



BRIDGES

Impact Foundation

Trustees' Annual Report & Accounts

For the year ended 31 March 2021

bridgesimpactfoundation.com

Registered Company No. 06864617. Registered Charity No. 1129756

From the Chair



Dear friends,

I am delighted to present the Bridges Impact Foundation's 2020/21 Annual Report & Accounts.

I want to begin by thanking all of our Trustees, especially our newly-appointed independent trustee Alex Pitt. Alex brings huge amounts of relevant experience from his day job at Mustard Seed, and will be an invaluable addition to the Board. I am also grateful to our Director Barbara Storch, who continues to make great progress on engaging the Bridges team and shaping the Foundation's strategic direction.

Of course, this year has been shaped to a remarkable extent by the Covid-19 pandemic, and the profound impact it has had on economic, social and cultural life globally in 2020 and 2021. The charities we support have inevitably been affected by this. For instance, OnSide's Youth Zone in Dagenham (of which the Foundation is a founder-patron) had to shut its doors for most of the period because of the initial lockdown restrictions. Staff responded incredibly well, running virtual events and maintaining contact with the most vulnerable, but the kind of activities and personal interactions these Youth Zones offer can never be fully replicated online. Thankfully, as restrictions have eased, the centres are now re-opening their doors and resuming their vital work.

At the same time, the pandemic has not only underlined but also increased the level of need within our key venture philanthropy area of focus: young people's mental health. Shout, a 24/7 text-messaging support service, saw demand for its services jump substantially during the first lockdown, as many people struggled to cope with the isolation. And we were also pleased to extend our support this year for The Difference, a charity that trains teachers to work with children who have been excluded from mainstream education. Given the disruption to education in the last 18 months, this may also be a growing area of need.

As always, we continue to appreciate the support of the broader Bridges team. In particular, I very much enjoyed watching their creative efforts during their 'CharityBegins@Home' initiative, which saw them raise £38,000 (including £14,500 of matched funding from the Foundation) during lockdown for charities on the front line of the pandemic.

Indeed, while this period has been a hugely challenging one for everyone, we are very proud of the impact all our partners have continued to generate. And it has been heartening to see individuals, charities and business stepping up and working together to support those hardest-hit. As we emerge into a post-pandemic world, I hope that this sense of purpose and spirit of collaboration continues to inspire us all to find better solutions to the challenges we face.

Victoria Hornby



On the cover:

The Foundation is now supporting the Difference, a charity that works with children who have been excluded from mainstream education (p. 4)

About the Foundation

Objectives and Summary of Activities

The Bridges Impact Foundation (“the Foundation”) was set up in 2007 with three primary objectives:

1. Protect the social mission of Bridges Fund Management (“Bridges”)
2. Incentivise Bridges’ mission-driven team through social impact, engagement and philanthropy
3. Achieve impact in line with Bridges’ mission through the use of philanthropic capital, supporting projects that fall outside the scope of Bridges’ usual investment activity

Bridges was launched with a clear remit: to raise investment vehicles that target both societal and financial returns. To protect and safeguard this mission, the Bridges Impact Foundation (originally the Bridges Charitable Trust) was founded with an ownership stake in the management company. This effectively gives the Foundation power of veto over any change to the manager’s mission.

The Foundation is funded by the Bridges team, who donate 10% of all their profits from the firm’s investment funds. In addition to this direct financial contribution, the team also contributes to the Foundation’s success by helping to set overall strategy and, in some cases, through volunteering and *pro bono* support – of both the Foundation itself and

some of its beneficiary organisations. Indeed, this team engagement is an essential part of the Foundation’s work.

The Foundation’s mission statement, which is closely aligned with that of Bridges Fund Management, is: ‘To provide catalytic support for innovative solutions that drive better outcomes for underserved people and the planet.’ ‘Catalytic support’ refers to both flexible financial capital and non-financial support in the form of pro-bono work and volunteering, while ‘Innovative solutions’ are those that might not fit Bridges’ traditional investment risk profile but have the potential to be highly effective. ‘Better outcomes’ implies meaningful change in a core impact area for beneficiaries that currently do not receive enough support in that area (viz. ‘underserved people and the planet’).

The Foundation focuses on three areas:

- › Venture Philanthropy
- › Seed-funding & Market-building
- › Family Activities

In the following pages, we outline the Foundation’s key achievements in each of these three areas during the 2020/21 financial year (including the work of our sister foundation, the Bridges Impact Foundation U.S.).

Regulatory Details

Company Registration Number: 06864617
Registered Charity Number: 1129756

Directors

The Trustees who served during the year were:

- Victoria Hornby (Chair)
- Duncan Kellaway
- Alex Pitt (appointed 2020)
- Kyle Bentwood
- Giuseppe Catarozzo
- Michele Giddens
- Antony Ross

Director

Barbara Storch

Secretary

Siobhán Tyrrell

Registered Office

38 Seymour Street
London
W1H 7BP

Auditors

Moore Kingston Smith LLP
Devonshire House
60 Goswell Road
London
EC1M 7AD

Bankers

The Royal Bank of Scotland International Ltd.
1 Princes Street
London
EC2R 8BP

Key achievements in 2020/21 7

Venture Philanthropy: Supporting The Difference

After supporting The Difference's initial pilot scheme, the Foundation agreed to commit to another year of funding and support

The Difference is a specialised teacher training pilot programme that aims to support children with high levels of need and vulnerability and reduce the number of children that are excluded from their schools.

Currently, there are 30,000 children in the UK educated in Pupil Referral Units (PRUs) and Alternative Provision schools (APs) – i.e. outside of the mainstream schooling system. These children often experience poor outcomes: only 4% get a good pass in English or Maths, while two-thirds are not in education or employment at 17. Excluded children are four times more likely to live in poverty and ten times more likely to have a mental health issue. The economic cost to the Exchequer of this wasted potential has been estimated at £370,000 per child.

The Difference provides training for teachers to move from the mainstream schooling system into PRUs and APs, where they spend two years teaching vulnerable children dealing with complex issues. Teachers learn how to connect with these children effectively, using whole-school and multi-agency approaches to meet their learning, well-being and safeguarding needs and improve their outcomes.

On completing their placement, teachers return to leadership positions in mainstream schools, where they receive a further year of

support from The Difference. This allows them to implement the experience and teaching practices gained from the PRUs and APs into the mainstream system – with a view to providing more sensitive support for vulnerable children and preventing them from reaching the point of exclusion.

Most AP and PRU schools remained open during Covid-19, albeit in some cases with fewer children (since school closures led to a drop in exclusions). However, given the Covid-related disruption many children have experienced in the last year, it is likely that exclusions will rise again in the coming months.

In addition to its financial support, Bridges Impact Foundation has provided non-financial help to The Difference both on communications, in clarifying and explaining operating models, and on impact strategy, with reviews of current data collection and a mid/long term evaluation strategy.

As well as its training work, the Difference is also active in campaigning and policy work around school exclusions. So we are excited not only by the organisation's positive impact on so many individual young people's lives, but also by its potential for systemic change, which would benefit many more vulnerable children.



Below: Teachers on The Difference's specialist training programme

Key achievements in 2020/21

Venture Philanthropy: Supporting The Difference

Corinne's story



Corinne, a Difference Leader, leads on the Orchardside School PRU 'Turnaround Project', which works intensively for six weeks with pupils from mainstream school at risk of exclusion.

"We provide much-needed positive encouragement while identifying learning, mental health, and other needs. It provides an opportunity to 'reset' before pupils go back to mainstream.

The project has been hugely successful. Throughout all of our cohorts, no one has gone on to be permanently excluded. I'm proud of the positive impact that I've had on Turnaround.

Staff at Orchardside have commented on how much behaviour has improved and how it's a much better environment for teaching and learning under my leadership.

The pandemic did bring some challenges to my first term in AP. The schools remained open when the country went into lockdown. So, I was teaching in a new environment without my usual support network. When I opened up to staff at my school and The Difference, they became my support system. It turned a difficult situation into something really manageable.

Lockdown was tough on the pupils who couldn't come into school – they need that structure. For lots of them, school is like their family. So much of the Difference Leadership Programme has been valuable for supporting our pupils after they returned – especially the training on trauma-informed practice. All teacher training should include this! It completely opened my eyes to how I could support pupils during the pandemic and beyond. My whole practice is different now. If students' well-being is not being looked after, then how are they going to learn?"

Gillian's story



Gillian is a 2020 Difference Leader at The Limes College in Sutton, South London

"When I started in AP, I was pleasantly surprised by the lack of hierarchy. It isn't only 'teacher knows best'. It might be the teaching assistant, or the family outreach worker, who has the best understanding of a pupil. We share knowledge as a team.

I think my own practice has benefited most from the Compassion-Focused Coaching. When I started the Difference Leadership Programme, I was still on the mainstream treadmill. I am more consciously compassionate now and can take a step back if a pupil is having difficulties. The Limes (my AP school) has a clear focus on academic progress and our pupils get

good GCSEs. But we understand they cannot learn unless they are calm and regulated.

So many elements of AP practice would be beneficial in mainstream. The thing I'm most proud of this year has been helping to create these links between schools. Alongside a colleague, I delivered workshops on trauma-informed practice to a local mainstream school. The staff were so appreciative and told us this training should be in all schools. Sharing strategies has helped some of our excluded pupils to successfully reintegrate.

I've now been promoted to Deputy Head at The Limes and am eager to lead more outreach. We are challenging the notion of only one-way traffic between mainstream and AP. Senior leaders are coming to us for advice and guidance. I am hopeful that we can create a better model, with fewer young people going through the trauma of exclusion."

Key achievements in 2020/21 7

Venture Philanthropy: Supporting OnSide's high-impact Youth Zones

Following the success of OnSide's first Youth Zone in London, the Foundation has agreed to be a founder patron of another site in Hammersmith

In 2018, the Foundation became a proud Founder Patron of 'Future' in Barking and Dagenham, the first London-based Youth Zone opened by the charity OnSide. Future opened its doors to local young people in May 2019, and by December it already had over 7,000 members, with an average weekly attendance of over 1,500 young people. This was a much higher number than anticipated – the business plan had estimated 4,000 members by the end of its first year – underlining the huge demand for the services it provides in the local area.

OnSide's impact on individuals is impressive: the young people typically report that they have more confidence and a better work attitude; do more exercise, and feel better informed about drugs. 70% of active members are BAME (Black, Asian or Minority Ethnic), while almost 40% are female. For individuals who receive targeted support, 84% on their job programme move into employment, education or training. And the local community typically sees a fall in anti-social behaviour of up to 77%.

Unfortunately, Future was forced to close its doors to the young people in March 2020, when the first national lockdown was introduced. The team responded impressively, pivoting swiftly to online classes and activities, as well as targeted 1:1 phone check-ins with its more vulnerable members and provision of food parcels to vulnerable households. During the second lockdown it was also able to run a five-week holiday club, with 80% of places reserved for its most vulnerable members (i.e. those in overcrowded homes or living with domestic abuse, mental health or substance misuse issues).

Future was finally able to re-open its doors in September 2021 and has now resumed its normal timetable, currently with capacity for 120 young people.

The Foundation has also agreed to be a founder-patron of a second OnSide Youth Zone called WEST, which will be located in the Hammersmith and Fulham borough (it will be OnSide's fourth London centre). Hammersmith & Fulham is a socially and economically polarised area: 24% of households subsist on less than £20,000 p.a., and there are several areas in the borough that fall within the top 10% of the most deprived areas nationally, including major public housing estates. There are 32,700 children under the age of 16 living in the borough, around 20% of whom live in poverty. WEST's offer will be the same as that of all OnSide youth zones – a state of the art centre that provides 'somewhere to go, something to do and someone to talk to' 52 weeks of the year. Activities will include sport, arts, music, craft activities and holiday clubs – as well as targeted interventions for c. 25% of participants (e.g. mentoring, health and well-being, employability skills).

Sadly, the pandemic caused material delays both to the planning approvals process and the construction timetable. However, the good news is that the scheme was finally approved, and construction is now finally underway. We hope the centre will be completed and opened in 2023.

Below: Some of the activities available to young people at the Future Youth Zone in Dagenham



Key achievements in 2020/21 7

Venture Philanthropy: Backing Shout's innovative crisis text-line service

The Shout service, which involves trained volunteers providing SMS-based support for anyone struggling to cope, was particularly valuable during the pandemic

A key part of the Foundation's mental health focus is our support for Shout, the text-messaging support service. Shout offers anonymous and confidential crisis support 24/7 to anyone who needs it, with the majority being young people: 70% of users are under 25.

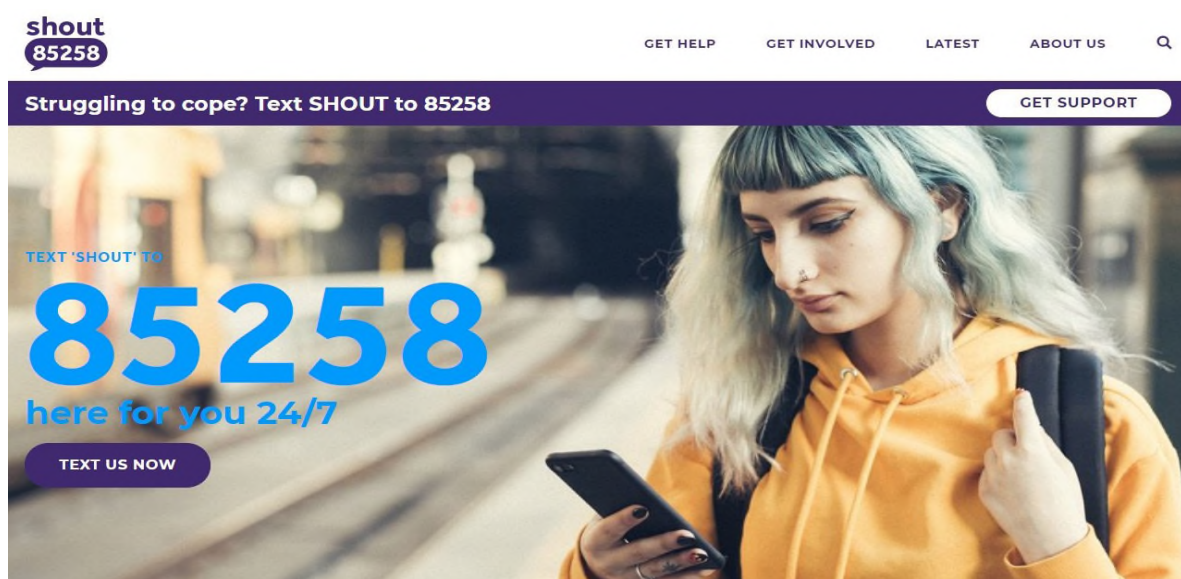
As a mobile-first support service powered by remote working volunteers, Shout's model proved to be extremely well-suited to the extraordinary challenges of the Covid-19 pandemic. Its remote volunteering service and supervision continued as usual, and the service recorded a steady increase in usage during the initial lockdown period – from about 750 conversations per day pre-lockdown to 1,000 conversations per day, about 20% of which were Covid-related. It also saw a general increase in conversations around anxiety and uncertainty.

Shout also launched a dedicated 'Frontline' support service in partnership with the NHS, which it extended to care workers, hospice staff and other key workers – a hugely valuable tool for those on the front line of the pandemic, who were often working in extremely pressured and stressful circumstances.

Since its launch in May 2019, Shout has now completed over 890,000 conversations to date, and has thousands of trained Shout Volunteers (overseen by qualified clinical supervisors). Critically, the model seems to be delivering good results: over 85% of service users (of the 15% of texters who respond to the post-conversation survey) report that the conversation was helpful, i.e. the user feels calmer and no longer at a crisis point.

Shout's current focus is on reaching under-represented user groups. For example, it recently launched a targeted campaign to reach young black men and boys, a group that statistically can be vulnerable to mental health issues but often struggles to access support.

Aside from the Foundation's financial support, a number of Bridges colleagues have now completed the Shout training, and are supporting people in need by being active Shout Volunteers. Some of the conversations they participate in are very tough; but our colleagues report that they find this volunteering incredibly rewarding, and are developing skills that will also come in useful in everyday life.



Above: Shout is a 24/7 text messaging crisis support service

Key achievements in 2020/21 7

Venture Philanthropy: Tackling poverty in Africa via Village Enterprise

Village Enterprise's innovative DIB-backed poverty reduction programme has already helped to launch 4,700 microbusinesses in Kenya and Uganda

Village Enterprise works to reduce extreme poverty in rural sub-Saharan Africa, by providing first-time entrepreneurs with cash grants, training and mentoring. Extensive evidence from randomised trials suggests this is one of the most cost-effective ways of alleviating poverty in the developing world.

With this programme, Village Enterprise was expanding its proven model in rural Kenya and Uganda – using an outcomes-based approach that would enhance its focus on learning and continuous delivery improvement. Its original aim was to launch more than 4,600 small sustainable businesses by 2021; if it succeeded in improving business owners' income levels, Village Enterprise would receive up to \$4.3m in outcomes payments from the United States Agency for International Development and the U.K. Department for International Development (plus an anonymous funder). As part of this structure – known as a Development Impact Bond (DIB) – the Foundation was one of nine investors to commit the \$3.5m of working capital needed to deliver the programme. The Bridges team also provided *pro bono* support as an active member of the DIB's working group. Working with the key stakeholders, we contributed to identifying required modifications to the project structure during the challenging Covid pandemic, and its resulting delays to the evaluation process.

When Covid-19 hit Kenya and Uganda in March, both countries instantly instituted strict country-wide lockdowns. Although this inevitably had a significant impact on the programme, Village Enterprise was still able to conduct seed capital disbursements, and its mentors have continued to provide mentoring by phone to the DIB-backed businesses, helping business owners adjust and adapt during the pandemic. In fact, we have been amazed at the resilience of the entrepreneurs that the programme supports! Even as markets and cities shut down during the lockdown periods, many people went back to their villages, where market traders who normally sold clothes started selling sewn face masks, and bakers opened businesses to serve the growing demand in their communities.

To date, Village Enterprise has already trained over 14,000 individuals, and helped to create over 4,700 small businesses. Early results from the various cohorts have been hugely promising, with evidence of increased household savings and food consumption. According to Village Enterprise's preliminary assessments of earlier cohorts, the households involved saw monthly per capita consumption increase by an average of 113%, while asset stocks more than doubled.



Above: A microbusiness supported by Village Enterprise in Kenya

Key achievements in 2020/21 7

Seed funding & Market-building: The Bridges Social Entrepreneurs Fund

With the Foundation's backing, this pioneering fund – which has now completed its life – has had impressive individual and systemic impact

The Bridges Social Entrepreneurs Fund (“SEF”) was launched in 2009 to address the critical funding gap often faced by ambitious social sector organisations with aspirations to grow. SEF was the first of its kind in the UK: an institutional closed-ended fund designed to provide these organisations with access to quasi-equity, plus strategic and operational support. By doing so, it was able to demonstrate that there are meaningful numbers of investors interested in Social Enterprises, and to test this funding model for the benefit of the broader market.

SEF raised total investor commitments of £11.75m, including a £3.9m cornerstone investment from the Office of the Third Sector. Its investment period ended in 2016 and its term was due to expire in 2019; however, this was subsequently extended to August 2021, so Bridges could continue driving impact and financial value in the remaining assets. All told, the fund drew down £10.9m and supported 30 Voluntary, Community and Social Enterprises, trialling a variety of investment models – from venture loans, to property, to outcomes contracts – that have since been utilised elsewhere. It is currently on course to deliver a gross return of 1.3x (0.9x net).

SEF also delivered some powerful positive impact: 4,176 children have attended the nurseries run by LEYF (London Early Years

Foundation); Unforgettable's dementia products and services attracted 35,000 unique customers; 7,643 qualifications were gained by children at risk of becoming NEET; and 775 previously homeless adults were moved into stable accommodation via our housing-related outcomes projects.

Indeed, SEF's pioneering work in outcomes contracts (it was one of the first funds in the world to invest in this emerging model) allowed Bridges to develop a knowledge and skills base in this area, which ultimately led to the Manager raising a dedicated Bridges Social Impact Bond Fund – the first of its type anywhere in the world. In total, SEF invested in 13 of these projects, initially directly and later through a co-investment arrangement with the Social Impact Bond Fund. And the success of that first dedicated fund has since enabled Bridges to raise a second dedicated fund, Social Outcomes Fund II, which closed in 2019 with £35m of commitments.

As such, the Foundation's initial investment in SEF has helped to catalyse over £50m of funding for these innovative projects, which have supported almost 20,000 vulnerable people and have the potential to transform service delivery in a number of key policy areas.

Below: LEYF, a Bridges Social Entrepreneurs Fund investment



Key achievements in 2020/21 7

Seed funding & Market-building: Bridges Evergreen

Bridges' pioneering long-term equity fund – in which the Foundation was an anchor investor – is proving the value of patient capital and support

The Foundation's other major seed investment was in Bridges Evergreen, a long-term capital vehicle that provides flexible, values-aligned funding for highly impactful businesses looking to scale over time.

This was an outstanding year for Evergreen. Despite the challenges of the pandemic, the three assets in the Evergreen portfolio at year-end – all of which typically work with some of the UK's most vulnerable young people and adults – delivered both revenue and EBITDA growth during the period, as well as some impressive impact figures.

AgilityEco, a fuel poverty solutions provider, was able to serve almost 45,000 households this year. Although the lockdowns put paid to its usual home visit model, it managed to pivot rapidly to virtual and phone-based support. In total, the energy-efficiency measures it installed resulted in total energy bill savings of £16.8m – equivalent to £543 per household. Since the average 'fuel poverty gap' is thought to be about £340, that means AgilityEco's support takes an average household out of fuel poverty.

Evergreen's first investment, New Reflexions, a Shropshire-based business that provides specialist residential care for children with

complex needs, also had a good year, delivering almost 19,000 hours of care for these vulnerable young people. Half of its English homes (and its school) are now rated as 'outstanding' by OFSTED, a real testament to the quality of the team and the care they deliver.

The Ethical Housing Company (EHC), which is accumulating a portfolio of decent, affordable homes to rent on Teesside, saw Covid restrictions hamper its property-buying efforts during the year – but it still ended the year with 76 homes, all of which are managed by its sister company The Ethical Lettings Agency (TELA). During the year, 56% of all TELA's lets went to households that were previously homeless, while about two-thirds of its tenants are now in receipt of benefits to pay their rent – a clear indicator of the level of need in the region.

This year EHC also secured an additional £7.5m of co-investment funding, which will hopefully help it to accelerate its property-buying activity in the coming year. It's another example of how the Foundation's support for Evergreen is not only changing people's lives but also catalysing new investment into these areas.

AgilityEco, a Bridges Evergreen investment



Key achievements in 2020/21

Seed funding & Market-building: The Impact Management Project

Thanks to the support of the Foundation and others, the IMP continued its vital work to build consensus on how to measure, manage and report impacts

The Foundation has also supported the development of sustainable and impact investing, both in the UK and globally, by funding a number of thought leadership initiatives and publications – most notably in recent years with its support for The Impact Management Project (“IMP”).

Facilitated by the team at Bridges Insights, Bridges’ non-profit field-building practice, the IMP is a forum to build global consensus on how to measure, manage and report on impacts. In its first two years, the IMP brought together over 2,000 organisations to agree on shared norms, such as five dimensions of impact that enable enterprises and investors to assess and compare their impacts on people and planet. Since 2018, the IMP has been facilitating a ‘Structured Network’ of 16 of the world’s leading standard-setters – including UN agencies, the OECD, and leading corporate reporting initiatives – to coordinate efforts to provide a comprehensive system of standards for managing and disclosing impacts on sustainability.

Being a time-bound initiative, the IMP is expected to ‘sunset’ in 2022. In 2020/21, the IMP’s penultimate year, the Network was focused on two objectives: developing a website that explains the system of principles, framework, standards and tools with which businesses and investors can engage (and how

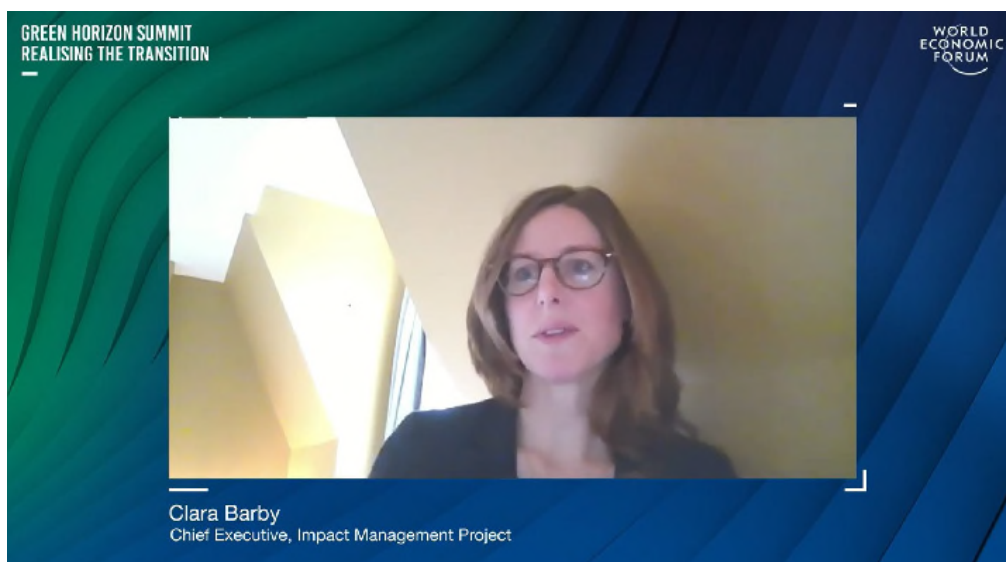
they relate to each other); and (via a subset of the larger group comprising CDP, CDSB, GRI, SASB, IIRC) working towards a comprehensive corporate reporting system that meets the needs of all constituencies and markets. The IMP facilitated the publication of a joint statement of intent on this in September 2020.

The IMP’s other key publication (in December) was a paper outlining existing standards for reporting on enterprise value, brought to life with a prototype climate-related financial disclosure standard. The paper illustrated how the group’s frameworks, standards and platforms, along with the elements set out by the Task Force on Climate-related Financial Disclosures (TCFD), can be used together to provide a running start for the development of a global disclosure standard for climate by the IFRS Foundation.

Alongside this, another part of the Insights team has been building a public good technology initiative called the Impact Classification System, which uses the ‘impact classes’ developed through the IMP (a useful shorthand for summarising types of performance across the five dimensions of impact) to help investors assess and compare the impact of various investments across their portfolio.

The Foundation continues to be encouraged and excited by the IMP’s remarkable progress.

Right: IMP CEO Clara Barby addresses the World Economic Forum’s Green Horizon Summit



Key achievements in 2020/21

Seed funding & Market-building: The Turner MIINT course

The U.S.-based experiential impact investing course for graduate schools continues to go from strength to strength

The Turner MIINT (MBA Impact Investing Networking and Training) programme, which is run by the Bridges Impact Foundation U.S. in partnership with the Wharton Social Impact Initiative at the University of Pennsylvania, is an experiential education programme designed to give students a hands-on education in investing for impact. It takes place each academic year and involves top business and graduate schools from around the world, encouraging the flow of talented young people into impact investing.

The programme was recently renamed as the Turner MIINT, in recognition of a generous \$2.5m donation from philanthropists Bobby & Lauren Turner.

This year's programme was of course held virtually, due to the global Covid-19 restrictions. However, this enabled broader participation than ever before, with more than 500 students from 38 graduate programmes enrolling across the globe – the largest cohort to date. The virtual format also allowed for a more diverse roster of judges, who joined from three different countries and multiple time zones. While these

judges may not be able to come to Philadelphia when in-person events resume, many have been converted into year-long mentors. These mentors play a vital role in guiding students through their journey as impact investors in training.

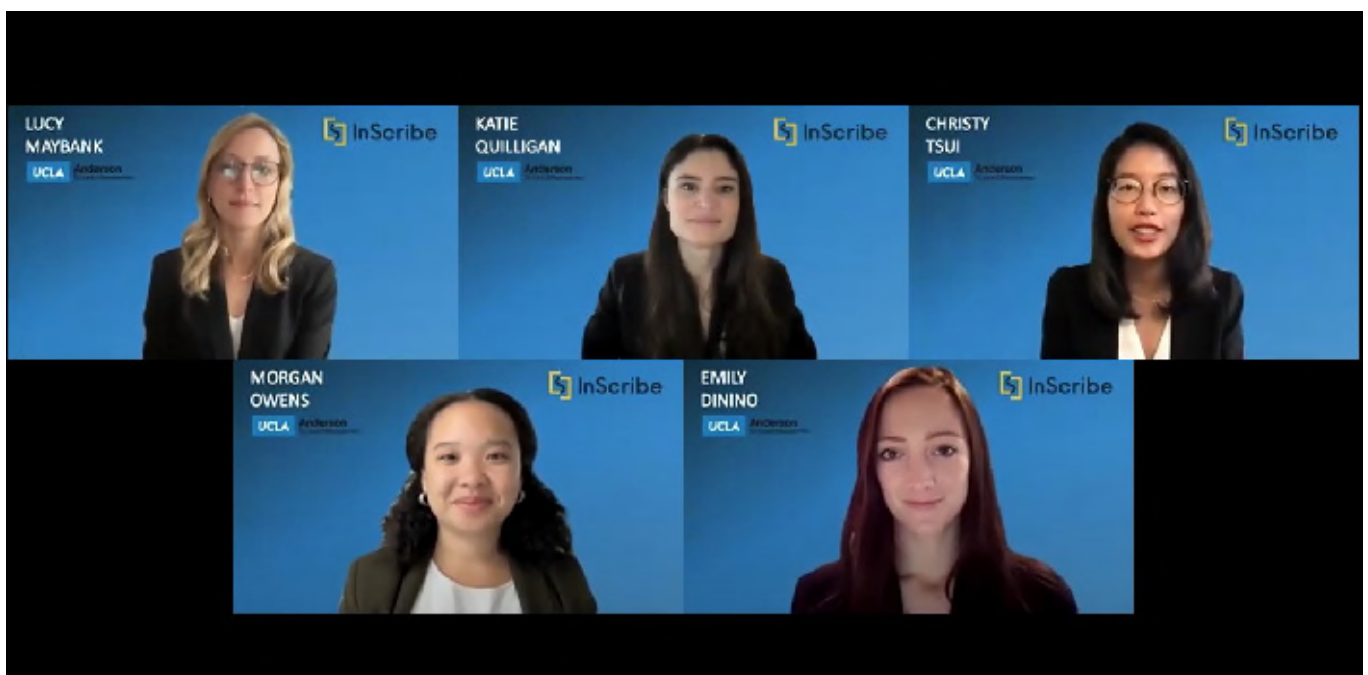
The program culminates with a competition where students pitch for investment for a real-life impact start-up. This year, a team from UCLA Anderson School of Management earned the Moelis Family Prize and, with it, a potential investment of \$50,000 for the impact start-up they presented. Dartmouth Tuck School of Business and Chicago Booth School of Business, the two runners-up, won a potential \$25,000 investment.

Turner MIINT recently updated its website. More information can be found at:

www.turnermiint.org

N.B. The Foundation has regular updates with its sister organisation in the U.S., as we look to align our efforts and engagement opportunities.

Below: Over 500 graduate students contested this year's Turner MIINT (virtually), with UCLA Anderson taking first prize



Key achievements in 2020/21

Bridges Family Activities

The highlight of the Bridges team's philanthropy last year was raising over £38,000 (including £14,500 of matched funding) for charities on the front line of the pandemic

The Foundation's Family Activities supplement our other work by encouraging and rewarding Bridges' colleagues' philanthropic activities, and by providing financial support in cases of financial hardship to close stakeholders.

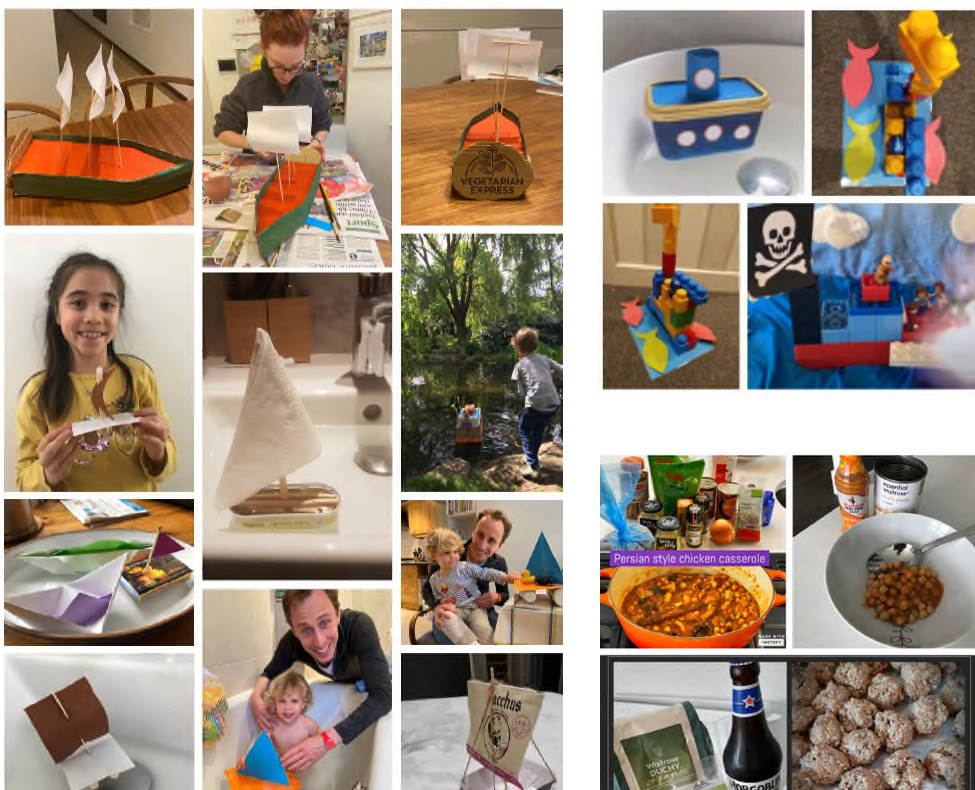
The Matched Giving Facility

The Matched Giving Facility was started in 2014 with an allocation of £60,000, of which £55,833 has been spent to date. It encourages Bridges employees in their own philanthropic activities by matching their fundraising contributions to the cause of their choice by up to £1,000. There were eight requests in the year, totalling £17,242.

During the first Covid-19 lockdown, the Bridges team launched a fundraising initiative called 'CharityBegins@Home', with the aim of raising money for charities supporting those hardest-hit by the pandemic (while also helping the team to stay engaged and active during

lockdown). Every month, a different team within the business created a particular challenge that people could do while they were stuck at home, and then select a specific charity to benefit from any funds raised. Challenges included boat-building (which also doubled as a non-screen-based craft activity advantage for those Bridges colleagues with children!), making a gourmet meal from unloved items at the back of the kitchen cupboard, and a 'Get Moving' initiative, during which the team collectively walked/swam/cycled 3,951 miles (smashing the original target of 1,000 miles!).

Over the two periods of lockdown, CharityBegins@Home raised over £38,000 (including £14,500 of match-funding from the Foundation) for four brilliant charities: West London Zone, The Pennine Domestic Abuse Partnership, the Trussell Trust and Food4Heroes.



Left: The Bridges team getting creative for CharityBegins@Home

Key achievements in 2020/21 7

Bridges Family Activities

The Foundation agreed to support a bursary in order to promote greater diversity and inclusion in the real estate sector

The Benevolent Fund

The Foundation's Benevolent Fund was launched to provide short-term financial support grants to members of the broader Bridges network (such as portfolio company employees) who find themselves in difficult circumstances. £20,000 has been allocated to this fund. There were no requests during the year, though four requests have been granted since the year-end, totalling £2,500 (taking the total spend to date to £6,500).

The Donor-advised Pool

The Foundation has established a Donor-Advised Pool, a pool of funds capped at 20% of Bridges' carry whereby the carry holders can make a request to the Trustees on how to allocate this portion of the funds. In total, seven requests were made during the year, totalling £9,800 (2020: £16,000).

Bursaries & Scholarships

Following a request from the Bridges Property team, the Foundation is proud to be sponsoring a student on a 3-year bursary programme from the Worshipful Company of Chartered Surveyors, which supports underprivileged students studying a real estate degree. This is clearly a sector that is very close to Bridges' heart, and we are keen to do what we can to improve diversity and access to opportunity within it. The Foundation's support offers not only financial support but also mentoring from and work experience with the Bridges team.

Below: The WCCS works to broaden access to careers in the property sector



Future Plans

The Foundation will continue to focus on its core areas in the coming year:

- > Venture Philanthropy
- > Seed-funding & Market-building
- > Bridges Family Activities

However, we are looking to expand our work in three key ways:

Venture Philanthropy:

We are looking to add a second focus area, alongside our existing focus on mental health for young people. We have started the process of engaging with the broader Bridges team to help us identify where our efforts should be directed.

Seed-funding & Market-building:

We are continuing to explore areas where our funding and support can have the most catalytic impact. One area we are particularly focused on is development impact bonds: outcomes-based contracts in developing markets. Bridges has market-leading expertise in this approach in the UK, and through our work with Village Enterprise (p. 8), we have learned a great deal about how this approach works best in developing markets. Bridges is now working with UBS on the establishment of the global SDG Outcomes Fund, the first fund dedicated to investing in impact bonds globally, which is targeting \$100m and will focus on Africa and South Asia. The Foundation is delighted to have been able to provide a £150,000 grant to Bridges Outcomes Ltd, a non-profit subsidiary of Bridges, to support the development of this

concept (e.g. legal structuring and advisory costs) – drawing on the learning and insights we have gained from our investment into Village Enterprise. We are hugely excited by the potential of this pioneering vehicle, and as such we are also looking at whether our seed-funding might unlock additional investment when it comes to market.

Bridges Family Activities:

Bridges is currently redoubling its efforts to create a more diverse, inclusive and equitable culture within its own team – reflecting both its broader aspiration to help build a more inclusive economy, and also its conviction that more diverse and inclusive teams will ultimately perform better. To this end, Bridges has established a Diversity & Inclusion Working Group, which is looking at how Bridges can improve and progress in these critical areas. The Foundation is currently working closely with this Group to look at practical ways in which we can support this effort. For example, our support for the WCCS Bursary programme (p. 14) is driven by the fact that real estate – one of Bridges' specialist investment areas – is one of the least diverse sectors in the UK. We hope that this programme, and others like it, will help to attract a broader range of talented people into the sector.



Left: The global SDG Outcomes Fund will focus on Africa and South Asia

Financial Review

Fundraising

The current Bridges team, as well as some former Bridges employees that have now moved on to other workplaces, have committed to donate a portion of their carry to benefit the Impact Foundation.

However, with Covid-19 disrupting a number of planned exit processes, there were no donations in the year to March 2021 (2020: £153,849). As a result no Gift Aid was claimed (2020: £22,135).

As the economy has recovered, a number of these exit processes have since been revived. And as more of the Bridges funds now entering the realisation phase, the Foundation expects this arrangement to create a steady funding stream for the Foundation that is likely to rise over time. This should allow the Foundation to expand its activities further in the coming years.

Investments

The Foundation made contributions in the period to Bridges Social Entrepreneurs Fund ("SEF") from its restricted funds, totaling £11,535 (2020: £31,003) and received total distributions of £93,514 (2020: £629,496).

SEF distributed £259k to investors in the year. This increased total distributions, net of PPS, by year-end to £6.10m, which equates to 76% of the capital and loan drawn down (£8.08m). The gross value of SEF at the year-end was £8.76m.

In relation to its commitment to Bridges Evergreen Holdings (BEH), the Foundation made contributions from its restricted funds totalling £65,747 (2020: £690,397) and distributions have been received of £120,599 in the year to March 2021 (2020: £77,232) in the form of a dividend payment.

As at 31 March 2021, £36.5m had been drawn down from investors since the commencement

of BEH on 6 July 2016. This represents 72% of current commitments, and has been used to fund investments into New Reflexions, Shaw Healthcare, the Ethical Housing Company, and AgilityEco, as well as Priority Profit Share and other Fund expenses.

In the year, BEH distributed £1.74m to investors. This represents a yield of c.5% of commitments drawn (excluding amounts drawn for AgilityEco and a short-term liquidity facility provided to New Reflexions).

Governance costs for the Foundation were higher than the previous year, at £10,366 (2020: £5,256). Administration and investment services are performed by Bridges Fund Management Limited on a *pro bono* basis. It is not possible to quantify the value of this work.

Public benefit

The Trustees have complied with the duty in section 17 of the Charities Act 2011 to have due regard to the Charity Commission's published general and relevant sub-sector guidance concerning the operation of the public benefit requirement under that Act, including the guidance 'public benefit: running a charity (PB2)'.

The Trustees consider that the activities of the charity provide significant public benefit, in a number of important ways.

By acting as the original cornerstone investor in the Bridges Social Entrepreneurs Fund, which in turn co-invests alongside the Bridges Social Impact Bond Fund, and more recently by investing in Bridges Evergreen Holdings, the Foundation has helped to channel capital to innovative and ambitious social sector organisations looking to create long-term, sustainable impact at scale.

The ongoing work of the Bridges Social Impact Bond Fund team to build capacity in the social impact bond market also has significant potential to improve public sector services, both in the UK and beyond, by delivering better outcomes and better value for the public purse.

The Matched Giving facility amplifies and thus incentivises individual charitable fundraising by members of the Bridges team.

To ensure best practice in the operation of the Trustee Board, in 2018 the Trustees reviewed the Charity Governance Code in line with current practice and will continue to do so.

The Foundation does not engage in fundraising activities and no donations are sought from the public. The Foundation does not use third-parties to assist with fundraising and the charity received no complaints in this year regarding its fundraising practices.



Relationship with other entities

Bridges Capital Limited (previously Bridges Ventures Limited) and Bridges Fund Management Limited

Bridges Impact Foundation is connected to Bridges Fund Management Limited (“BFM Ltd”) by virtue of the fact that it holds B ordinary shares in the company. The Foundation does not exercise significant control or influence over BFM Ltd, as the B ordinary shares are non-voting shares, except in certain situations governing a change of the mission of the company. Under the terms of BFM Ltd’s Articles of Association, it has no right to any of the profits or losses of the company even in the event of a sale or liquidation (only to capital).

The Foundation occupies office space and shares management personnel with BFM Ltd. In addition, BFM Ltd is the appointed manager to the private funds in which the Foundation has invested.

At the year end, Trustees Michele Giddens and Antony Ross were directors of BFM Ltd. In addition, Kyle Bentwood was an employee of BFM Ltd, while Giuseppe Catarozzo was a consultant to BFM Ltd.

Bridges Social Entrepreneurs Fund LP

Bridges Social Entrepreneurs Fund LP was constituted under a Limited Partnership Agreement. It attracted funding that was invested in social enterprise initiatives with strong potential philanthropic benefit.

The investors in the Bridges Social Entrepreneurs Fund, including the Bridges Impact Foundation, were members of the Fund’s advisory board, whereby the Manager updated the investors on the fund’s progress.

The general and controlling partner of Bridges Social Entrepreneurs Fund LP was Bridges Social Entrepreneurs Fund (General Partner) Ltd, a wholly-owned subsidiary of Bridges Fund Management Ltd. The investments of Bridges Social Entrepreneurs Fund LP were managed by Bridges Fund Management Ltd.

The investment period of Bridges Social Entrepreneurs Fund LP ended in 2016 and the fund’s term was due to expire in 2019; however, this was subsequently extended to August 2021, so Bridges could continue driving impact and financial value in the remaining assets.

Bridges Evergreen Capital LP

Bridges Evergreen Capital is constituted under a Limited Partnership Agreement and attracts funding which is invested in highly impactful businesses.

The investments of Bridges Evergreen Holdings are managed by Bridges Fund Management Ltd.

The general and controlling partner of Bridges Evergreen Capital is Bridges Evergreen Holdings (General Partner) Ltd, a wholly-owned subsidiary of Bridges Fund Management Ltd.

The investors in Bridges Evergreen Capital, including the Bridges Impact Foundation, are members of the Fund’s advisory board where the Manager updates the investors on progress to date and future plans for the Fund.

Bridges Impact Foundation U.S.

Our sister Foundation in the U.S. is a 501(c)3 nonprofit organisation. The Foundation has regular updates with this entity, as we look to align our strategy and engagement efforts.

Organisation and appointment of Trustees

The Bridges Impact Foundation is administered by the Board of Trustees. There must be at least three Trustees and no more than nine in office at any given time.

The Foundation's current Board is comprised of two elected employee representatives from Bridges Fund Management, two senior Bridges partners, and three independent trustees.

The Trustees ensure that the Foundation is carrying out its purposes for the public benefit, that it manages its resources responsibly, and that it is fully accountable and compliant with law.

Victoria Hornby is our Chair. The Foundation is lucky to benefit from her not-for-profit experience and expertise. Her support, challenge and guidance are invaluable, and ensure the effective and smooth running of the Foundation's Board.

This year Alex Pitt was appointed as our third independent trustee, joining Victoria and Duncan Kellaway. As the co-founder and Director of Growth at Mustard Seed, an early-stage generalist impact fund, Alex will bring invaluable venture capital and impact expertise to the Board.

Independent Trustees are appointed by a resolution of the Board of Trustees and serve for three years, at which point they can be reappointed for a further three-year term.

Trustee Induction and Training

New Trustees of the Bridges Impact Foundation take part in a mandatory induction meeting to understand their legal obligations as a Trustee under charity law. Trustees who are not employees of Bridges Fund Management Ltd are also briefed on the company's activities and philosophy, governance, decision-making process, and recent financial reports.

All Trustees are invited to join a meeting of the Bridges Evergreen Holdings advisory board (and previously the Bridges Social Entrepreneurs Fund advisory board) as part of their induction and training.

All Trustees are encouraged to undergo external training that can better inform them of their role as Trustee or enhance their expertise/skills to contribute to the work of the Foundation.

Other Key Personnel

Barbara Storch is Director of the Foundation; she is responsible for developing and directing strategy for the deployment of the funds of the Foundation on a day-to-day basis.

Siobhán Tyrrell is Treasurer of the Foundation.



Risks and Risk Management

The key risks faced by the Foundation relate to the performance of funds managed by Bridges Fund Management.

The value of the Foundation's investment in SEF, and its investment in Evergreen, may rise or fall depending on the performance of the companies in which these funds choose to invest.

Equally, the Foundation's biggest funding stream derives from the Bridges Fund Management team (both past and present), who have committed to donate the equivalent of 10% of the 'carried interest' (profits) arising from the funds managed by Bridges Fund Management to the Foundation. If the funds

fail to generate carried interest, the funding of the Foundation will be adversely affected.

The Trustees work to proactively manage risks by reviewing potential financial, reputational and other risks on an annual basis and developing and implementing strategies to pre-empt or minimise these risks. They also maintain close communication with the Bridges Fund Management team to monitor any potential risks pertaining to the funds' investment activity.

A key element in the management of financial risk is the frequent review of financial statements by the Trustees and of the amounts and terms of donations made to the Foundation.

Reserves Policy

The Bridges Impact Foundation's policy is to hold reserves that will enable the organisation to:

- › Ensure there is sufficient money to continue its core activities during a period of unforeseen difficulty
- › Undertake special projects and one-off activities in keeping with Foundation's mission

The Foundation incurs minimal costs of operation, including governance costs. It considers that the unrestricted reserves at the

year-end totaling £799,134 (2020: £999,623) of which £15,152 is designated and £783,982 is general, will be more than sufficient to cover ongoing expenses associated with its current operation. The Trustees continue to explore with the Bridges team other avenues of charitable activity that are aligned with the skills, interests and activities of the team.

Restricted funds totaled £5,178,926 (2020: £3,852,085), pending settlement of further drawdowns to Bridges Evergreen Holdings.

Structure

Bridges Trust (company number 06864617) was incorporated on 31 March 2009 under a Memorandum and Articles of Association, with all existing Trustees in the unincorporated charity Bridges Charitable Trust (charity number 1118391) becoming directors of the newly incorporated Bridges Trust.

Bridges Trust was registered as a charity with the Charity Commission on 20 May 2009 (charity number 1129756); changed its name to

Bridges Charitable Trust on 17 August 2009; and changed its name to the Bridges Impact Foundation Ltd. on 22 February 2017.

During the period, the Foundation adopted revised articles of association which clarified and extended the number and composition of the Board of Trustees.

Statement of Trustees' Responsibilities

The Trustees (who are also directors of Bridges Impact Foundation for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102, the financial reporting standards applicable to the UK and Republic of Ireland.

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

- › Select suitable accounting policies and then apply them consistently
- › Observe the methods and principles in the Charities SORP
- › Declare any conflict of interest following the Foundation's Conflict of Interest policy
- › Make judgements and estimates that are reasonable and prudent
- › State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- › Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Insofar as the Trustees are aware:

- › There is no relevant audit information of which the charitable company's auditor is unaware
- › The Trustees have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor was aware of that information

Auditors

Moore Kingston Smith LLP have been appointed as auditors in the year and have expressed their willingness to continue in that capacity.

Signed on behalf of the Trustee Board by:



Victoria Hornby

Chair of Board

Date: 7th December 2021

BRIDGES

Impact Foundation

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Bridges Fund Management, December 2021