

Response to Mission-Led Business Review: Call for Evidence

Instructions for responding to the call for evidence

You can fill out this PDF form to respond to the Call for Evidence. Respondents are invited to respond to all questions or only to some.

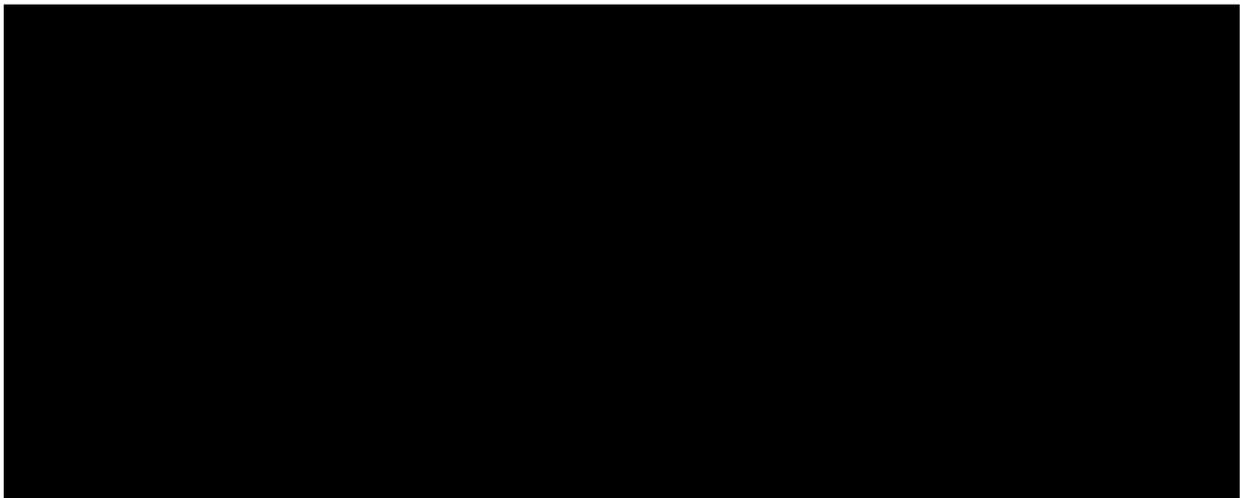
The closing date for responses is 8 July 2016. Responses received after this date may not be read. Call for Evidence responses should be returned to:

missionledbusiness@cabinetoffice.gov.uk

Or if you would prefer to send your response by post:

Mission-led Business Review Secretariat
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London
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Contact information



**Cabinet office –
Mission-led business review –
ClearlySo response**

Introduction to the ClearlySo submission

We welcome this review by the Cabinet Office to explore in what way companies should, do, and can continue to, create positive impact extending beyond only economic.

In seeking to drive a conversation in this area we hope that a route for the most constructive governmental action can be determined, where the UK government can set a global standard for business behaviour which takes full account of all stakeholders: from investors to employees to communities and the environment we all share.

Although participating in this review, we also share a concern in it's structure and urge the Minister and Panel to consider the risk in seeking to apply a definition, and as such, ring fence the kind of business behaviour you want to encourage.

By forcing a definition we allow businesses to choose whether “having an environmental and social impact” applies to them or not. Our view is that in reality, all businesses have an impact, just some are better than others.

It is widely recognised that the environmental and social challenges we currently face at a local and more global scale require full economic engagement¹. Environmental and social transparency and accountability for all business should be championed. Burden on companies is understandably desired to be kept to a minimum, but should also be applied even-handedly if there is to be a net benefit for society. Via this route you can prevent a mission-led (or impact) space, albeit it well-defined and -intentioned, which is too small to enact change.

Our understanding of the review and Minister's intent is that “every business could if they wished, be a mission-led business”. We fully support this sentiment and consider that it is already the case for British companies. There is no reason why at this time any British business can not have a positive benefit to society and the environment embedded within it's governance and still be a FTSE 100 company. Indeed historically and presently there are those that it could be argued do just that. This may be different to other capitalist systems, but we should be wary of applying the imported need for definitions from other systems.

ClearlySo is Europe's leading impact investment bank, working exclusively with businesses and funds delivering positive social, ethical and/or environmental impact along with financial return. It supports capital raising activity through financial advisory work.

**1. What do you know about the number and profile of mission-led businesses operating in the UK?
Please share evidence.**

There is no single identifier for companies purposefully seeking to create impact, nor does there exist a more formal route of identification such as via companies' house.

Big Society Capital produced a report in March 2016² looking at the size and composition of the UK social investment market. It showed that 30% of the UK social investment segment in 2015 was channelled to non asset-locked organisations, amounting to £462 million of investment.

From 2008, ClearlySo have built a database of over 5000 organisations, which self-identify as mission-led. Furthermore we work with over 100 entrepreneurs a year, whom we have assessed and consider to bring a level of embedded impact stronger than typical enterprises and yet still operating as for-profit companies.

¹ World Bank, 2011. *Mobilizing Climate Finance. A paper prepared at the request of G20 Finance Ministers*. Washington, DC: World Bank Group. Available at: <http://www.imf.org/external/np/g20/pdf/110411c.pdf>

² Social investment insight series; Big Society Capital, March 2016; M. Robinson.

Furthermore in a recent piece of work we conducted for an impact investor we identified 3,400 UK non self-identifying companies that aligned to the expectations of this impact investor. These companies spanned 17 of the 31 FTSE sectors and had EBITDA of >£1 million and Turnover of between £1 and £50 million. This is a clear demonstration that companies can be creating impact without seeking the burden of a definition.

2. What do you know about the impact of being a mission-led business on business performance and social impact? Please share evidence.

ClearlySo is a provider of investment banking services to positive impact companies. We have two requirements of the companies we work with: that they create a meaningful positive social and/or environmental impact, and that they will, with our assistance, raise £250k+ from individual or institutional investors based upon a revenue generating business model. Our clients are not restricted by legal form (such as CICs) and typically are not mission/dividend-locked.

Originally founded in 2008, ClearlySo has helped roughly 100 clients raise more than £100 million in impact investment from its extensive network of high-net-worth individual and institutional investors.

Some examples of the clients we have worked with include:

Talklife:

Talklife is an online peer-to-peer support network for young people struggling with mental health, offering a safe space for them to share their stories and concerns, and get professional support. ClearlySo has supported Talklife to raise £350,000 since 2015. The company now has over 300,000 users worldwide and is working with MIT and Harvard to develop a machine-learning interventionist platform to identify key points at which clinical intervention might prevent self-harm.

Weedingtech:

Weedingtech has developed an industry award-winning non-toxic weed control process that provides the market with a safer alternative to herbicide. ClearlySo helped Weedingtech raise over £600,000 equity investment; the company has since sold over £1m worth of non-toxic technologies and is on target for £1.6m in 2016.

Eyejusters:

Eyejusters sells low-cost self-adjustable glasses. They can be sold without professional expertise, which means they can be sold to people who otherwise couldn't afford to access glasses, particularly in emerging markets. ClearlySo helped Eyejusters raise £360,000 equity investment from Angel investors in September 2014 – and one ClearlySo investor joined the company's team.

Third Space Learning:

Third Space Learning are a successful edtech company, offering low-cost online Maths tuition to students. ClearlySo supported Third Space to raise £230,000 equity in 2015. The company has gone on to raise a further £1.5m in Series from investors including Nesta and now helps thousands of students every week.

3. In your view, what are the ways that quantitative data on mission-led businesses could be better captured over time?

Business behaviour transparency should be encouraged by Government. The expectation of more transparency should be applied to all companies regardless of nature, size and listing status, and in particular transparency should be encouraged regardless of whether a business self-identifies as a mission-led or "impact" business or not.

We expect and understand a desire not to increase burden on UK business. **However, the definitional approach implied in this review does risk increasing burden for those businesses whom you are trying to support, which in turn is likely to result in a barrier to the increased number of impactful businesses.** On

the other hand, if the expectation becomes that all businesses define their approach to society and the environment then you naturally increase the ability to recognise impactful companies, *and* drive a wider conversation across the business community about the role of business beyond economic alone. Such a market wide approach, far being a net cost, is infinitely more likely to bring the desired net benefit to society.

You also allow for the required flexibility in how a company approaches and defines mission, purpose or impact according to their nature and stage.

There are examples of transparency guidance which are pragmatic and flexible and on which the Government could draw.

For example the approach of the Private Equity Reporting Group seeks to drive transparency by private companies, and recently included expectations of information relating to the environmental, social and governance activity of the company³.

The EU have also created promising legislation with regards to company transparency on environmental and social intent⁴.

Given the recent referendum decision, the Government could take a bold position and look to improve on starting points such as this, to further drive corporate transparency and encourage all UK companies to be accountable for their impact on the environment and society.

There are also global frameworks offering flexible and consistent structures through which companies can demonstrate impact. For example the Government could encourage all companies to adopt the Sustainable Development Goals as a structure through which mission can be demonstrated; connecting to the work of The Global Commission on Business and Sustainable Development, chaired by Lord Malloch-Brown and Paul Polman⁵.

The imperative to capture data would also be stronger if companies saw greater value in doing so. If capital markets required the pricing of externalities by companies, then business valuations would be impacted and the desire to capture and demonstrate this information would be increased. Consider the UK Corporate Governance Code. An example of encouraging companies to transparently demonstrate their best practice via industry agreed content. Evidence from corporate research agencies suggests that UK companies tend to have stronger governance practice than other nations - which is attractive to investors – and this code has, in part, been considered a contributing factor for driving up standards⁶.

Beyond governance, there has also, for example, now been considerable work around Natural Capital Accounting⁷ to try and drive pricing of externalities with some companies taking a lead in response, such as Puma with their Environmental Profit and Loss account⁸. There is also evidence that collecting data on something as basic as gender split and pay has drawn attention to disparity, opened the topics for debate and begun a process of change.

ClearlySo generally supports initiatives which act to encourage the “internalisation” of externalities whether through greater transparency, or the tax system, or other methods. These are preferable to various subsidies or tax credits.

4. Why would a business set-up as or become a mission-led business? Please share evidence.

³ <http://privateequityreportinggroup.co.uk/>

⁴ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/500760/BIS-16-35-non-financial-reporting-directive-consultation-February-2016.pdf

⁵ <http://businesscommission.org/>

⁶ <https://frc.org.uk/getattachment/3e7365ee-8826-4ac8-aedf-66093cb0fd36/Progress-Report-Review-of-the-effectiveness-of-The.aspx>

⁷ <http://www.teebweb.org/areas-of-work/advancing-natural-capital-accounting/>

⁸ <http://about.puma.com/en/sustainability/environment/environmental-profit-and-loss-account>

As referenced in details given to question 1, ClearlySo has conducted research which shows there are many thousands of UK company's that don't actively set themselves up as, or identify as being, mission-led but nevertheless are positively impactful companies.

Through our extensive experience of working with entrepreneurs and companies that do identify themselves as mission-led we would highlight three key reasons why companies seek to demonstrate their positive impact alongside economic strength.

1. founders seeking to provide a solution to the social and/or environmental problem that they have experienced personally;
2. founders seeking to provide a solution to the social and/or environmental problem that they have identified in a professional capacity;
3. a desire to ensure the mission remains core to the business as it grows. That is to say that scaling up will increase or maintain impact, rather than result in action to diminish impact. This concern links again to the market failure to price externalities. Hence value only being placed on a pure profit motive.

The following is a small sample of companies ClearlySo have worked with where one or more of the rationale above applied to the company:

Company	Beneficiary	Rationale		Impact grows with business
		Personal	Professional	
Spiral	Need for innovation in the class room to enable formative assessment to improve teacher's visibility on individual students understanding of each subject and helps teachers report back to parents, teachers and Ofsted on progress across time.		✓	
Q-Bot	Lack of innovation in the market		✓	✓
Fuss Free Phones	a product designed to address the social isolation		✓	
Crehana	access to affordable training to develop skills and improve careers – lack of offering in the market		✓	
Snact	Food waste –fruit and veg rejected by the supermarkets due to their size or shape		✓	
DoodleMaths	Predictive learning with the same impact as having a personal tutor but for a fraction of the cost	✓		✓
Third Space	More affordable tutoring by connect students to tutors from India	✓		
Talklife	global mental health support network to young people	✓		
Easy Peasy	helping to teach parents how to engage with their children to develop the social and emotional skills that form the building blocks on which they learn numeracy and literacy (that is then linked to outcomes later in life		✓	

Anecdotally, we are also aware of founders seeking to achieve a mission through their business, who wanted to avoid the "woolly bureaucracy and inflexibility of traditional charities" while ensuring that in the long-term the business will be sustainable without their presence. Hence selecting a business structure, which they feel can reflect their values and ensure they are maintained over the long term.

5. How do you see mission-led businesses developing over the next decade? Please share evidence.

Investment interest in mission-led business is growing. For example ClearlySo has experienced a quadrupling in our capital raising business from 2009 to 2015, for positively impactful companies. There is also increasing noise from mainstream investors with regards to their intentions on entering the market. For example 2015 saw a slew of activity with Goldman Sachs buying the impact investment firm Imprint Capital⁹, BlackRock

⁹ <http://www.ipe.com/news/asset-managers/goldman-sachs-am-buys-impact-investing-firm-imprint-capital/10008858.fullarticle>

launching its own Impact Investing practice¹⁰ and UBS launching a social investment fund¹¹. The entry of mainstream is demonstration that there is money to be made by solving the world's people, planet and prosperity challenges. This is an opportunity for the UK Government to grow and cement our leading position in impact investment, and not let it slip away as other markets seek to step in.

However at present the total amount invested remains a small portion of the overall capital markets. Collectively, as of the end of 2015, the annual GIIN survey indicated USD 77.4 billion in impact-investing assets¹². A separate government study estimates that at current growth rate the impact market would amount to about 0.1% of all financial assets, by 2020.¹³

We also observe trends in societal behaviour around the expectation of businesses and investors in providing a useful societal role beyond only economic¹⁴. The millennials in particular being a driving force: in their employer selection¹⁵ and to some extent consumer selection. For example the increase in consumption of Fair trade goods despite the recession^{16, 17}, the 2014 public outcry against director pay (or shareholder spring)¹⁸; and the carbon divestment campaign – initially driven by student groups demanding their University investment funds align to the long-term mission of academic institutions^{19, 20}.

These combined forces, we believe, creates a rich landscape in which the industry can grow.

CASE STUDIES:

Please note, all of the case studies below are of companies without mission-lock or golden share structures, yet very clearly deliver the combination of both a revenue generating business model and meaningful positive impact. They are held together by good governance, culture, strong leadership, and impactful products/services. Some have external impact investors (e.g. MicroEnsure has several funds invested in them) and other don't (e.g. Lush is 100% owned by founders and staff and has no debt on their balance sheet).

1. Justgiving

Sector: Charitable services

Company no: 03979990

Headquarters: London

Founded: 2000

Founded by Zarine Kharas DBE and Anne-Marie Huby, JustGiving provides fundraisers and charities with internet and mobile fundraising services and tools that maximise donations and cut administration and fundraising costs.

Business model:

JustGiving administers online fundraising campaigns making the process of donating and fundraising as simple as possible and far more efficient. The site allows individual users to set up personalised fundraising pages, which can then be accessed by potential sponsors who are able to donate through that page to charities registered on the site. JustGiving generates revenue via a 5% commission on gross donations and a £15 subscription fee for registered charities using their service. Gift Aid is

¹⁰ <http://www.institutionalinvestor.com/article/3437223/asset-management-equities/blackrock-throws-its-weight-behind-impact-investing.html#.V3obq2MxXzI>

¹¹ <https://next.ft.com/content/4be9a404-3ce0-11e5-8613-07d16aad2152>

¹² https://thegiin.org/assets/2016%20GIIN%20Annual%20Impact%20Investor%20Survey_Web.pdf

¹³ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/212511/Status_of_the_Social_Impact_Investing_Market_-_A_Primer.pdf

¹⁴ <http://www.ft.com/cms/s/0/1d4f3196-33bf-11e6-ad39-3fee5ffe5b5b.html?siteedition=uk#axzz4Bp7CQoZK>

¹⁵ <http://www.forbes.com/sites/danschawbel/2013/12/16/10-ways-millennials-are-creating-the-future-of-work/#16c1d2a01a59>

¹⁶ <https://www.theguardian.com/business/2011/feb/28/fairtrade-sales-rise-despite-recession>

¹⁷ <https://www.theguardian.com/global-development/2014/sep/03/global-fair-trade-sales-reach-4-billion-following-15-per-cent-growth-2013>

¹⁸ <http://www.ft.com/cms/s/0/a284e414-95ee-11e1-a163-00144feab49a.html#axzz4DjrELXtr>

¹⁹ <http://time.com/4045001/fossil-fuel-divestment/>

²⁰ <http://qofossilfree.org/uk/>

automatically reclaimed from all UK taxpayer donations and funds are transferred direct to recipient charities' bank accounts at the end of each week. JustGiving's relentless focus on the fundraiser and donor user experience has been a key attribute of their growth and success, demonstrated in their frictionless web and mobile interface and the ease with which fundraisers can start and market their campaigns to friends' family and through social networks.

Impact:

JustGiving's mission is to ensure that no great cause goes unfunded. They have created the online fundraising market in the UK as the first pioneering platform to democratise fundraising and technology for charities. With a dominant market position, they have enabled over 20m people to raise over £2bn for over 30,000 good causes in 164 countries. Perhaps most importantly, JustGiving has levelled the playing field for smaller charities and good causes, providing a highly accessible, low cost and effective fundraising tool.

Financials:

£(k)	2012	2013	2014
Revenue	14,017	16,129	19,433
EBITDA	1,917	677	(1,780)*
Total Assets			14,552
Total Liabilities			4,650

**JustGiving re-invested its profits in R&D*

2. Lush

Sector: Manufacturing & Retail

Company no: 04162033

Headquarters: Dorset

Founded: 1977

Founded in 1977 by Liz Weir and Mark Constantine, and with its origins as The Body Shop's leading supplier of cosmetics, Lush is now a leading global manufacturer and retailer of ethical and environmentally conscious cosmetics with 485 stores worldwide, 4 factories and over 5000 employees.

Business model:

Lush produces and sells creams, soaps, shampoos, shower gels, lotions, moisturizers, scrubs, masks and other cosmetics for the face, hair, and body using only vegetarian or vegan recipes. The company's growth is based mainly upon its limited partnership model, which has driven rapid expansion in overseas territories.

Commercial partners serve as investors only; they have no control over the company and are not subject to the same liabilities as the general partners.

Impact:

Lush products are 100% vegetarian. They are 83% vegan and 60% preservative-free and often contain fruits and vegetables. As a leading pioneer in ethical cosmetics, Lush has rigorous ethical supply chain standards and in many cases is directly involved in building the capacity of producers to help them source sustainable ingredients for its diverse range of products. Lush does not buy from companies that carry out, fund, or commission any animal testing, preferring to test their products on human volunteers. Lush has also phased out its use of sodium palm kernelate, which is often derived from trees in the natural habitat of orangutans. Since 2008, all Lush soaps have been made with palm-free soap base, and they have since removed all traces of palm oil from the products.

Lush is a pro-active and campaigning business which both generously funds and drives charitable giving from its customers; focusing on effective giving through the support of small, grassroots organisations working in the areas of environment, human rights and animal protection Lush is a supporter of direct action, animal rights operations including Sea Shepherd and a supporter of anti-tax avoidance grouping UK uncut. Lush partners worldwide raised £5.1m and donated a total of £4.6m in 2014 to charities and other good causes; of which £3.8m was from the Lush Group and associated companies.

Financials:

£(k)	2013	2014	2015
Revenue	280,220	282,467	326,456
EBITDA	20,770	21,951	23,661
Total Assets	144,773	116,405	129,262
Total Liabilities	90,194	45,547	47,523

3. MicroEnsure

Sector: Financial Services
 Company no: 08296485
 Headquarters: Gloucester
 Founded: 2008

Founded by Richard Leftley, MicroEnsure provides insurance services to low and middle-income markets around the world. MicroEnsure has introduced new forms of protection including crop, micro-health, political violence and mobile insurance.

Business model:

As a micro-insurance specialist, MicroEnsure designs, implements and manages products that address a range of risks faced by consumers, including risks related to life, health, agriculture, assets, accidents, and political violence. MicroEnsure activates strategic partnerships with mobile network operators, banks, microfinance institutions, and other aggregators to connect underserved markets with affordable financial safety nets. It supplements these partnerships with customer education, claims processing, and product design support. MicroEnsure is revolutionising the traditional sphere of insurance and savings.

Impact:

The death of a breadwinner or destruction of crucial assets like crops and shelter can cause significant financial disruption, particularly for those with vulnerable income streams and irregular cash flow patterns. Without mechanisms to guard against this disruption, individuals become risk averse to opportunities that could generate more income, circumscribing their economic potential.

MicroEnsure are currently working with over 90 banks and microfinance partners, over 70 insurance partners, and 13 telecom partners. The company currently has 42,747,650 customers registered, \$17,278,623 claims paid, and 19,932,893 new customers won in 2016

Financials:

£(k)	2013	2014
Revenue	2,957	2,632
Costs	193	228
EBITDA	2,764	2,404
Total Assets	4,510	9,840
Total Liabilities	3,033	1,666

4. Vegware

Sector: Food packaging
Company no: SC331521
Headquarters: Edinburgh
Founded: 2007

Vegware is the UK's first and only manufacturer of completely compostable packaging. Their award winning catering disposables are low carbon, made from renewable or recycled materials and can be recycled along with food waste.

Business model:

Vegware are pioneering the development and manufacture of eco friendly catering disposables and food packaging. The Vegware range of 250+ compostable products spans cutlery through to tableware, napkins, hot and cold drink cups, and takeaway packaging. Vegware works with a network of distributors across the UK to deliver their range of eco disposables to their clients. Founded in 2006 in Edinburgh, Vegware's products are now available worldwide through Vegware US, South Africa, Europe, Australia, Hong Kong, Horeca in UAE, and Friendlypak in New Zealand. Clients range from the biggest contract caterers and food distributors through to UK government offices, NHS units, and independent delis and cafes.

Impact:

Vegware offers real and quantifiable benefits to its clients and the environment: zero waste, green products at industry beating value, brand enhancement, innovation and environmental consultancy, certified and award winning products. Since 2010, every Vegware order includes an Eco Audit quantifying: Carbon saved compared with standard packaging; virgin material saved; total potential landfill diversion. Vegware offers full recycling support to help operators recycle used Vegware together with food waste. The company has built close working relationships with waste operators through its Food Waste Network, and provides a hub of specialist knowledge and advice on zero waste in foodservice.

Financials:

£(k)	2013	2014	2015
Total Assets	1,803	2,761	4,279
Total Liabilities	1,604	2,325	3,441
Equity	199	436	838
Debt/Assets	0.89	0.84	0.80
Current Ratio	1.24	1.26	1.28

6. What are the practical steps that a business can take to make a commitment to deliver on its intention to have a positive social impact?

Although there are structures via which a company can lock in their mission such as CICs and Golden Shares, having a legal structure to lock in a mission is neither a necessary nor sufficient condition in our experience, and often these structures serve only to make future capital raising and business growth more difficult.

Real mission lock comes when the intention is part of the DNA of a business model. This may manifest where the impact cannot be separated from the business model (for example a company like Just Giving) or it may

manifest through a more progressive approach to governance. The governance route can be used to lock in mission-related behaviours to a business and integrate them to strategy and performance²¹ and help ensure they are maintained through growth.

Further practical action that a company can take to demonstrate mission-led behaviour is to transparently report on their mission and approach to it. To share commitments, set goals and targets and track against these, sharing results - celebrating success and explaining failure. At a more advanced level this kind of information should ideally be integrated in to other company reporting. This leads again to our point that business behaviour transparency should be encouraged by the Government.

This action would surely be increased if the full value chain, including investors, employees, clients and consumers all valued the information. Either because such externalities were now priced and could be associated with business revenue or because society at a more general level saw the value in such behaviour.

7. Do you think these steps could be better communicated to entrepreneurs and businesses? If so, how?

A Government-led information repository for start-ups including sources of advice and the types of company structures available would help in creating a channel of communication. Through this the Government could drive recommending all entrepreneurs consider how their business ensures it takes account of and articulates all its stakeholders and management of any social and environmental impacts (regardless of the structure selected). We stress, this information and sentiment, should be extended to all businesses regardless of size.

8. The loss of focus on social and environmental aims has been identified as a potential problem for mission-led businesses (“mission drift”). When do you think this is most likely to happen? What could be done to prevent this?

When a business founder leaves, or changes focus.

When growth or revenue opportunities arise which are contrary to the original mission and a business can follow these opportunities without considering the mission implications.

When investors put pressure on a business to grow and increase returns in ways contrary to the original mission of the business.

When companies become larger and more complex and it becomes structurally and organisationally more challenging to track and manage all decisions relating to business behaviour.

Anecdotally, we are also aware that entrepreneurs can struggle to integrate these concepts. Reasons we have experienced include:

- fear it will impact on profit margin;
- fear that their business will not be taken seriously by investors if they over-focus on “tangential” issues;
- fear that the message can not easily integrate with their business story;
- lack of awareness.

Prevention would come through Government’s taking the lead on driving support and expectation for all companies to consider the environmental and social impact of their business activities as a fundamental starting point for constructing a business. In this way it becomes a competitive advantage to do good, rather than a competitive disadvantage to try to measure whether you are doing good!

²¹ UNEPFI, 2014, Integrated Governance, A new model of governance for sustainability

However, as mentioned previously, we are sceptical that mission locks or other mechanisms actually serve the purpose of protecting a values-orientation in the long run. In crises they can be too easily circumvented and they reduce the extent of managerial flexibility in other circumstances.

9. Have you identified barriers to new entrepreneurs or established businesses who want to easily convert their intent to make social impact into a long-term or binding commitment?

Where a founder or CEO wishes to embed positive impact within a business there is no formal barrier to them taking this action. There may, however, be resistance or informal barriers present in the form of:

- Shareholder/investor resistance/withdrawal, for fear of impact on their returns;
- Board resistance, through assumption that any social intent diminishes return;
- Senior management and board resistance, for fear of impact on business success.

If present, these can lead to real barriers to action if the founder/CEO is unable to convince of the rationale. Nevertheless, we have been approached by many CEOs who are considering going down this path. Often they come from service industries or consumer segments where a values-orientation may improve staff engagement and customer appeal (The Body Shop was an example of the latter).

10. If yes, please provide details of these barriers, in particular identifying those that may be caused by regulation.

Barriers are identified in answer to question 8.

Investors frequently refer to their fiduciary duty to maximise only financial returns for beneficiaries. Removing this as an argument for investors would be useful. The recent *Kay Review on UK equity markets and long-term decision making*²² also highlighted that fiduciary duty should not empower investors to ignore long-term risks often captured through environmental and social themes. Despite more recent attempts for clarity, a single agreed understanding of fiduciary duty continues to elude the investment market.

11. In your view, what are the barriers to a large corporate (including a public company) to becoming a mission-led business or owning a mission-led business within its group structure?

We consider there is no formal barrier stopping a large company from embedding an impact mission in to their business, other than those highlighted in answer to question 8. There are also some more practical issues which can hinder action, although we stress these are no different to the challenges facing any large company seeking to make operational changes:

- Structural complexity;
- Supply chain transparency;
- Internal expertise;
- Internal support and buy-in throughout the business – from board level to individual staff level;
- For larger listed companies, shareholders and the likelihood of their resistance is the main issue.

Encouraging a strong governance approach to embedding sustainability in to the heart of a business would also offer alleviation to this challenge.

²² https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/253454/bis-12-917-kay-review-of-equity-markets-final-report.pdf

12. Do you think mission-led businesses have or should have a different culture/values system to traditional (i.e. non mission-led) business? If yes, please provide best practice examples of this.

Currently it is fair to say that you are likely to find a different culture/values system in “mission-led” businesses. These businesses have a dual focus to capture return and have a positive impact. This creates a more balanced dialogue around business activity.

This separation in cultures between “normal” business and “mission-led” business is not however one we would want to encourage. We believe that all investment should take impact into account and therefore all businesses will be taking their impact into account.

Adoption of a more balanced cultural and values system is something of benefit to all of the economy. It is now well documented that a culture of misplaced responsibility and reward led to the activities leading to the housing bubble of 2008. **Profit at any cost is not a culture that any system should want to leave a loophole to be exploited.**

13. What challenges do mission-led businesses face when engaging with potential customers, employees and investors about their social impact?

The reaction from customers, employees and investors is likely to vary significantly. It will depend on the level of knowledge/sophistication of the audience, the nature of the product or service, the beneficiary, the scale of impact, and the language used.

In general a society where a better appreciation of the implications of unsustainable business practice is appreciated is more likely to reduce the level of challenge faced when a business seeks to publically embed this in their approach. Much can be done to educate society and the media to create a platform for more informed demand and response.

Our experience also suggests that early adopters of new innovation/products, especially in developed markets, tend to be more affluent and this can create a barrier to scale. Some small microbusinesses can become very successful, but only within their local setting. There are often financial and cultural barriers to reaching a larger demographic, which in turn impacts their ability to attract capital.

In our experience, many companies benefit from being mission-led. They often gain sales, enjoy higher prices (ceteris paribus) lower salary costs, and other benefits. These advantages are often overlooked in comparison with some challenges.

14. What do you think is the role of certifications systems (e.g. B Corps) or of frameworks (e.g. Blueprint for Better Business) in helping mission-led businesses engage with external stakeholders?

Certification has a role to play; but can create problems as well as benefits.

Certifications are a burden to those companies seeking to be mission led. They can also inherently create a minimum level of achievement. There can be a very wide level of attainment under one certificate possibly discouraging behaviour to strive beyond that minimum standard. We feel that a universally accepted standard will have difficulty emerging in the medium term; many practitioners say they want one, but we are a long way from a consensus on which one – with practitioners generally preferring to adhere to their own standards and definitions.

Certifications can be useful for helping companies advertise their mission, driving awareness and helping in transparency; but they tend to be attractive to those companies who already identify with the cause; rather than attracting new. So a “sector” can be more easily identified but it does not always grow.

15. What are best practice examples of social impact measurement and how are they being applied by mission-led businesses?

Theory of Change is a well known approach for companies to identify and track their mission. Many more established social enterprises conduct a theory of change review and look to associate their impact monitoring with it.

Social Investment on Return is also considered to be a relevant methodology; although it is also challenged for it's complexity and need for assumptions.

There are also a variety of approaches, which other institutions have established such as NESTA Standards of Evidence.

The IRIS initiative led by the Global Impact Investing Network is a very comprehensive database of metrics, freely available, pulling together many other industry best practice approaches with oversight by a range of industry experts. This network is US headquartered, US oriented, and does not currently have UK representative. To our knowledge these metrics are also not commonly used by the enterprises themselves but more likely by a third party seeking to assess the business. Or through self-assessment tools such as the B Corp standard, which bases it's methodology on IRIS metrics.

16. Have you identified specific barriers to the growth of mission-led businesses? If yes, please provide details of these barriers, in particular identifying those that may be caused by regulation.

The economy is predominantly set up to reward and support those companies which seek to only maximise profits, often seeking regulatory loop holes to this end, or operating to the letter of the law and not always in the spirit of it. Most available capital is guided by these principles.

If externalities were priced both formally by investors and more informally by society, then business behaviour would shift to balance economic gain with environmental and social positive or negative impact.

The measure of success drives behaviour.

For example, it is now well known that the country of Bhutan has moved away from measuring country prosperity through Gross National Product, to Gross National Happiness²³. Furthermore Costa Rica is the only country in the world where nature (or the environment) has formal legal rights and has led to the improved protection of their natural resources²⁴.

Traditional capital markets reward companies and staff for short-term economic success. Quarterly reporting demands are an example. And the financial crisis of 2008 was a horrible realisation of the reward of short-term economic success and fostering a culture of greed. The dangers of short-termism to a healthy corporate market environment were also highlighted in the 2012 Kay Review. Furthermore it is reported that family-run businesses typically exercise better long-term decision making, as they are not at the whim of short-term market forces and can more easily remain locked to their mission²⁵.

17. What do existing mission-led businesses need in terms of support and what do you think could be done to incentivise the creation of more mission-led businesses over the next decade? Who is best placed to do this?

We encourage more support for impact businesses that have growth potential to create incentive and intervention to shift the chain towards more mature businesses, which have been through the tough initial

²³ <http://www.gnhcentrebutan.org/what-is-gnh/>

²⁴ <http://environmentalrightsdatabase.org/location/costa-rica/>

²⁵ <http://londoneconomics.co.uk/wp-content/uploads/2011/09/101-Comparing-the-economic-performance-of-family-businesses-and-non-family-businesses.pdf>

years, rather than a continued over-focus on early-stage entrepreneurs. Supporting those growth-ready companies would also help in generating examples to herald of how impactful companies can scale.

Feed-in tariffs and similar mechanisms can be a useful tool; but they must be applied with a clear long-term commitment from government. We consider feed-in tariffs to typically be more effective than subsidies.

Tax incentives have had mixed results in driving investment to mission-led business. The EIS structure has had some success while other attempts to drive investment to small businesses such as the VCT structure have been less successful. SITR is still in its infancy, but its trajectory has been made more uncertain by the Referendum result. Further attention to the distribution mechanism for funds would be useful; and exploration of the need for regional funds. Particularly in light of the referendum result.

We do not support fiscal incentives, believing they do not enable a long-term sustainable model.

Response to Mission-Led Business Review: Call for Evidence

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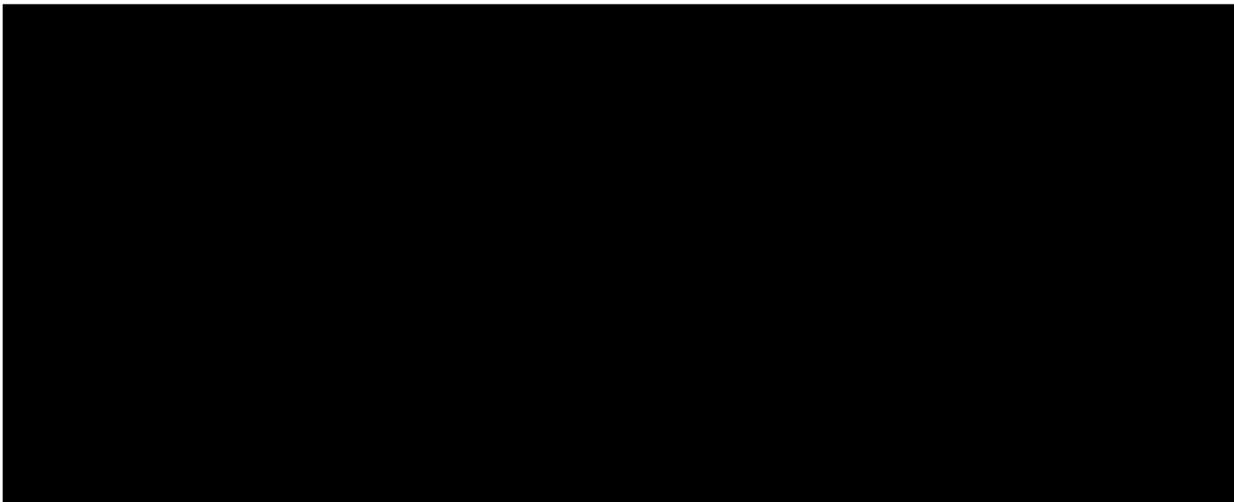
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Mission-led Business Review Secretariat
c/o Alexandra Meagher
Cabinet Office
1 Horse Guards Road
London
SW1A 2HQ

Contact information



Part 1: Profile, drivers and potential of mission-led businesses

Question 1: What do you know about the number and profile of mission-led businesses operating in the UK? Please share evidence.

Introductory comment:

We welcome this review by the Cabinet Office to explore in what way companies should, do, and can continue to, create positive impact extending beyond only economic.

In seeking to drive a conversation in this area we hope that a route for the most constructive governmental action can be determined, where the UK government can set a global standard for business behaviour which takes full account of all stakeholders: from investors to employees to communities and the environment we all share.

Although participating in this review, we also share a concern in it's structure and urge the Minister and Panel to consider the risk in seeking to apply a definition, and as such, ring fence the kind of business behaviour you want to encourage.

By forcing a definition we allow businesses to choose whether "having an environmental and social impact" applies to them or not. Our view is that in reality, all businesses have an impact, just some

Question 2: What do you know about the impact of being a mission-led business on business performance and social impact? Please share evidence.

ClearlySo is a provider of investment banking services to positive impact companies. We have two requirements of the companies we work with: that they create a meaningful positive social and/or environmental impact, and that they will, with our assistance, raise £250k+ from individual or institutional investors based upon a revenue generating business model. Our clients are not restricted by legal form (such as CICs) and typically are not mission/dividend-locked.

Originally founded in 2008, ClearlySo has helped roughly 100 clients raise more than £100 million in impact investment from its extensive network of high-net-worth individual and institutional investors.

Some examples of the clients we have worked with include:

Talklife:

Talklife is an online peer-to-peer support network for young people struggling with mental health, offering a safe space for them to share their stories and concerns, and get professional support. ClearlySo has supported Talklife to raise £350,000 since 2015. The company now has over 300,000 users worldwide and is working with MIT and Harvard to develop a machine-learning interventionist platform to identify key points at which clinical intervention might prevent self-harm.

Weedingtech:

Weedingtech has developed an industry award-winning non-toxic weed control process that provides the market with a safer alternative to herbicide. ClearlySo helped Weedingtech raise over

Question 3: In your view, what are the ways that quantitative data on mission-led businesses could be better captured over time?

Business behaviour transparency should be encouraged by Government. The expectation of more transparency should be applied to all companies regardless of nature, size and listing status, and in particular transparency should be encouraged regardless of whether a business self-identifies as a mission-led or “impact” business or not.

We expect and understand a desire not to increase burden on UK business. However, the definitional approach implied in this review does risk increasing burden for those businesses whom you are trying to support, which in turn is likely to result in a barrier to the increased number of impactful businesses. On the other hand, if the expectation becomes that all businesses define their approach to society and the environment then you naturally increase the ability to recognise impactful companies, and drive a wider conversation across the business community about the role of business beyond economic alone. Such a market wide approach, far from being a net cost, is infinitely more likely to bring the desired net benefit to society.

You also allow for the required flexibility in how a company approaches and defines mission, purpose or impact according to their nature and stage.

There are examples of transparency guidance which are pragmatic and flexible and on which the Government could draw.

For example the approach of the Private Equity Reporting Group seeks to drive transparency by private companies, and recently included expectations of information relating to the environmental,

Question 4: Why would a business set-up as or become a mission-led business? Please share evidence.

As referenced in details given to question 1, ClearlySo has conducted research which shows there are many thousands of UK company’s that don’t actively set themselves up as, or identify as being, mission-led but nevertheless are positively impactful companies.

Through our extensive experience of working with entrepreneurs and companies that do identify themselves as mission-led we would highlight three key reasons why companies seek to demonstrate their positive impact alongside economic strength.

1. founders seeking to provide a solution to the social and/or environmental problem that they have experienced personally;
2. founders seeking to provide a solution to the social and/or environmental problem that they have identified in a professional capacity;
3. a desire to ensure the mission remains core to the business as it grows. That is to say that scaling up will increase or maintain impact, rather than result in action to diminish impact. This concern links again to the market failure to price externalities. Hence value only being placed on a pure profit motive.

The following is a small sample of companies ClearlySo have worked with where one or more of the rationale above applied to the company:

Company: Spiral

Problem: Need for innovation in the class room to enable formative assessment to improve

Question 5: How do you see mission-led businesses developing over the next decade?
Please share evidence.

Investment interest in mission-led business is growing. For example ClearlySo has experienced a quadrupling in our capital raising business from 2009 to 2015, for positively impactful companies. There is also increasing noise from mainstream investors with regards to their intentions on entering the market. For example 2015 saw a slew of activity with Goldman Sachs buying the impact investment firm Imprint Capital (9), BlackRock launching its own Impact Investing practice (10) and UBS launching a social investment fund (11). The entry of mainstream is demonstration that there is money to be made by solving the world's people, planet and prosperity challenges. This is an opportunity for the UK Government to grow and cement our leading position in impact investment, and not let it slip away as other markets seek to step in.

However at present the total amount invested remains a small portion of the overall capital markets. Collectively, as of the end of 2015, the annual GIIN survey indicated USD 77.4 billion in impact-investing assets (12). A separate government study estimates that at current growth rate the impact market would amount to about 0.1% of all financial assets, by 2020 (13).

We also observe trends in societal behaviour around the expectation of businesses and investors in providing a useful societal role beyond only economic (14). The millennials in particular being a driving force: in their employer selection (15) and to some extent consumer selection. For example the increase in consumption of Fair trade goods despite the recession (16)(17) the 2014 public outcry against director pay (or shareholder spring) (18) ; and the carbon disinvestment campaign – initially driven by student groups demanding their University investment funds align to the long-term mission of academic institutions (19)(20).

Mission-led business - case studies:

If you are a mission-led business, or know of mission-led businesses that you are willing to share publicly, please complete the following table.

If you would like to share examples of more than one business please complete an additional table and submit with this questionnaire.

Name of business	JustGiving												
Contact details for business	https://www.justgiving.com/												
Brief description of business (please keep under 5 lines)	Founded in 2000 by Zarine Kharas DBE and Anne-Marie Huby, JustGiving provides fundraisers and charities with internet and mobile fundraising services and tools that maximise donations and cut administration and												
Why is this a mission-led business? Please include details on any corporate governance or reporting steps.	JustGiving's mission is to ensure that no great cause goes unfunded. They have created the online fundraising market in the UK as the first pioneering platform to democratise fundraising and technology for charities. Perhaps most importantly, JustGiving has levelled the playing field for smaller charities and good causes, providing a highly accessible, low cost and effective fundraising tool.												
Stage of business development (i.e. start-up, growing, mature, repurposed)	Growing/Mature												
Industry sector	Charitable services												
Geographic focus	UK												
Evidence of financial growth	<p>Financials</p> <table border="1"> <thead> <tr> <th>£(k)</th> <th>2012</th> <th>2013</th> <th>2014</th> </tr> </thead> <tbody> <tr> <td>Revenue</td> <td>14,017</td> <td>16,129</td> <td>19,433</td> </tr> <tr> <td>FRITDA</td> <td>1,917</td> <td>677</td> <td>(1,780)*</td> </tr> </tbody> </table>	£(k)	2012	2013	2014	Revenue	14,017	16,129	19,433	FRITDA	1,917	677	(1,780)*
£(k)	2012	2013	2014										
Revenue	14,017	16,129	19,433										
FRITDA	1,917	677	(1,780)*										
Evidence of social impact	With a dominant market position, they have enabled over 20m people to raise over £2bn for over 30,000 good causes in 164 countries.												
Any other details (e.g. legal form)	For profit business. Impact is locked through good governance, culture, strong leadership and an impactful product. JustGiving generates revenue via a 5% commission on gross donations and a £15 subscription fee for												

Part II: Challenges faced by mission-led businesses

Question 6: What are the practical steps that a business can take to make a commitment to deliver on its intention to have a positive social impact?

Although there are structures via which a company can lock in their mission such as CICs and Golden Shares, having a legal structure to lock in a mission is neither a necessary nor sufficient condition in our experience, and often these structures serve only to make future capital raising and business growth more difficult.

Real mission lock comes when the intention is part of the DNA of a business model. This may manifest where the impact cannot be separated from the business model (for example a company like Just Giving) or it may manifest through a more progressive approach to governance. The governance route can be used to lock in mission-related behaviours to a business and integrate them to strategy and performance (21) and help ensure they are maintained through growth.

Further practical action that a company can take to demonstrate mission-led behaviour is to transparently report on their mission and approach to it. To share commitments, set goals and targets and track against these, sharing results - celebrating success and explaining failure. At a more advanced level this kind of information should ideally be integrated in to other company reporting. This leads again to our point that business behaviour transparency should be encouraged by the Government.

This action would surely be increased if the full value chain, including investors, employees, clients and consumers all valued the information. Either because such externalities were now priced and could be associated with business revenue or because society at a more general level saw the value in such behaviour.

Question 7: Do you think these steps could be better communicated to entrepreneurs and businesses? If so, how?

A Government-led information repository for start-ups including sources of advice and the types of company structures available would help in creating a channel of communication. Through this the Government could drive recommending all entrepreneurs consider how their business ensures it takes account of and articulates all its stakeholders and management of any social and environmental impacts (regardless of the structure selected). We stress, this information and sentiment, should be extended to all businesses regardless of size.

Question 8: The loss of focus on social and environmental aims has been identified as a potential problem for mission-led businesses (“mission drift”). When do you think this is most likely to happen? What could be done to prevent this?

When a business founder leaves, or changes focus.

When growth or revenue opportunities arise which are contrary to the original mission and a business can follow these opportunities without considering the mission implications.

When investors put pressure on a business to grow and increase returns in ways contrary to the original mission of the business.

When companies become larger and more complex and it becomes structurally and organisationally more challenging to track and manage all decisions relating to business behaviour.

Anecdotally, we are also aware that entrepreneurs can struggle to integrate these concepts.

Reasons we have experienced include:

- fear it will impact on profit margin;
- fear that their business will not be taken seriously by investors if they over-focus on “tangential” issues;
- fear that the message can not easily integrate with their business story;
- lack of awareness.

Prevention would come through Government’s taking the lead on driving support and expectation

Question 9: Have you identified barriers to new entrepreneurs or established businesses who want to easily convert their intent to make social impact into a long-term or binding commitment?

If yes, please provide details of these barriers, in particular identifying those that may be caused by regulation.

Where a founder or CEO wishes to embed positive impact within a business there is no formal barrier to them taking this action. There may, however, be resistance or informal barriers present in the form of:

- Shareholder/investor resistance/withdrawal, for fear of impact on their returns;
- Board resistance, through assumption that any social intent diminishes return;
- Senior management and board resistance, for fear of impact on business success.

If present, these can lead to real barriers to action if the founder/CEO is unable to convince of the rationale. Nevertheless, we have been approached by many CEOs who are considering going down this path. Often they come from service industries or consumer segments where a values-orientation may improve staff engagement and customer appeal (The Body Shop was an example of the latter).

Question 10: In your view, what are the barriers to a large corporate (including a public company) to becoming a mission-led business or owning a mission-led business within its group structure?

Barriers are identified in answer to question 8.

Investors frequently refer to their fiduciary duty to maximise only financial returns for beneficiaries. Removing this as an argument for investors would be useful. The recent Kay Review on UK equity markets and long-term decision making (22) also highlighted that fiduciary duty should not empower investors to ignore long-term risks often captured through environmental and social themes. Despite more recent attempts for clarity, a single agreed understanding of fiduciary duty continues to elude the investment market.

(22)

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/253454/bis-12-917-kay-review-of-equity-markets-final-report.pdf

Question 11: Do you think mission-led businesses have or should have a different culture/values system to traditional (i.e. non mission-led) business? If yes, please provide best practice examples of this.

We consider there is no formal barrier stopping a large company from embedding an impact mission in to their business, other than those highlighted in answer to question 8. There are also some more practical issues which can hinder action, although we stress these are no different to the challenges facing any large company seeking to make operational changes:

- Structural complexity;
- Supply chain transparency;
- Internal expertise;
- Internal support and buy-in throughout the business – from board level to individual staff level;
- For larger listed companies, shareholders and the likelihood of their resistance is the main issue.

Encouraging a strong governance approach to embedding sustainability in to the heart of a business would also offer alleviation to this challenge.

Question 12: What challenges do mission-led businesses face when engaging with potential customers, employees and investors about their social impact?

Currently it is fair to say that you are likely to find a different culture/values system in “mission-led” businesses. These businesses have a dual focus to capture return and have a positive impact. This creates a more balanced dialogue around business activity.

This separation in cultures between “normal” business and “mission-led” business is not however one we would want to encourage. We believe that all investment should take impact into account and therefore all businesses will be taking their impact into account.

Adoption of a more balanced cultural and values system is something of benefit to all of the economy. It is now well documented that a culture of misplaced responsibility and reward led to the activities leading to the housing bubble of 2008. Profit at any cost is not a culture that any system should want to leave a loophole to be exploited.

Question 13: What do you think is the role of certifications systems (e.g. B Corps) or of frameworks (e.g. Blueprint for Better Business) in helping mission-led businesses engage with external stakeholders?

The reaction from customers, employees and investors is likely to vary significantly. It will depend on the level of knowledge/sophistication of the audience, the nature of the product or service, the beneficiary, the scale of impact, and the language used.

In general a society where a better appreciation of the implications of unsustainable business practice is appreciated is more likely to reduce the level of challenge faced when a business seeks to publically embed this in their approach. Much can be done to educate society and the media to create a platform for more informed demand and response.

Our experience also suggests that early adopters of new innovation/products, especially in developed markets, tend to be more affluent and this can create a barrier to scale. Some small microbusinesses can become very successful, but only within their local setting. There are often financial and cultural barriers to reaching a larger demographic, which in turn impacts their ability to attract capital.

In our experience, many companies benefit from being mission-led. They often gain sales, enjoy higher prices (*ceteris paribus*) lower salary costs, and other benefits. These advantages are often overlooked in comparison with some challenges.

Question 14: What are best practice examples of social impact measurement and how are they being applied by mission-led businesses?

Certification has a role to play; but can create problems as well as benefits.

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The measure of success drives behaviour.

For example, it is now well known that the country of Bhutan has moved away from measuring country prosperity through Gross National Product, to Gross National Happiness (23). Furthermore Costa Rica is the only country in the world where nature (or the environment) has formal legal rights and has led to the improved protection of their natural resources (24).

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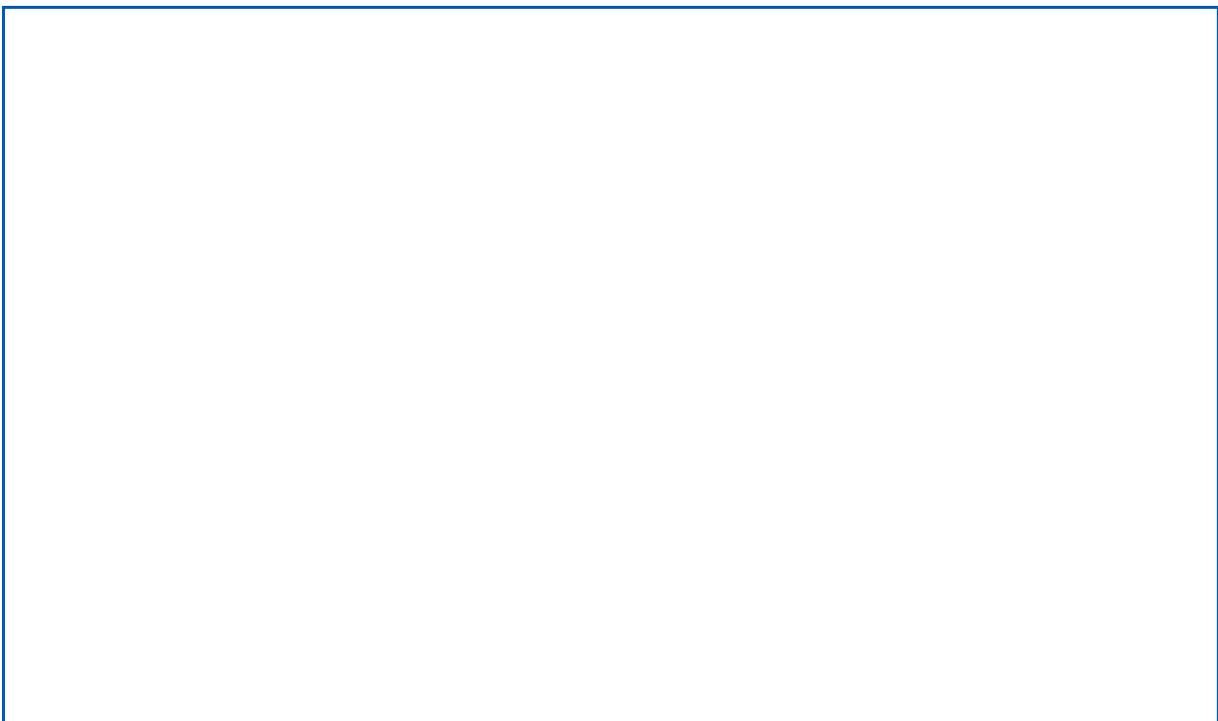
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Response to Mission-Led Business Review: Call for Evidence

Question 5: How do you see mission-led businesses developing over the next decade?
Please share evidence.

A large, empty rectangular box with a thin blue border, intended for the respondent to provide evidence and their perspective on mission-led businesses over the next decade.

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Contact details for business				
Brief description of business (please keep under 5 lines)	Founded in 1977 by Liz Weir and Mark Constantine, and with its origins as The Body Shop's leading supplier of cosmetics, Lush is now a leading global manufacturer and retailer or ethical and environmentalv conscious			
Why is this a mission-led business? Please include details on any corporate governance or reporting steps.	Lush products are 100% vegetarian. They are 83% vegan and 60% preservative-free and often contain fruits and vegetables. As a leading pioneer in ethical cosmetics, Lush has rigorous ethical supply chain standards and in many cases is directly involved in building the capacity of producers to help them source sustainable ingredients for its diverse range of products. Lush does not buy from companies that carry out, fund, or commission any animal testing,			
Stage of business development (i.e. start-up, growing, mature, repurposed)	Growth/Mature			
Industry sector	Manufacturing & Retail			
Geographic focus	Global			
Evidence of financial growth	£(k)	2013	2014	2015
	Revenue	280,220	282,467	326,456
	EBITDA	20,770	21,951	23,661
	Total Assets	144 773	116 405	129 262
Evidence of social impact	Please see above.			
Any other details (e.g. legal form)	Lush produces and sells creams, soaps, shampoos, shower gels, lotions, moisturizers, scrubs, masks and other cosmetics for the face, hair, and body using only vegetarian or vegan recines. The companv's growth is based mainly			

Part II: Challenges faced by mission-led businesses

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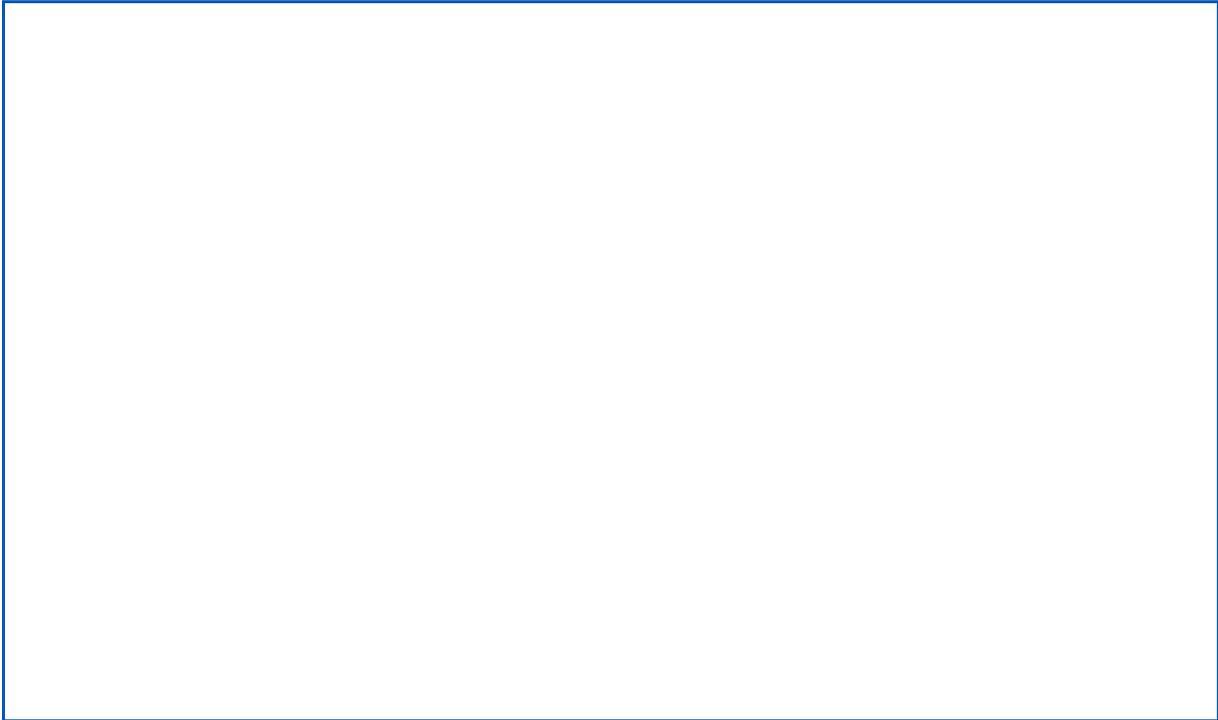
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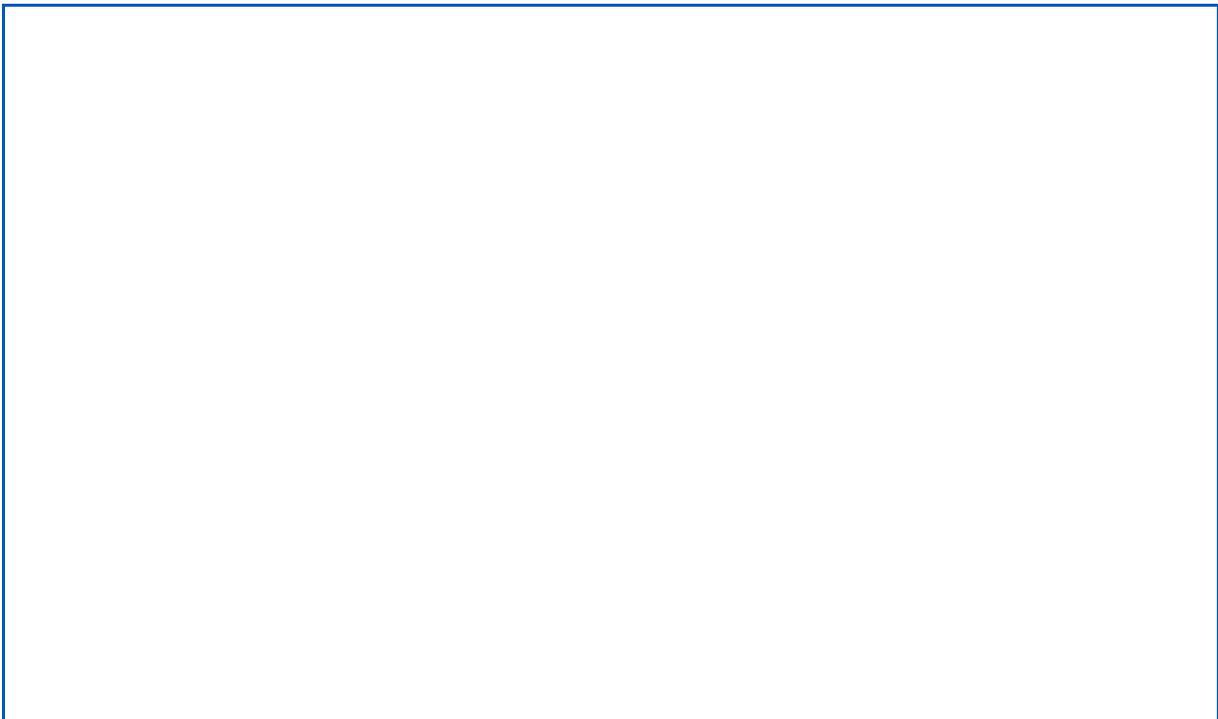
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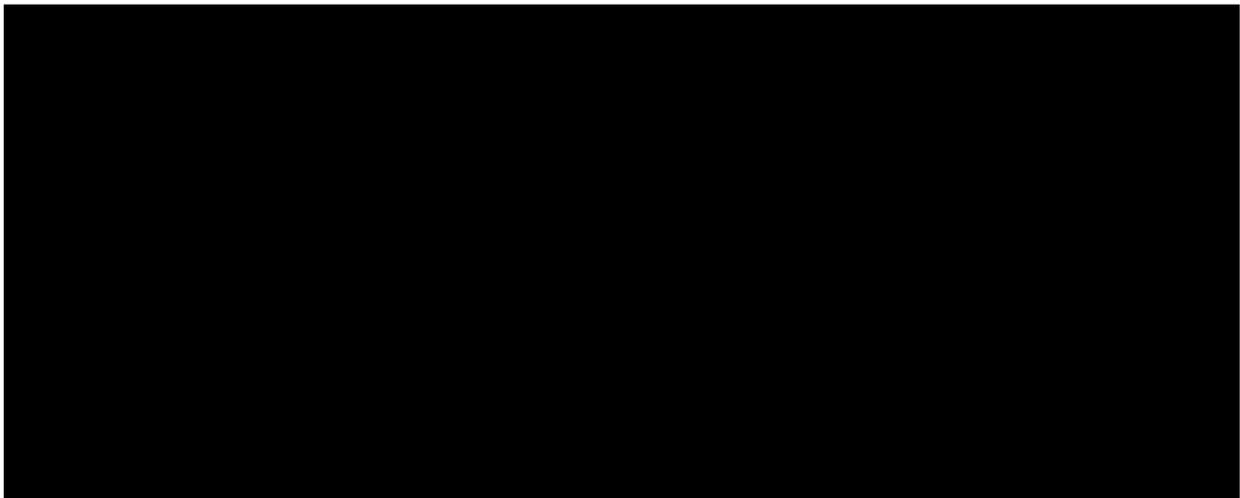
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c/o Alexandra Meagher
Cabinet Office
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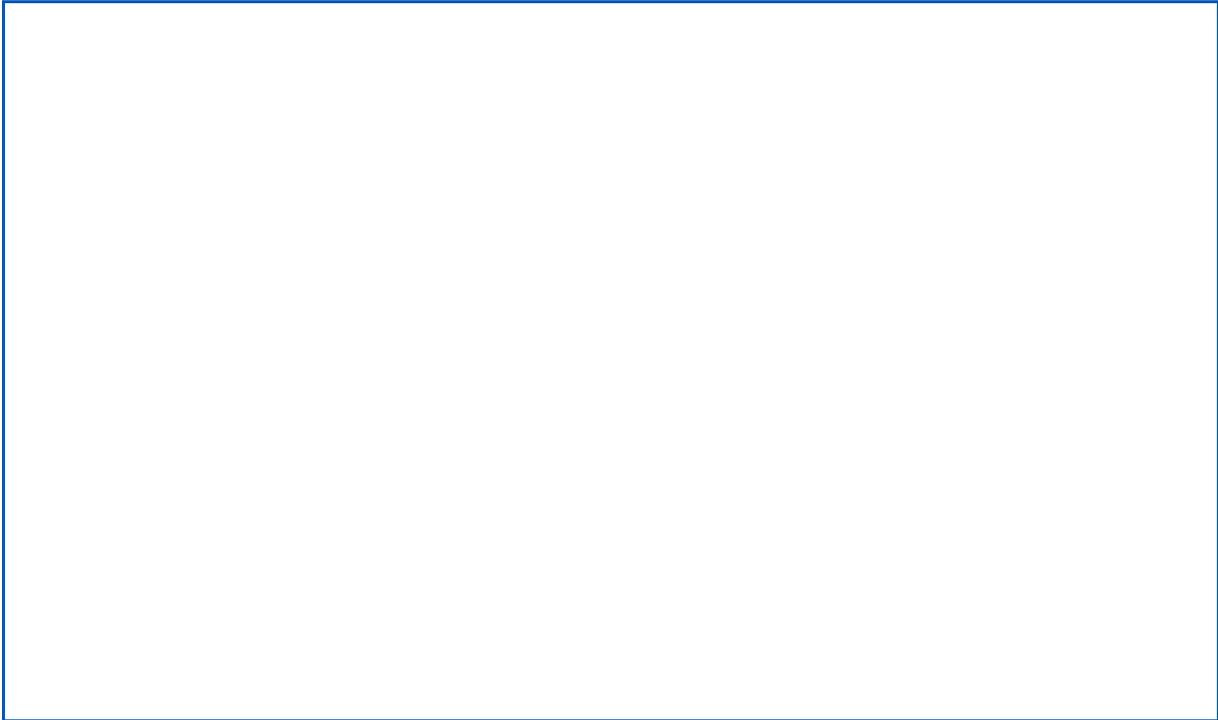


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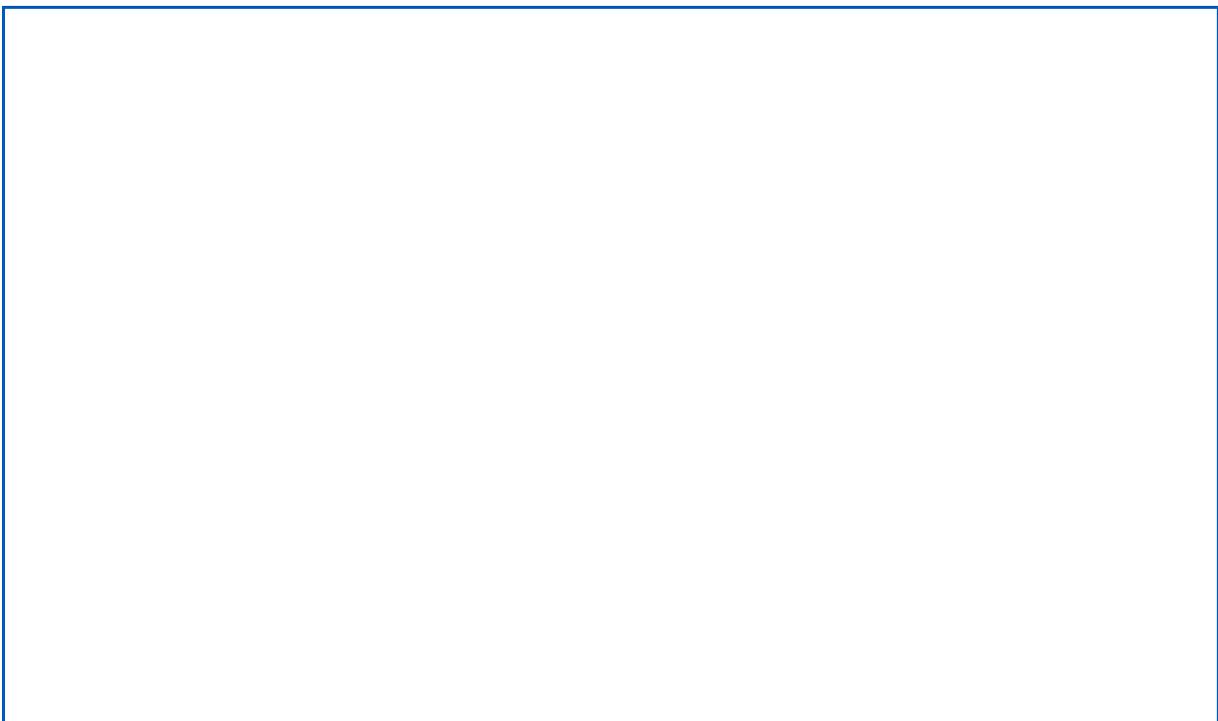
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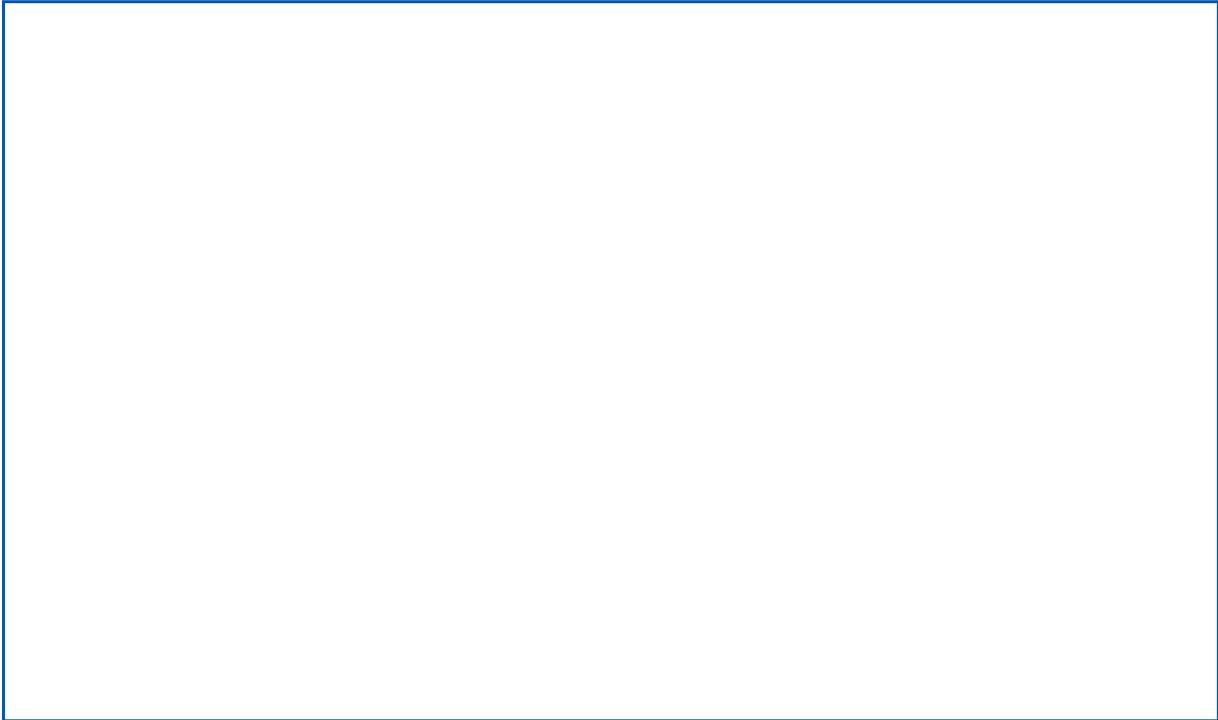


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Response to Mission-Led Business Review: Call for Evidence

Question 5: How do you see mission-led businesses developing over the next decade?
Please share evidence.

A large, empty rectangular box with a thin blue border, intended for the respondent to provide evidence and their perspective on mission-led businesses over the next decade.

Mission-led business - case studies:

If you are a mission-led business, or know of mission-led businesses that you are willing to share publicly, please complete the following table.

If you would like to share examples of more than one business please complete an additional table and submit with this questionnaire.

Name of business			
Contact details for business			
Brief description of business (please keep under 5 lines)	Founded by Richard Leftley in 2008, MicroEnsure provides insurance services to low and middle-income markets around the world. MicroEnsure has introduced new forms of protection including crop, micro-health, political		
Why is this a mission-led business? Please include details on any corporate governance or reporting steps.	The death of a breadwinner or destruction of crucial assets like crops and shelter can cause significant financial disruption, particularly for those with vulnerable income streams and irregular cash flow patterns. Without mechanisms to guard against this disruption, individuals become risk averse to opportunities that could generate more income, circumscribing their economic potential. MicroEnsure are currently working with over 90		
Stage of business development (i.e. start-up, growing, mature, repurposed)	Growing		
Industry sector	Financial Services		
Geographic focus	Global		
Evidence of financial growth	£(k)	2013	2014
	Revenue	2,957	2,632
	Costs	193	228
	FRITDA	2 764	2 404
Evidence of social impact	The company currently has 42,747,650 customers registered, \$17,278,623 claims paid, and 19,932,893 new customers won in 2016		
Any other details (e.g. legal form)	As a micro-insurance specialist, MicroEnsure designs, implements and manages products that address a range of risks faced by consumers, including risks related to life, health, agriculture, assets, accidents and political		

Part II: Challenges faced by mission-led businesses

Question 6: What are the practical steps that a business can take to make a commitment to deliver on its intention to have a positive social impact?

Question 7: Do you think these steps could be better communicated to entrepreneurs and businesses? If so, how?

Question 8: The loss of focus on social and environmental aims has been identified as a potential problem for mission-led businesses (“mission drift”). When do you think this is most likely to happen? What could be done to prevent this?

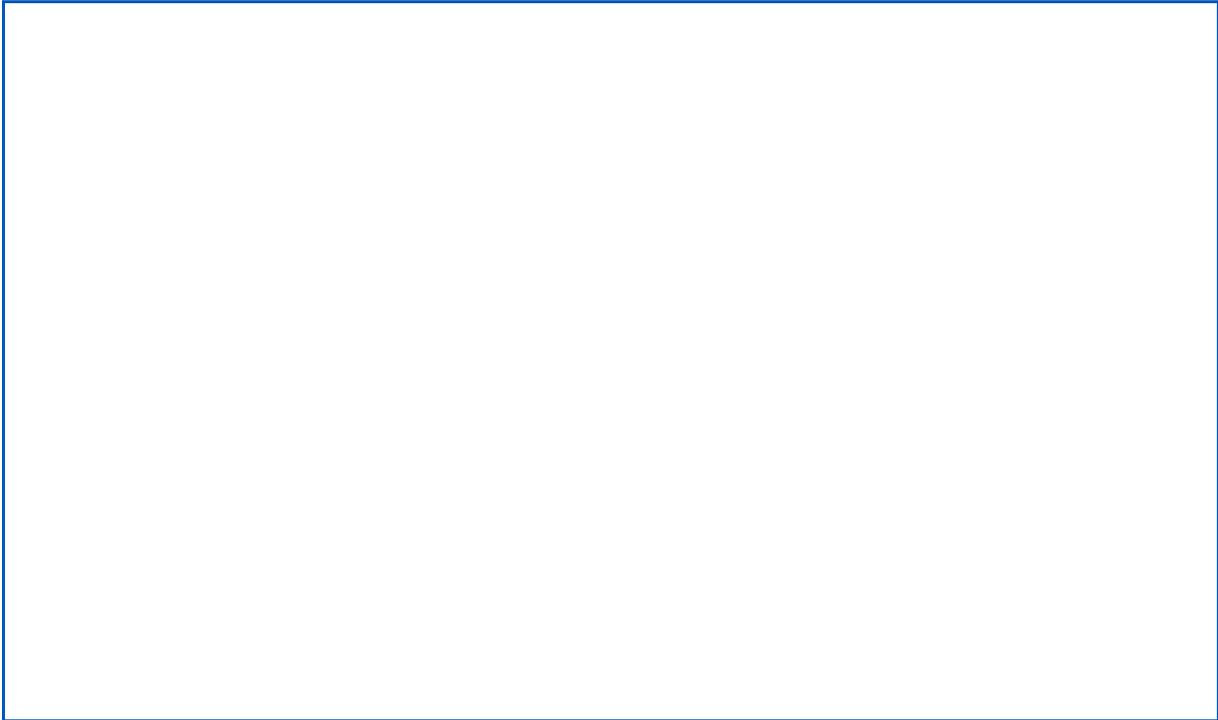
Question 9: Have you identified barriers to new entrepreneurs or established businesses who want to easily convert their intent to make social impact into a long-term or binding commitment?

If yes, please provide details of these barriers, in particular identifying those that may be caused by regulation.

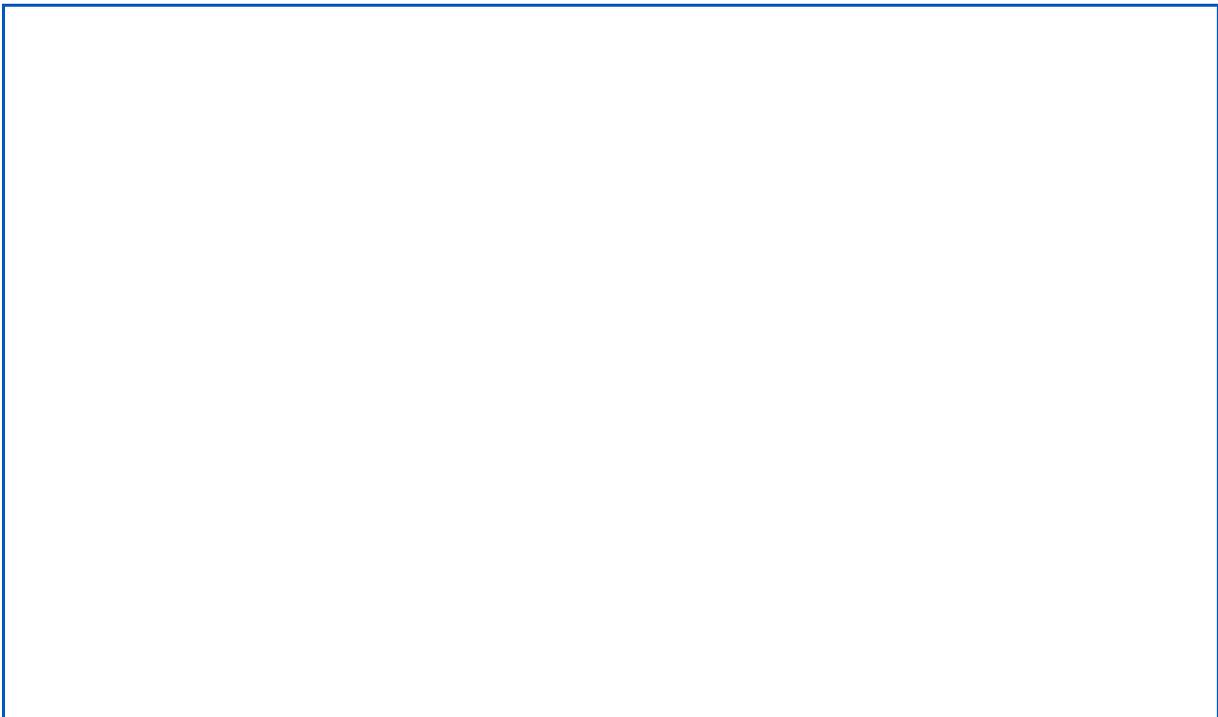
Question 10: In your view, what are the barriers to a large corporate (including a public company) to becoming a mission-led business or owning a mission-led business within its group structure?

Question 11: Do you think mission-led businesses have or should have a different culture/values system to traditional (i.e. non mission-led) business? If yes, please provide best practice examples of this.

Question 12: What challenges do mission-led businesses face when engaging with potential customers, employees and investors about their social impact?



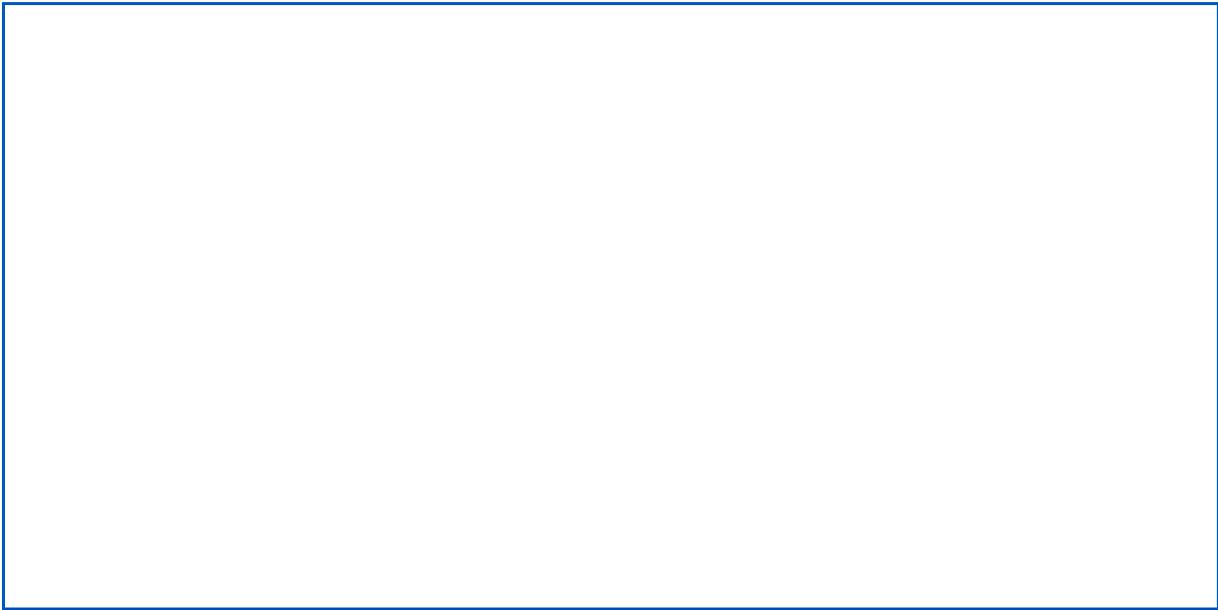
Question 13: What do you think is the role of certifications systems (e.g. B Corps) or of frameworks (e.g. Blueprint for Better Business) in helping mission-led businesses engage with external stakeholders?



Question 14: What are best practice examples of social impact measurement and how are they being applied by mission-led businesses?

Question 15: Have you identified specific barriers to the growth of mission-led businesses? If yes, please provide details of these barriers, in particular identifying those that may be caused by regulation.

Question 16: What do existing mission-led businesses need in terms of support and what do you think could be done to incentivise the creation of more mission-led businesses over the next decade? Who is best placed to do this?



Thank you for your response.

Response to Mission-Led Business Review: Call for Evidence

Instructions for responding to the call for evidence

You can fill out this PDF form to respond to the Call for Evidence. Respondents are invited to respond to all questions or only to some.

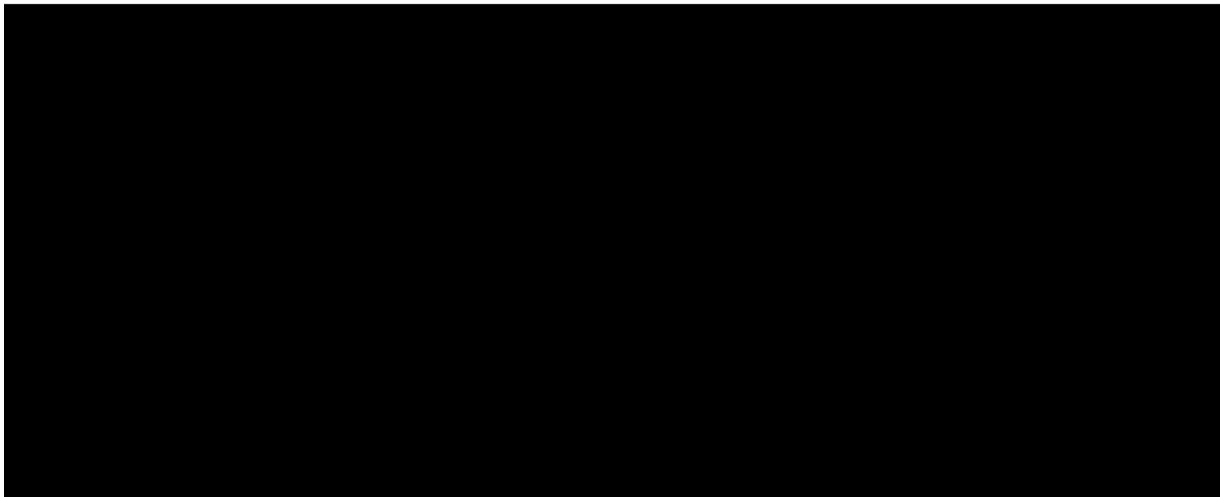
The closing date for responses is 8 July 2016. Responses received after this date may not be read. Call for Evidence responses should be returned to:

missionledbusiness@cabinetoffice.gov.uk

Or if you would prefer to send your response by post:

Mission-led Business Review Secretariat
c/o Alexandra Meagher
Cabinet Office
1 Horse Guards Road
London
SW1A 2HQ

Contact information

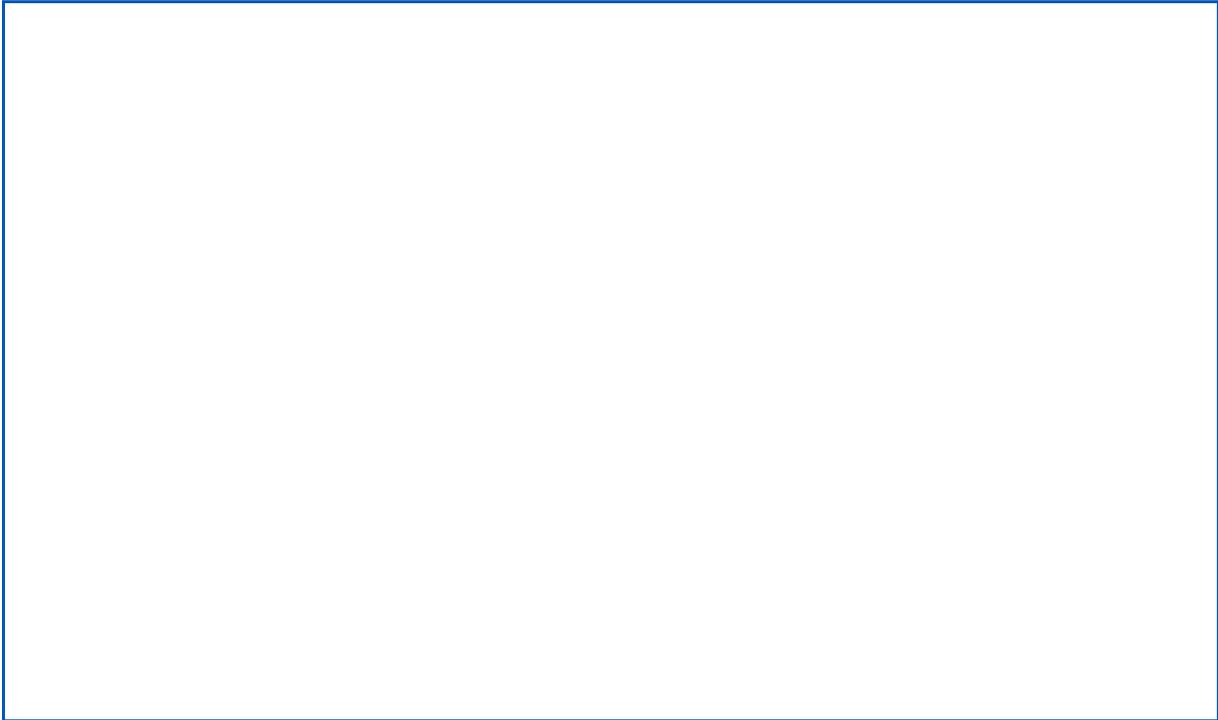


Part 1: Profile, drivers and potential of mission-led businesses

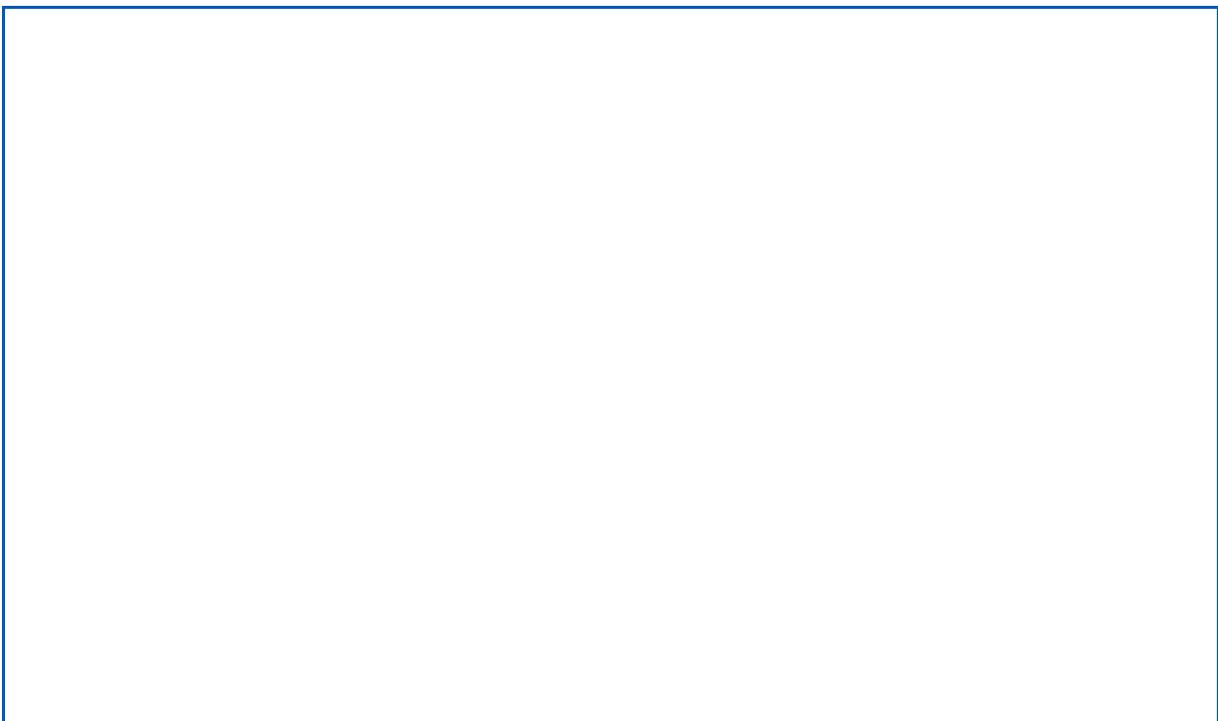
Question 1: What do you know about the number and profile of mission-led businesses operating in the UK? Please share evidence.

Question 2: What do you know about the impact of being a mission-led business on business performance and social impact? Please share evidence.

Question 3: In your view, what are the ways that quantitative data on mission-led businesses could be better captured over time?

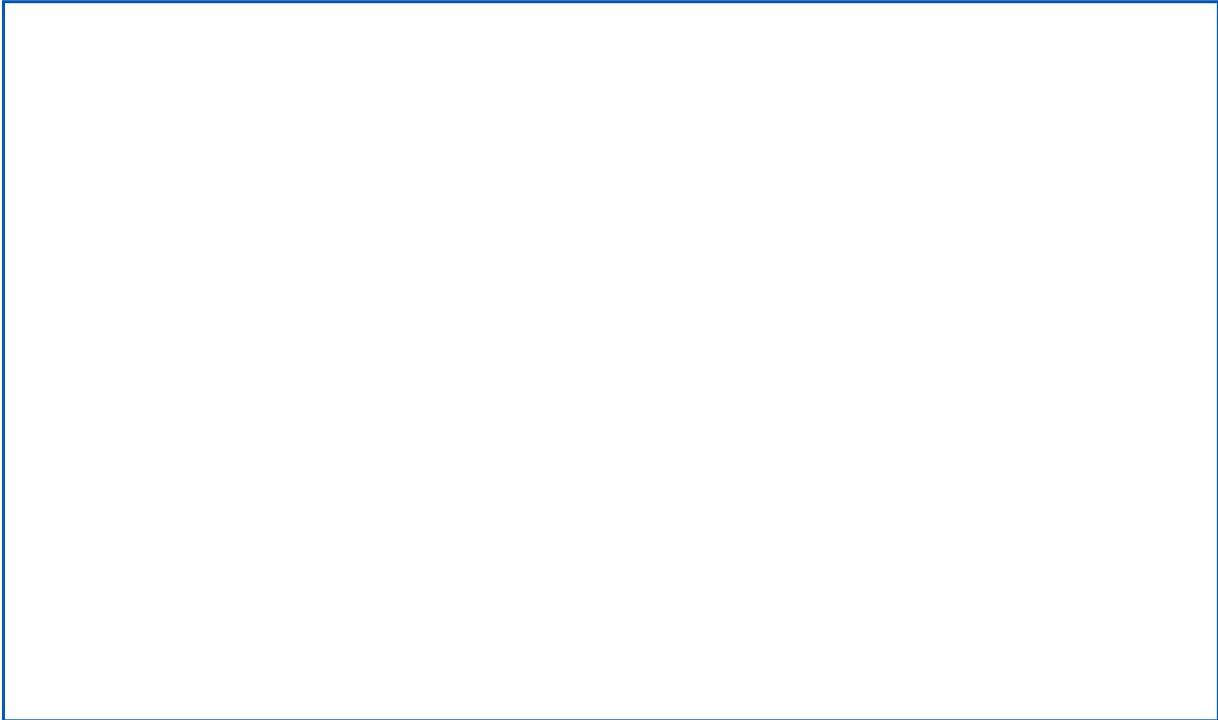


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Name of business				
Contact details for business				
Brief description of business (please keep under 5 lines)	Founded in 2006, Vegware is the UK's first and only manufacturer of completely compostable packaging. Their award winning catering disposables are low carbon, made from renewable or recycled materials and can be			
Why is this a mission-led business? Please include details on any corporate governance or reporting steps.	Vegware are pioneering the development and manufacture of eco friendly catering disposables and food packaging. The Vegware range of 250 + compostable products spans cutlery through to tableware, napkins, hot and cold drink cups, and takeaway packaging. Vegware works with a network of distributors across the UK to deliver their range of eco disposables to their clients. Founded in 2006 in Edinburgh, Vegware's products are now available worldwide through			
Stage of business development (i.e. start-up, growing, mature, repurposed)	Growing			
Industry sector	Food packaging			
Geographic focus	Global			
Evidence of financial growth	£(k)	2013	2014	2015
	Total Assets	1,803	2,761	4,279
	Total Liabilities	1,604	2,325	3,441
	Equity	199	436	838
Evidence of social impact	Vegware offers real and quantifiable benefits to its clients and the environment: zero waste, green products at industry beating value, brand enhancement, innovation and environmental			
Any other details (e.g. legal form)	This is a for profit company creating meaningful positive impact managed through good governance and an impactful product.			

Part II: Challenges faced by mission-led businesses

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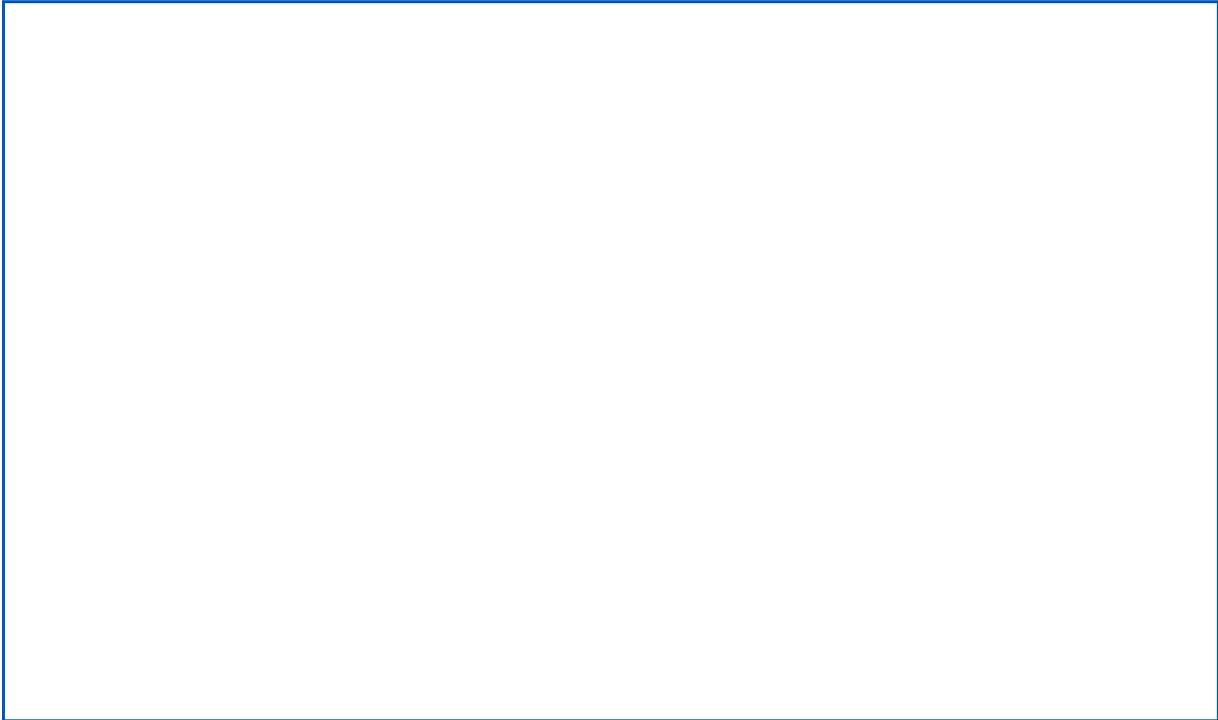
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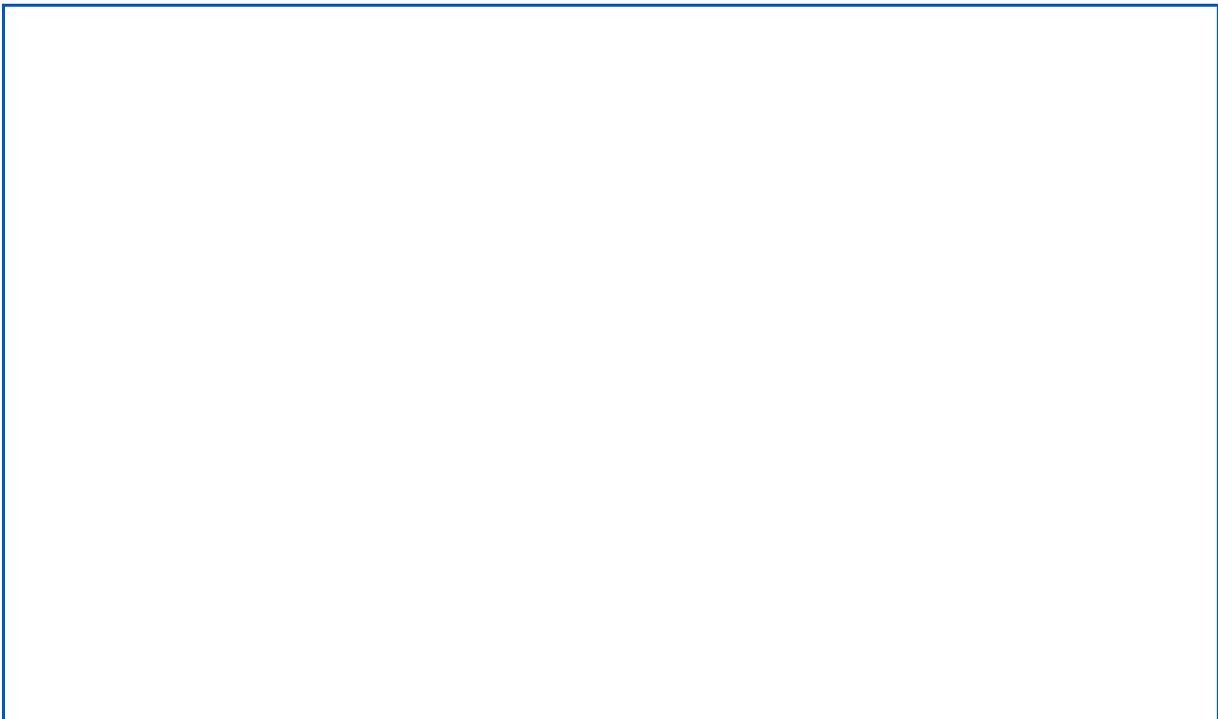
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