

BRIDGES

Impact Foundation

Trustees' Annual Report & Accounts For the year ended 31 March 2022

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 2021/22 Annual Report & Accounts.

I want to begin by thanking all of our Trustees. In particular, the whole Board would like to record their thanks to Duncan Kellaway, who stood down as a trustee after the year-end; we are so grateful for his wise counsel over the last few years. I am also hugely grateful to our Director Barbara Storch, who continues to make great progress on engaging the Bridges team and guiding the Foundation's strategic direction.

This has been another good year for the Foundation, notably in terms of market-building and venture philanthropy.

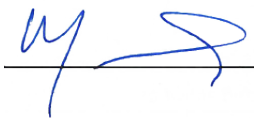
I am particularly excited that we have been able to support another pioneering Bridges vehicle: the new SDG Outcomes Fund, which Bridges is raising in partnership with the UBS Optimus Foundation. This innovative vehicle – the first of its kind globally – is designed to support outcomes-based projects in low- and middle-income countries: for example, its first investment will be a programme designed to improve children's educational performance in Sierra Leone. This is especially rewarding as the Foundation also played an important catalytic role in the inception of this fund, through our support for Village Enterprise's highly successful poverty reduction programme in sub-Saharan Africa (p. 6) – which undoubtedly helped to build a compelling case for the use of outcome-based approaches in projects like these.

The year also marked the close of another significant market-building initiative: the Impact Management Project (p. 11), which drew to a close (as planned) in December 2021. I firmly believe the IMP – because of its success in building consensus around how impact is measured, managed and reported on globally – will leave a lasting legacy. So we're delighted that the Foundation has been able to support it in some small way.

Elsewhere our venture philanthropy portfolio continues to deliver strong impact. Our support for teacher training programme The Difference is helping to create a better model for supporting children at risk of exclusion from mainstream education. OnSide's Youth Zone in Dagenham (of which the Foundation is a founder-patron) is now fully back up and running post-Covid, welcoming almost 4,000 local young people across its evening, weekend and holiday activities. And Shout, the 24/7 text-messaging support service for people in crisis, has now had over one million conversations, again predominantly with young people (c. 70% of users are under 25).

The Foundation has also been able to continue supporting charities close to the heart of the Bridges team. That included amplifying the fundraising efforts of the team through matched giving – such as a sponsored walk that raised £16,500 for specialist bereavement charity Jigsaw South-East (p. 12) – and two donations to refugee charities, in response to the shocking events in Ukraine and Afghanistan.

There is no question that we are living through turbulent and difficult times, both economically and politically. We are determined to keep striving to use the Foundation's resources – both human and financial – to try and alleviate the burden for some of those that are hardest-hit.



Victoria Hornby

On the cover:

Former England captain Steph Houghton visits OnSide's Future Youth Zone, a youth centre supported by the Foundation, as part of the Always #EndPeriodPoverty campaign



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 2021/22 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 (*resigned October 2022*)
- Alex Pitt
- Kyle Bentwood (*resigned July 2022*)
- Giuseppe Catarozzo
- Michele Giddens
- Antony Ross

Director

Barbara Storch

Secretary

Siobhan Tyrrell (*until May 2022*); Aaron Vagarwal

Registered Office

38 Seymour Street
London
W1H 7BP

Auditors

Moore Kingston Smith LLP
9 Appold Street
London
EC2A 2AP

Bankers

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

Key achievements in 2021/22

Venture Philanthropy: Supporting The Difference

The Foundation continues its support for pioneering teacher training scheme, The Difference, with a third year of funding

The Difference is a specialised teacher training 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.

According to the Department for Education, in the school year 2021/22, around 47,000 children in the UK were educated in Pupil Referral Units (PRUs) and Alternative Provision schools (APs) – i.e. outside of the mainstream schooling system.

Exclusion levels have been high post-Covid; indeed, the related lockdowns have often exacerbated the challenges these children face.

Excluded children often experience poor outcomes: only 12% get a basic pass in GCSE English and Maths (compared to 72% of students in state-funded schools), while one in three will drop out of education, employment, or training at 16 (compared to one in 17 across all state schools). They are also 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.

Through the Difference Leadership Programme, teachers learn how to connect with these children effectively; and on completing their placement, they return to leadership positions in mainstream schools. Here, they receive a further year of support from The Difference.

The programme's structure allows teachers to incorporate 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.

This year, The Difference has continued to grow, collecting impact data to inform future development as it does so.

Currently, 29 Difference Leaders from its second and third cohorts are working with 1,900 students across 25 AP schools (a fourth cohort, the 2022 intake, has now also been recruited). Significantly, 93% of Difference Leaders have evidenced positive impact on their AP school.

The Difference also offers training for mainstream leaders via its Inclusive Leadership Course (ILC), for six full days across a school year. It has worked with 66 of these school leaders, 60% of whom reported that learnings have already supported reduced exclusions.

We are excited not only by The Difference's direct positive impact on so many individual young people's lives – but also by its potential for systemic change, which could indirectly benefit thousands more vulnerable children.

Below: A Difference Leader engaging with a student during placement



Key achievements in 2021/22

Venture Philanthropy: Supporting The Difference

Alicia's story



Alicia is a 2019 Difference Leader teaching at Ark Globe Academy, Southwark

After completing the Difference Leadership Programme, Alicia secured a promoted

senior leadership role as Assistant Headteacher for Inclusion and Behaviour at Ark Globe Academy in Southwark. Ark is one of England's largest Multi-Academy Trusts, running 39 schools. They work closely with The Difference to understand and tackle the variation in exclusion numbers across their schools.

Alicia's work over the past year has focused on primary school students with Special Educational Needs (SEN). These were the children most often displaying challenging behaviour, receiving detentions, and being sent out of class. With support from other leaders, Alicia was able to introduce new inclusive practice and systems to her school – including a graduated system of behaviour interventions and whole-school training on quality-first teaching strategies.

Before this work, there were 53 detentions per week on average at Ark Globe. This has now reduced to fewer than 15.

Maddie's story



Maddie is a 2021 Difference Leader at the Camden Centre for Learning

Maddie has just completed her first year on the Difference Leadership Programme

working as an Associate Senior Leader for Camden Centre for Learning (CCfL). This is an SEMH school that supports students with Social, Emotional and Mental Health needs.

Maddie took part in an Action-Research project with The Difference to drive improvements in literacy. Through an initial audit, she found low levels of student

vocabulary and comprehension, and a lack of staff confidence in supporting students with literacy barriers. They launched a cross-curriculum approach – training staff in comprehension and vocabulary instruction, mapping daily reading opportunities into the curriculum, and running interventions supported by an educational psychologist and speech therapist. They ran reading age tests at the launch of the project and at the end of the school year. By the second reading age test, 71% of students had made progress of 12 months or more over a six-month period.

This year, Maddie's school has also achieved their highest Year 11 outcomes to date, with every student gaining a qualification in English and Maths.

Inclusive Leadership Course participants, 2021/22

"I think what the course does so well is show that inclusion is for every single pupil, not just the pupils with a diagnosed special need. There's definitely a willingness for change. It just needs someone to communicate how we can go about creating that change."

"My school now has an action plan and interventions for students with poor engagement in education. Restorative practice is our major focus for 2022/23 – which it would not have been if it wasn't for attending this course."

Key achievements in 2021/22

Venture Philanthropy: Tackling poverty in Africa via Village Enterprise

Village Enterprise's innovative DIB-backed poverty reduction programme has completed with impressive results in Kenya and Uganda

Village Enterprise was the first ever development impact bond (DIB) aimed at reducing extreme poverty in rural sub-Saharan Africa, providing first-time entrepreneurs with cash grants, training and mentoring.

This year marked the end of the highly successful programme, which has yielded impressive results: despite the challenges of Covid, the 'graduation out of poverty' programme trained 14,100 new entrepreneurs (75% of whom were women), enabled 4,766 new businesses to launch, and impacted over 95,000 lives. Extensive evidence from randomised trials also suggests the programme continues to have a positive, statistically significant, and meaningful impact on the livelihoods of its ultra-poor recipients six months to 2.5 years after conclusion.

Village Enterprise used an outcomes-based approach – enhancing its focus on learning and continuous delivery improvement – when it expanded its proven model into rural Kenya and Uganda. 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.

Although Covid lockdowns in Kenya and Uganda inevitably had a significant impact on the programme, Village Enterprise was still able to conduct seed capital disbursements, and its mentors continued to provide mentoring by phone to the DIB-backed businesses, helping

business owners adjust and adapt during the pandemic. In fact, entrepreneurs displayed incredible resilience! As markets and cities shut down during the lockdown periods, many people returned to their villages, to start selling sewn face masks instead of clothes, for example, or opening bakery businesses to serve the growing demand in their local communities.

The programme is estimated to have generated lifetime impacts for communities of over US\$21 million – roughly four times the overall costs of the project – and households have been supported to achieve higher incomes and savings. The programme's positive outcomes are testament to how results-based financing can provide a more effective, accountable model in this kind of context.



Above and right:
Microbusinesses supported
by Village Enterprise in
Kenya and Uganda



Key achievements in 2021/22 7

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

Shout, a service which involves trained volunteers providing SMS-based support for anyone struggling to cope, received a third year of Foundation funding

The Foundation is now in its third year supporting Shout, the text-messaging support service for people in crisis. The service offers 24/7 anonymous and confidential crisis support to anyone who needs it, the majority being young people: 69% of users are under 25.

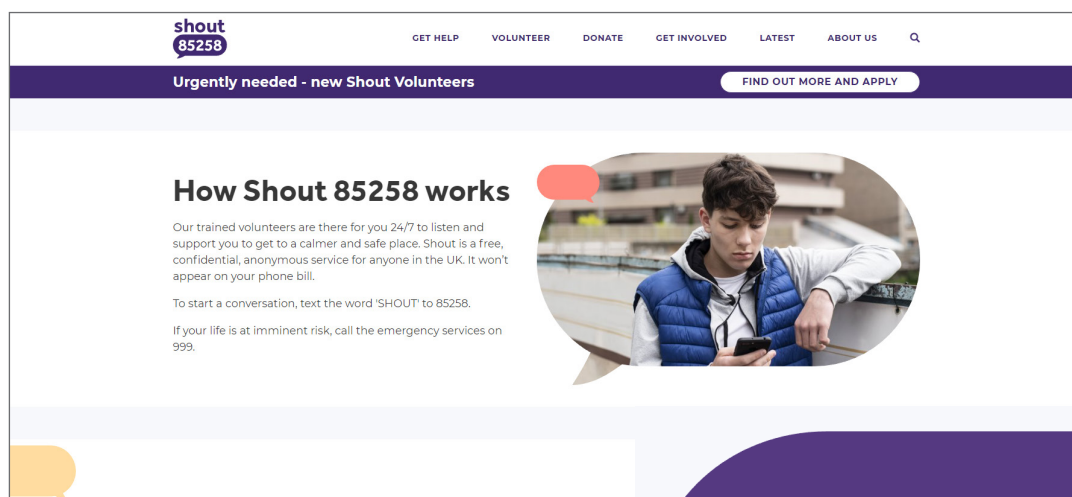
This year, the number of conversations Shout has supported surpassed 1 million. The charity marked this milestone with a visit from HRH Princess of Wales, who took the time to recognise and speak with volunteers. Multiple other campaigns from employees, volunteers and supporters of Shout raised awareness and funds, including a charity auction by Josh O'Connor, award-winning actor and star of *The Crown* and *Peaky Blinders*. In September 2021, Shout also published a report into the key mental health challenges students have faced in the year, with the aim of helping university leaders and policy makers understand and better cater to the needs of students.

Shout volunteers tend to be the first person in whom Shout's texters confide, supporting them to move from a state of distress to somewhere more calm. People reach out for a variety of

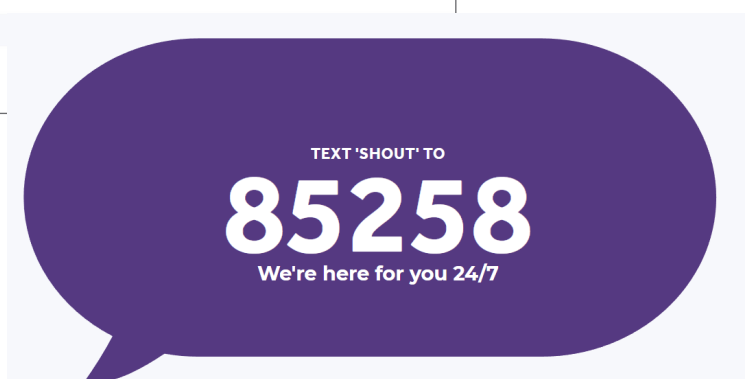
reasons, though issues predominantly include suicide & suicidal thoughts, depression & sadness, anxiety, relationships, loneliness, self-harm, grief, and eating disorders & body image.

Critically, the model seems to be delivering good outcomes: 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. While conversation numbers increased by 140% during Covid, 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 pandemic.

In addition to the Foundation's financial support, several of our colleagues at Bridges continue to volunteer for Shout as Crisis Counsellors. Though at times conversations can be very challenging, our colleagues report that being able to provide this kind of support to those in immediate need is highly rewarding.



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



Key achievements in 2021/22

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

The Foundation is a proud Founder Patron of two of OnSide's London-based youth zones: Future in Barking & Dagenham, and WEST in Hammersmith & Fulham.

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

We began providing support for OnSide's first London-based youth zone, Future, in 2018, before it opened its doors to local young people in May 2019. By December it already counted 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.

Future, as with all of OnSide's youth zones, provides young people with 'somewhere to go, something to do and someone to talk to', 52 weeks of the year. Activities 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). Following

the turbulence brought by Covid, Future is now back to operating at full capacity (over 3,800 students). Bridges completed an impact assessment of Future for this year, which is available on request.

WEST, currently under construction, will be OnSide's fourth London centre, located in the socially and economically polarised borough of Hammersmith & Fulham. Here, 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. Happily, following a number of Covid-related construction delays, the development of WEST has seen huge progress in recent months; it is now expected to be completed by the end of 2023.

Earlier this year, our Bridges colleagues also volunteered with Future, during its evening and holiday club sessions. Members of our team engaged with young people via sports, arts & crafts, cooking and general time spent talking together, during mealtimes and throughout the days. While the experience took volunteers out of their comfort zone, it was a rich and rewarding time. Bridges' Volunteering Policy, offering two days' paid leave per year, allows for opportunities such as this to happen.

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

Right: Bridges employees volunteer during Future Youth Zone's Easter holiday club



Key achievements in 2021/22

Seed funding & Market-building: SDG Outcomes Fund

Backing a pioneering approach to generating direct and systemic education outcomes for communities in sub-Saharan Africa

Following on from our catalytic support of other pioneering Bridges vehicles, such as the Social Entrepreneurs Fund, Social Outcomes Funds and Bridges Evergreen, the Foundation last year provided Bridges Outcomes Limited, a not-for-profit subsidiary of Bridges Fund Management, with grant funding as it established a USD\$100m global SDG Outcomes Fund, alongside the UBS Optimus Foundation. The vehicle, dedicated to investing in Development Impact Bonds and other outcomes-based partnerships globally, is the first of its kind. It will focus on delivering innovative projects that use a new model of service delivery to generate positive social and environmental impact in lower and middle-income countries globally.

Outcomes partnerships can play a key role in achieving the Sustainable Development Goals by improving the effectiveness of government and donor spending, leading to better life outcomes for vulnerable people and better value for funders. As such, projects within this Fund will focus on health, education, women's economic empowerment and the environment, aiming to achieve both systemic impact (via systems change and ecosystem development) and direct impact (successful outcomes will generate payments to the Fund).

Following the first close of this vehicle in November 2021, Bridges' Outcomes team has developed a strong pipeline of potential projects. In particular, significant progress has been made towards two education-based outcomes contracts in Ghana and in Sierra Leone:

- The government of Sierra Leone has partnered with the Education Outcomes Fund and UNICEF to support an outcomes partnership targeting an improvement in learning outcomes in primary schools.
- The government of Ghana has partnered with the Education Outcomes Fund and the World Bank to design a similar education-focused outcomes contract to increase access to schooling for 26,000 out-of-school children, and in-school learning for ~40,000 school-going students.

Bridges' Outcomes team has world-leading experience, having supported over 60 outcomes partnerships in the UK over the last decade; its distinctive approach has already earned over £100m of successful outcomes payments, with an estimated value of over £1bn to the public purse. The Foundation is excited to see this pioneering vehicle continue its progress and expand this approach into new markets.

*Below:
children
learning in
classrooms*



Key achievements in 2021/22

Seed funding & Market-building: Bridges Evergreen

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

One of the Foundation's major seed investments was in Bridges Evergreen, a patient capital vehicle that provides flexible, values-aligned funding for highly impactful businesses looking to scale over time.

Evergreen delivered another strong performance in the year, as its focus on resilient, needs-driven businesses continues to bear fruit. At year-end, Net Asset Value was £74.8m, up £17.4m (or 30%) on the prior year.

Each of its four assets in the portfolio at year-end delivered impressive impact performance during the period, despite the challenges of the Covid-19 pandemic.

Skills Training UK (STUK), Evergreen's most recent investment, is a leading independent skills training provider. It designs and delivers employer-responsive apprenticeships and individual-focused skills programmes that align with business needs, creating sustainable employment and supporting social mobility. It has over 6,500 learners enrolled across a wide range of courses, almost half of whom are female and 30% from ethnic minority groups.

AgilityEco, a fuel poverty solutions provider, was able to serve over 45,000 households this year. Via energy efficiency measures and other methods of support, AgilityEco's work brought lifetime bill savings worth £169 million to vulnerable households over the year. Through improved stakeholder engagement, partnership initiatives and operational efficiencies, it has increased the number of tonnes of lifetime CO₂ emissions abated by 27%, and the MWh of lifetime energy savings from insulation/heating improvements by 32%.

Evergreen's first investment, New Reflexions, a Shropshire-based business that provides specialist residential care for children with complex needs, had another good year – delivering nearly 19,000 days of care across its sites, and opening its first school for children with learning disabilities (Longridge) in January. Almost half of New Reflexions' eligible services are now rated as 'Outstanding' by OFSTED; versus a market average of 15-17% – 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, increased the number of owned properties and properties under management by 18% and 25% respectively this year. Almost three-quarters of its tenants are in receipt of benefits to pay their rent, a clear indicator of the level of need in the region – which the pandemic only increased.

Evergreen's long-term, impact-focused approach continues to prove highly attractive to impact-driven founders and management teams, which is creating a strong pipeline of new investment opportunities. The Foundation is excited by Evergreen's potential to transform even more people's lives as it develops and scales over the coming years.

Right: Skills Training UK, a Bridges Evergreen investment



Key achievements in 2021/22

Seed funding & Market-building: The IMP & Turner MIINT

Thanks to the support of the Foundation and others, the IMP leaves behind a significant legacy; while in the U.S., the Turner MIINT inspires more graduates

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

Bridges Impact Foundation U.S., our U.S. sister organisation, also continues to support the thriving Turner MIINT programme.

The Impact Management Project

Hosted by Bridges' not-for-profit field-building arm Bridges Insights, the IMP was a time-bound global forum designed to combat the proliferation of proprietary impact methodologies – which had the potential to confuse investors and obscure progress on sustainability – by building a broad consensus on how to measure, manage and report on impact.

The IMP's influence has been significant. It created various useful analytical tools, including the five dimensions of impact and the 'ABC' investor contribution framework. Critically, it also brought together all the most influential standard-setters in this area, who agreed to collaborate and align their efforts. This led to two key outputs: the Impact Management Platform, an ongoing consensus-building effort to mainstream the practice of impact management; and the International Sustainability Standards Board (ISSB), a vital step towards truly integrated global corporate reporting and disclosure standards.

This initiative came to a close, as planned, at the end of 2021.

The Turner MIINT programme (U.S.)

The MIINT (MBA Impact Investing Networking and Training) programme is run by the Bridges Impact Foundation U.S., the Foundation's U.S. sister organisation, in partnership with the Wharton Social Impact Initiative at the University of Pennsylvania.

It 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.

Via teaching and mentorship, students are guided through their journey as impact investors-in-training. The program culminates in a competition where students pitch for investment for a real-life impact start-up.

This year's finalist pitches ranged from businesses using agricultural waste for clothing production to sustainable water provision, to a mental health platform. First place was awarded to a team from Yale School of Management, earning them the Moelis Family Foundation Prize, for their business proposing to transform CO₂ into industrial products. The prize means this company is eligible for a \$50,000 investment. Runner-up teams from Harvard Business School and The London School of Economics and Political Science won a potential \$25,000 investment each.

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. More information on the Turner MIINT programme at www.turnermiint.org.

Below: Turner MIINT 2022 winners from Yale School of Management (source: YSOM Twitter)



Key achievements in 2021/22

Bridges Family Activities

The Foundation contributed over £34,000 during the year to a group of charities close to the hearts of the Bridges team

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 £80,000, of which £70,086 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 seven requests in the year, totalling £14,253.

During the year, the team held a fundraising event in memory of a Bridges alumna, Jenny Dyer, who was tragically killed in a road accident. Jenny's family received incredible support from a specialist bereavement charity called Jigsaw South East, so the team decided to raise funds for the organisation via a 13-mile sponsored countryside walk.

Thanks to the generous support of colleagues' families and friends, this event raised over £16,500 for Jigsaw (following matched-giving from the Foundation, plus Gift Aid).

The Foundation was also proud to match-fund seven Bridges employees individually, as they physically pushed themselves to their limits in aid of various charitable causes. Two colleagues completed the 2021 London Marathon, one cycled almost 300 miles from Morecombe to Scarborough, one completed an Olympic-distance triathlon, and another ran 100km over the month of October. With the help of matched funding, these employees raised over £17,800.

Refugees and the war in Ukraine

In light of the ongoing tragic events unfolding in Ukraine, and the huge, rapid displacement of innocent people from their homes, the Bridges team felt very strongly that they should make a contribution towards supporting the refugee community. After thorough research, the Foundation made two donations:

- £10,000 to support charity Polish Humanitarian Action's significant efforts, within Poland, to help Ukrainian refugees; and
- £10,000 to support vital work in Afghanistan – with a specific focus on hunger and mal-nutrition in this severely restricted country – through the UK Disasters Emergency Committee



Below:
One of the Bridges team over half-way through the 2021 London Marathon

Key achievements in 2021/22

Bridges Family Activities

The Foundation is also supporting 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 four requests during the year, totalling £4,093 (taking the total spend to date to £13,108).

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, twelve requests were made during the year, totalling £22,710 (2021: £9,800).

Bursaries & Scholarships

Having worked closely with the Diversity & Inclusion Working Group established by the team at Bridges, the Foundation has explored

practical ways in which we can support efforts to create more diverse, inclusive and equitable culture within the business.

One of Bridges' specialist investment areas is in real estate, one of the least diverse sectors in the UK. With this in mind, we are delighted to be sponsoring a student on a three-year bursary programme run by the Worshipful Company of Chartered Surveyors.

The WCCS' programme supports underprivileged students studying a real estate degree, both financially and through mentoring and work experience opportunities. Having been introduced to the Foundation by members of the Property team, this student spent several weeks over the summer with the team at the Bridges office, and on the ground attending site visits.

We are keen to improve access to equal opportunities in the surveyor and real estate industry, and hope that this programme, and others like it, will help to attract a broader range of talented people into the sector.



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

Future Plans

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

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

Within these, we are also expanding our work in a number of key ways:

Venture Philanthropy:

Over the course of the year, we have identified and selected a second focus area for the Foundation, alongside our existing focus on supporting solutions and services relating to young people's mental health. In a firm-wide vote, the broader Bridges team decided that our resources also be directed towards combatting Gender-based Violence. The team has since made good progress researching the theme, and narrowed its focus down to two specific areas:

- Education and prevention of gender-based violence; *and*
- Access to justice for victims and survivors

The team is currently exploring opportunities within these two streams to which the Foundation will then be able to allocate resources.

Seed-funding & Market-building:

Following on from the huge success of Village Enterprise, the Foundation is exploring how it can provide further support to catalytic outcomes-based projects internationally and create further positive impact in the lives of vulnerable people, via the SDG Outcomes Fund (p.9). We are particularly excited to see the delivery and results of initial projects supported by this fund as their details are finalised and they begin official work on the ground.

We are also looking to identify impactful UK initiatives rooted in nature-based solutions that we can support. Given the urgent threat to our environment, and the huge value, power and resilience of nature and biodiversity, the emergence of nature-based solutions to the climate crisis as a distinct vertical means there is a growing and sophisticated array of methods, technologies, businesses and initiatives looking to harness nature for a more sustainable and inclusive future.

Below: The global SDG Outcomes Fund will focus on generating positive impact in lower- and middle-income countries



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.

There were donations of £163,387 in the year to March 2022 (2021: £nil). As a result, £33,891 Gift Aid was claimed (2021: £nil).

A number of exit processes delayed by Covid are now underway again. The Foundation expects this 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 £41,981 (2021: £11,535) and received total distributions of £151,180 (2021: £93,514).

SEF distributed £419k to investors in the year. This increased total distributions, net of PPS, by year-end to £6.52m, which equates to 59% of the capital and loan drawn down (£11.01m). The gross value of SEF at the year-end was £6.9m.

In relation to its commitment to Bridges Evergreen Holdings (BEH), the Foundation made contributions from its restricted funds totalling £506,083 (2021: £65,747) and distributions of £129,222 have been received in the year to March 2022 (2021: £120,599) in the form of a dividend payment.

As at 31 March 2022, £50.8m had been drawn down from investors since the commencement of BEH on 6 July 2016. This represents 93% of

current commitments, and has been used to fund investments into New Reflexions, Shaw Healthcare, the Ethical Housing Company, Skills Training UK and AgilityEco, as well as Priority Profit Share and other Fund expenses.

In the year, BEH distributed £2.23m to investors. This represents a yield of c.4% of commitments drawn (excluding amounts drawn for AgilityEco and a short-term liquidity facility provided to New Reflexions).

The Foundation has granted £150,000 to date into setting up the SDG Outcomes Fund. Separately, it has now received \$65,702 in distributions from its \$50,000 investment into the Village Enterprise development impact bond.

Governance costs for the Foundation were higher than the previous year, at £10,603 (2021: £10,366). 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.

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 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. BIF benefits from its relationship with Bridges Fund Management, for which it is not charged. The Foundation is administered by the staff of BFM Ltd, who support it by offering time, resource and support to charitable activities.

At the year-end, Trustee Michele Giddens was also a director of BFM Ltd. In addition, Kyle Bentwood and Aaron Vagarwal were employees 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 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 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 investment period of Bridges Social Entrepreneurs Fund LP ended in 2016; the fund's term was due to expire in 2019, but this was subsequently extended to August 2021, so Bridges could continue driving impact and financial value in the remaining assets. The Fund is now in liquidation.

Bridges Evergreen Capital LP

Bridges Evergreen Capital LP is constituted under a limited partnership agreement and attracts funding which is invested in highly impactful businesses. The general and controlling partner of Bridges Evergreen Capital LP is Bridges Evergreen Capital (General Partner) LLP, a wholly-owned subsidiary of Bridges Fund Management Ltd. The investments of Bridges Evergreen Holdings are managed by 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.

SDG Outcomes Fund SCSp

Bridges Outcomes Limited acts as the portfolio manager for the SDG Outcomes Fund SCSp, the first vehicle of its kind dedicated to creating social and environmental outcomes through projects focused on health, education, women's economic empowerment and the environment to benefit the world's most vulnerable populations.

The Fund aims to achieve direct impact through potential positive outcomes estimated to be worth more than \$250m. The Fund also aims to achieve systemic impact through transforming the way donors commission and fund services for vulnerable people, as well as transforming the ecosystem of delivery partners, improving outcome payer engagement by achieving more outcomes and better value for money, and increasing the availability of more flexible, impact-focused capital through the establishment of a broader investor base.

Organisation and appointment of Trustees

The Bridges Impact Foundation is administered by the Board of 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 the law.

There must be at least four Trustees and no more than ten in office at any given time.

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

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.

The trustees remained the same throughout the year. However post year end, Duncan Kellaway stood down as Trustee, while Simon Ringer joined the Board as a senior member of the Bridges team.

In addition, Tom Mountford and Lucia Santirso Richards were elected as Bridges Employee Representatives, following the end of Kyle Bentwood's three-year term. Both Tom and Lucia were successful in a company-wide election which saw a number of colleagues put themselves forward for selection. The Foundation welcomes Tom and Lucia's expertise and enthusiasm!

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.

Alex Pitt, co-founder and Director of Growth at Mustard Seed, an early-stage generalist impact fund, has served as an independent trustee since 2020.

Post-year-end, Tim Simmonds, a partner at law firm Osborne Clarke, has been formally approved as another independent Trustee.

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.

Aaron Vagarwal is Secretary 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 quarterly finance updates presented at each board meeting – which analyse cashflow forecasts to manage financial risk – 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 £924,416 (2021: £799,134) of which £11,059 is designated and £913,357 is general, will be more than sufficient to cover ongoing expenses associated with its current operations.

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 at year-end totaled £5,184,546 (2021: £5,178,926).

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 previous 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.

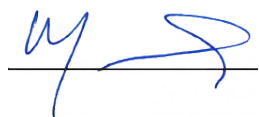
Insofar as the Trustees are aware:

- › 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

7th December 2022

BRIDGES

Impact Foundation

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Bridges Fund Management, November 2021