk**  
 Potential delays in recruitment of staff.  
 Potential structural barriers limiting the ability to innovate and evolve services based on learning.

**Partnership and flexible delivery**  
 Collaborative design models with local steering groups and stakeholder engagement.  
 'Flexible delivery model allows for continuous improvement and adaptation.'

**External risk**  
 Risk that referral levels deviate substantially from expectations due to Covid disruption and/or surge in need. Covid-19 resulting in virtual delivery of services.

**User voice and direct accountability for improving lives**  
 Continuously listening to people using the service. Projects which have flexibility to continuously evolve how their service is designed and delivered, achieve more than those forced to adhere to a contractual delivery budget and service specification.

<sup>33</sup> Social Outcomes Contracts assess cost effectiveness in achieving positive outcomes, referenced against existing costs or rates set to achieve outcomes through conventional public service provision. See Appendix: Methodological Notes for further information on how this KPI is measured.

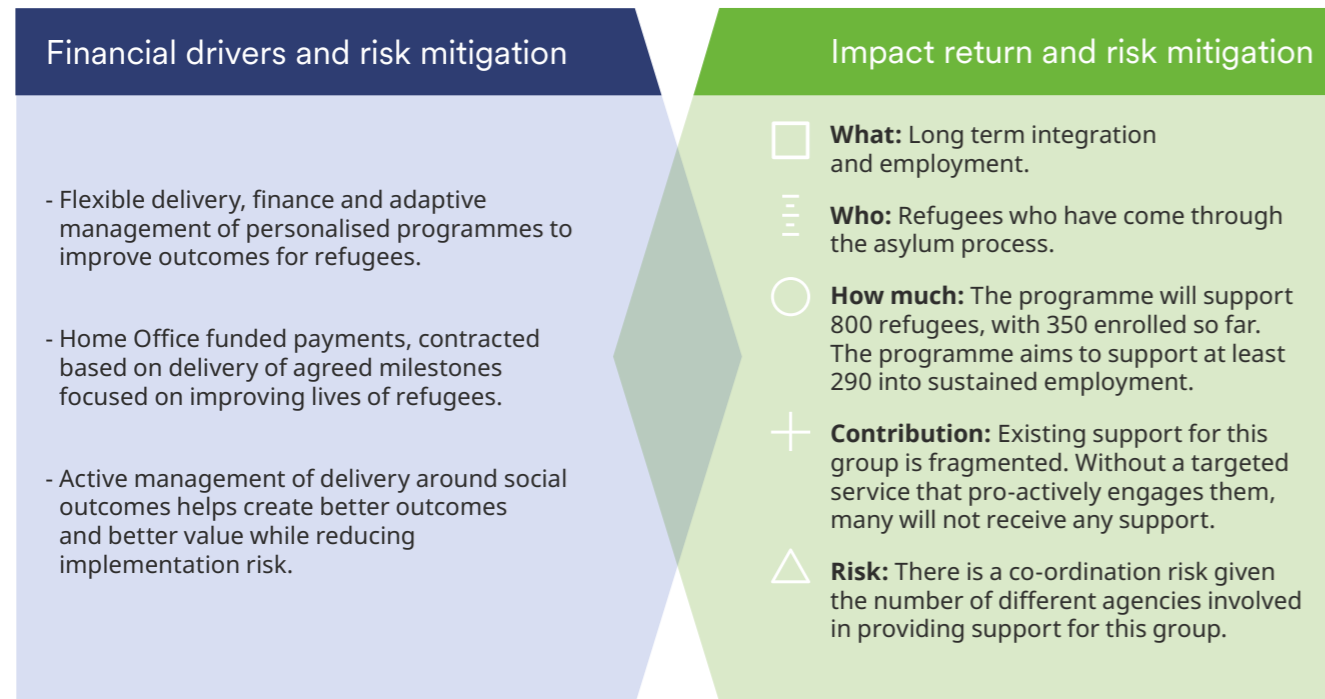
## Social Outcomes Contracts Case Study: Refugee Better Outcomes Partnership

The UK offers protection to over 13,000 refugees each year. Refugees face multiple barriers to self-sufficiency, including high levels of unemployment, lack of access to stable housing, mental health issues, low levels of English language and limited social connections.

Prior to the pandemic, refugee employment levels were 20% lower than for the wider UK population and 30% lower for refugee women than UK-born women. Over 80% of refugees are people who come

through the asylum system. Many of these people will have waited years to receive their refugee decision, living in asylum accommodation during this time with limited access to any support.

The Refugee Better Outcomes Partnerships (delivering programmes in Plymouth and in the Northeast of England) provides one-to-one support to refugees with the transition out of asylum accommodation and into the community.



## Social Partnerships

Bridges created Refugee Better Outcomes Partnership (RBOP), a partnership co-ordinator that supported the development of local delivery partnerships in each area, including a mix of local authority and charity delivery teams. Many of the delivery frontline teams are former refugees themselves who have come through the asylum process.

These partnerships successfully bid to the Home Office and were awarded the contracts to deliver the service in Plymouth and across ten local authorities in the North East of England. The service is now underway with both projects on track in terms of the number of refugees engaged.

The partnership is now working to address the challenges in the asylum process.

One example is the short time-period given to refugees to move on from the asylum accommodation after receiving their refugee decision (just 28 days). This leaves many unable to secure new accommodation in time, and therefore at high risk of homelessness. RBOP has established

referral forums that bring together asylum accommodation providers, local authorities and delivery partners, to ensure that the partnerships are made aware immediately of asylum-seekers who receive a positive refugee decision. A new data sharing process has been established to ensure up-to-date information on asylum-seekers who have received positive refugee decisions. These service innovations ensure that RBOP can identify newly eligible refugees at the beginning of their 28 days and get in touch with individuals to offer support before there is an immediate risk of homelessness.

Another area the service is targeting to improve is English language training for refugees, which is crucial for integration in the community and for employment. Some of the existing challenges include inconsistent assessment resulting in people in unsuitable classes and a lack of employment-focused language training. RBOP has funded additional, employment-focused English classes, to supplement college run courses. The partnership is also working on a common assessment tool to improve planning and co-ordination of additional lessons.



# 7. Impact Approach

Impact management and measurement is central to the Social Impact Trust's investment thesis and is integrated at every stage of the Trust's investment process.

Understanding the impact that is being achieved is a **competitive advantage for the funds and enterprises we invest in, reducing risk and creating long term value for investors.**

The Trust considers impact at two levels:

Firstly, the **impact on people**, created by the organisations receiving investment through

the fund managers that the Trust invests in. This is the primary focus of this impact report.

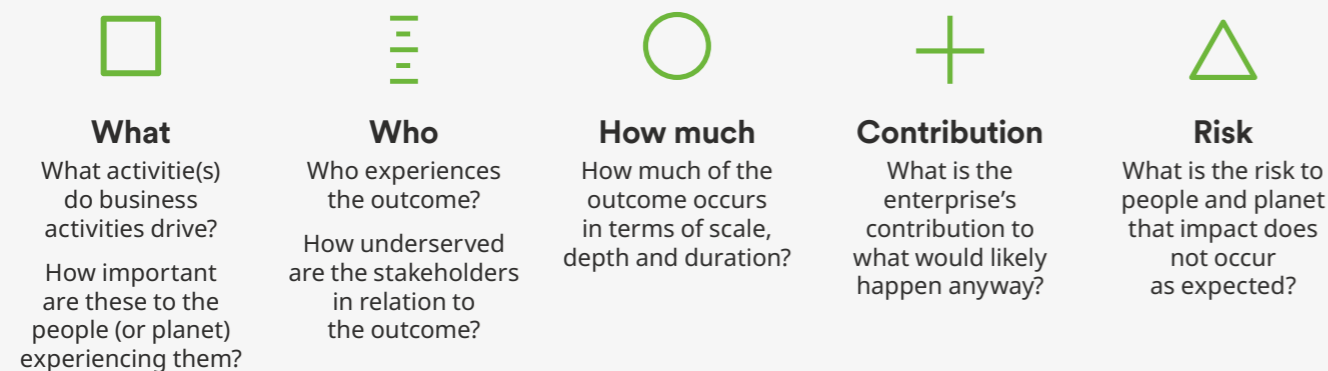
Secondly, we also assess **the investor contribution** of the Trust, which is the potential for the Trust to help enhance the impact of fund managers and investees.

## 7.1 Impact on People

The Trust uses the Impact Management Project (IMP) five dimensions of impact to define the Trust's impact thesis and subsequently assess the expected impact of each investment and its alignment with thesis.

Each dimension displayed below represents an important element of understanding the change in outcomes that end beneficiaries of the Trust are

expected to experience. These dimensions are used throughout this report to summarise impact at fund and frontline organisation levels.



## 7.2. How the Social Impact Trust assesses and manages impact

The Trust's impact management processes draw on Big Society Capital insights into the enablers of strong impact performance, based on more than a decade of work with more than 65 intermediaries in 100+ funds. As an early signatory to the Operating Principles for Impact Management (OPIM), the Trust's impact systems and processes are designed

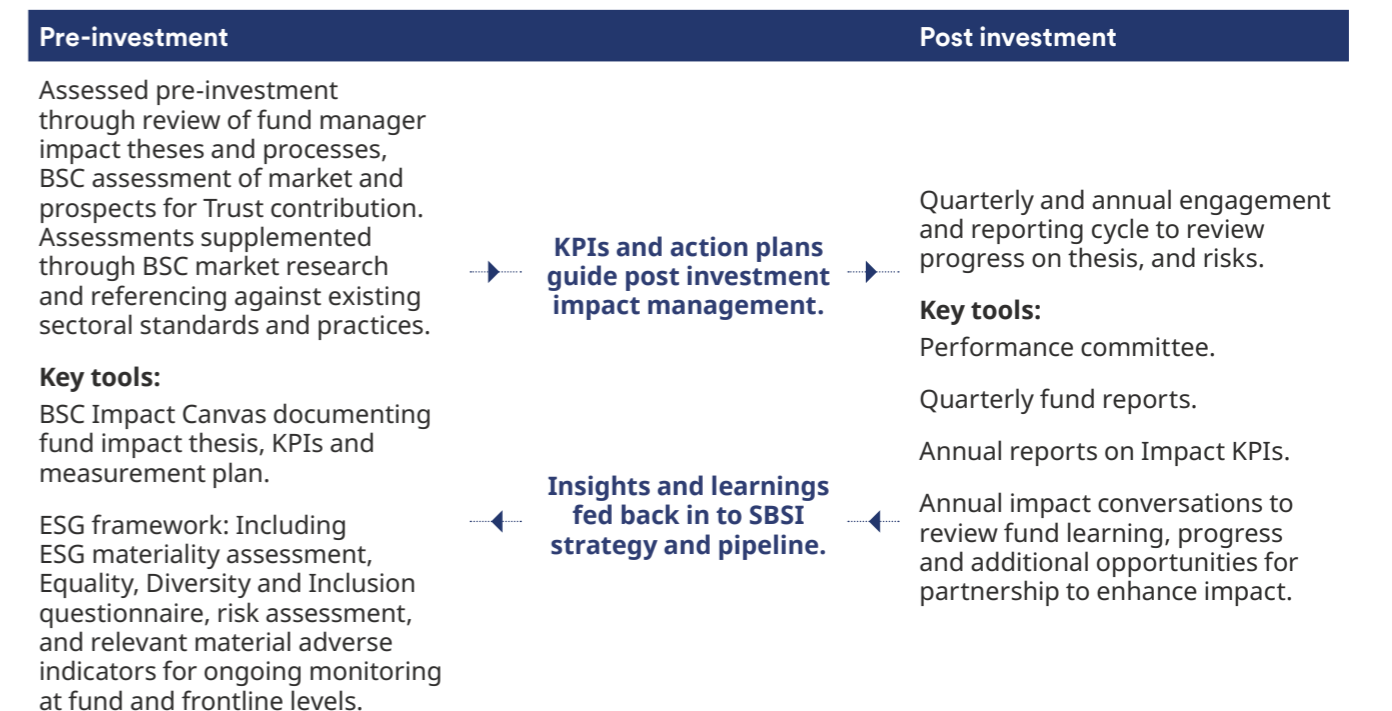
to ensure full alignment with the industry standard for best practice in impact management.

Big Society Capital's alignment with the OPIM standard is independently verified in its annual publicly available disclosure and verification statement.<sup>34</sup>

### Impact practice throughout the investment process

What	Impact intent is consistent with investment strategy	Impact aligned approach to origination and structuring	Impact management embedded into portfolio management	A clear approach to sustained impact on exit
Good practice	 Holistic assessment of the social and investment solution.	 Partnerships with experienced social organisations.	 User voice used to improve decision making.	 Holistic assessment, drawing on social organisation partnerships and user voice.
Why	<b>Mitigates conflict risk</b> Social impact outcomes and financial return targets are intrinsically linked.	<b>Mitigates reputational risk</b> Finance is sustainable, meeting genuine sector demand and proven outcomes based solution.	<b>Mitigates financial and impact risk</b> Finance is sustainable, meeting genuine sector demand and proven outcomes based solution.	<b>Perserves impact integrity</b> Exit of investment is mutually beneficial to all stakeholders and focussed on maintaining long-term impact.

### Impact assessment and reporting pre and post investment



<sup>34</sup> [https://bigsocietycapital.fra1.cdn.digitaloceanspaces.com/media/documents/Disclosure\\_statement\\_2022\\_final.pdf](https://bigsocietycapital.fra1.cdn.digitaloceanspaces.com/media/documents/Disclosure_statement_2022_final.pdf)

### Impact Risk assessment

This Trust’s Impact framework ensures that investments align with our social impact mission and that impact risks are assessed and managed. We believe this rigorous approach to impact risk is key to the Trust’s success. The Trust focuses on the nine types of impact risk codified by the Impact Management Project.

#### Enterprises and investors face nine types of impact risks

Impact Risk	Definition
<b>Evidence risk</b>	The probability that insufficient high-quality data exists to know what impact is coming.
<b>External risk</b>	The probability that external factors disrupt our ability to deliver the impact.
<b>Stakeholder participation risk</b>	The probability that the expectations and/or experience of stakeholders are misunderstood or not taken into account.
<b>Drop-off risk</b>	The probability that positive impact does not endure and/or that negative impact is no longer mitigated.
<b>Efficiency risk</b>	The probability that the impact could have been achieved with fewer resources at a lower cost.
<b>Execution risk</b>	The probability that the activities are not delivered as planned and do not result in the desired outcomes.
<b>Alignment risk</b>	The probability that impact is not locked into the enterprise model.
<b>Endurance risk</b>	The probability that the required activities are not delivered for a long enough period.
<b>Unexpected impact risk</b>	The probability that significant unexpected positive and/or negative impact is experienced by people and the planet.

## 7.3. Key aspects of good impact practice

### Holistic assessment of the social issue and investment solution

#### Why?

Social impact investment models typically interact with a wide range of stakeholders, and target outcomes that are dependent on multiple variables. In-depth assessment of these variables can identify potential limitations, opportunities to improve, and risks of unintended and negative impacts.

#### How?

Investments include evidence-based impact theses with detailed consideration of key stakeholders, variables and externalities. Fund managers have clear processes for monitoring and managing impact risks.

#### Spotlight

Bridges Evergreen has developed an impact scoring system based on the Impact Management Project framework for five dimensions of impact, assessing each investment’s ability to deliver positive effects, as well as the risks of desired impacts not being achieved. For each investment, Bridges analyses impact for core stakeholders (how the product or service impacts its target beneficiary), plus the business’ material effects on other key stakeholders (eg employees, the local community, the planet). These scores guide the fund in providing support to investees and help shape their investment strategies.

### Partnerships with experienced social organisations

#### Why?

Enhancing the scale and capacity of social organisations is central to delivering better impact for society. Social impact interventions require organisations with deep knowledge of target groups, and the ability to provide reliable, high-quality services. Organisational failure is both a financial risk for investors, and a social impact risk for clients; for example, people in supported housing, or students receiving additional learning support. Ensuring organisations are robust and able to maintain operations throughout economic cycles is therefore crucial.

#### How?

Fund managers demonstrate an ability to identify and engage with suitable social organisations as recipients of funding, delivery partners, counterparties and/or external actors to ensure quality and social mission alignment.

Investees and delivery partners demonstrate strong track records, an ability to take on investment and maintain and/or expand operations. Evidence includes Trust and fund manager assessment of frontline organisation years of operation, size and financial health.

Fund manager financial and non-financial support is tailored to optimise organisational resilience and growth.

#### Spotlight

Many small and medium sized charities are best placed to support disadvantaged groups but can struggle to access appropriate housing.

This restricts their potential to support disadvantaged individuals and families. Social and Sustainable Capital (SASC) co-designed the Social and Sustainable Housing Fund (SASH) with borrowers to address this issue by offering flexible finance to organisations with experience of managing housing, a history of good financial management and confident leadership. As a result, the fund has two complementary impacts:

1. Making small to medium sized charitable organisations financially stronger, by allowing them to buy housing in a low risk way.
2. Improving the lives of vulnerable individuals by increasing their access to safe, stable and appropriate housing.

Working with charities from design onwards has been instrumental in ensuring the fund’s financial and non-financial offer is relevant and accessible to social organisations, and to establishing appropriate and transparent eligibility criteria for borrowers.

*“We would highly recommend SASC to other housing charities. Taking on social investment was a huge learning curve for us, but the team at SASC has guided and supported us every step of the way, giving us confidence that we are doing the right thing.”*

Shaun Needham, CEO, Target Housing

## Integrating user voice into service design and delivery

### Why?

Impact and financial returns are dependent on provision of services that are accessible and relevant to the needs of underserved and disadvantaged people. Without knowing what people want, any efforts to achieve positive social impact may fail or create harm. Continuous dialogue is crucial to ensure services are fit for purpose, and to build a sense of community, reciprocity and agency between those who use services and those who provide them. This, in turn, enhances the prospects of delivering social change and building long term, scalable service delivery models.

### How?

User experience is integrated into products and service design and delivery. Mechanisms are in place to ensure user feedback is captured

and acted upon. Interventions are accountable to users.

Assessed at investment through review of fund manager impact measurement systems, Trust market research and a look-through assessment of frontline organisation engagement with end users.

### Spotlight

Resonance has embedded user voice in its homelessness funds by working closely with St Mungo's and regularly surveying tenants. Its latest homelessness impact report demonstrates the value of this. As a result of engagement with tenants, Resonance has identified some of the key areas of pressure leading to rental arrears, as well as opportunities to provide more targeted support to help improve tenants' financial well-being, some of which are highlighted below.

### Resonance Real Lettings Property Fund: User Voice led improvements in housing support

Before moving in	In the home (lower support)	In the home (higher support)	Moving on
Focusing on clear communications with prospective tenants	Working more closely with local authority services	More intensive support for the small number of struggling tenants	Reducing negative move-ons as a result of rent arrear declines



# 7.4 Investor contribution

In addition to in depth assessment of impact on people, we also assess the investor contribution to impact made by the Trust. The Impact Management Project identifies the main areas where impact investors can contribute: by signalling that impact matters and engaging actively, and by growing new or undersupplied markets and providing flexible capital. The Trust uses these categories as a reference point for assessing prospective investments and for monitoring Trust performance.

What "investor contribution" means for us in practice	Trust highlights in 2021-22
<p><b>Engage and Signal</b> Improving impact practices and impact performance across fund managers and the broader sector through technical support and showcasing good practice.</p>	<p><b>Assessment of new fund managers'</b> existing impact practices and underpinning mindsets and values, as well as development of clear routes to impact and measurement approaches.</p> <p><b>Annual impact conversations</b> with all fund managers to review impact performance.</p> <p><b>High Impact Housing</b> - supporting the development of a common impact measurement framework for the sector.</p> <p><b>Debt for Social Enterprises</b> - BSC pilot assessment of impact of social investment on organisational resilience and growth (Trust and wider sector).</p> <p><b>Social Outcomes Contracts (SOCs)</b> - BSC work with fund manager and government to share impact lessons and insights from ten years of SOC's (covering Trust portfolio and wider sector).</p>
<p><b>Grow new or undersupplied markets</b> The Trust's ability to mobilise additional capital to proven yet underinvested business models for positive impact in the UK.</p>	<p><b>High Impact Housing</b> - Investments in specialist housing funds to scale models serving more disadvantaged groups.</p> <p><b>Debt for Social Enterprises</b> - Increasing availability of lending capital for high impact social enterprise models that are underserved by existing finance providers.</p> <p>Increasing lending capacity of social banks.</p> <p><b>Social Outcomes Contracts</b> - Enabling investor access to high-quality opportunities in Social Outcomes Contracts.</p>



# 8. Environmental, Social and Governance Risk Management



The Social Impact Trust seeks to maximise positive impact outcomes and minimise negative effects across Environment, Social and Governance factors.

A proportionate, credible and useful ESG risk management approach is integral to achieving the Trust’s mission. It ensures the Trust identifies and manages material risks that may affect impact or financial performance, as well as fulfilling the Trust’s responsibility to its stakeholders including end beneficiaries, employees, clients, shareholders and partners. These responsibilities are enshrined in Big Society Capital’s Responsible Business Principles, which act as the basis for the Trust’s ESG management approach:

### General

- 1. Avoid Harm** - To minimise adverse and negative impacts on target beneficiaries and communities, the environment, employees, and all stakeholders.
- 2. Business Integrity** - To exhibit honesty, integrity, fairness, diligence and respect in all business dealings and with all stakeholders and communities, including respecting commercial and personal confidentiality.
- 3. Proportionate Implementation** - To identify key ESG risks and, as applicable, be proportionately compliant based on the materiality of the ESG risks, in line with the Responsible Business Principles and best practice within the target industry.

### Environment

- 4. Protect the Environment** - To promote and practice the efficient use of natural resources and protect the environment wherever possible.
- 5. Combat Climate Change** - To promote and practice activities that minimise or seek to reverse climate change.

### Social

- 6. Targeted Social Impact** - To intentionally create a positive and measurable social impact for target beneficiaries and communities.
- 7. People Centred Approach** - To promote and provide high-quality working practices, conditions and labour rights, and respect the dignity and well-being of all employees, contractors and stakeholders.
- 8. Inclusive Practices** - To promote Equality, Diversity and Inclusion practices through governance and decision-making, employment, organisational culture and values, and operational delivery.




### Governance




- 9. Good Governance** - To strive for international best practice in corporate governance.

The Trust recognises that the ESG landscape is rapidly evolving. We will continue to iterate our processes to take account of best practice. The current approach builds on Big Society Capital’s established investment process to determine the appropriateness of fund managers’ processes, policies and performance together with its assessment of the material ESG issues in the business models the fund managers are investing in. This process identifies material ESG risks and, where applicable, mitigating actions are agreed as part of the investment recommendation and monitored as part of portfolio management.

Key Trust processes for ensuring ESG alignment and performance		Portfolio status 2021
<b>Signal</b>	Clear signalling that ESG factors are important by publishing and sharing from the outset Big Society Capital’s Responsible Business Principles.	All fund managers are signed up to the Responsible Business Principles or a carefully assessed equivalent.
<b>Screening</b>	Negative screen applied to ensure the investment opportunity will not invest in any excluded sectors.	No underlying investments within excluded sectors.
<b>Assessment</b>	Risk-based assessment of the fund manager’s ESG approach to ensure it is appropriate and will identify and manage material ESG risk in frontline investees.	Initial risk-based assessments have been undertaken on all the Trust’s investments with no material ESG risks identified that are not being sufficiently managed.
<b>Engagement and stewardship</b>	Building trusted relationships with fund managers that enable us to influence their approach, including ESG risk management.	Established and trusted relationships with all fund managers in place. More specific engagement objectives are due to be developed in the coming year where appropriate.
<b>Monitoring</b>	The Trust maintains an ongoing dialogue about ESG with fund managers and, where appropriate, monitors any ESG-related action plans that respond to material ESG risks.	Clear frameworks for impact measurement within core portfolio. ESG management processes also applied across core portfolio and liquid investments in ethical bond funds and renewables funds.
<b>Learning and market engagement</b>	Engage with peer organisations and wider sectoral bodies to share insights and support the development of standards and best practices.	Annual impact conversations include open discussion of experience in implementing ESG management processes, alignment with net zero and Sustainable Finance Disclosures Regulation (SFDR) agendas, and Equality, Diversity and Inclusion best practice.  Sectoral engagement currently focused on supporting consistent standards in social housing as the most material area for progress in 2022-23.

# Environmental, Social, and Governance Risk Management Summary

	Environmental
<b>Summary 2021-22</b>	<p><b>No residual risks or issues identified in the reporting period.</b> Where applicable, risks appropriately mitigated by fund managers and enterprises in line with the Trust's ESG approach and Big Society Capital's Responsible Business Principles.</p>
<b>High Impact Housing</b> 	<p><b>Materiality: Medium to High</b> Potential material issue areas: Investment in built environment construction and management results in exposure to comparatively high emissions sectors. In addition, the UK's existing affordable housing stock is typically low energy efficiency.</p> <p>Mitigations:</p> <ul style="list-style-type: none"> <li>- Fund targets to ensure minimum efficiency levels on new housing, and transition to minimum efficiency levels for existing housing stock in line with UK net zero targets.</li> <li>- Alignment with UK environmental standards and regulations.</li> <li>- Environmental Management Plans at project level.</li> <li>- Equity Impact Project development of impact standards incorporating energy efficiency measures.</li> </ul>
<b>Social Outcomes Contracts</b> 	<p><b>Materiality: Low post-mitigants</b> Potential material issue areas: None identified. Social Outcome Contract investments focus on provision of services in low environmental impact sectors including care, education and health and well-being. Investments include ancillary use of vehicles for the delivery of services, but these are not deemed to be material.</p>
<b>Debt for Social Enterprises</b> 	<p><b>Materiality: Medium post-mitigants</b> Potential material issue areas: Investments are predominantly service based with limited environmental impact including education and training and financial inclusion.</p> <p>Other business models that involve the built environment and housing have some environmental risks but are mitigated in similar ways to High Impact Housing.</p> <p>Some positive environmental impact business models including renewable energy generation.</p>

	Social
<b>Summary 2021-22</b>	<p><b>No residual risks or issues identified in the reporting period.</b> Where applicable, risks appropriately mitigated by fund managers and enterprises in line with the Trust's ESG approach and Big Society Capital's Responsible Business Principles.</p>
<b>High Impact Housing</b> 	<p><b>Materiality: Medium to High</b> Potentially material issue areas: Safeguarding clients: Most investments interact with potentially vulnerable clients and therefore safeguarding is a key social risk area for management across the portfolio.</p> <p>Decent working conditions: The construction, health, social care and voluntary and charitable sectors have a high prevalence of lower paid jobs. Ensuring employment practices align with expected standards of being safe, inclusive and equitable is therefore a key risk area for investments.</p> <p>Supply chain: Construction and renewable energy generation sector global supply chains result in a risk of exposure to human rights issues.</p>
<b>Social Outcomes Contracts</b> 	<p>Mitigations:</p> <ul style="list-style-type: none"> <li>- Fund managers consider key risks when assessing and managing investee companies.</li> <li>- Investment strategy focuses on partnership with social sector organisations that have deep expertise and good track records in working with vulnerable clients.</li> <li>- Integration of user voice and direct engagement with key stakeholders including employees, clients and partners, where practically applicable by investee companies.</li> </ul>
<b>Debt for Social Enterprises</b> 	<ul style="list-style-type: none"> <li>- The Trust is collecting Equality, Diversity and Inclusion (EDI) data with portfolio fund managers.</li> <li>- The Trust reviews on an ongoing basis, portfolio policies, performance standards and compliance with regulatory and industry standards.</li> <li>- Investments in new renewable energy assets must demonstrate suitable policies to ensure protection of human rights in supply chains.</li> </ul>

	Governance
<b>Summary 2021-22</b>	<p><b>No residual risks or issues identified in the reporting period.</b> Where applicable, risks appropriately mitigated by fund managers and enterprises in line with the Trust's ESG approach and Big Society Capital's Responsible Business Principles.</p>
<b>High Impact Housing</b> <b>Social Outcomes Contracts</b> <b>Debt for Social Enterprises</b>	<p><b>Materiality: Low post mitigants</b> Potentially material issue areas: None identified. Investments are focused in UK sectors with clear and robust regulatory frameworks and standards. Investment selection draws on Big Society Capital's rigorous organisation and management due diligence and ongoing monitoring of portfolio fund managers.</p>

### Engagement

The Social Impact Trust engages with fund managers it invests in during the due diligence, investment and portfolio management stages of the investment process. This seeks to ensure that the organisation's investment approach, processes and operations minimise negative and maximise positive impacts for people, communities and the planet. These aims and beliefs act as the foundation of our engagement approach with fund managers and other stakeholders that contribute to the achievement of the Trust's investment objectives, which are outlined in Big Society Capital's Engagement Policy.

Big Society Capital defines engagements as those interactions with fund managers that have a clear objective for change, an action by the Trust's team and a resultant outcome.

The Trust has established trusted relationships with its fund managers and is influencing their practices. In the coming year, we will increasingly begin to document and learn from the outcomes of our targeted engagement objectives.

### Alignment with evolving Environmental, Social and Governance disclosure requirements

Alignment with the evolving standards for enhanced disclosure of environmental, social and governance factors is a key priority for the Trust in 2022-23. The Trust's work on alignment currently focuses on larger investees and built environment investments, as the areas with the greatest capacity for enhanced assessment, and the highest potential for positive or negative environmental or social impacts. Greenhouse gas emissions, waste management, health and safety, and diversity and inclusion measurement are integrated into our current work on establishing impact standards in social housing.

BSC is also undertaking a wider review of its strategy for transitioning to net zero within High Impact Housing. On behalf of the Trust, BSC is rolling out data collection aligned with the EU Sustainable Finance Disclosure Regulation from 2022 onwards. BSC are in dialogue with our wider social lending portfolio, which includes a diverse range of small and medium sized enterprises and charities that currently have limited capacity for ESG reporting, where we are targeting enhanced ESG approaches and risk management over time.

### Equality, Diversity and Inclusion

Tackling inequality is at the heart of the Social Impact Trust's mission. Over 2020-21 the Trust's portfolio has delivered substantial progress in reaching diverse communities, with more than 90% of the people reached by portfolio organisations coming from vulnerable, underserved or marginalised backgrounds.

Ensuring Equality, Diversity and Inclusive approaches at every level within the Trust is also crucial to our mission. Following a detailed independent review, Big Society Capital launched a five-year action plan for Equality, Diversity and Inclusion in 2021. The initiatives of this plan will flow through to the management of the Trust.

**Equality** is about ensuring everybody has an equal opportunity and is not discriminated against because of their characteristics.

**Diversity** is about taking account of the differences between people and groups of people, and we place a positive value on those differences and the importance it adds to how we do things. We take an intersectional approach to how we view diversity including and going beyond what is protected within the Equality Act 2010.

**Inclusion** is about the behaviours and social norms that ensure people feel welcome. Not only is inclusivity crucial for diversity efforts to succeed, but creating an inclusive culture will prove beneficial for employee engagement and productivity. This means we commit to reviewing structures and systems that may be barriers to promoting inclusivity.

## BSC's framework sets priorities for the Trust at organisation and portfolio level.

Priority areas	Goals and progress to date
<p><b>People and culture:</b> Embedding Equality, Diversity and Inclusion into our culture, policies and practices. We want to ensure we live our values, demonstrating this through our behaviours and how we respect and value each other and the partners and organisations we work with. We are committed to being a diverse organisation that represents the communities we serve, and where every individual is included and has equal opportunity to contribute to our mission and have their voice heard. Getting our own 'house in order' underpins our further integration of Equality, Diversity, and Inclusion into all other strands of our work.</p>	<p><b>2021 (goals met):</b> BSC publishes on ethnicity and gender pay gaps.</p> <p>Participated in "2027 Programme" and "1000 Black Interns" to create more diverse pipeline of talent and bring in lived experience.</p> <p>EDI training for all employees.</p> <p><b>2022:</b> Signatory to the Diversity Forum manifesto.<sup>35</sup></p> <p>Targeting reductions in gender and ethnicity pay gaps.</p> <p>Ongoing engagement with market leading EDI programmes.</p>
<p><b>Investment and portfolio:</b> There is no such thing as an equality "neutral" investor or investment. In our investment strategy we want to embed equality, diversity, and inclusion considerations intentionally, reflecting these in how we articulate our impact approach where it is meaningful. We want these considerations to be reflected in our strategies, investment tools, processes and decision-making. We will collect meaningful data across our portfolio where we can and be open about how this will inform decision-making by the Trust and the wider sector. We will share data publicly wherever possible.</p>	<p><b>2021 (goals met):</b> Embedded equality, diversity, and inclusion considerations (goals, risks, KPIs) into BSC focus area and product area strategies.</p> <p><b>2023:</b> Collect and publish annual gender pay gap and diversity data on make-up of Boards, Investment Committees and Executive teams.</p> <p>Embed diversity and inclusion KPI measurement at frontline investee level.</p>

### Social Impact Trust spotlight: Triodos Bank



Smaller scale social organisations are capacity constrained, which can make it difficult to engage on ESG standards and advanced reporting on the transition to net-zero emissions. Despite the challenges, one of our investees, Triodos Bank, is leading the way with the development of a carbon accounting framework that can be applied across large and diverse portfolios. Triodos is also engaging directly with small and medium sized social organisations on ways to reduce carbon intensity on a case-by-case basis.

In addition to the direct impact that Triodos Bank has through its lending to mission-led organisations, Triodos is also helping to catalyse the financial industry's transition to more sustainable investment, through its leadership in the development of impact measurement and reporting standards.

Triodos co-founded the **Partnership for Carbon Accounting Financials (PCAF)**, which has developed a harmonised approach for financial institutions to assess and disclose the greenhouse gas (GHG) emissions associated with their loans and investments. Triodos uses this framework to publish the carbon footprint of its entire portfolio in its group accounts and has set a target to be net zero by 2035. With this target, Triodos's portfolio of loans and fund investments will be aligned with a maximum global temperature rise of 1.5°.

The Social Impact Trust's approach to ESG measurement is based on learning from Triodos and other leaders on the development of improved measurement and seeking to support the adoption of good practice over time.

<sup>35</sup> The Diversity Forum Manifesto includes seven clear commitments to building more inclusive organisations and systems. Signatories must set specific goals aligned these commitments, report on these annually, and work collaboratively with Forum peers. <https://www.diversityforum.org.uk/manifesto>

# Appendix

## Methodological notes

### 1. Number of beneficiaries

The Trust reports on the total number of beneficiaries reached directly by frontline organisations within the portfolio, rather than attribution of a proportion to the Trust.

#### This is an aggregation of the beneficiaries reached across the three asset classes that the Trust invests in:

- Housing – total number of people provided with homes by housing initiatives financed by Trust-supported funds.
- Debt for Social Enterprises – total number of people provided with services or products by organisations and projects financed by Trust-supported funds.
- Social Outcomes Contracts - total number of people provided with services by partnerships financed by Bridges Social Outcomes Fund II.

#### The total figure includes:

- Where the finance is targeted at a specific project, the total number of beneficiaries reached by the project.
- Where the finance is targeted towards an organisation's resilience and/or growth, the total number served by an organisation since investment.

Approach for the Trust's investment in the Triodos Bank Bond: The £5.7m Triodos Bank Bond contributes to Triodos Bank's capitalisation, enabling the bank to leverage by eight times to provide at least £45.6m in loans, within a larger loanbook. Triodos Bank reports to the Trust on social impact for its entire loanbook, however the Trust calculation for total beneficiaries reached by the Bank Bond is based only on the share of loans made possible by the Bond.

### 2. Disadvantaged and Vulnerable Beneficiaries

The number of people served who are from disadvantaged or vulnerable backgrounds is a key performance indicator for the Trust. We define this as people or groups who are at risk of harm or disadvantage, including:

- People living in poverty and/or financial exclusion.
- People experiencing homelessness and people at risk of homelessness.
- People with long-term health conditions.
- Vulnerable children and vulnerable young people.

- People with learning disabilities and other neurodivergences.
- People with mental health needs.
- Victims of domestic violence/abuse.
- Refugees, asylum seekers, undocumented and other migrants.
- Ex-offenders.
- Voluntary carers.
- Vulnerable parents (eg single parents).
- Older people with acute conditions.

### 3. Partner track record/age

The track record of frontline organisations is a high level indicator used to assess impact risk across the Trust portfolio. The average track record for the Trust portfolio is based on weighted average (by Trust commitment) of the age of all frontline organisations financed through Trust investments, taken from the date of organisation formal registration to the current reporting period.

### 4. UN Sustainable Development Goal (SDG) alignment

The frontline organisations in the Trust portfolio are generally aligned with multiple SDGs (on average, each frontline organisation is aligned with three SDGs). Alignment is assessed by fund managers and validated as part of the Social Impact Trust's annual review for this report. Social organisations frequently take a multi-tiered holistic approach to impact, recognising multiple dimensions of exclusion or need for disadvantaged and vulnerable groups. This combined approach is a major driver for positive impact performance and reduced financial and impact risk. Combining housing (SDG 11) services with education (SDG 4), care (SDG 3) and energy efficiency technology (SDGs 7 and 13) can drastically improve a tenant's financial and personal well-being, reducing risks of defaults and enhancing prospects of sustained positive outcomes. The Trust therefore recognises where frontline organisations are aligned to multiple SDGs. See asset class sections 4-6 for further discussion on models, including sustainable supported housing, services for vulnerable young people combining education and care, and energy efficiency services tackling fuel poverty and supporting the transition to net zero emissions.

The Trust's approach to due diligence and monitoring also ensures that the risk of any of the portfolio companies having a negative impact on any of the SDGs is assessed and mitigated.

### 5. UN Sustainable Development Goal (SDG) contribution

SDG sub-indicators and/or national action plans can provide a benchmark for where we currently are, and an indicator of the potential value of investments as a contribution towards meeting targets. This report provides assessment of the Trust's portfolio against SDGs where we have identified relevant SDG sub-indicators and recognised UK level targets. SDG targets and sub indicators are sourced primarily from the UK Office for National Statistics and the Open SDG Platform, <https://sdgdata.gov.uk/>, and from the UK Government Corporate Report on Implementing the SDGs. <https://www.gov.uk/government/publications/implementing-the-sustainable-development-goals/implementing-the-sustainable-development-goals--2>.

### 6. Savings and short term value to government

The Trust invests in initiatives seeking to provide benefits to society in innovative and cost-effective ways. This report includes quantification of value generated for 12% of the portfolio, where we have high-quality data on the global cost of provision, comparable data on existing alternative provision models as counterfactuals, and high-quality data on medium to long term outcomes for beneficiaries and government. This is primarily applicable in investments that operate at comparatively large scale, in well-established and data rich sectors, and with business models that require quantification of value generated for payment.

#### Social Outcomes Contracts (9.1% of Trust commitments): Short term value to government is calculated using one of three methodologies

a. Delivering against a public "rate card". For projects delivering against a public 'rate card', the value to government is the price of outcomes that Government was prepared to pay according to the rate card. Where this is higher than the amount actually paid, this signifies that the project offered a discount to the rate card prices, or achieved more outcomes above the contract cap, or both.

b. Short term savings: For local projects targeting short term savings for a local authority, the value to government is the gross value of these savings during the tracking period (from investment to the latest available report)

c. Valued at cost: Where there is no public outcomes rate card or a definitive short-term saving created at the level of the commissioning authority, no additional value has been assigned to the outcomes over and above that which government has been willing to pay.

For more information on SOCs, please see <https://www.bridgesfundmanagement.com/outcomes-contracts>.

Debt for Social Enterprises, AgilityEco (2.6% of Trust commitments): Calculated based on average annual savings generated through reduction in energy bills as a result of energy efficiency improvements per household. For more information, please see AgilityEco's annual impact report <https://www.agilityeco.co.uk/news/agilityeco-launches-its-impact-report-20202021>.

Investments also include small scale social organisations that have limited capacity for measurement, and organisations such as social housing providers where a lack of consistent measurement standards makes comparison of costs and benefits challenging. The Trust is currently exploring methods for assessing savings generated through housing services and other enterprise models, however we do not currently have sufficiently reliable data to report on this. We intend to publish further discussion on this topic from 2023 onwards.

### 7. Data quality

The impact data presented in this report is taken from the latest available fund manager impact reports submitted to the Social Impact Trust. The report also draws on annual impact reports from frontline investee organisations where available.

### 8. Reporting on contribution to impact

Investment and non-financial support provided by the Social Impact Trust and portfolio fund managers provides a significant contribution towards positive impact: however we recognise this as one set of inputs among many that are instrumental in portfolio organisations achieving positive outcomes for people. The contribution of an investment towards the outcomes achieved by investee organisations is highly variable and may depend on the size and purpose of the investment, the effect this has on a fund and/or frontline organisation's ability to raise capital from other sources, and the nature of non-financial support provided to fund managers and frontline organisations. Given the wide range of variables, this report focuses on providing a clear picture of the impact achieved by organisations with contribution from the Social Impact Trust but does not seek to attribute a share of impact directly to the Trust.

# Appendix

## Portfolio alignment to the UN Sustainable Development Goals

The Social Impact Trust monitors alignment to the Sustainable Development Goals, including for primary SDG (the SDG we assess as most relevant to the frontline investment impact thesis) and

overall SDG alignment (including both primary and additional SDGs that are highly relevant to the investment). At present investments have address on average three SDGs.

UN Sustainable Development Goal (SDG)	Primary SDG (% of Trust portfolio NAV)	Overall SDG alignment (% of Trust portfolio NAV)
 No Poverty	35.03%	60.60%
 Good Health & Well-being	25.20%	39.20%
 Quality Education	7.37%	15.89%
 Gender Equality	1.01%	3.11%
 Affordable and Clean Energy	3.11%	14.39%
 Decent Work and Economic Growth	-	10.24%
 Industry, Innovation & Infrastructure	1.51%	1.95%
 Reduced Inequalities	7.39%	77.14%
 Sustainable Cities & Communities	18.94%	53.61%
 Climate Action	0.44%	16.53%
 Peace, Justice and Strong Institutions	-	0.18%
 Partnerships for the Goals	-	4.05%

This Impact Report was produced by the Schroder BSC Social Impact Trust Impact Team, with special thanks for contributions from portfolio fund managers, colleagues at Schroders and Big Society Capital, and the Social Impact Trust Board and Investment Committee.

### Report lead authors

**Joe Shamash**  
Investment Director  
**Big Society Capital**

**Philipp Essl**  
Managing Director, Head of Impact  
**Big Society Capital**

**Jeremy Rogers**  
Chief Investment Officer  
**Big Society Capital**

Please refer to the Schroder BSC Social Impact Trust website for further information and to contact the team.

<https://www.schroders.com/en/uk/private-investor/fund-centre/funds-in-focus/investment-trusts/schroders-investment-trusts/schroder-bsc-social-impact-trust/>

### About the Schroder BSC Social Impact Trust

There is a growing private impact investment market in the UK, providing solutions that aim to help alleviate some of the country's most pressing social challenges, while targeting a sustainable financial return. Many of the investment opportunities which deliver the highest level of social impact are found in private markets which, although they have increasing institutional investor backing, are not easily accessible to other investors without specialist expertise and deep networks. To bring these opportunities to a wider audience, the Schroder

BSC Social impact Trust was listed in December 2020 to provide investors with unique access to a diversified portfolio of high-impact private market investments within a liquid investment vehicle. The portfolio is managed by Big Society Capital (BSC), one of the UK's leading impact investors, and the Alternative Investment Fund Manager is Schroders, who is one of the leading managers of investment trusts in the UK and is committed to sustainability and positive impact.



### Delegated Portfolio Manager

- Responsible for day-to-day investment origination, investment selection and portfolio management.
- Dedicated social impact investor with £625m of investment from Barclays, HSBC, Lloyds, NatWest and dormant bank accounts.
- Investment team of 30+ with diverse experience across investment, government and social enterprise.
- Impact and ESG team.
- £1.8bn deployed with other investors (including BSC deployments plus co-investors in to BSC supported funds).
- More than 2,000 social enterprise investments.



### Alternative Investment Fund Manager

- Representation on the Company's Investment Committee and responsible for oversight of risk management.
- £731.6 billion of assets under management (as at 31 December 2021) and rated A+ for 6 consecutive years for Strategy and Governance by the United Nations PRI.
- UN Global Compact Signatory.
- 13,000 companies covered by sustainability reporting tools.



# Key risks that are specific to the company

- There can be no guarantee that the Company will achieve its investment objective or that investors will get back the amount of their original investment.
- The Company has a limited operating history and investors have a limited basis on which to evaluate the Company's ability to achieve its investment objective.
- The Company has no employees and is reliant on the performance of third party service providers. Failure by the AIFM, the Portfolio Manager or any other third party service provider to perform in accordance with the terms of its appointment could have a material detrimental impact on the operation of the Company.
- The financial performance of the Company will depend upon the financial performance of the underlying portfolio. The Company's portfolio will include Social Impact Investments over which the Company and Portfolio Manager have no control. In particular, investments in Impact Funds and certain Co-Investments will be managed by third party managers. The Company's performance and returns to Shareholders will depend on the performance of those Social Impact Investments and their managers.
- The Company's objective is to deliver measurable positive social impact as well as long term capital growth and income and these dual aims will generally be given equal weighting. Social impact is the improvement of the life outcomes of beneficiaries in a specific target group or groups. There is no universally accepted definition of 'impact', an assessment of which requires value judgments to be made. The Company's impact focus may mean that the financial returns to Shareholders are lower than those which might be achieved by other investment products.
- The Company depends on the diligence, skill, judgement and business contacts of the Portfolio Manager's investment professionals and the information and deal flow they generate, especially given the specialist nature of social impact investing. The departure of some or all of the Portfolio Manager's investment professionals could prevent the Company from achieving its investment objective.
- The Company will make investments where the Company's commitment is called over time. Due to the nature of such investments, in the normal course of its activities the Company expects to have outstanding commitments in respect of Social Impact Investments that may be substantial relative to the Company's assets. The Company's ability to meet these commitments, when called, is dependent upon the Company having sufficient cash or liquid assets at the time, the receipt of cash distributions in respect of Investments (the timing and amount of which can be unpredictable) and the availability of the Company's borrowing facilities, if any.
- The Company's investments may be illiquid and a sale may require the consent of other interested parties. Such investments may therefore be difficult to realise and to value. Such realisations may involve significant time and cost and/or result in realisations at levels below the value of such investments estimated by the Company.
- Any change in the Company's tax status or in taxation legislation or practice generally could adversely affect the value of the investments held by the Company, or the Company's ability to provide returns to Shareholders, or alter the post-tax returns to Shareholders.

---

This information is a marketing communication. This document does not constitute an offer to anyone, or a solicitation by anyone, to subscribe for shares of Schroder BSC Social Impact Trust plc (the "Company"). Nothing in this document should be construed as advice and is therefore not a recommendation to buy or sell shares. Any reference to sectors/countries/stocks/securities are for illustrative purposes only and not a recommendation to buy or sell any financial instrument/securities or adopt any investment strategy. The material is not intended to provide, and should not be relied on for, accounting, legal or tax advice, or investment recommendations. Reliance should not be placed on any views or information in the material when taking individual investment and/or strategic decisions. Past Performance is not a guide to future performance and may not be repeated. The value of investments and the income from them may go down as well as up and investors may not get back the amounts originally invested. Exchange rate changes may cause the value of investments to fall as well as rise. Schroders and Big Society Capital have expressed their own views and opinions in this document and these may change. Information herein is believed to be reliable but Schroders does not warrant its completeness or accuracy. Third party data is owned or licensed by the data provider and may not be reproduced or extracted and used for any other purpose without the data provider's consent. Third party data is provided without any warranties of any kind. The data provider and issuer of the document shall have no liability in connection with the third party data. The terms of the third party's specific disclaimers, if any, are set forth in the Important Information section at [www.schroders.com](http://www.schroders.com). We recommend you seek financial advice from an Independent Adviser before making an investment decision. If you don't already have an Adviser, you can find one at [www.unbiased.co.uk](http://www.unbiased.co.uk) or [www.vouchedfor.co.uk](http://www.vouchedfor.co.uk). Issued in June 2022 by Schroder Unit Trusts Limited, 1 London Wall Place, London EC2Y 5AU. Registration No 4191730 England. Authorised and regulated by the Financial Conduct Authority.