Growing a culture of social impact investing in the UK

Implementation Taskforce

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Preface by Elizabeth Corley

It was a privilege to be asked in 2017 to chair an advisory group to look at how we can build a culture of social impact investing in the UK. Our final report detailed more than 50 recommendations on how this could be achieved and thus enable more people to support more easily the things they care about through their savings and investments. What the advisory group also built was a strong network of committed advocates for social impact investment and momentum to get things done So we were delighted to be asked by the Prime Minister in 2018 to form an Implementation Taskforce that would focus on the recommendations in order to turn words into deeds.

In this report we have highlighted some of our work and the progress that has been made, not least in the development of practical tools, sustained engagement across a broad set of practitioners, surveys and contributions to an increasing number of consultations. We have seen mainstream investment bodies launch guides and glossaries, create committees to focus on impact and responsible investing, gather information to deepen understanding and form coalitions to focus on specific topics of opportunity or challenge. More than 50 leading financial and social sector bodies have pledged to support our work (see appendix 1). An even greater number have been engaged in the workstreams set up to drive action on the recommendations forward (see appendix 2). The taskforce has contributed to the development of an increasingly supportive regulatory and policy-making environment both through direct engagement and through response to consultations.

Working with others also committed to growing impact investing with integrity, we have been pleased to see increased awareness and interest among leading groups of professionals who have the ability to accelerate positive developments in the sector. The taskforce has run multiple events and been delighted to contribute regularly to those organised by others. We have commissioned new research and built networks and coalitions to push things forward in key areas, such as impact reporting and the views of consumers. We have developed practical tools for use by others in the field, and worked to identify joint opportunities to scale impact and demonstrate what is possible.

I am hugely grateful to the many volunteers, well over 160, who have committed their energy, intellect and passion to our work and to the firms who have been supportive of their engagement with us. Thank you. In particular the leaders of work streams and members of the steering committee have engaged continuously and to great effect to carry through some of our recommendations. We have also benefitted from sustained support and interest from government, most notably from our sponsors – the Department for Digital, Culture, Media and Sport and Her Majesty's Treasury – as well as from across other departments, particularly the Department for International Development and the Department for Business, Energy and Industrial Strategy.

As we said in our original advisory report, transforming the culture and practice of investment is not a year-long exercise, nor something that can be achieved by one body alone. While I am pleased with the progress we have made with our peers and partners, there remains much to do to achieve that original goal of every person being able to save and invest more easily into what they care about. The urgency of the problems and challenges we face, both environmental and social, remains. So. while this report reflects the achievements and insights from a year of sustained activity, it also highlights areas where we consider that sustained focus is required.

Impact investing is growing rapidly in the UK and around the world. This growth reflects the depth and breadth of social need, particularly in disadvantaged areas, and an increasing desire by individual savers and investors to use their capital to contribute to social challenges while generating a financial return. Impact investing goes beyond avoiding harm and mitigating risks. But it is part of a wider movement towards more responsible investing, which incorporates environmental, social and governance considerations into investment decisions. Continued active focus on impact investing integrity, and how it relates to broader values-based investing, will be needed to keep pace with its growing popularity.

The UK has a strong tradition of innovation in finance to deliver impact as well as financial return. We are well placed to play a global leadership role in the growing impact investment market given our financial services scale, reach and expertise. Whilst the taskforce has reached a natural conclusion one year on, work and ideas to grow a culture of impact investing will continue. Many of us who have had the chance to contribute are excited at the prospect that there is appetite and interest to find more sustainable ways to continue our work and looking forward to that opportunity.

The ideas and ways forward highlighted in this report will therefore form a foundation for continued progress.

Elizabeth Corley
Chair of the Implementation Taskforce on Growing a culture of social impact investing in the UK

Ministerial Foreword

Social Impact Investment is one of the most exciting developments in the finance sector today, allowing investments to deliver a financial return while ensuring that they drive a positive social impact. Impact investing can increase the opportunities individuals have to invest in line with their values and enhance the UK's position as a leader in financial services. It has the potential to drive sustainable economic growth, help to tackle entrenched social challenges and support transformation in the way public services are commissioned.

The UK has a strong foundation to build on and the leadership and efforts demonstrated by this Taskforce have been invaluable in further catalysing the drive behind Social Impact Investment and raising its profile. This report highlights that tangible progress is already being made in advancing the 53 recommendations of the Advisory Group on social impact investing.

Further growth in the market will require continued leadership and innovation from the financial sector in partnership with the social sector and Government. The government remains committed to advancing this important agenda and building on the Taskforce's substantial progress, including by co-ordinating across the relevant government departments and continuing to work with industry to bring social impact investing into the mainstream.

We would like to thank Elizabeth Corley and the members of the Taskforce for their considerable work outlined in this report. We look forward to supporting the continued evolution of social impact investing.

John Glen MP
Economic Secretary to the Treasury

The Rt Hon Jeremy Wright QC MP
Secretary of State, DCMS

The Growing a Culture of Impact Investing Taskforce Conference on 12 June 2018.

Background and the establishment of the taskforce

In 2016, the UK government set up an independent advisory group of senior financial industry practitioners to answer an important question: *How can the providers of savings, pensions and investments engage with individuals to enable them to support more easily the things they care about through their savings and investment choices?*

The question was motivated by growing interest in the UK in social impact investing. The sentiments that drove that demand were familiar. They included a desire to help others and to make private money a force for public good. However, despite growing enthusiasm, investors continued to find it challenging to invest in line with their values.

Several factors were at play. One was that people struggled to identify liquid social impact investment opportunities. In addition, where investments were offered, the definition and measurement of "impact" was often unclear.

To help address these barriers to entry and widen the debate, the advisory group and the UK Department for Digital, Culture, Media and Sport (DCMS), with support and engagement from HM Treasury (HMT), worked together to produce *"Growing a Culture of Social Impact Investing in the UK"*[1]. The report, published in November 2017, sets out the authors agreed definition of impact investing:

> *"Investment in the shares or loan capital of companies and enterprises that not only **measure** and **report** their wider impact on society – but also hold themselves **accountable** for delivering and increasing **positive impact**."*

This definition remains compatible with the Global Impact Investing Network (GIIN)'s more recent Core Characteristics of Impact Investing, which provide the four tenets that define impact investing[2].

The report authors went on to make 53 recommendations aimed at encouraging and guiding action across all industry participants, regulators, and government. These recommendations aim to build on the UK's established commitment to investing in social causes. As early as 2000, HMT launched a taskforce to investigate how to help the community finance sector grow. In 2013 the Cabinet Office established Big Society Capital, the world's first social investment institution of its kind, funded with the proceeds of dormant bank accounts and donations from four UK banks.

The recommendations recognised that there is an investment continuum, with different interventions finding their place. With that in mind, the report discussed the spectrum of capital, which sets out a sliding scale of type of investment, according to financial, environmental and social performance measures.

Although the advisory group was set up initially for a fixed term, the enthusiasm and engagement of its members was such that it committed to continue to provide a focal point for impact investing in the UK. In March 2018, the Prime Minister asked advisory group chair Elizabeth Corley to lead an industry taskforce to take the recommendations forward, focusing on boosting investment and identifying how to mobilise more capital that can contribute to solutions for social challenges. Working groups were established and supported by senior stakeholders from a cross-section of industry players. The groups focused on the five key areas for further work identified in the advisory group's report:

1. Making it easier for people to invest
2. Improving deal flow and the ability to invest at scale

[1] *Growing a Culture of Social Impact Investing in the UK*, Advisory Group, 2017
[2] Core Characteristics of Impact Investing, Global Impact Investing Network, 2019

The Spectrum of Capital

Choices and stratregies for investors on the 'spectrum of capital'

Approach	Traditional	Responsible	Sustainable	Impact Driven			Philanthropy	
				'Finance first'	←→	'Impact first'		
Financial goals	**Target competitive risk-adjusted financial returns**				Unchartered returns	Below-market returns	Partial capital preservation	Complete capital loss
Impact goals		**Avoid harm and mitigate ESG risks**						
			Benefit all stakeholders					
				Contribute to solutions				
Description	Limited or no regard for ESG practices or societal impact	Mitigate risky ESG practices, often in order to protect value	Adopt progressive ESG practices that may/are expected to enhance value	Address societal challenges that generate competitive financial returns for investors	Address societal challenges where returns are unknown, or investors risks largely unknown	Address societal challenges that require a below-market financial return for investors	Address societal challenges by supporting non-commercially viable models, inc. guarantees	Address societal challenges with donations or with the expectation of full capital loss
		The 'impact economy'						

Source: Bridges Impact+ and the Impact Management Project.

3. Strengthening competence and confidence within the financial services industry
4. Developing better reporting of non-financial outcomes
5. Maintaining momentum and building cohesion across initiatives

As part of its efforts, the taskforce held a major conference in June 2018, hosted at London Business School (sponsored by the AQR institute), which was attended by more than 200 finance industry, social sector and civil society participants. As detailed below, the taskforce has gone on to help implement many of the report's recommendations, as well as undertaking a range of activities that support its overall aims: raising awareness and sharing information with key audiences; influencing regulation and working closely with government; building strong engagement across sectors.

In these tangible achievements in the past year, we see signs that the taskforce's efforts in Growing a Culture of Social Impact Investing in the UK are starting to bear fruit, even while we know that there is much more still to do.

The Virtuous Cycle

The virtuous cycle is made up of eight key elements that the taskforce considers need to act positively together in order to grow the impact investing market. The cycle provides a practical tool for stakeholders to identify their specific role in the growing impact investment market and has been used as an anchor concept for this report. The cycle shows that rising demand and adviser engagement, and a supportive regulatory environment, leads to the expansion of quality products and offerings. The purposeful business and social enterprise sectors in turn are then more likely to engage and attract investment to enable growth. This will increase the number and scale of investment opportunities and lead to advances in impact measurement and reporting, which should act as spurs to further increased demand from people to invest for positive social impact.

This report is structured around the elements of this virtuous cycle, as we believe it reflects the practical reality of social impact investment, and makes clear when people can contribute.

A breakout discussion at the Growing a Culture of Impact Investing Conference on 12 June 2018.

ECOSYSTEM INCLUDING GOVERNMENT AND REGULATION
INFORMATION
CAPITAL
PEOPLE – Interest in investing for positive social impact
DEMAND
DEMAND
FINANCIAL ADVISER/ PENSION TRUSTEE
DEMAND
QUALITY PRODUCT/FUND OFFERINGS
SEARCH FOR AND ASSESSMENT OF INVESTMENT OPPORTUNITIES
SUPPLY
INVESTEE ENGAGEMENT
DEMAND
PURPOSEFUL BUSINESS
SOCIAL ENTERPRISE
EVALUATION OF INVESTMENTS
REPORTING OF IMPACT
IMPACT
PEOPLE & PLANET – Positive social change for individuals, communities and wider society

1. People – Interest in investing for positive social impact

***Key messages**: Continued interest in and expectation of "good outcomes" alongside financial returns but a need for more awareness and understanding to translate interest into action.*

Introduction

Individuals increasingly wish to express social concerns and personal values through their investments. Indeed, many are doing so. Some 15% of investors made an impact investment in 2017, according to one study by Barclays, compared with 9% in 2015[3]. However, there, remains a significant gap between interest and action – more than half of investors say they are keen to explore impact investing. This represents a conversion challenge for the industry. The taskforce identified five perceptions that are barriers for consumers making a social impact investment:

1. Investing "isn't for me"
2. It's too complicated
3. Can I trust you?
4. Is this designed with me in mind?
5. How do I get advice/know if this is appropriate?

Obstacle	Opportunity?
Strong sense of being inadequately informed	Provide detailed, clear information; use news media and financial advisors
Strong sense of having too little time to learn about investing	Make content easy to absorb, so that social impact investment can be learned quickly
Largely positive impressions of social impact investment are dampened by lower confidence in return on investment	Emphasise and provide evidence for return on investment in investment materials
Even people with higher incomes say they don't have sufficient money for social impact investments	Provide opportunities to invest small amounts, perhaps co-operatively and/or via default pension schemes
Lack of information on impact	Encourage social impact organisations to share impact experiences. Possible development of a trusted industry standard and/or label
People who say they don't have money for social impact investment still donate to social/environmental causes	Connect donations with impact investment opportunities. NB, there is clear understanding that philanthropy remains essential

[3] *Investor motivations for impact: A behavioural examination*, Barclays, 2018. Impact investment in the Barclays report was defined as 'Investing to intentionally generate financial returns and positive societal outcomes, to protect and grow assets, whilst making a positive contribution to our world'.

What has happened?

In July 2018, the taskforce commissioned research to further explore some of these consumer perceptions around impact investing, focusing in particular on the differing attitudes that drive social impact investing versus donating[4]. The research revealed enthusiasm for social impact investing, but also significant misunderstandings. Among these was a widely held presumption that social impact investment meant sacrificing financial returns. There was also disagreement over what social impact is. These were seen as more difficult hurdles to overcome than any lack of product or opportunity. Opposite is a summary of perceived obstacles, and some ideas for potential responses.

To begin to address these obstacles, the taskforce collaborated with META Finance to hold a "show and tell" event during Good Money Week 2018 (the UK's annual event around sustainable, responsible and ethical finance) at which the research was also launched. The taskforce participated in Good Money Week 2018 with the objective of raising awareness and to communicate a simple message: **People have a choice to invest their savings and pensions in line with their values.**

As further highlighted in the taskforce response to the FCA patient capital consultations, individual investors should have the same direct access to long-term investments (including social impact investments) that wealthy individuals, defined benefit plans, endowments and other institutional investors can benefit from. As noted in the response, this will require impact investment options offered by DC pension plans, retail funds and other savings vehicles to provide scale, affordable products and easy access to all those who are interested.

What next?

There is much more work to be done to raise individuals' awareness and understanding on saving and investing for impact. An important part of that should be the appointment of ambassadors and advocates who can raise awareness outside the financial community: a recent example of this in practice within the responsible finance sector is actor and activist Michael Sheen launching the End High Cost Credit Alliance. Whilst it is encouraging to see the UK Department for International Development's "national conversation" on impact investing (with particular emphasis on investing to achieve the UN's 17 global Sustainable Development Goals), the taskforce encourages the Department to use the publication of its findings for further engagement with both the general public and the media about saving and investing for impact.

Further, the taskforce has noted that there is a tendency for consumer research to highlight the same challenges repeatedly. We believe a more independent and iterative process is required to define and then solve for consumer obstacles. To address this, we recommend a continued focus on addressing the key consumer barriers and opportunities identified in relation to expanding the impact investment universe. This work would need to be made up of representatives from organisations which understand consumers such as Which? and would work with financial services firms that are developing social impact investment products to ensure they truly understand consumer needs.

Finally, on pensions, more needs to be done to engage better with pension scheme members, particularly as auto enrolment continues to be phased in. As highlighted in our response to the DWP pension dashboards consultation and the pension costs and transparency inquiry, a key tool to facilitate better pension member engagement is to talk about aspects of pension investment that people can relate to and care about: such as the social and environmental impact of their pension investment. The taskforce is supportive of the Pensions Dashboard, which has great potential for helping people to see their pension entitlements more easily. As one of the intentions of the proposed Pension Dashboard is to encourage people to engage with their retirement savings it is recommended that, in time, it also seeks to communicate the social and environmental impact of people's savings.

[4] *Study: Attitudes towards social impact investment*, Sigma Consulting Solutions, 2019

2. Independent Financial Advisers (IFAs)/Pension Trustees

***Key messages:** Clients and scheme members are looking for more investment opportunities. IFAs and pension trustees have a key role to play. Standards and definitions will help.*

Introduction

Financial advisers and pension trustees have a key role to play in widening participation in social impact investing. The interest exists, and indeed investors will begin to expect social impact investment to become a routine offering in due course. It is therefore important that financial advisers and pension trustees understand that there are both social reasons to offer these types of products and also potential risks in not doing so.

What has happened?

Working with taskforce representatives, both the Personal Finance Society (PFS)[5] and Pensions and Lifetimes Saving Association (PLSA) in 2018 have published guides on impact investing. The PLSA guide[6] has been one of its most popular in terms of downloads over the past 12 months. To support its role on the taskforce, the PLSA has also organised several sessions for schemes and investors. In addition, the taskforce has organised a number of roundtables with pension trustees, IFAs, wealth managers, asset managers and investment consultants. These roundtables were well attended and focused on discussing both the barriers and practical solutions to incorporating social impact investment, of which some of the findings have been articulated in this report.

The taskforce response to the DWP Consultation on Clarifying and Strengthening Trustees' Investment Duties signalled taskforce support for seeing additional guidance being provided to trustees and The Pensions Regulator has now included guidance on impact investment to trustees in their guide to investment governance[7]. The guidance states that there are no barriers to investments that have a social impact as a by-product where the primary purpose of pension investing is met (which is delivering an appropriate return).

As advisers to pension schemes, investment consultants also have a key role in supporting trustees to manage risks to member benefits. To further understand the barriers and explore opportunities to support investment consultants, the taskforce held a roundtable with investment consultants on March 25th 2019. Key themes that were discussed included the importance of sophisticated governance, the identification that impact investment is a spectrum, and the need for more education for all investment consultants, not just responsible investment specialists. Importantly there was a view that maintaining or even enhancing risk adjusted returns is possible alongside positive social impact.

For financial advisers, taking into account social and environmental preferences should become a routine component of financial advice whereby the focus should be on adapting existing processes (such as client on-boarding) to accommodate impact investing, rather than design entirely new processes. This view was articulated in the taskforce response to the European Commission consultation on MiFID 2 suitability requirements

The taskforce welcomed the launch of the Social Investment Academy Impact Awards, run by

[5] *A practical guide to Social Impact Investing*, Personal Finance Society, 2018.
[6] *Impact Investing Made Simple*, Pension and Lifetime Savings Association, 2018.
[7] *A guide to Investment governance*, The Pensions Regulator, 2018.

Worthstone – the first awards for the UK retail impact investment community. Our chair Elizabeth Corley was pleased to present at the ceremony. These types of initiatives will continue to play an important role in boosting knowledge and confidence of impact investment among financial advisers and wealth managers.

What next – IFAs

There are already tools and resources available for financial advisers interested in this area, such as the Personal Finance Society guide to Social Impact Investing and Worthstone Impact Investment Training[8]. However, more work is required to make guidance readily accessible and to raise awareness. It is unlikely that individual IFA firms have sufficient resources to create a proposition from scratch and we recommend that trade bodies and their members work together to draft standards and/or templates: this could begin with a Know Your Customer (KYC) standard. The taskforce recommends this is linked to ongoing Investment Association (IA) work on standards and disclosures, and also to ongoing work by the Tax Incentivised Savings Association (TISA) on defining 'good practice' in relation to suitability assessments under a MiFID 2 which incorporates ESG preferences of clients.

What next? – Pensions

We continue to support the recommendations contained in the advisory group report aiming at encouraging pension funds to invest for social impact. In addition, we believe the following is required:

- Further research into the financial benefits of impact investment, such as diversification. This should be pulled together into guidance for trustees and scheme investment managers to aid their due diligence and help overcome current uncertainty. Further confidence could be encouraged through work to standardise definitions and reporting.
- Trustee boards should work to ascertain where social impact investment sits in their investment approach, and how it relates to consideration of ESG factors. Trustees tend currently to think in terms of environmental and social factors – along the lines seen in philanthropic allocations. More education is required to demonstrate there are social impact investment opportunities that also make financial sense. This is in line with work being done by the DWP and The Pensions Regulator, whereby trustees will have to set out in their Statement of Investment Principles how they take account of financially material considerations (making clear that financially material considerations includes, but are not limited to ESG factors) and stewardship. Trustees also have the option of including a policy on "non-financial matters", including not only members' ethical concerns but also social and environmental impact matters and quality of life considerations
- We have found that ESG and impact investing experts are often distanced from core investment decisions. We recommend that firms take steps to remedy this as part of their approach to integrate ESG. The IA's current work on responsible and sustainable investment, together with the Financial Reporting Council's revised Stewardship Code and the UN Principles for Responsible Investment work on ESG integration should play a role in ensuring ESG becomes more established in the asset management industry.
- More needs to be done to incorporate impact investment choices into defined contribution plans. We acknowledge, however, that there are cost and operational barriers still to be addressed. Certainly, pension funds need to ask questions routinely on measurable impact when appointing asset managers. Equally asset managers should be more proactive in seeking out impact opportunities that meet clients' risk/return profiles and talking about possibilities for impact investing with pension fund clients.
- We recommend that the PLSA continues to include more ESG and impact modules in their training kit. Steps should also be taken to encourage investment consultants to become more active in social impact investment and to ensure they understand the need to formulate and provide advice to trustees.

[8] *Adviser Competency Training for social investment (ACT)*, Worthstone.

3. Quality Product/Fund Offerings

***Key message:** A number of new products have been launched. However, there is a need to protect integrity of impact and design products with the customer in mind as the sector grows.*

Introduction

The past 12 months has seen an unprecedented volume of new impact investment product offerings. Given the funding required for the world to make progress in the many areas covered by the UN Sustainable Development Goals, this is very encouraging. There is however a danger that the increase in product volume does not translate to an increase in impact. To prevent slippage there is a need for consistent definitions, comparable data, standards and the ability to measure and report impact reliably.

What has happened?

Tax incentives. Incentives such as Community Investment Tax Relief (CITR) and Social Investment Tax Relief (SITR) have the potential to unlock additional capital. Both, however, have faced challenges and volumes have not met original targets. The taskforce has worked closely with key stakeholders and with their support has identified proposals which will significantly extend the effectiveness and reach of CITR and SITR. HMT launched a call for evidence on SITR in April 2019 with the aim of enabling government to understand how SITR has been used since its introduction, including levels of take up and impact it has had on social enterprise' access to finance. The taskforce looks forward to contributing to the call for evidence, and recommends that HMT consider the taskforce proposals for both SITR and CITR at that time.

Education. In October 2018 the IA published an introductory guide to sustainability and responsible investment (S&RI)[9]. The guide sets out the backdrop to key changes in this area; asset managers' roles, the kinds of approaches covered by S&RI and priorities for industry. The guide includes a definition of impact investing which describes helping to solve pressing social or environmental challenges, as well as generating a financial return. In addition, the IA hosted its inaugural Sustainability Investment Conference in April 2019 to which the taskforce contributed. The conference delved into the purpose of the asset management industry including its wider role in helping to deliver social and environmental sustainability. The taskforce also contributed to the PLSA Investment Conference which was held in March 2019 and had 1,025 attendees, representing 145 pension schemes. This programme included a session on the implementation and measurement of impact investing.

Definitions and standards. In January 2019 the IA published its consultation on sustainability and responsible investment. The consultation sought the views of the IA's 250+ members on issues including definitions and disclosure frameworks. It is also encouraging to see other relevant initiatives such as the British Standards Institute (BSI) work on developing sustainable finance standards. This work is progressing whilst the EU continues to examine how to integrate sustainability considerations – and potentially eco-labelling into its financial policy framework in order to mobilise finance for sustainable growth. In response to the European Commission's Action Plan on Financing Sustainable Growth, the taskforce supported the development of the market to high and consistent standards however encouraged the Commission to promote the whole sustainable finance landscape. This includes the consideration of not only environmentally sustainable economic activities but also socially sustainable economic activities – from the outset.

[9] *Sustainability and Responsible Investment Explained*, The Investment Association, 2018.

Technology and innovation. There was agreement across the taskforce that innovation, technology and disruption are all areas that are vital to making it easier for people to invest, along with facilitating advice, products, opportunities, evaluation of investments and transparency. The taskforce explored this area though SHACK!, a social impact hackathon. The event showed that it is possible to make significant progress in a short space of time whereby in total 15 product ideas were created. The SHACK! experience was unusual in an investment industry context, it highlighted a talent gap in some areas, and the need for the industry to boost its capabilities in data analysis and the use of technology to solve problems and create new propositions. A subsequent roundtable built on the experience of SHACK! to discuss with industry and investment leaders the barriers to further innovation.

"There should be more collaboration between mainstream finance firms and start-ups, which will help each address knowledge gaps and encourage a culture of innovation."

What next?

To further facilitate quality products that deliver measurable positive social and environmental impact we recommend the following

- While there is a lot of encouragement of innovation in the finance sector, it has not been matched by levels of investment. Opportunities need to be created for stakeholders, including the government, industry and social enterprises to come together to encourage investment innovations. Dedicated initiatives, similar to The Open Banking 4 Good and Rent Recognition initiatives, are good examples of how government has led previously.
- We continue to recommend a staged and thoughtful approach to the development of a label. We are concerned that a 'label' designed for individual investors could be taken to suggest that some form of professional classification has taken place that warrants the attachment of the label. Particularly for environmental and social labelling there is likely to be a carry-over assumption of accreditation (e.g. fair trade label). Therefore, in introducing any form of label, the risk of how to avoid 'green' and 'social' washing needs to be extensively considered and transparently addressed. Definitions of 'sustainable and responsible' apply to a wide range of investment and non-investment types and therefore any issuance of a label would need appropriate independence in governance involving a range of stakeholders.
- There should be more collaboration between mainstream finance firms and start-ups, which will help each address knowledge gaps and encourage a culture of innovation. We believe that this collaboration could be achieved by repeating the Social Impact Hackathon on a more regular basis. We recommend that this is taken on by the IA through its Velocity Programme.

4. Search and Assessment of Investment Opportunities

***Key message:** There are opportunities to demonstrate at greater scale what social impact investment can effectively support. More targeting of these opportunities will help accelerate their development.*

Introduction

Many of the intermediaries operating along the spectrum of capital are running tight business models, and have to resource product development and the assessment of opportunities from their own limited means and capacity. This often means that more substantive or strategic opportunities for social impact investment can be missed or not pursued.

What has happened?

In the course of the last 12 months, the taskforce has investigated a number of areas in which social impact investment could be scaled up, via working group meetings, events and panel conversations. This has included looking at incentives for investors, products and structures for investors, and product opportunities in particular sectors.

On the investor side, as detailed in the previous section, focus has been on CITR and SITR as currently available tax reliefs and how these might be improved to be more effective. This has included looking at how the two might combine, how they can be made more attractive (to all participants) and how amending or removing current restrictions might result in greater quantities of appropriate investment. Alongside this, for those organisations unable to give equity (which includes all charities and most social enterprises), there is a belief that different types of guarantee (in the mould of Enterprise Finance Guarantee) may actually be a more suitable product.

Another area investigated from the investor side has been Donor-Advised Funds (DAFs), a philanthropic fund that is itself a charity. The opportunity for individual investors to allocate part of these funds into a pooled fund dedicated to social impact investment has been shown to have real promise – as pioneers like CAF / CAF Venturesome have demonstrated (alongside others like NPT-UK, SharedImpact and Prism). DAFs remain relatively little-known, and the taskforce therefore welcomes Big Society Capital's recent guide, *Maximising Your Philanthropy: A guide to Social Impact Investing & Donor-Advised Funds*.

Finally, the taskforce has also explored a range of different areas with the potential to demonstrate how social impact investment can work at scale. Of these, social bonds, housing, tech-for-good and place-based social impact investment may provide opportunities to mobilise capital at scale to help address some of the UK's most significant social challenges.

What next?

To help search, identify, assess and accelerate investment opportunities:

- This search and assessment part of the virtuous cycle should be given more focus, and different methods pursued to try and work collectively and strategically to scale opportunity; this might include collaboration by sector or by theme across interested stakeholders, and an associated greater focus on a small number of targeted areas.
- Making improvements to existing incentives for investors (such as SITR) and raising awareness of existing opportunities (such as DAFs) should be priorities for improving the effectiveness of the ecosystem as a whole. Equally, other possible areas to investigate should not be excluded, such as more strategic use and application of guarantees.

- The explosive global growth of green bonds suggests that there is potential to develop a social bond market in the UK which could in combination raise awareness of funding needs for social causes, increase the amount and diversity of funding sources, and commit issuers to deliver, measure and report on social outcomes. Corporates, housing associations, healthcare providers and local authorities are among the types of entities that have issues or could issue debt in the explicit form of social bonds.
- Participants with a strategic role in the development of social impact investment should work together and collaborate more proactively and purposefully on sectors or opportunities which could move the needle on awareness, impact and a sense of what is possible – this could be on a significant social challenge, in a particular geographical area, or with a particular type of product.

5. A – Investee Engagement – Social Enterprise and Charities

***Key message:** There is a need to engage more with communities, and involve a wider range of stakeholders in design, delivery and decision-making in social impact investment.*

Introduction

For social impact investment to work, investors need to engage proactively with and listen carefully to the communities they are seeking to help. The charities sector has developed a participatory approach to development, i.e., impact is with a community not to a community. A similar approach for finance would help build trust between capital providers, the social enterprises and charities seeking investment and the individuals whom these organisations are seek to serve.

What has happened?

Although much of the work of the taskforce has focused on the supply of capital, we have sought to bring together a mix of stakeholders. We are conscious however, that we could have done more to engage with those who are working every day to deploy impact capital to produce beneficial outcomes, and that we have relied heavily on those with whom we interacted. We say a particular thank you to those individuals and organisations.

The taskforce steering group and working groups are comprised of representatives from mainstream finance, social investors, professional services, advisers and foundations. Many stakeholders shared similar concerns, however from different vantage points and the taskforce has been able to learn from the variety of organisations working towards delivering social and environmental impact. By taking the time to learn a common language and develop mutual respect, we realised just how much can be achieved by collaborating together to stimulate change and ensure the system is fit for purpose.

The taskforce supports the recommendations made by UK National Advisory Board on Impact Investing[10] on putting purpose at the heart of public procurement. One key breakthrough has been that the Cabinet Office has since launched a public consultation on how government should take account of social value in the award of central government contracts, which could be a key driver in supporting social enterprises and charities operating in the field of public services. As the single largest buyer of goods and services in the UK, this provides an opportunity to embrace purpose-driven approaches to procurement. The important role of social value is already recognised in certain sectors, e.g. construction, but needs to spread to other sectors of the economy. We must however not neglect the private sector, which procures services and products in smaller volumes, perhaps, but are an underdeveloped source of customer base for social enterprises.

What next?

When developing a culture for social impact investing, financial service providers need to understand that the individuals they are working with may be both an investor and a beneficiary of the investment. This evolved perspective of an individual – brings a number of challenges, which if resolved ought to cultivate a better-functioning ecosystem.

The financial services sector is recommended to work with the voluntary, community and social enterprise sectors in the creation of standards, capacity and products relevant to the individual both as an investor and beneficiary.

[10] *The Rise of Impact – Five steps towards an inclusive and sustainable economy*, UK National Advisory Board on Impact Investing, 2017

A smaller subset of social enterprises can grow through equity funding as well. Organisations that support social enterprises in becoming more financially resilient and self-reliant, through coaching, logistical support, and advice on capital raising remain vital to the success of these enterprises. Attention should also be paid to venture capital and private equity intermediaries, who bring much-needed equity capital to the sector, and continue to search for investment vehicles that work for the widest possible spectrum of capital providers.

Most smaller social enterprises and charities operate within their local communities, and that local connectivity is the key to their effectiveness. At the same time, that local focus makes them less visible to capital providers and support organisations. Progress in building out place-based investment strategies, through policy and funding support, will strengthen the environment for locally-based enterprises. As grant capital becomes scarcer for charities, new approaches to sourcing capital, such as crowdfunding, will also support them in their transition to a more balanced profile of funding.

We need to find continuing opportunities for convening cross-sections of the impact community to foster open conversations about how well the virtuous cycle is working and what we can do together to improve it.

Steering group Chair Elizabeth Corley CBE speaking about cross-sections of the impact community in 2018.

5. B – Investee Engagement – Purposeful Business

***Key messages:** Corporate purpose is being reinterpreted, aligning business and wider societal interests.*

Introduction

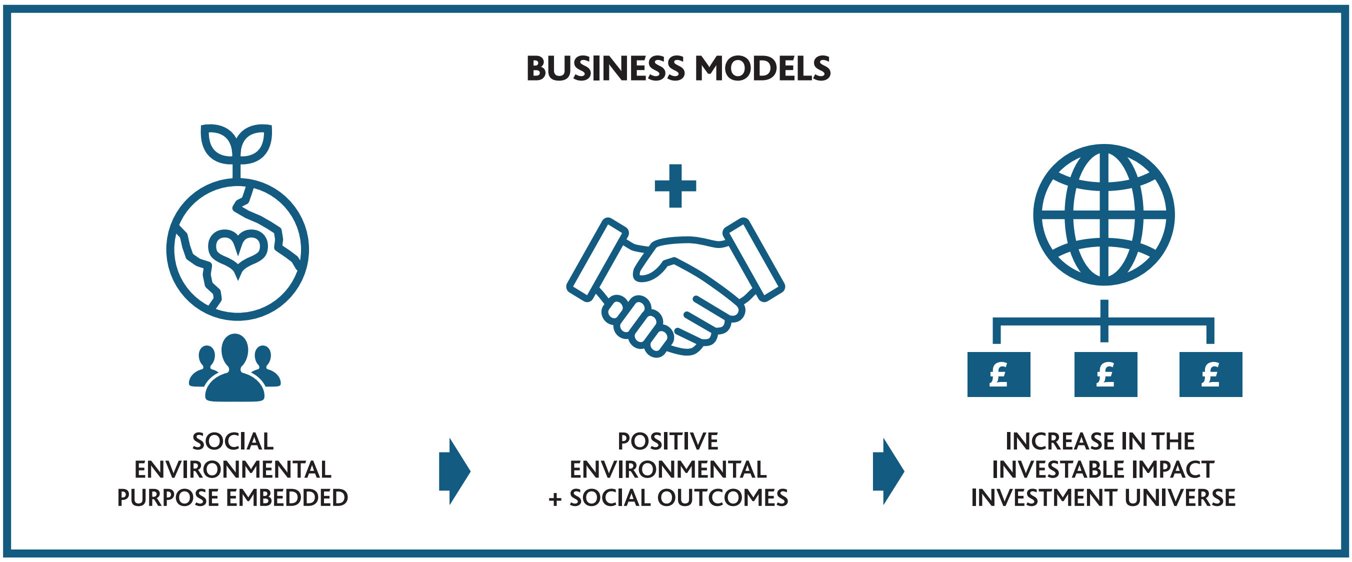
There is a growing acceptance that companies have a responsibility to all stakeholders and that this is an important component of long-term success. This is illustrated in the Financial Reporting Council's revision to the Corporate Governance Code which now makes clear that company boards have a responsibility not only to generate sustainable value for shareholders but also to make a wider contribution to society. The taskforce believes that the evolution of companies embedding a social and/or environmental purpose into their business models will lead over time to a commitment to contributing to positive environmental and social outcomes and therefore to an increase in the investable impact investment universe.

What has happened?

The taskforce has supported, noted and contributed to significant ongoing work. For example, as part of its Future of the Corporation project work, the British Academy has launched a research programme into the purpose of business and its role in society. Another example is the NEST 2018 Responsible Investment Report, which draws a connection between awareness of how a pension scheme invests responsibly and trust, engagement and an enhanced sense of ownership among members. The taskforce has worked with the Chartered Institute of Personal Development (CIPD) to incorporate these recommendations and advice into relevant factsheets for human resource professionals. The taskforce's Better Reporting working group has also liaised closely with broader work in government and outside on promoting responsible business.

What next?

The taskforce continues to believe that where feasible companies should embed positive social impact in business as usual and that employers should align chosen pension product providers with corporate social responsibility policies and encourage employee engagement on their pension preferences.



6. Investment Evaluation

***Key messages:** More information required to assess performance; attention required to data and risk adjusted financial returns.*

Introduction

A major barrier to trust in impact investing and investment at scale is insufficient data on the risk/return characteristics of social impact investments. While there are pockets of data on private and public securities, there is currently no single database of returns from different types of social impact investment over time. Individual savers and investors, and their advisors, are often confused by the presentation of returns and outcomes, resulting in a lack of empowerment when choosing the appropriate investment product.

The scope of the problem however is larger than collection of data. The data infrastructure for the sector remains under-developed. Data responsibilities and governance are currently poorly shared across the sector and data resources are limited in investee organisations such as charities and social enterprises.

What has happened?

The taskforce has been working with key partners such as Big Society Capital and alongside other initiatives (e.g. early work on data standards and data trusts) to promote the need for data and evidence. The taskforce seeks to complement work elsewhere, such as the Global Impact Investing Network report 'GIIN Perspectives: Evidence on the Financial Performance of Impact Investments' and the IA asking for data relating to social impact strategies in its 2018 Asset Management Survey. There is an argument that investing with an eye to the sustainability of the enterprise or venture leads to better risk adjusted returns – often the result of similar returns achieved with lower risk. This argument was made in the taskforce response to the FCA consultation on climate change and green finance and is supported by studies that have found a link between company-level ESG performance and their financial and operational performance[11].

The taskforce has worked closely with the Impact Management Project (IMP) on the development of a guide to classifying investments by impact class[12]. A number of asset managers have already classified their investments using these impact classes. This is an important step in enabling investors to understand the impact of the variety of enterprises or investment products available to them and allows asset managers and enterprises seeking investment to identify aligned investors.

The taskforce acknowledges that specific expertise is required to understand and evaluate impact investments. Working with a variety of stakeholders we have therefore developed a competency framework to enable rapid development of educational programmes for participants through the impact investing value chain.

What next?

The taskforce encourages professional bodies, trade associations, business schools and universities to leverage our competency framework to develop educational programmes for impact investing. In addition, we recommend that investors consider mapping their products against the IMP impact classes. These steps would be important in further educating the finance sector in impact investing, raising awareness among participants and help address perceptions about barriers to impact investing at scale.

It is recommended that stakeholders across the technology and impact investing landscape work together on developing the data and technology

[11] *Performance with principles:* How can ESG investing support financial returns, BMO Global Asset Management, 2017
[12] *A guide to Classifying the Impact of an Investment*, Impact Management Project, 2018

infrastructure. This should include the building and operation of a dataset on financial returns and the development of data trusts; however we would also implore stakeholders to work together to identify specific opportunities for partnerships with the capability to address gaps in the market. The further development of digital technologies (‘Tech for Good’) will also be important in driving the better capture and consolidation of data on impact investments and to increase the accessibility and comparability of this data to investors, intermediaries, advisers and investees. Supporting the ecosystem for smaller social enterprises and charities also requires greater attention to data and technology. It is technology that brings efficiency and virtual scale to smaller organisations

Open Up Music (a Social Tech Trust venture).

7. Reporting of Impact

***Key message:** The need to move toward transparent, consistent, comparable, and standardised social and environmental impact measurement and reporting that enables organisations and individuals to demonstrate and recognise environmental and social impact.*

Introduction

Research over decades demonstrates that reporting influences actions, contemporary reporting processes result in increased awareness of the impact of environmental and social issues and governance processes together with a broad view of value creation[13]. However, the lack of a common approach to defining, measuring and reporting social impact makes it difficult for providers to develop products. This also impacts businesses, social enterprises and charities, which lack the tools and language to report in a way that is actionable and comparable. As a consequence, investors are unable to make informed choices.

The taskforce sees effective impact reporting as a key facilitator; it enables the system to work and it supports leaders in delivering enhanced, sustainable, long-term value to shareholders, and a greater contribution to wider society. In practice, it allows stakeholder expectations of impact to be communicated and understood, informs business model change, and provides a language for communicating any impact achieved.

What has happened?

The taskforce has refined the focus of the advisory group's recommendation to *"develop better reporting of social and environmental impact"*. In October 2018 it published a 'Better Reporting Landscape Report'[14], based on a widely-publicised call for evidence, desk-research, interviews and working group discussions. It aimed to capture the landscape for impact reporting by bringing together the view of some 92 respondees and participants in the work.

The key learnings from the Landscape Report are that impact reporting moves beyond outcome reporting and that better impact reporting is necessary to support greater investment in driving social change.

> *"The taskforce sees effective impact reporting as a key facilitator; it enables the system to work and it supports leaders in delivering enhanced, sustainable, long-term value to shareholders, and a greater contribution to wider society."*

The Landscape Report identifies the proliferation of reporting approaches as a key challenge. Between 2013 and 2016 alone, the number of reporting approaches categorised as focused on sustainability doubled to just short of 400. The sheer volume of approaches has created some confusion and overlap between sustainability and impact reporting. In short, fragmentation is a problem, with many market participants unable to see the wood for the trees and instead preferring to rely on their own approaches. As a first step towards coalescence the Landscape Report identifies seven potential drivers of coalescence for further exploration.

In the reporting practice area, key enablers include a willingness to anchor approaches in the UN Sustainable Development Goals, the development

[13] *Conceptualising contemporary value creation*, Accounting Auditing and Accountability Journal, Volume 30, issue 4, C Adams, 2017
[14] *Better Reporting Landscape Report*, Social Impact Investment Taskforce, 2018

of sector/theme specific indicators and greater use of technology enabled reporting. Drivers in the reporting standards area include the development of impact reporting principles, widespread adoption of a common definition of impact and declarations of intent on impact, all ultimately underpinned by legislation and regulation.

What next?

Reporting stakeholders are coalescing around a common vision:

> *"Transparent, consistent, comparable, and standardised social and environmental impact measurement and reporting that enables organisations and individuals to demonstrate and recognise environmental and social impact".*

The taskforce believes that achieving this vision calls for concerted, iterative and sustained action by a coalition of actors. The taskforce has been committed to building on existing initiatives to accelerate best practice and is designing a programme to be taken forward that will work with other stakeholders to test, influence and implement global impact reporting standards in the legal and regulatory context of the UK.

The taskforce recommends the progression of the following;

1. Engagement of key stakeholders

It is worth noting that a significant number of initiatives to drive coalescence are already underway. These include projects being undertaken by the Impact Management Project, The Prince's Accounting for Sustainability Project, the Corporate Reporting Dialogue, and the Embankment Project. Some are seeking to develop new reporting frameworks. The Impact Management Project has developed a structured network of standard setters committed to developing a global consensus on measuring, managing and reporting impact. We recommend leading reporting architects, reporting practitioners and investors continue to engage across the industry as we work towards achieving a common vision.

2. Advance leading edge impact reporting practice

Continue to stimulate cutting-edge reporting practice via "reporting lab" projects. These should bring together small groups of progressive organisations and individuals to share and advance their approaches to impact reporting and create open source solutions. There are opportunities to advance technology-enabled impact reporting, to anchor impact reporting in the SDGs and to develop sector/theme specific indicators and metrics. Supported by Deloitte, work began in March 2019 to explore technology enabled impact reporting. By exploring best practice amongst organisations who have invested in impact reporting, the taskforce hopes to understand the characteristics of effective practice and to provide helpful guidance for others to follow. A final report is due to be released in Summer 2019.

3. Construct contribution to the national and global consensus on impact reporting standards

The intention is to construct a programme of reporting practice projects which will enable emerging global reporting standards (principles, codes, standards and guidance) to be tested, providing evidence of proof of concept (or otherwise). The output of these evaluations, including insights into best practice and drivers of coalescence, should be published and fed back with the aim of influencing standard setters and advisers and to ensure that emerging reporting standards are soundly based in, and informed by, effective reporting practice.

8. Ecosystem including Government and regulation

***Key message:** new regulation can improve the effectiveness of the market but needs careful calibration and implementation.*

Introduction

This is a pivotal time for impact investing and ESG more generally with global, regional and national regulatory initiatives underway. These reflect political headwinds in the face of growing concern about our environment, social issues and a lack of trust within our society of the City, finance and mainstream investing. According to MSCI there were as many new regulations and quasi-regulations proposed in 2018 as in the prior six years.

There are initiatives providing for disclosure by companies and financial firms including the Financial Stability Board (FSB) Task Force on Climate-Related Financial Disclosures which made its first recommendations in 2018 – and seeks to develop voluntary, consistent climate-related financial risk disclosures for use by companies in providing information to investors, lenders, insurers and other stakeholders. More recently, the International Organization of Securities Commissions (IOSCO), the global markets regulatory standard setter, published a statement stressing the importance for issuers of considering ESG when disclosing information material to investors' decisions, and has established a Sustainable Finance Network of securities regulators.

At the European Union level, the Non-Financial Reporting Directive established a minimum standard for ESG issuer reporting across the EU – and is now up for further review. It requires the largest companies to report on environment matters, social and employee affairs, human rights and anti-corruption and bribery issues. The EU co-legislators have just adopted a new Sustainable Finance Disclosure Regulation which will impose new disclosure requirements on a broad range of financial firms, and are working on a green "taxonomy." ESMA – the European Supervisory Authority covering securities firms – has proposed rules on how management companies of EU retail and alternatives funds must incorporate ESG factors into their investment and risk management processes.

Finally, and perhaps most importantly, the EU Commission has signalled that it will be releasing a new version of MiFID later in the year which requires consideration of ESG in the context of suitability of investments for clients – bringing ESG and impact investing to the forefront of investment discussions between advisers and clients.

In the UK, the implementation of the Shareholder Rights Directive and changes to the FRC Stewardship Code also will up the ante on ESG integration and disclosure. The FCA, the Government and the Treasury Select Committee are all looking to the future of finance and looking to break down impediments to creating large pools of patient capital to invest in infrastructure and impact investments.

What has happened?

Although the taskforce is independent, it has worked closely with various government departments and relevant regulators, reflecting the vital role that both can play in accelerating the development of social impact investing and have been encouraged by the high levels of engagement and interest. In particular, the Government Inclusive Economy Unit has continued to support co-ordination across government departments and private sector projects.

Most regulatory initiatives so far have focused on ESG considerations rather than impact investment. However, the taskforce has responded to a number of policy consultations to ensure that the full spectrum of capital is represented and to ensure that effective policies are practical to implement. Responding to consultations has enabled the taskforce to bring together a range of subject matter experts to form a view on complex scenarios and greatly informed discussions with relevant stakeholders in the spirit of dialogue about shared objectives. Consultations responded to include:

- March 2018, Financial Reporting Council Consultation on proposed revisions to UK Corporate Governance Code and on 2018-21 Strategy
- June 2018, European Commission on sustainable finance initiatives – MIFID II suitability requirements
- July 2018, Department for Work and Pensions on clarifying and strengthening trustees investment duties
- July 2018, Financial Conduct Authority on further remedies – asset management market study
- August 2018, European Commission proposals on sustainable finance
- September 2018, Department for Work and Pensions pension costs and transparency inquiry
- November 2018, Ministry of Housing, Communities & Local Government green paper on social housing
- January 2019, Department for Work and Pensions on pension dashboards
- January 2019, Financial Conduct Authority discussion paper on climate change and green finance
- February 2019, Financial Conduct Authority on patient capital
- February 2019, European Securities and Markets Authority on sustainable finance
- March 2019, Investment Association on sustainability and responsible investment
- April 2019, Financial Reporting Council UK Stewardship Code

While the taskforce acknowledges that environmental challenges represent an urgent risk, in our consultation responses we have advised regulators to think beyond a singular 'green' focus. The taskforce believes that the transition to a green economy is part of a broader move towards achievement of the UN's SDGs which perfectly reflect the interdependence of social and environmental impacts. With that in mind, sustainable finance (by which the taskforce means green and social finance) should be a core element of the 'business as usual' regulatory agenda. In demonstrating this common agenda with green finance, the taskforce has collaborated closely with the Green Finance Taskforce to identify where we have a common agenda and agreed wherever it makes sense to do so, to pursue our objectives jointly going forward.

What next?

Regulations should be implemented carefully, so experimentation, collaboration and innovation are not hampered. As the sustainable investment system evolves, we would expect that new regulations will continue to be introduced and the demand for meaningful, policy and technical engagement will only increase. Specifically on social impact investment, the taskforce understands that there are still perceived regulatory and practical barriers and work should continue to "bust the myths" that these barriers are an impediment to meaningful social impact investment.

The taskforce encourages regulators to continue to build their own capabilities in impact investment, so that social impact is better embedded in regulatory frameworks and understanding. Further, given the breadth of government departments connected to the social impact agenda, it is vital that the industry continues to engage to encourage policymaking is effective and that government activity is co-ordinated. It is recommended that the Government Inclusive Economy Unit continues to support co-ordination across government departments.

Conclusion and next steps

From its initial beginnings as an advisory group looking at retail social impact investment, the taskforce's reach and impact has started to grow considerably. Alongside the practical work in key areas that this report documents, it has also started to build a network of people and organisations connected by their interest and commitment to social impact investment, regardless of their perspective and background, as evidenced by the range of organisations that have been involved in the taskforce's work, and in those that have signed up in support.

We always recognised that the taskforce could not achieve everything in a year. This report details a number of proposals and practical next steps in particular areas: from pensions to product development; from data to donor-advised funds.

What has also become clear in the last 12 months is that there is a continuing need for work by this sort of body: engaging new entrants, building collaborations, catalysing action and convening collective responses. An increasing number of people are becoming enthusiastically involved in this field, but very few have the remit to help build an effective infrastructure, undertake sectoral research, or to advocate for change with different audiences.

With this need in mind, the taskforce has joined up with The UK National Advisory Board on Impact Investing ("UK NAB") to launch a new independent institute that will make it easier for people to invest their money to benefit communities and society.

The Impact Investing Institute will look for more effective ways to combine financial returns with a social purpose to help improve people's lives.

The initiative is being led by both the taskforce chair, Elizabeth Corley (former CEO of Allianz Global Investors) and the UK NAB chair, Sir Harvey McGrath (Chair of Big Society Capital and former Chair of Prudential plc and Man Group plc) and has been driven by the enthusiasm of members and supporters to provide a focal point for social impact investing in the UK.

The Impact Investing Institute has broad backing across the financial services and social sector, and will be supported by private firms and foundations alongside the Department for Digital, Culture, Media and Sport, the Department for International Development and the City of London Corporation.

The launch of the Institute builds on the UK's history of encouraging a world leading market for social impact investing and promoting the UK as a global impact investing hub.

Appendix 1: List of taskforce members and contributors

Steering Group

Name	Position	Firm/Company
Elizabeth Corley (Chair)	Senior Adviser	Allianz Global Investors
Campbell Fleming	Global Head of Distribution	Aberdeen Standard Investments
Amanda Young	Head of Global ESG Investment Research	Aberdeen Standard Investments
Damian Payiatakis	Director of Impact Investing	Barclays
Nigel Kershaw	CEO	Big Issue Invest
Harvey McGrath	Chair	Big Society Capital
Michele Giddens	CEO	Bridges Fund Management
Will Goodhart	CEO	CFA Society UK
Peter Hewitt	Ex Inaugural Chairman	City of London Corporation's Social Investment Fund
Mark Burgess	CIO EMEA and Global Head of Equities	Columbia Threadneedle
Matthew Cox	Investment Director	Esmee Fairbairn Foundation
Olivia Dickson	Non-executive Director	Financial Reporting Council
Paul Druckman	Non-executive Director	Financial Reporting Council
David Newstead	Partner	Grant Thornton
Chris Cummings	CEO	Investment Association
Simon Hillenbrand	Head of UK retail	Janus Henderson Global Investors
James Hewitson	Head of Wealth & Advice	HSBC UK
Brian Henderson	Head of DC Group	Mercer
Joe Dabrowski	Head of Governance and Investment	PLSA
Sally Bridgeland	Non Executive Director	Royal London
David Hutchison	CEO	Social Finance
Tony Stenning	Senior Adviser	Neuberger Berman
David Carrington	Former Vice-Chair	Triodos
Bevis Watts	Head of Triodos Bank UK	Triodos
Helen McDonald	Wealth Advisor	UBS
Jamie Broderick	Ex CEO (Wealth Management)	UBS
Jayne-Anne Gadhia	Former CEO	Virgin Money
Ida Levine	Senior Advisor	Capital Group
Will Mercer (Observer)	Secretariat	UK NAB
David Reeves (Observer)	Policy Adviser	HMT

Working group: Make it easier for people to invest

Name	Firm/Company
Amanda Young (Working Group Lead)	Aberdeen Standard Investments
Chris Cummings	Investment Association
Claire Marshall (Sub-group lead)	Aberdeen Standard Investments
Ruth Davison	Comic Relief
Ben Leonard (Sub-group lead)	META Finance
Emma Bickerstaffe	The Big Exchange
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Caitlin Wale	UCL
Stephen Barnett	Util
Jess Foulds (Sub-group lead)	Investment Association
Caroline Escott (Sub-group lead)	PLSA
Honor Fell	Redington
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Vicki Bakshi	BMO Global Asset Management
Amanda Feldman	Impact Management Project
Brendan Curran	Government Inclusive Economy Unit
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Whitni Thomas	Triodos
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Working group: Strengthen competence and confidence within the industry

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Simon Howard	UKSIF

The working group also thanks the many individuals that participated in the roundtable discussions with pensions lawyers, investment consultants, private bankers and IFAs. In addition, we are grateful for the contributions made by all those that took part in the workshops with pension schemes, intermediaries, investment managers and investment advisers organised by Alex Jarman of Investing For Good. These were a crucial part of the development of the competency framework for impact investing. Finally, we are also grateful to those that gave their time and insights to the responses that the group submitted on the taskforce's behalf to consultations from the EC, ESMA, the DWP, the FCA and the FRC.

In particular, the group would like to thank Rebecca McCartney of Big Society Capital for her guidance and support on the competency framework project; Brian Henderson of Mercer, Robert Howard of Charles Stanley and Sarah Courtney Dockett of Citi Private Bank for their help with the roundtables; and Jonathan Herbst of Norton Rose, Jonathan Baird and Katie Banks of Hogan Lovells and Scott Hopkins and Rosy Worsfold of Skadden, Arps, Slate, Meagher & Flom for their support with the roundtables and on the group's policy and regulatory responses.

Working group (phase 1): Better reporting of social and environmental impact

Name	Firm/Company
Olivia Dickson (Working Group Lead)	Financial Reporting Council
Paul Druckman (Working Group Lead)	Financial Reporting Council
Jessica Fries	Accounting 4 Sustainability
Steve Waygood	Aviva Investors
Paul Simpson	Carbon Disclosure Project
Simon Messenger	Climate Disclosure Standards Board
Ian Mackintosh	Corporate Reporting Dialogue
Wim Bartels	Corporate Reporting Dialogue
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Kurt Morriesen	Principles for Responsible Investment
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James Niven	Triodos Bank
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Project advisers (phase 2): Better reporting of social and environmental impact

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Interview Participants (phase 2): Better reporting of social and environmental impact

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Maxine Wille	Hermes Investment
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Julius Pursaill	RBS Pension Fund
John Godfrey	LGIM
David Hutchison	Social Finance
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Phillip Ullmann	Cordant Group
Andy Rubin	Pentland Group
Roger Seabrook	Unilever
Tom Salisbury	Vodafone
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Elina Yumasheva	Datamaran
Donato Calace	Datamaran

Roundtable 1 Participants (phase 2): Better reporting of social and environmental impact

Name	Firm/Company
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Phillip Ullmann	Cordant Group
Robyn Deamer	Standard Chartered
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Andrew Parry	Hermes Investment
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JP Hamilton	World Wide Generation
Luke McLaughlin	A4S
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In addition, thank you to Sam Baker (Partner at Deloitte) and Anna Swaithes (Head of Responsible Business at DCMS) who have both made a major contribution to the work of the better reporting working group.

Working group: Improve deal flow and the ability to invest at scale

Name	Firm/Company
Jamie Broderick (Working Group Lead)	Formerly UBS
Bruce Davis	Abundance
Gillian Roche-Saunders	Bates Wells Braithwaite
Camilla Parke	Big Society Capital
Theresa Burton	BuzzBnk and Trillion Fund
Lisa Ashford	Ethex
Taryn Cornell	Government Inclusive Economy Unit
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Peter Baeck	Nesta
Whitni Thomas	Triodos
Duncan Parker	Fredericks Foundation
Damian Payiatakis	Barclays
Gareth Davies	Columbia Threadneedle
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Oliver Scutt	Bates Wells Braithwaite
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Daniel Brewer	Resonance
Thomas Gillan	Social Investment Scotland
Gavin Francis	Worthstone

The taskforce is grateful to all the other individuals that have contributed to our work over the past 12 months and David Wigan for his assistance in writing the report. Secretariat support has been provided by Social Investment Business, with particular thanks to Zach Tung for all his work.

Appendix 2: List of signatories

- Aberdeen Standard Investments
- Albion Capital
- Allianz Global Investors
- Architas
- Aviva Investors
- Barclays
- Big Issue Invest
- Big Society Capital
- BMO Global Asset Management
- Bridges Fund Management
- Cameron Hume
- Cazenove Capital
- CFA Institute
- CFA UK
- Colombia Threadneedle
- Coriolis Technologies
- Deloitte
- Esmee Fairbairn Foundation
- Franklin Templeton
- Grant Thornton
- Hermes Investment Management
- Institutional Capital
- Investec Asset Management
- Investment Association
- Janus Henderson
- J.P. Morgan Asset Management
- Legal & General Group / LGIM
- Morgan Stanley
- M&G Investments
- M&S Bank
- NEST Corporation
- Pensions for Purpose
- Pensions and Lifetime Savings Association (PLSA)
- Project Snowball
- QBE Insurance Group
- Resonance
- Royal London
- Schroders
- Social Finance
- Square Mile Research
- St James' Place
- The Guild of Entrepreneurs
- TISA
- Triodos Bank UK
- Virgin Money
- Worthstone