Threadneedle UK Social Bond Fund

ANNUAL IMPACT REPORT 2021

This Report on the Threadneedle UK Social Bond Fund (the "Fund") was written by The Big Issue Group ("The Big Issue"). The Big Issue is not regulated by the FCA but this document has been approved as a financial promotion for the purpose of Section 21 of the Financial Services and Markets Act 2000 ("FSMA") by Big Issue Invest Fund Management Ltd ("Big Issue Invest"), which is authorised and regulated by the Financial Conduct Authority under reference number 610618.

Views and other information contained within the report are based on research from sources deemed to be reliable by Big Issue Invest. This information is subject to change resulting from new developments, facts and/or research. Any reference to past performance contained within the report should not be treated as a reliable indicator of future results. As with all investments, your capital is at risk when investing and neither financial or social returns can be guaranteed. Anyone considering an investment within the Fund, should ensure they understand the risks of investing, and may wish to consider seeking the advice of an FCA authorised Financial Advisor.

CONTENTS

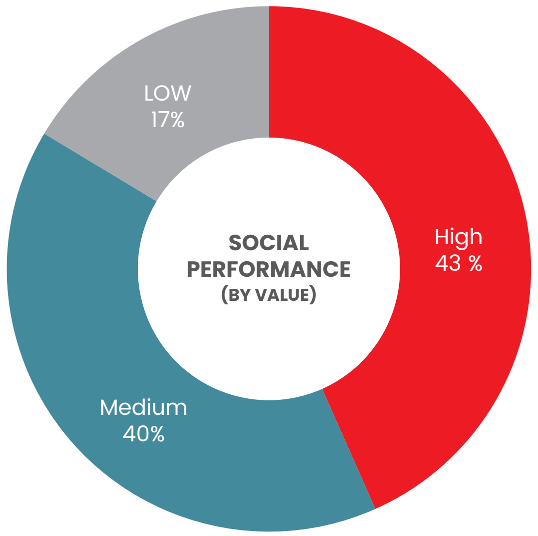
SOCIAL PERFORMANCE HIGHLIGHTS

AS OF JUNE 2021

The Threadneedle UK Social Bond Fund (the "Fund") was launched in January 2014 as the first fixed income fund to offer ordinary people, as well as institutional investors, an opportunity to see their savings and investments do social good and produce a financial return. The Fund's strategic impact objective is to support more inclusive and sustainable development in the UK. Now in its seventh year, the Fund has seen consistently steady growth and generally achieved its objective of delivering both positive financial and social returns.

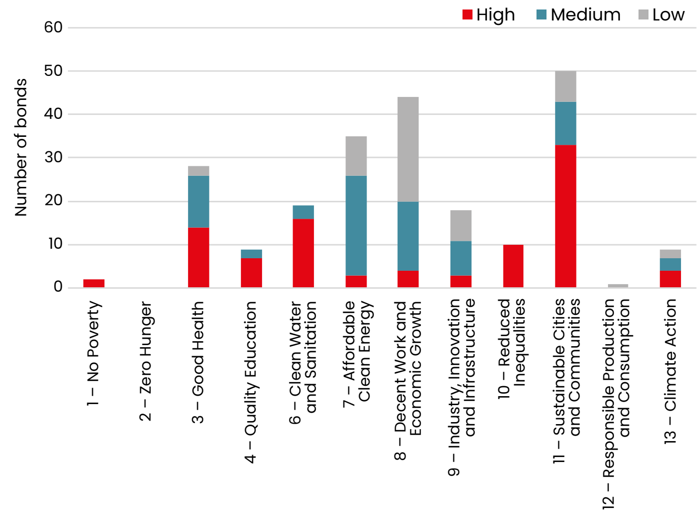
For the period ending 30 June 2021, the following results have been achieved:

SOCIAL PERFORMANCE



83% OF THE FUND HAS A SOCIAL PERFORMANCE RATING OF HIGH OR MEDIUM, WELL ABOVE THE FUND'S TARGET OF 66% AND 1% LOWER THAN THE PREVIOUS YEAR.

PRIMARY SDG ALIGNMENT (by number of bonds)

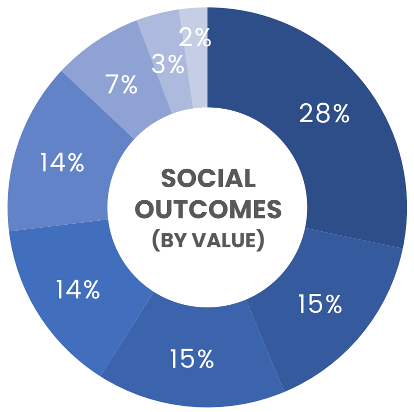


SOCIAL OUTCOMES

£350M INVESTED BY BOTH RETAIL AND INSTITUTIONAL INVESTORS

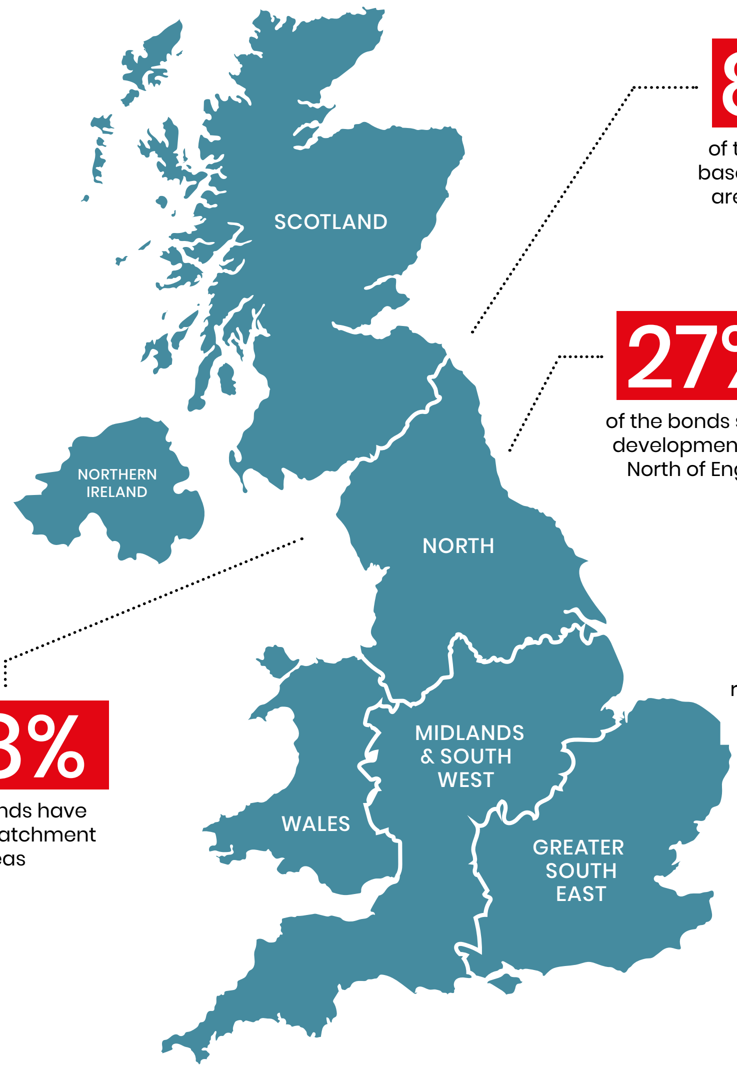
121 ISSUERS
225 BONDS
INCLUDING CHARITIES, REGISTERED SOCIAL HOUSING PROVIDERS AND LISTED COMPANIES

Diversified Portfolio targeting eight outcome areas aligned with the UN Sustainable Development Goals (SDG):



- Utilities and the Environment
- Health & Social Care
- Transport and Communications Infrastructure
- Housing & Property
- Financial Inclusion
- Employment & Training
- Community Services
- Education, Learning and Skills

THE FUND'S IMPACT OBJECTIVE IS TO SUPPORT MORE INCLUSIVE AND SUSTAINABLE DEVELOPMENT PRIMARILY IN THE UK



82% of the bonds are UK based, the remainder are global in reach

27% of the bonds support development in the North of England

59% of the bonds favour regional development outside the Greater South East

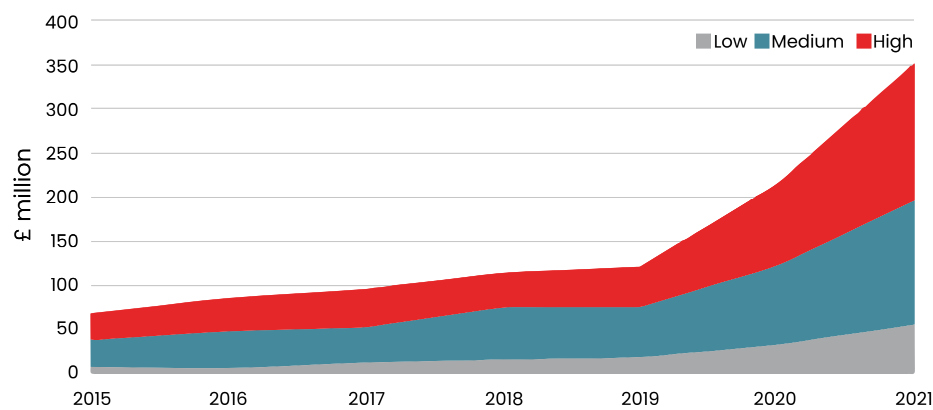
38% of the bonds have regional catchment areas

HIGHLIGHTS OF 2021

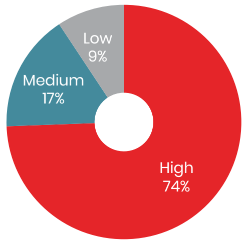
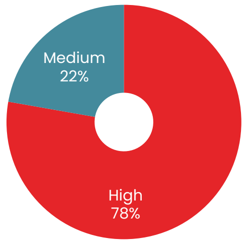
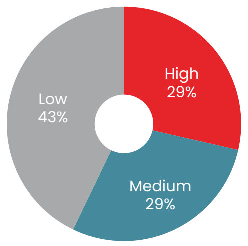
The Fund has continued to integrate impact management standards such as the Impact Management Project to better measure and share the impact of the Fund.

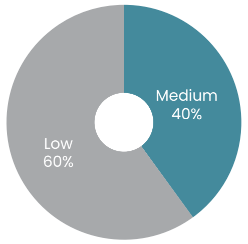
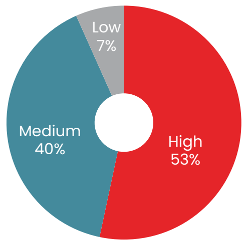
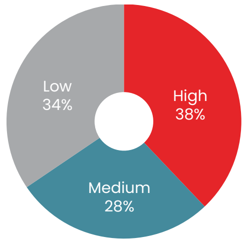
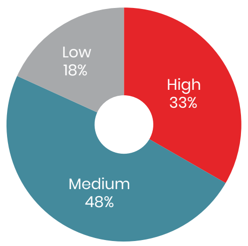
£14 million invested by the Fund into pandemic bonds to support the response and recovery from the impacts of the COVID-19 pandemic.

PORTFOLIO GROWTH AND SOCIAL PERFORMANCE ASSESSMENT OVER TIME



PORTFOLIO OVERVIEW

Outcome Area	No. of Bonds	Year-on-Year Growth in No. of Bonds	Primary SDG Alignment	Social Performance Rating	New Bond Issuances	Case Study and Page Reference
Affordable Housing and Property	43	-2%	11 Sustainable Cities and Communities		- Aster Housing Association - Blend - NatWest - Onward Housing - Orbit - Paragon	Orbit, p. 34 NatWest, p. 35
Community Services	4	0%[1]	10 Reduced Inequalities		No new bond issuances in the reporting period	Inter-American Development Bank, p. 37
Education, Learning and Skills	9	13%	4 Quality Education		- University College London	University College London, p. 40
Employment and Training	14	0%[2]	8 Decent Work and Economic Growth		- Marks & Spencer	Center Parcs, p. 42

Outcome Area	No. of Bonds	Year-on-Year Growth in No. of Bonds	Primary SDG Alignment	Social Performance Rating	New Bond Issuances	Case Study and Page Reference
Financial Inclusion	30	25%	8 Decent Work and Economic Growth		- Coventry Building Society - Legal and General - Nationwide Building Society - Pension Insurance Corporation - Yorkshire Building Society	Lloyds, p. 44
Health and Social Care	30	20%	3 Good Health and Well-Being		- AstraZeneca - European Investment Bank - Inter-American Development Bank - International Finance Facility for Immunisation - International Bank for Reconstruction and Development	International Finance Facility for Immunisation, p. 46
Transport and Communications Infrastructure	29	21%[3]	9 Industry, Innovation and Infrastructure		- Asian Development Bank - Euro Tunnel - Motability Operations Group - Orange	Orange, p. 48
Utilities and the Environment	66	40%	7 Affordable and Clean Energy		- Allied Irish Banks - Anglian Water - Bank of Ireland - Barclays - Cadent - Dwr Cymru (Welsh Water) - The International Development Association - London Power Networks (National Grid) - Southern Water - Tesco - United Utilities - Western Power Distribution - Yorkshire Water	Tesco, p. 50

1 The 2020 report listed 7 bonds in the Community Services: 2 bonds from Center Parcs have been reclassified to Employment and Training, 1 bond from CK Hutchison have been reclassified to Transport and Communications Infrastructure.
2 The 2020 report listed 12 bonds, which now includes 2 bonds from Center Parcs, which has been reclassified from Community Services to Employment and Training.

3 The 2020 report listed 23 bonds, which did not include the reclassified bond from CK Huchinson.

Big Issue Invest and Columbia Threadneedle Investments have been early pioneers in impact investing and one of the first to launch a mainstream impact investment product that offers the opportunity for everyone to invest for impact.

FOREWORD 2021

Welcome to the 2021 Threadneedle UK Social Bond Fund Annual Impact Report. In its seventh year, I am pleased to say the Fund has continued to grow to a total of £350 million assets under management at the time of writing. During the reporting period, the Fund held 225 bonds and continues to outperform its targets of investing in bonds generating social and environmental impact.

Since its launch in 2014, when the annual impact bond issuances were only $16 billion or 3% of that in 2020, the fund has been pioneering investment in green, social, and sustainability bonds. The growth in the Fund's asset under management is testament to its innovative and effective strategy. The Fund's continuing success to support sustainable and inclusive development is more important than ever. The Coronavirus-19 (COVID-19) pandemic continues to have significant health, economic and social impact on us all. The release of pandemic bonds within the market demonstrates a rapid response to the global need to respond to the pandemic and to prepare for inclusive and sustainable recovery.

During this period, the UK Government announced plans for the issuance of Green Gilts with a minimum value of £15 billion to support the financing of initiatives aligned to the UN Sustainable Development Goals.[4] In October 2020, the EU started issuing social bonds to fund its Support to Mitigate Unemployment Risks in an Emergency (SURE). The first SURE transaction attracted the largest ever order book of any deal in history of the global bond markets of €233 billion. Between October 2020 and May 2021, the Commission issued €89 billion of social bonds, with SURE becoming the world's largest social bond scheme.[5] The social bond market plays a growing role in society as evidenced by these exciting advances and recent analysis showing total cumulative issuance to be over $2 trillion in value.[6]

While green bond issuance grows, the increase in sustainability-linked and social bonds is a welcome development, as the bond proceeds can be used to achieve more of the UN Sustainable Development Goals. The issuance of the Tesco sustainability-linked bond is an example of how impact bonds contribute to both social and environmental solutions. The Fund Manager and Big Issue Invest share the recommendation that a holistic approach of social co-benefits should be considered in future social, green and sustainability bond issuances. With climate change and the global COVID-19 pandemic impacting society's most vulnerable, it is critical to consider how the "E" (Environment) and "S" (Social) of ESG work together to foster inclusive development to deliver outcomes equitably. This also means we need to continue to develop effective impact management systems for true, robust and transparent approaches to measuring and communicating impact across multiple outcomes. This year, the team have worked very hard to integrate standards such as the Impact Management Project to better communicate the impact of the Fund.

These developments indirectly address the issues of "green-washing", the subject of significant current public debate, of which many readers will be aware. Notwithstanding such awareness may I recommend to all to fully review those parts of the report that cover the Fund's philosophy and methodology.

JOHN HALE
INDEPENDENT CHAIR OF THE SOCIAL ADVISORY COMMITTEE
NOVEMBER 2021

4 HM Treasury: UK Government Green Financing, 30 June 2021.
5 URE Social Bonds, European Commission.
6 Bloomberg, as of 8 August 2021

01 INTRODUCTION

This is the seventh Annual Impact Report for the Threadneedle Social Bond Fund ("the Fund"). The Fund was launched in January 2014 as the first mainstream, fixed income impact investment offering in the UK. It aims to achieve both an investment return and contribute to positive social and environmental outcomes by investing in bonds issued by organisations that support social and economic development, primarily in the UK. It is an actively managed, positively screened fund with each bond assessed and selected for its potential to deliver positive impact. This report provides a summary of the Fund's impact performance.

ABOUT THE FUND

The Threadneedle Social Bond Fund was developed by Big Issue Invest (BII), the social investment arm of The Big Issue, in partnership with Columbia Threadneedle Investments, one of the UK's leading asset managers. Columbia Threadneedle manages the Fund and BII acts as the Social Advisor and has produced this annual Impact Report.

The overall impact objective of the Fund is clear: to support and fund organisations that deliver socially beneficial activities and more inclusive and sustainable development, primarily in the UK. The Fund seeks to contribute to positive social outcomes while delivering investors a financial return in line with the risk associated with investment-grade bonds.

In addition to these primary objectives, the Fund has two secondary market-building objectives:

- **Increase retail investor access to investments that have a positive impact.** The Fund aims to contribute to the democratisation of capital, making it easier for ordinary retail investors to invest for positive impact, as well as institutional investors. Building on the increase in retail level of investment from retail investors over the last few years, the fund continues to engage with direct and platform options for retail investors to access the fund.
- **Promote new bond issuance and the role of bonds as means to finance sustainable development.** Columbia Threadneedle and BII are committed to encouraging new bond issues by social purpose organisations, including charities, and bonds which have a specific use of proceeds for a socially useful purpose. Columbia Threadneedle has been an active supporter of the Retail Charity Bond Platform[7] since its launch in 2014 and is an active member of the International Capital Markets Association (ICMA) Social Bond Working Group.[8] Also, Simon Bond, the Fund's Portfolio Manager, and Nigel Kershaw, Chair of the Big Issue Group, both sit on the Impact Investing Institute's[9] Advisory Council, which aims to accelerate the growth and effectiveness of the impact investing market.

7 Retail Charity Bonds Platform.
8 ICMA – 2020/21 Social Bond Working Group.
9 Impact Investing Institute.

IMPACT MANAGEMENT APPROACH

The Fund is guided by an impact assessment methodology designed to ensure impact considerations are fully integrated into the investment decision-making and fund management process (see Annex 1 for more details).

This methodology was designed by Columbia Threadneedle alongside BII and The Good Economy consultancy at the Fund's inception and is reviewed on an annual basis. All parties recognise impact measurement and management is an emerging field. They are committed to reviewing and refining the approach to move in line with emerging industry standards and practice. This year, the Fund has engaged with the Impact Management Project (IMP) to apply the framework to the sector case studies.

The Fund's impact assessment methodology considers investment opportunities in relation to the following key areas:

- **Social outcome area**, making investments that aim to respond directly to the UK's social needs and challenges (taking into account the WHAT, WHO and HOW MUCH dimensions described by the Impact Management Project).
- Consideration of the varied **geography of social need** and the different spatial levels of social value creation (local, regional, national and supranational - WHERE is impact created).
- **Managing impact risk**, recognising the possibility of negative impact creation, understanding that the benefit expected may not be achieved and the need for constant impact performance monitoring and active impact management (RISK).[10]

A percentage of the Fund's earnings also goes towards supporting BII in its work of financing the growth of social enterprises and charities across the UK and contributing to The Big Issue Group's mission to build a world that works for everyone.

The Fund seeks to provide its investors with competitive financial returns alongside meaningful positive social benefits that respond to the social needs and development challenges of the UK.

STRUCTURE OF THE REPORT

This report is organised as follows:

Section one introduces the Fund, providing an overview of its objectives and the eight outcome areas in which the Fund seeks to invest. This section also provides information on context and wider market developments. This year we have focused on understanding the potential convergence of "social co-benefits": how positive environmental progress can contribute to social outcomes.

Section two provides an analysis of the performance of the Fund's overall portfolio, analysing the composition of the Fund by SDG alignment, social performance rating, outcome area and geography.

Section three provides a more detailed analysis of the Fund's social performance by outcome area, including the number and social rating of bonds and case studies on individual bonds.

Section four provides a Forward Look focused on three main themes:

1. How do we manage for social co-benefits with growth in environmental, sustainable and social bond issuance.
2. Increasing social bond issuance in the UK.
3. Continued progress in the impact management and reporting standards.

10 The Fund aims to consider the five dimensions of impact as developed by the Impact Management Project (IMP). This is a global forum of practitioners which reached consensus that impact can be deconstructed into five core dimensions: What, Who, How Much, Contribution and Risk.

CONTEXT AND WIDER MARKET DEVELOPMENTS

GROWING SOCIAL BOND MARKET

As mentioned in the 2020 Impact Report, there has been continued growth in impact bonds which include green, social, sustainability, and sustainability-linked bonds. While green bonds have historically been dominating the impact bond sector, in the last three years this has been steadily declining: green bonds have contributed half of total issuances in 2020, down from almost 90% in 2017. Social bonds have raised almost $170 million or a third of total issuances in 2020.

One of the key drivers for social bond growth has been the response to the COVID-19 pandemic. The focus of these investments have been to provide financial support and health services to countries and communities most severely hit by the pandemic.

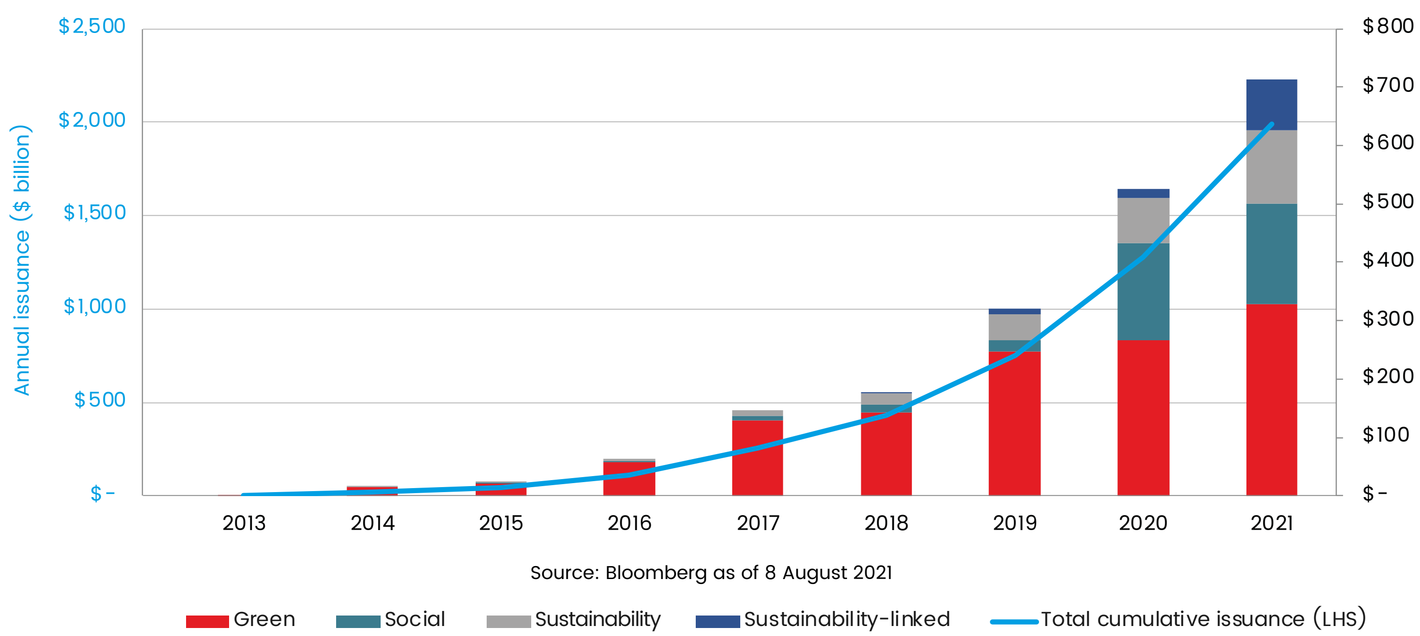
THE NEED FOR IMPACT INTEGRITY

In the last year's Impact Report, we discussed the importance of having rigorous industry-wide standards of impact reporting and management. There has been continued work in this area with organisations such as: the Impact Investing Institute, who collaborate with organisations in the UK and internationally to enable and encourage impact investment; the Impact Management Project, with a community of over 2,000 partitioners to share best practices in impact measurement and management; the UN Principles for Responsible Investment with over 2,700 participating financial institutions as of August 2021. The launch of the UK government's Green Financing Framework shows that these efforts are directed from the public and non-profit sectors as well as through collaboration in the private sector. As this market grows, it is crucial that there is continued development of impact reporting and management to mitigate the risk of "green-washing" or "impact-washing".

COVID-19 RESPONSE

One of the main effects of the pandemic on the bond markets has been the issuances of pandemic bonds. As we have discussed in the Foreword of the report, the pandemic has highlighted the importance of considering environmental as well as social impact, particularly in the response to the pandemic. The Fund holds £14 million of its value in pandemic bonds, which reflects the growth of S within ESG as the bonds focus on healthcare and social recovery.

Allocation of Green, Social, Sustainability, Sustainability-linked Issuances from 2013 to 2021 Year-to-Date (as of 8 August 2021).



The Fund achieves its impact objective by investing in a diversified portfolio of bonds across eight social outcome areas. These outcome areas are aligned with the UN Sustainable Development Goals (SDG).

Social Outcome Area	Primary SDG Alignment	Other Relevant SDGs	Primary Outcomes	Typical Bond Issuers
Affordable Housing and Property	11	10	Increased supply of affordable, good quality homes, particularly for people on low incomes, key workers and students	- Registered social and affordable housing providers and property developers
Community Services	10	1, 11, 16, 17	Increased access to community facilities and services that improve individual and local wellbeing; encouraging bond issuance as a new source of funding for charities	- Charities - Local authorities - Development organisations
Education, Learning and Skills	4	5, 10	Supporting wider participation in higher education and promoting social mobility; increasing quality of education for all	- Universities - Providers of educational - services and learning materials
Employment and Training	8	1, 10	Supporting provision of good jobs, particularly in areas of high unemployment; improved employment opportunities and skills development for young people	- Large UK employers
Financial Inclusion	8	9	Universal access to affordable financial services that support decent standards of living	- Banks and financial institutions, including mutuals
Health and Social Care	3	2, 10	Improving quality and accessibility of health and social care facilities and services; facilitating financing of healthcare services through insurance products	- Large providers of health and care services and related services, including research, property development and financial products
Transport and Communications Infrastructure	9	8, 10, 11, 13	Improvements in the quality of and access to transport and communications infrastructure and services, particularly outside London and the Greater South East	- Transport and telecommunications companies
Utilities and the Environment	7	6, 9, 12, 13	Supporting the provision of affordable and sustainable utilities provision, including water, waste and energy services	- Utility companies - Development finance - institutions

THE BIG ISSUE GROUP

The mission of The Big Issue Group is:

"Building a world that works for everyone. Challenging, innovating and creating self-help and sustainable business solutions that dismantle poverty now, and for future generations."

Launched in 1991, The Big Issue provides individuals facing poverty or social exclusion, with an opportunity to run their own micro-business by selling The Big Issue magazine to the public.

This year marks the 30th anniversary of The Big Issue (TBI) supporting people across the UK. Since 1991, The Big Issue has supported more than 100,000 vulnerable individuals to become magazine vendors and sell more than 200 million copies, this equates to £115 million of income for TBI vendors. The aim is to equip them with practical business skills and build confidence and self-esteem through daily interaction with customers. Vendors buy The Big Issue magazine for 50% of the cover price, meaning each seller is a micro-entrepreneur who is working, not begging. Every year, there are at least 1,500 active vendors selling the Big Issue across the UK.

During the COVID-19 pandemic, The Big Issue supported vendors with over £1.3 million in financial support, provided £119,000 worth of PPE and held over 8,000 phone calls and check ins to support vendor wellbeing.

Moving out of the pandemic, over 500 vendors have been supported to become "cashless" to improve sales and subscription opportunities to continue to develop their micro-enterprises.

ABOUT BIG ISSUE INVEST

Founded in 2005, Big Issue Invest extends The Big Issue's mission by financing the growth of sustainable social enterprises and charities across the UK. Big Issue Invest (BII) offers social enterprises, charities and profit-with purpose businesses, loans and investment from £20,000 to £3.5 million. It manages or advises on £300 million of social funds, including £39.7 million assets under direct management. In 2020-2021, BII invested in over 184 organisations across the UK, with 62% of investment in the highest areas of deprivation. Alongside working in areas where it is needed, Big Issue Invest's clients provide services to over 1.16 million people across the UK and provide jobs for up to 10,000 people and volunteering opportunities for 6,900 people.

Homes For Good

HOMES FOR GOOD

Homes for Good (HfG) is a social private landlord and lettings agency in the private rental sector (PRS) in Scotland. HfG provides a solution to the lack of affordable, high-quality housing to those on low income by providing secure, supportive and sustainable housing to vulnerable people. Big Issue Invest provided £3.5 million of equity and debt investment for Homes for Good to scale their innovative housing model.

Based in Glasgow and Ayrshire in the west of Scotland, Homes for Good manages over 190 properties with 88% of properties in the poorest deciles of deprivation in Scotland. 98% of tenants are classed as "social tenants" and 36% of tenants are supported by charity partners such Y People and TARA who support people who are at risk of homelessness and women who are victims of human trafficking.

11 SUSTAINABLE CITIES AND COMMUNITIES

IMP Rating - C – Contribute to Solutions

The Fund is attracting increasing numbers of retail investors with regular contributions being made through ISAs. This realises BII's ambition to create an impact investment product suitable for everyday investors.

02 PORTFOLIO-LEVEL PERFORMANCE ANALYSIS

As of June 2021, the Fund had £350 million assets under management (AUM), up from £214 million in June 2020 (63% annual increase in AUM). The Fund's solid six-year track record means it now meets the requirements of more institutional investors and investment advisors, while it is also available on more platforms enabling individual retail investors to invest.

The growth of the fund also reflects the growth of the social, environmental and sustainability bonds market. This is reflected in a total issuance over the last ten years of $1,989 billion according to data from Bloomberg and also highlighted in the 2020 Sustainable Debt Report from the Climate Bonds Initiative (December 2020).[11]

The Fund is growing with increasing demand among both institutional and retail investors.

As of June 2021, the Fund was invested in 225 bonds from 121 issuers, including charities, registered social housing providers and publicly listed companies.

This year, we are again publishing the full list of bond issuers as a commitment to full transparency on how funds are invested. (see Annex 2)

11 The Climate Bonds Initiative: Record $700bn of Green, Social & Sustainability (GSS) Issuance in 2020: Global State of the Market Report, 23 April 2021.

TOP 25 BOND HOLDINGS, 2021

The top 25 holdings accounted for 52% of the total value of the Fund, as listed below. See Annex 2 for the full list of bond issuers.

Name of Issuer	Social Outcome Area	Social Performance Rating	% of Portfolio (June 2021)	% change in holding (2020-21)
Motability Operations Group	Transport and Communication Infrastructure	High	2.98%	0.84%
LCR Finance	Transport and Communication Infrastructure	Medium	2.89%	-3.62%
NatWest[12]	Affordable Housing and Property	High	2.88%	11.62%
PRS Housing Agency	Affordable Housing and Property	Medium	2.84%	103.10%
Nationwide Building Society	Financial Inclusion	Medium	2.83%	-4.86%
Wellcome Trust	Health and Social Care	High	2.73%	-11.53%
Anglian Water	Utilities and the Environment	High	2.46%	New Issuer
BUPA	Health and Social Care	Medium	2.43%	-1.62%
International Finance Facility for Immunisation	Health and Social Care	High	2.22%	130.27%
Yorkshire Building Society	Financial Inclusion	Low	2.09%	-13.49%
Barclays	Utilities and the Environment	Medium	1.95%	22.84%
Golden Lane Housing	Affordable Housing and Property	High	1.94%	-37.43%
Royal London	Financial Inclusion	Low	1.86%	75.57%
Lloyds	Financial Inclusion	Medium	1.81%	-24.82%
HSBC	Utilities and the Environment	Medium	1.78%	-22.39%
Legal and General	Financial Inclusion	Low	1.76%	-7.39%
Transport for London	Transport and Communication Infrastructure	Medium	1.72%	-39.14%
International Bank for Reconstruction and Development	Health and Social Care	High	1.72%	47.75%
Coventry Building Society	Financial Inclusion	Medium	1.60%	-9.10%
Morrisons	Employment and Training	Medium	1.58%	0.87%
Western Power Distribution	Utilities and the Environment	Medium	1.54%	30.44%
Annington Finance	Affordable Housing and Property	Medium	1.52%	-5.30%
Inter-American Development Bank	Community Services	High	1.52%	-23.28%
Dwr Cymru (Welsh Water)	Utilities and the Environment	High	1.50%	-45.96%
African Development Bank	Community Services	High	1.43%	-4.03%

12 Previously referred to RBS, which was acquired by NatWest in 2020. Details of the RBS social impact bond are described in the 2020 Impact Report.

SUMMARY OF THREE-YEAR PERFORMANCE TRENDS

The Fund has grown substantially during the year, with AUM up 63% from June 2020 to £350 million. This growth has occurred while maintaining a high level of overall social performance, with 83% of bonds rated High or Medium. Investments have been concentrated in the UK (82%). The weighting of supranational bonds has declined somewhat from 19% to 18%, however it is still above the 2019 levels. This reflects both the response of the bond market in general and the Fund's own response to the COVID-19 pandemic. The global nature of the challenge presented by the pandemic has prompted substantial growth in issuance from supranational organisations funding efforts to tackle the virus and its wider impacts in the last 24 months.

These issuances also saw an increase in the percentage of the portfolio invested in Health and Social Care increasing from 12% to 15%.

Of investments made within the UK, the Fund favours bonds with a focus outside the Greater South East although the proportion of such bonds by value fell this year from 63% to 56%, with new bonds such as University College London and Utilities bonds including Anglian Water and National Grid. The Fund remained diversified across its eight outcome areas, although investments in Utilities and Environment, Transport and Communications, Affordable Housing and Property and Financial Inclusion continued to represent approximately three-quarters of the portfolio.

		2019	2020	2021
Portfolio	Value (£ million)	120.1	214.2	349.5
	Number of bonds	145	190	225
	Number of Issuers	100	111	121
	Top 25 Issuers (% of Fund by Value)	54.3	54.6	51.6

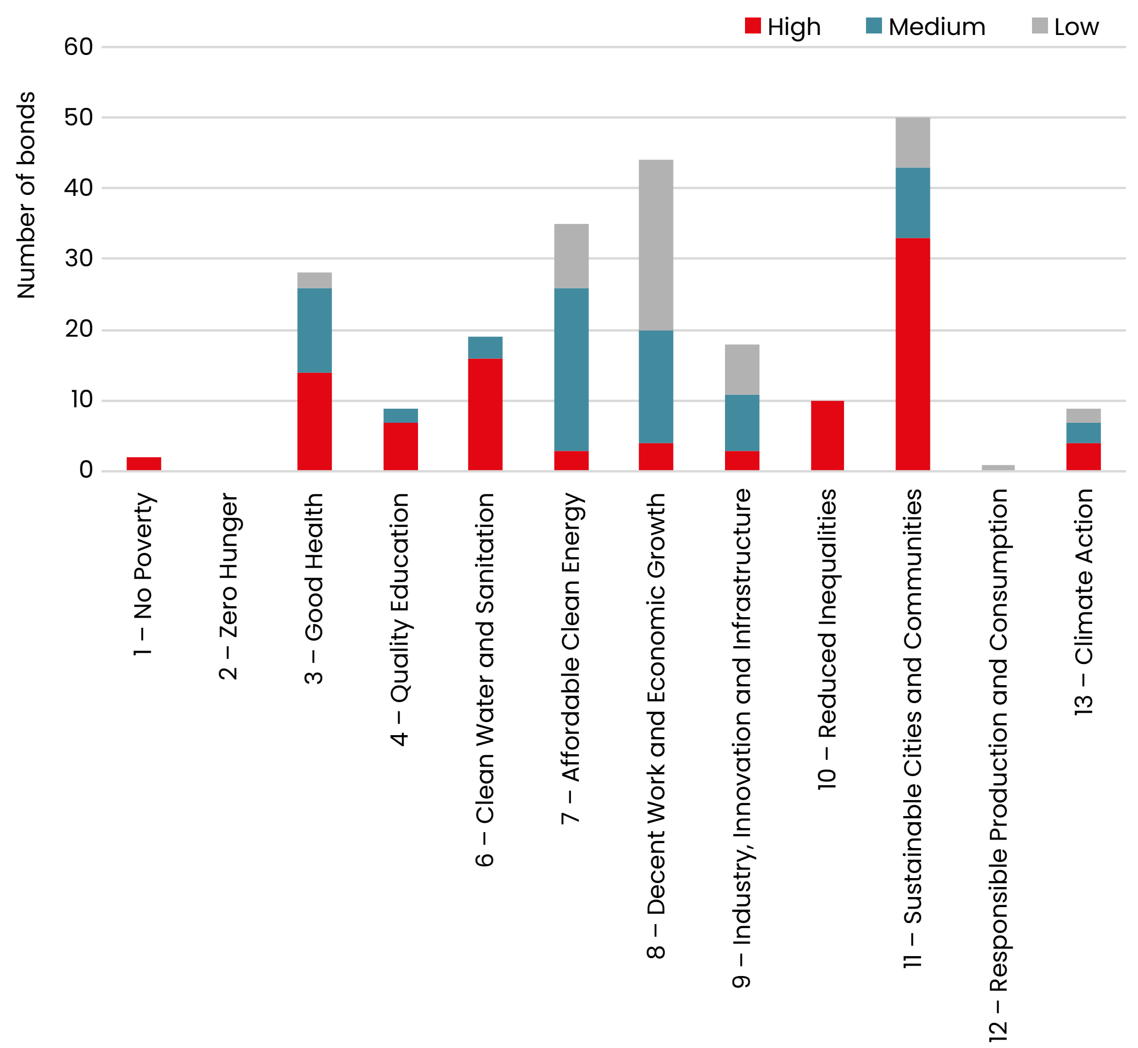
		2019 (% of value)	2020 (% of value)	2021 (% of value)
Social Performance	High	35.8	42.1	43.3
	Medium	46.9	41.7	40.3
	Low	17.3	16.2	16.4
Social Outcomes	Affordable Housing and Property	15.6	14.1	14.1
	Community Services	3.5	3.8	3.5
	Education, Learning and Skills	2.5	3.2	2.3
	Employment and Training	7.7	7.2	7.3
	Financial Inclusion	11.1	13.5	13.9
	Health and Social Care	9.5	12.2	15.4
	Transport and Communication Infrastructure	18.5	18.2	15.3
	Utilities and the Environment	31.5	27.8	28.3
Social Geography	Regional	37.7	36.0	31.7
	National	47.2	44.9	49.9
	Supranational	15.2	19.1	18.4
Regional Geography	Outside of GSE	68.5	62.6	55.5
	Midlands and South West	21.3	17.9	12.8
	North	19.9	16.7	16.9
	Scotland and Northern Ireland	7.9	7.4	5.6
	Wales	11.0	11.8	7.4
	Multi-Regional	8.3	8.8	12.8
	Greater South East	31.5	37.4	44.5
Job Performance	Favourable Overall Jobs Performance[13]	55.1	47.6	38.5

13 2021 methodology has been revised to include gender pay gap across the industry sectors.

HEADLINE RESULTS

SDG ALIGNMENT AS OF JUNE 2021 (by number of bonds)

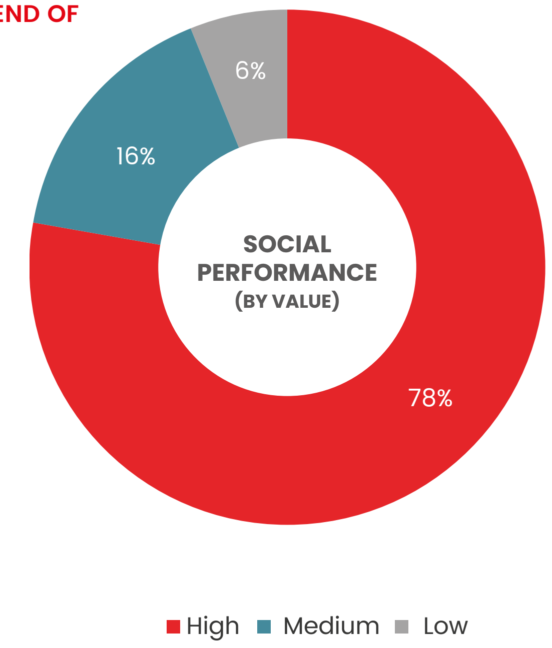
The Fund is making the greatest contribution to SDG 11 – Sustainable Cities and Communities. There are also substantial contributions being made to SDG 8 – Decent Work and Economic Growth, SDG 7 – Affordable and Clean Energy and SDG 3 – Good Health and Wellbeing.



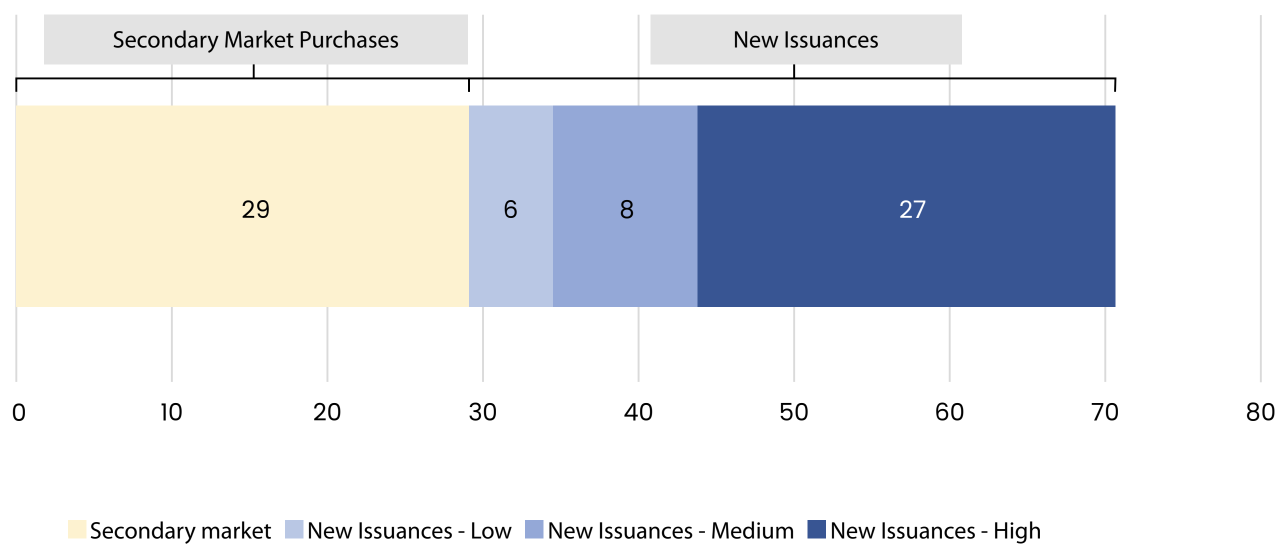
SOCIAL PERFORMANCE RATING FOR NEW ISSUANCES IN 12 MONTHS TO END OF JUNE 2021 (by value)

The Fund does not claim direct attribution for impact creation, but rather the portfolio is aligned to specific impact areas. The Fund can make the greatest impact contribution by investing into new issuances, particularly those with High social performance ratings.

In the last 12 months, the Fund invested in 70 new bonds. Out of these, 41 bonds were new issuances in the calendar year, with 27 of these rated High from the social performance perspective. This equated to almost 80% by total value of bonds purchased on the primary market in the reporting period.



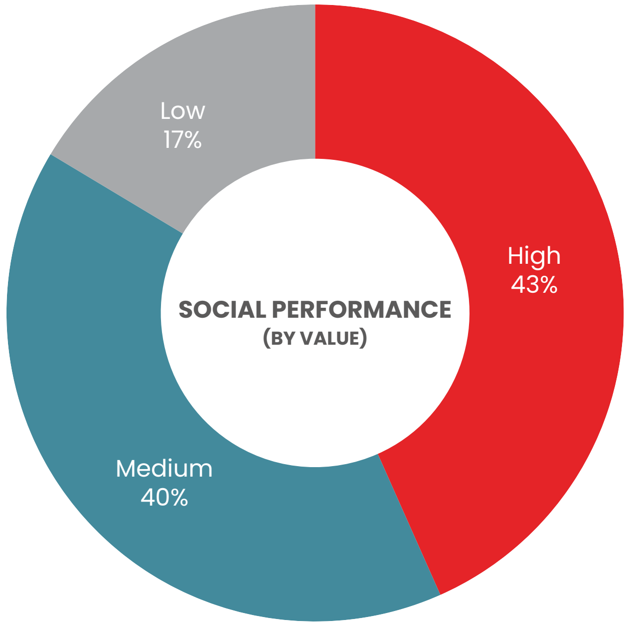
2021 New Bonds Breakdown by New Issuances and Secondary Market Purchases



The Fund continues to perform well against its key social performance targets.

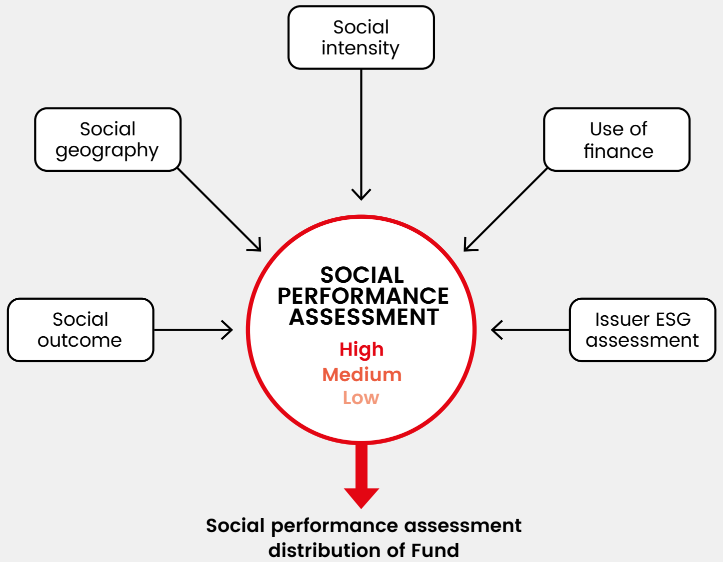
SOCIAL PERFORMANCE RATINGS (by value)

This year, 43% of the Fund's value fell into the High social performance category, 40% into Medium and 17% into Low. Overall, the proportion of the Fund rated as High or Medium has decreased slightly from 84% in 2020 to 83%. This is well above the Fund target of having 66% of the portfolio rated as High or Medium. There was a slight increase in the proportion of the Fund assessed to have a High social performance rating, from 42% to 43%.



SOCIAL PERFORMANCE RATING

The Columbia Threadneedle Responsible Investment team carries out a social due diligence of all eligible bonds prior to investment and provides an overall social performance rating (High, Medium or Low). The assessment has five dimensions:

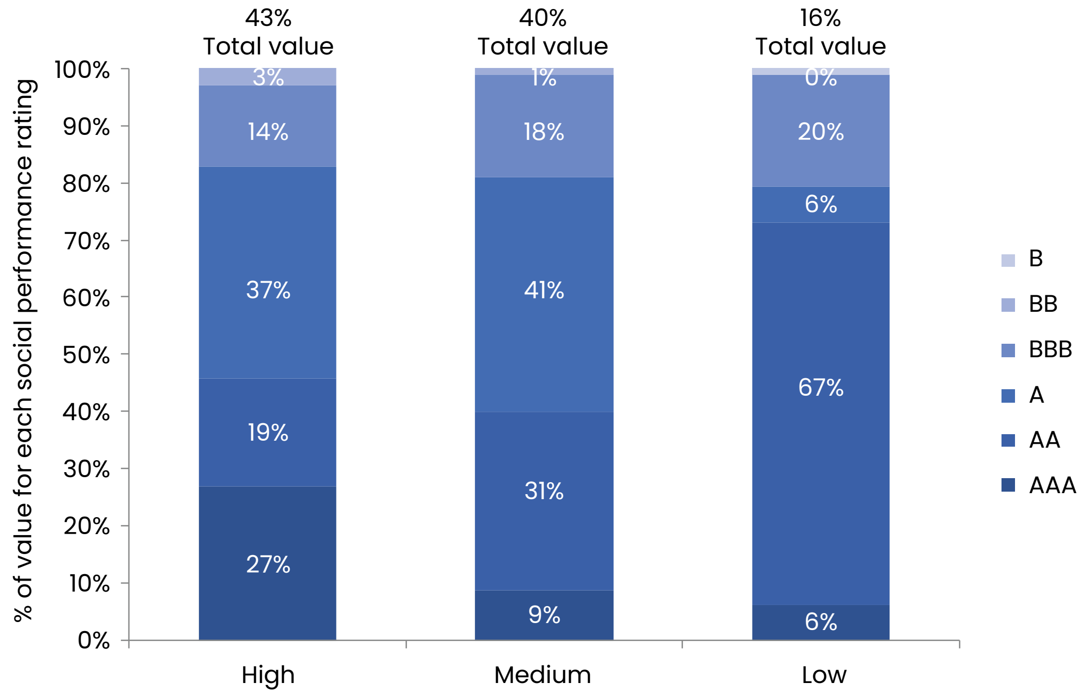


See Annex 1 for a detailed description of the Impact Assessment Methodology

Almost a third of issuers rated High have AAA ESG rating compared to 9% and 6% of Medium and Low rated issuers. Almost three quarters of Medium-rated issuers are rated AA & A. This is in line with the social performance rating methodology, where ESG rating is one of the dimensions considered.

Note the chart does not include 28% of issuers who have not been rated by MSCI, for instance a lot of the housing associations and smaller utility companies, which are mostly classified as High or Medium by social performance.

ESG AND SOCIAL PERFORMANCE RATINGS OF LISTED ISSUERS - 72% OF ISSUERS (by value)

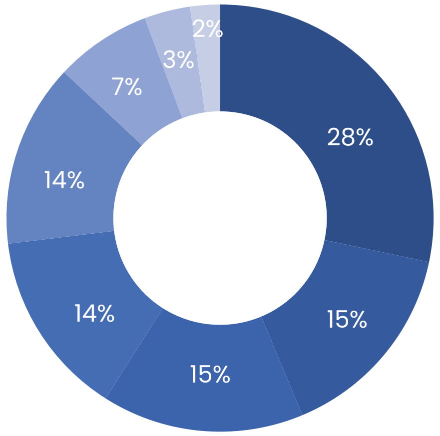


Source: MSCI's ESG ratings, the Fund's social performance rating

WHAT TYPE OF IMPACT?

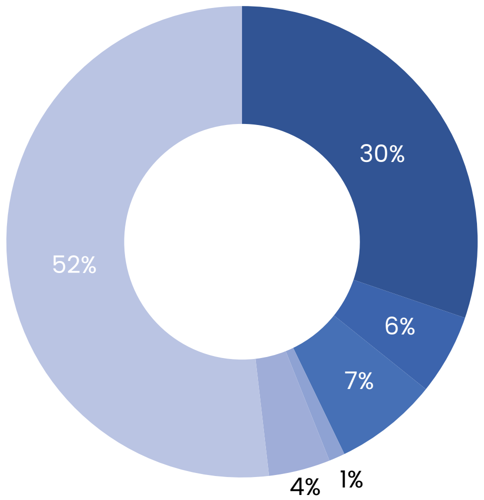
SOCIAL OUTCOMES (by value)
The Fund remains diversified across its eight outcome areas. There has been continued growth in the number of bonds held by the Fund, yet three of the four largest outcome areas remained the same – Utilities and the Environment (28%), Transport and Communications Infrastructure (15%), Affordable Housing and Property (14%), with Health and Social Care (15%) as second-highest category by value. These areas comprise approximately three-quarters of the Fund's investment value.

The Fund's weighting has largely remained the same from the previous year. The most substantial changes were for Transport and Communications Infrastructure, which was reduced from 18% to 15% and Health and Social Care, which increased from 14% to 15% largely due to the Fund's investment in COVID-19-related bonds.



- Utilities and the Environment
- Health & Social Care
- Transport and Communications Infrastructure
- Housing & Property
- Financial Inclusion
- Employment & Training
- Community Services
- Education, Learning and Skills

SOCIALLY RESPONSIBLE SECTOR (by value)
The proportion of the Fund invested in bonds defined as coming from 'socially responsible sectors' declined over the 12 months to June 2020 from 46% to 42%. This includes green, social and sustainability bonds, as well as those issued by charities and housing associations. Within this breakdown, the representation of green, social and sustainability bonds remained constant at 30%, while charity bonds fell from 7% to 6% and housing bonds fell from 10% to 7% of the Fund's value. Last year also saw a new type of bond introduced to the Fund's portfolio – pandemic bonds. These are specific use-of-proceed bonds which will finance both the healthcare response to – and wider economic recovery from – the effects of COVID-19. These bonds have increased from 1% to 4% of the Fund's value.



- Green, Social and Sustainability Bonds
- Charity Bonds
- Housing Association Bonds
- University Bonds
- Pandemic Bonds
- Other (e.g. Corporate Bonds)

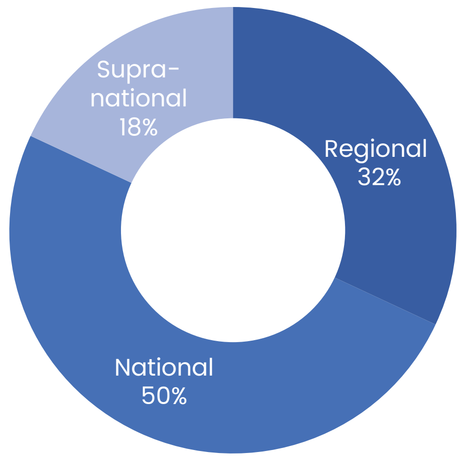
WHERE IS IMPACT CREATED?

SOCIAL GEOGRAPHY (by value)
The Fund's investments continue to be primarily concentrated in the UK, with a particular focus on driving inclusive development and tackling regional inequality by targeting regions outside the Greater South East. However, the last three years have seen an increase in investment in bonds targeting development outcomes internationally, including in countries in Europe, Africa and Latin America. These supranational bonds increased from 12% to 19% of the Fund's value in the 3 years to June 2020, although they declined slightly to 18% this year.

It must be stated that the response of the bond markets to the COVID-19 pandemic is the main reason for the growth in the Fund's holdings that have an international focus. This has been mainly driven by issuances from supranational institutions owing to the global nature of the social challenges caused by COVID-19. The Fund has effectively responded to those patterns of issuance given the severe risk and negative impact to human health and development presented by the COVID-19 pandemic. This is something to be commended – it demonstrates both the Fund and the bond market in general responding quickly and efficiently to one of the most pressing social challenges of our time.

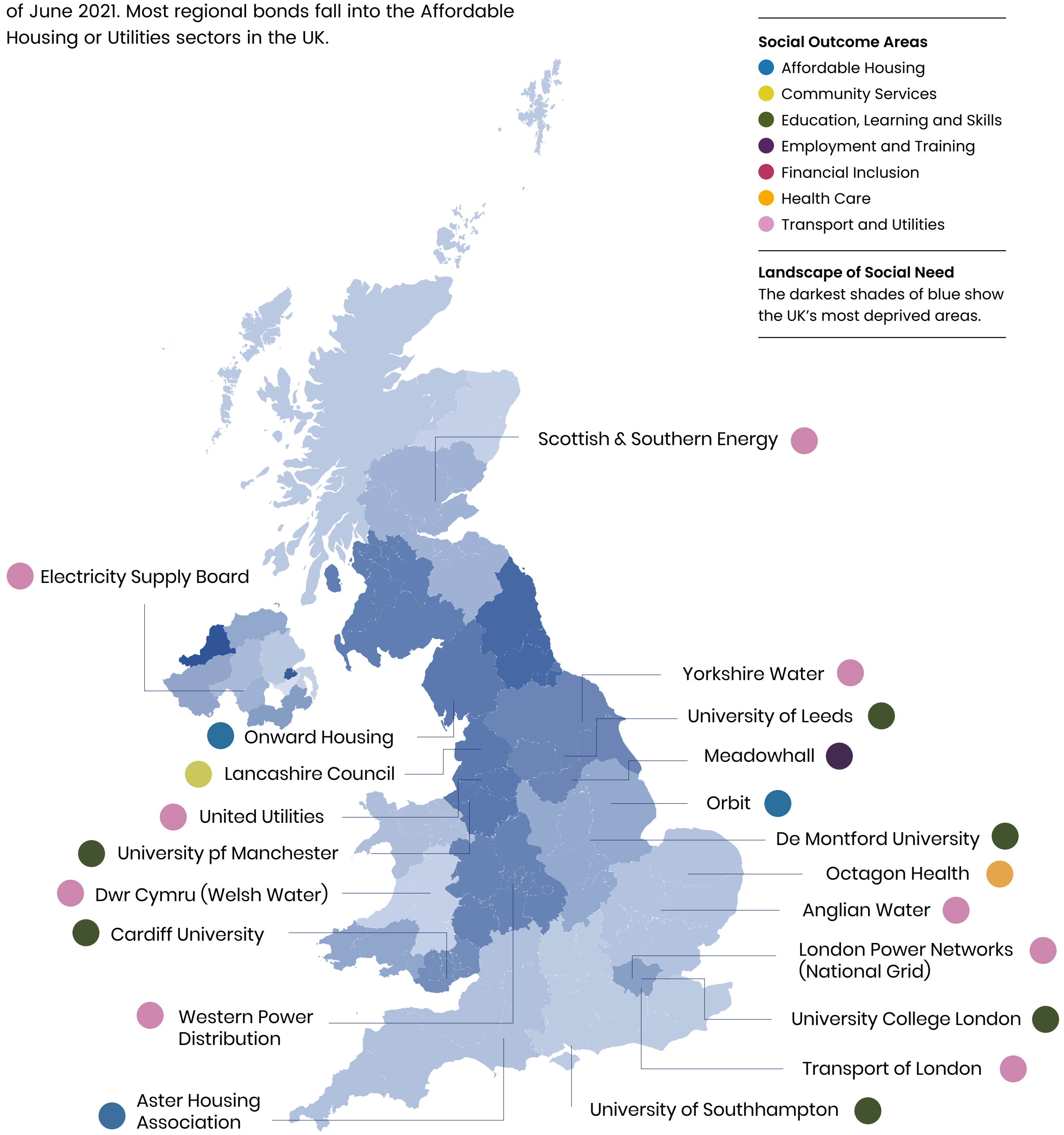
Within the UK allocation, the proportion of the Fund's value with a national reach increased to 50%, while investment with a regional focus decreased from 36% to 32% of the portfolio. In 2018, these bonds constituted 42% of the Fund's value so there has been an overall decline over several years.

Of the Fund's regional investments, 56% of value is concentrated outside the Greater South East, down from 63% in 2020. Regional investments in the Midlands and the South West decreased from 18% to 13%, while the North remained at 17% during the year. Wales' share decreased from 12% to 7%. Scotland and Northern Ireland's combined share decreased marginally, from 7% to 6% of the Fund's regional investment, while bonds with a multi-regional focus increased from 9% to 13% of value.



INVESTMENT FOR INCLUSIVE AND SUSTAINABLE DEVELOPMENT IN THE UK

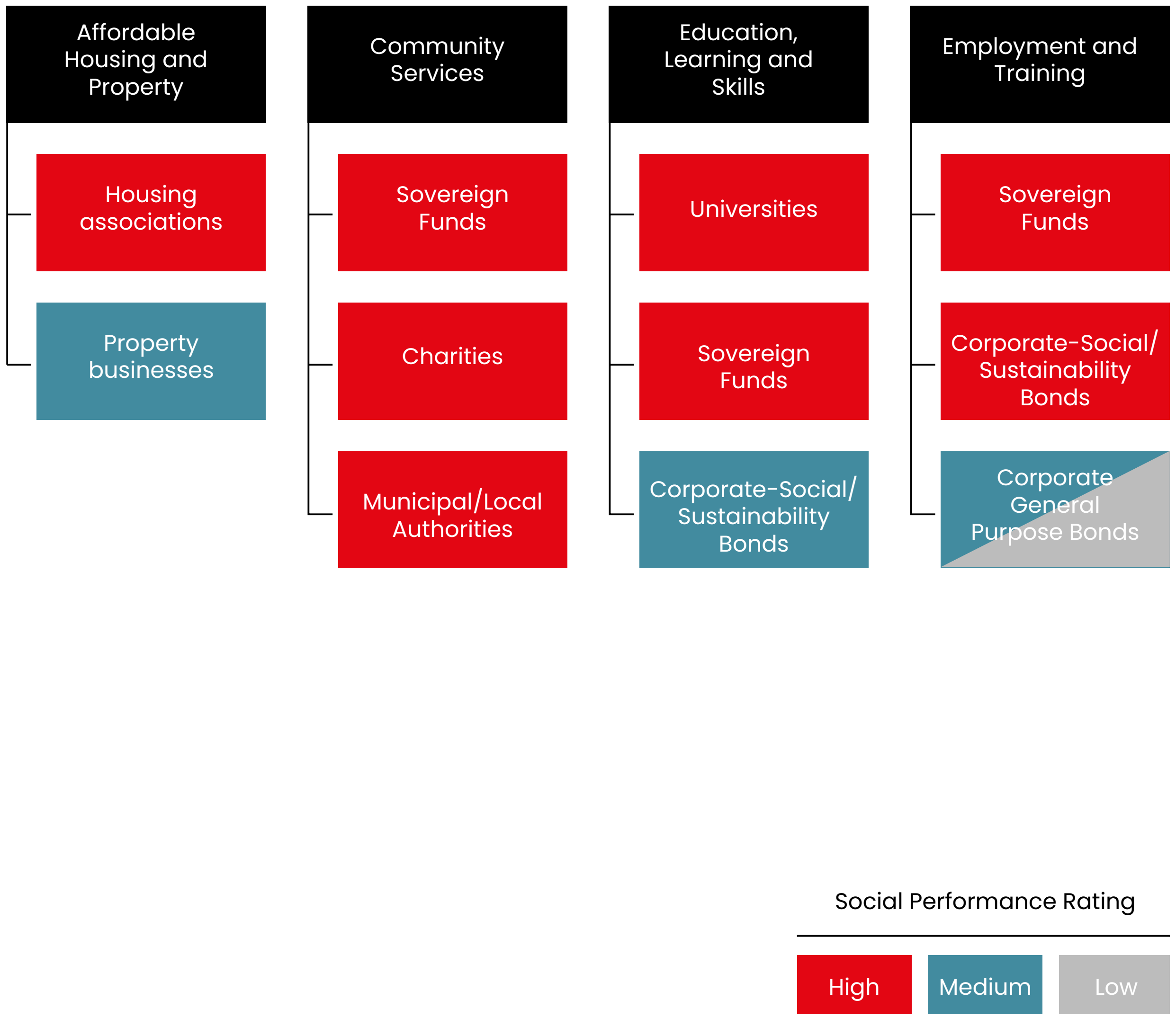
The map shows selected regionally-focused bonds held as of June 2021. Most regional bonds fall into the Affordable Housing or Utilities sectors in the UK.

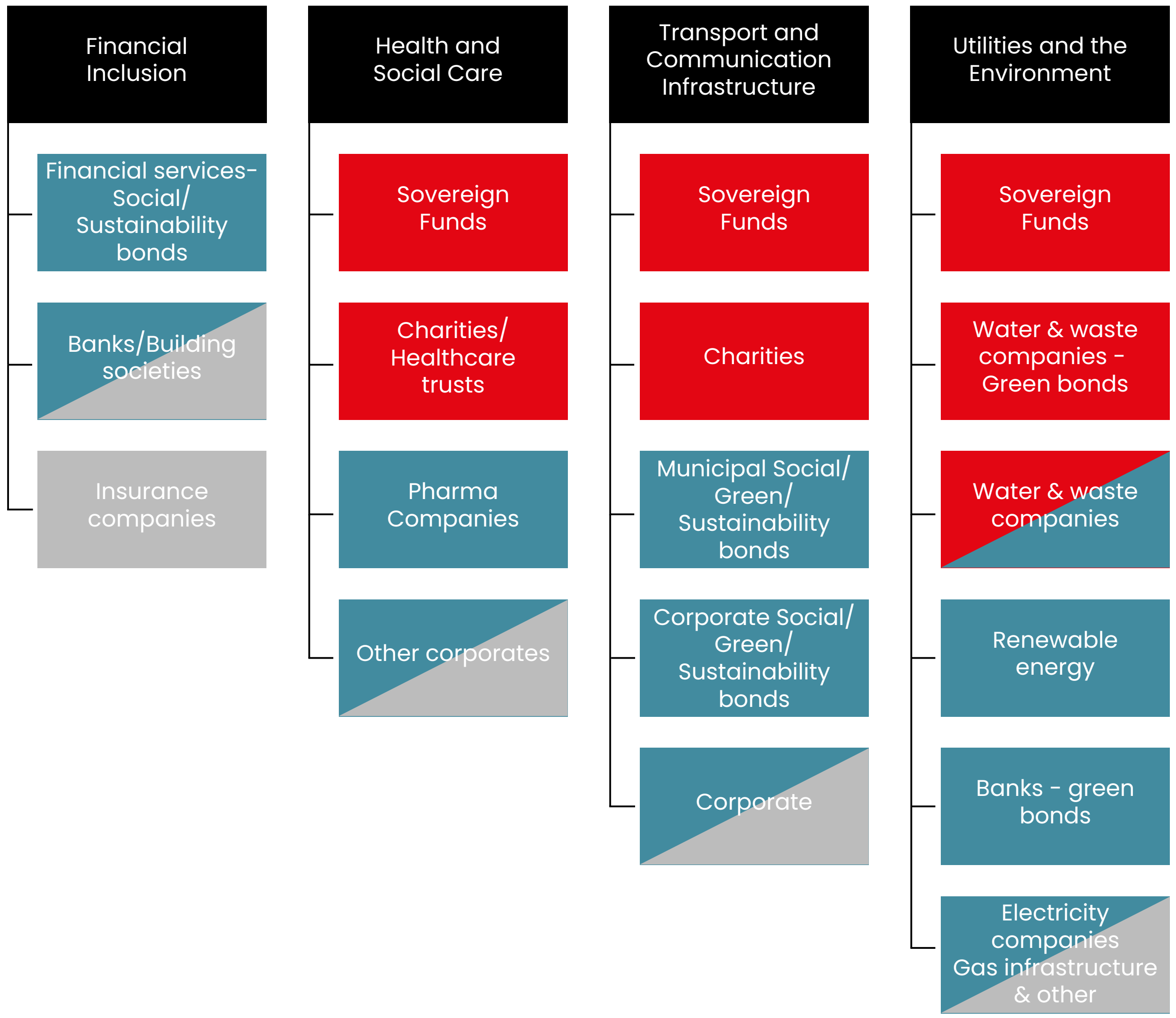


Sources: English Indices of Deprivation (2019), Northern Ireland Multiple Deprivation Measure (2017), Scottish Index of Multiple Deprivation (2020) and Welsh Indices of Deprivation (2019). Measure % of Local Authorities neighbourhoods (LSOAs) in the 20% most deprived nationally.

IMPACT RATING MAPPING

As part of the impact analysis for this report, BII has classified different types of issuers and bonds for each impact outcome area to ensure that their social performance is rated consistently across the portfolio. This guidance has been used in the development of the Fund's current Social Intensity Methodology to integrate with the emerging Impact Management Project (IMP) 5 Dimensions Framework. The analysis found the ratings are mostly aligned and indicate a correlation between issuer rating and bond social intensity. This provides a strong starting point to continue to integrate the IMP into the Fund's impact management approach, particularly when assessing the Counterfactual dimension within the IMP Framework (see the case studies for more detail and examples of how the framework is applied to specific bonds).





AN OVERVIEW OF JOBS PERFORMANCE

This section provides an approximate assessment of the Fund's overall supportiveness of inclusive job growth in the UK by analysing the concentration of the Fund's investments in sectors of the economy that perform favourably on good job creation.

The UK faces a "good jobs challenge". Even with the impact of COVID-19, the unemployment rate is relatively low, but the UK needs to establish "a more equitable distribution of good job opportunities, both socially and geographically" (OECD). Prevalent challenges to achieving more equitable job opportunities in the UK include high incidences of in-work poverty, under-employment and localised hotspots of high unemployment (Joseph Rowntree Foundation; 2020/2021).[14] Further, the impact of COVID-19 has disproportionately affected women, young workers and low paid workers (Resolution Foundation: 2020).[15]

Employment and Training is the only social outcome area in which the Fund invests with the primary intention of directly addressing the good jobs challenge (SDG 8 - Decent Work and Economic Growth). This occurs through the Fund's investments in the Retail sector, which are assessed to contribute to inclusive job growth owing to the sector's spread throughout the country and the wide range of intermediate training and employment opportunities which are offered (see page 41 for more details).

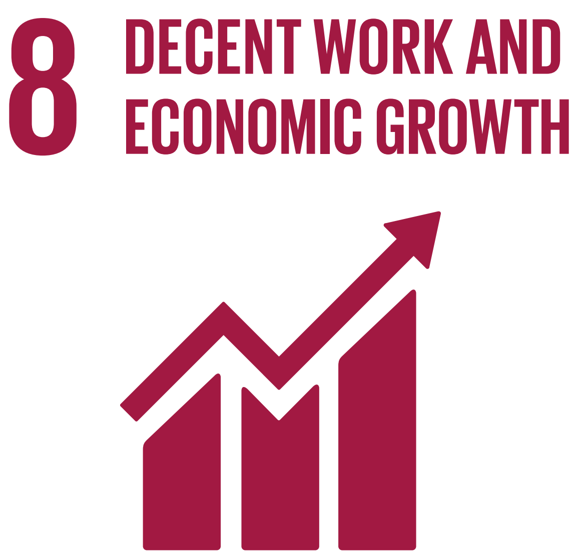
However, numerous other sectors in which the Fund invests also have the potential to positively support inclusive job growth, and issuers from multiple sectors specifically target the creation of sustainable jobs. For example, the previous years' Royal Bank of Scotland's (now NatWest Group) inaugural Social Bond aimed to create jobs through the growth of SMEs.

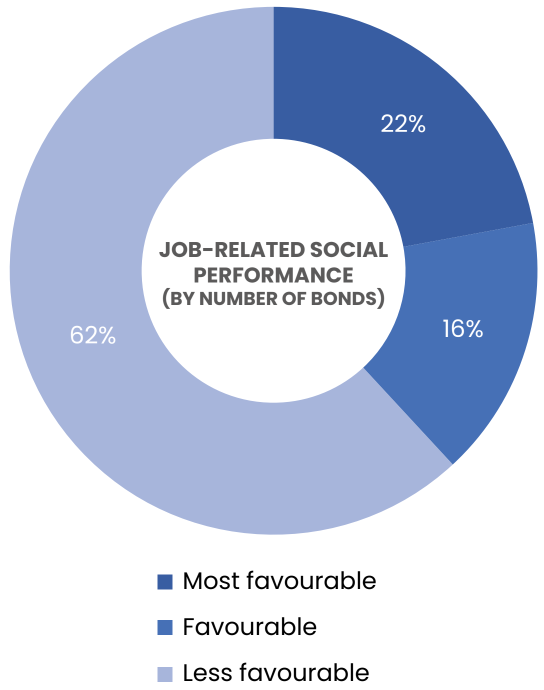
The Fund uses BII's Jobs Assessment Methodology (JAM) as a screening mechanism to analyse the "good jobs" performance of sectors when making investments. The resulting analysis is not evidence that the Fund is actively contributing to the creation of good jobs, but rather demonstrates that the Fund looks to make investments in sectors of the economy which have been shown to positively contribute to good job creation.

The JAM uses four criteria to analyse the "good jobs" performance of sectors:

- **Employment Generation:** Size and growth of the sector's direct workforce
- **Wage Quality:** Median earnings in the sector relative to the Voluntary (Real) Living Wage and the gender pay gap (latter is a newly integrated metric in 2020)
- **Career Progression:** Share of the workforce with intermediate vocational qualifications
- **Geography:** Concentration of the sector's employment in areas of high employment deprivation

According to the JAM, 38% of the Fund's investments are concentrated in sectors that have a favourable good jobs performance. These sectors include Transport, Utilities and Retail. Please note that only UK-based investments are analysed for job performance, which is 181 bonds out of a total of 225 bonds in the portfolio, and 82% of the portfolio by value.





Sectors by Good Job Performance Rating	
Most favourable	Construction Health and Social Work Professional, Scientific and Technical Public Administration and Defence Transportation and Storage Wholesale and Retail Trade
Favourable	Accommodation and Food Services Administrative and Support Services Manufacturing Mining and Quarrying Utilities
Less favourable	Agriculture, Forestry and Fishing Arts, Entertainment and Recreation Education Financial and Insurance Information and Communication Real Estate Activities Water and Waste Other Services

76% of UK sectors (21 sectors) saw a reduction in the total number of jobs In 2020/2021. This is largely due to the impact of the COVID-19 pandemic with the only growth sectors including Health and Social Care and Public Administration.

30% of bonds are concentrated in sectors with a strong employer presence in the most deprived areas of the UK (down from 65% in 2020 – partly due to the moving of the Water and Waste and Utilities sectors to the less favourable category due to poorer performance in job numbers due to the pandemic for areas of economic disadvantage).

54% of bonds are concentrated in sectors that provide intermediate (NVQ3) level job opportunities, including apprenticeships (up from 49% in 2020 – due to the increased presence of issuers within the favourable Utilities sector based on skills opportunities ranking).

39% of bonds are concentrated in sectors with favourable median earnings (down from 61% in 2020 – largely due to the Financial and Insurance moving to the less favourable categories based on median earnings).

71% of bonds are concentrated in sectors with favourable employment scale and/or growth profiles (up from 44% in 2020 – driven by more issuers in the Utilities sector, as well as moving the Real Estate and Financial and Insurance sectors to the Favourable categories for employment growth).

14 Joseph Rowntree Foundation, UK Poverty 2020-21, 13 January 2021.
15 Resolution Foundation, Women, the young and low-paid workers are bearing the biggest health and economic risks from the coronavirus crisis, 28 April 2020.

03 PERFORMANCE BY SOCIAL AREA

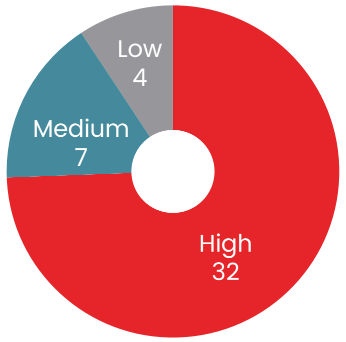
AFFORDABLE HOUSING AND PROPERTY

INCREASING THE PROVISION OF QUALITY, AFFORDABLE HOMES FOR LOW-INCOME HOUSEHOLDS

43 HOLDINGS

34 ISSUERS

£47m INVESTED
14% of total amount invested[16]



SOCIAL PERFORMANCE ASSESSMENT
(BY NUMBER OF BONDS)

The UK is facing a housing shortage, with the government aiming to build 300,000 new homes every year to match demand and keep housing costs affordable. However, less than 250,000 new homes were built last year, and estimates in 2021 now put the number of new homes needed in England at 345,000 per year.[17]

There is also a widening gap between market rates of rent and affordable rent, which varies by region. For example, in London the gap between market and affordable rent is £162, which is 3.6 times the average gap across England. This disparity can hit low-income households the hardest, for example median net household income for those in social housing decreased by 3% from 2018/19 to 2019/20[18] demonstrating how the lack of affordable housing can price low-income individuals and families out of their communities.

Registered social housing providers are a crucial part of the solution to the housing crisis and there is increasing demand for quality social housing in the UK. According to the Good Economy, there were 1.15 million households in England on local authority waitlists just prior to the pandemic, and eight million people living in inadequate housing due to overcrowding, poor quality housing, and homelessness.

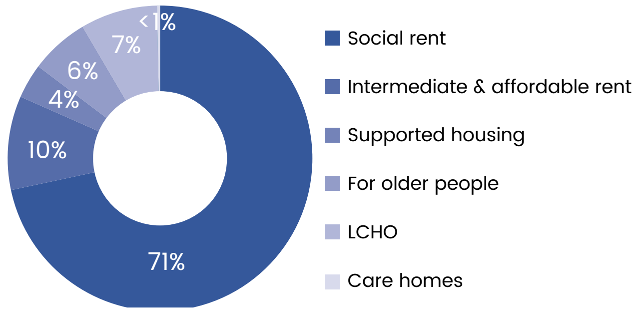
Despite this demand, analysis published by Shelter in October 2021 claims less than 7,000 social homes across England were built and over 28,000 were lost due to sales or demolition, increasing this strain.[19]

There are higher numbers of vulnerable people living in social housing than in other types of housing in the UK. Nearly a fifth of new social lettings in 2019/20 were to statutorily homeless households and approximately 6% of households left their last settled home due to domestic abuse. This demonstrates the need for not just new general social housing, but supported social housing at affordable rates.

16 Note that the total AUM figure of £350 million includes approximately £13 million in cash holdings. The cumulative total of the amount invested for each outcome area will therefore not add up to the total AUM of £214 million.
17 Housing | Centre for Cities.
18 The Good Economy, UK Social Housing Building a Sector Standard Approach to ESG reporting, May 2020. Full report here.
19 Briefing: The social housing deficit 2021. Full report here.

HOUSING ASSOCIATION HOLDINGS
The Fund holds bonds from 26 Housing Associations. In total, these organisations own and manage 842,606 regulated properties. See the breakdown on the right and Annex 4 for more details.

TOTAL PORTFOLIO SOCIAL HOUSING STOCK
(BY PROVISION TYPE)



Four newly-issued bonds were added to the Fund this year within the Affordable Housing and Property outcome from four housing associations – **Aster Housing Association, Onward Homes, Orbit Group** and **Paragon Housing Association**.

These bonds all received a social performance rating of High, with the proceeds to be used to fund the organisations' development programmes:

- **Aster Housing Association** is looking to deliver 10,700 new homes in the next 7 years, including 5,000 shared ownership properties by 2026.
- **Onward Homes** is aiming to build 5,000 homes by 2030.
- **Orbit Group** is aiming to complete 6,500 affordable homes in the next 5 years (see case study on page 34 for more details).
- **Paragon Housing Association** is planning to double their house building to 6,000 over 10 years by 2030.[20]

Housing associations are also accessing investment from the bond market through financial aggregators, who issue bonds to fund a portfolio of housing associations. For example, this year the Fund acquired newly-issued bonds from:

- **Blend**, with borrowers who are housing associations and own and manage over 225,000 homes. Blend is a wholly owned subsidiary by The Housing Finance Corporation but remains legally separate.
- **NatWest** has issued its third social bond to fund its housing associations portfolio with an estimated 150,000 units under ownership and management (see case study on page 35 for more details).

20 As reported on the companies' websites.

ORBIT – GENERAL CORPORATE PURPOSE BOND

AFFORDABLE HOUSING & PROPERTY
IMP RATING – C – CONTRIBUTE TO SOLUTIONS
FUND SOCIAL INTENSITY RATING - HIGH

Orbit is one of the UK's largest builders of affordable housing, providing housing to over 100,000 people. As an organisation with a social purpose, they reinvest the profits to improve the quality of their homes and services.

THE BOND

The issue is a general corporate purpose bond of £300 million. It has been rated as High and C – Contribute to Solutions due to the strong mission focus of the company, as Orbit reinvests their profits into their housing and community projects. Orbit's mission is to address the UK's housing crisis. According to the National Housing Federation, 1.15 million people are on social housing waiting lists and 3.4 million people are living in overcrowded households. ONS data shows between 1997 and 2017, median house prices increased by 259% while median earnings only increased 68% over the same period.

The rating also reflects the strong track record of social projects that the company has launched to date (e.g. Better Days and Community Impact Partnership). In 2020, Orbit assessed their social value to be £7.9 million with a combination of social development programmes supporting 3,000 people and delivered the following stock to the housing market in 2019.

11 SUSTAINABLE CITIES AND COMMUNITIES
3 GOOD HEALTH AND WELL-BEING

orbit building communities

Number of builds by tenure type:
Total new homes built: 1,520 (2019: 1,266)
Affordable/social rent: 527 (2019: 629)
Shared ownership: 581 (2019: 309)
Market sale: 269 (2019: 188)
Private rent: 64 (2019: 0)
Developed for others: 79 (2019: 140)

IMP Dimensions	
What	A general corporate purpose bond providing 1,520 new homes in 2021 (35% as affordable and social housing), 2,700 new affordable homes in 2022 and to continue managing over 45,000 properties in the UK.
Who	100,000 people in homes from Orbit across England Midlands, East and South East and a third of homes of new homes will be for affordable and social housing.
How much	£7.9 million of social value created with programmes supporting 3,000 people in 2020.
Contribution	Orbit raised £300 million General Corporate Purpose and could build 13,500 over the bond lifetime (1,500 social and affordable homes every 2 years).
Risk	External risk – COVID-19, regulation and economic factors affect ability to deliver social benefit.

NATWEST – SOCIAL BOND

NatWest Group

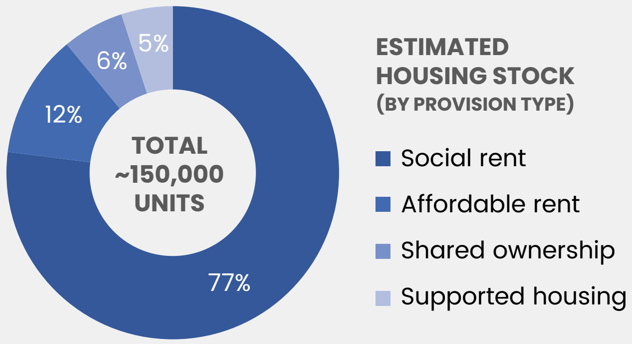
11 SUSTAINABLE CITIES AND COMMUNITIES

AFFORDABLE HOUSING & PROPERTY
IMP RATING – B – BENEFIT STAKEHOLDERS
FUND SOCIAL INTENSITY RATING - HIGH

NatWest Group is the largest business and commercial bank in the UK with 19 million customers. The Group provides a comprehensive range of banking products and related financial services, including current accounts, mortgages, personal unsecured lending and personal deposits. They bank around 1 in 4 businesses across the UK, from start-ups to multinationals.

THE BOND

The bond is rated as B – Benefit Stakeholders. This additional funding is substantial for the affordable housing sector and could make financing more affordable for housing associations in the long term. Although, as much as 75% of the proceeds may go towards refinancing existing loans. The Group has published the criteria for eligibility of loans to the housing associations, but there is no information about the selection of the housing associations or the terms of the loans.



This is the third issuance under NatWest's Green, Social, Sustainability framework. In November 2019, the bank issued its first social bond, which was linked to the bank's approximately £2.5 billion of existing lending to small and medium-sized enterprises operating in areas of the UK with the highest levels of unemployment and lowest job creation. That bond's July interim impact report revealed the creation of 7,000 jobs supporting on average 2,750 SMEs, over the life of the issuance. The Columbia Threadneedle team have continued to engage with the NatWest team and in May 2020, NatWest issued its first green bond, with proceeds allocated to 13 renewable energy projects across the UK.

IMP Dimensions	
What	Social bond with the €1 billion proceeds allocated to the affordable housing sector, as part of its commitment to provide £3 billion by the end of 2022.
Who	The bond targets non-profit, registered UK-based housing associations.
How much	The housing associations own approximately 150,000 housing units, 77% on social rent properties, 12% on affordable rent, 6% on shared ownership and on 5% on supported housing.
Contribution	This issuance includes both new and existing lending, at most 75% going towards portfolio refinancing with an 18-month lookback period. The remaining portfolio allocation is over the next 12-month period.
Risk	Efficiency risk - There is a risk that funding the housing associations' bond issuances directly may have been more efficient. This depends on the housing associations that NatWest selects to make loans to and the terms of the loans.

COMMUNITY SERVICES

IMPROVING THE AVAILABILITY OF COMMUNITY SERVICES FOR PEOPLE WITH SPECIFIC SOCIAL NEEDS

4 HOLDINGS

3 ISSUERS

£12m INVESTED
3% of total amount invested

SOCIAL PERFORMANCE ASSESSMENT
(BY NUMBER OF BONDS)

This outcome area often contains bonds from organisations that address an array of social goals, such as housing, health and wellbeing, infrastructure amongst others.

For instance, two of the current bond holdings are from development banks that invest at supranational level in middle- and lower-income countries:

- **African Development Bank's** mission is to spur sustainable economic development and social progress in its regional member countries, thus contributing to poverty reduction across the African continent.
- **Inter-American Development Bank** aims to reduce poverty and inequality, improve health and education, and advance infrastructure in Latin America and the Caribbean (see the detailed case study on page 37).

The other two bond holdings are UK-based with the first municipal bond from **Lancashire City Council** (as detailed in the case study in the 2020 Annual Impact Report), and **Golden Lane Housing** through the **Retail Charity Bond** platform.[21]

Community Services remained a fully High-rated impact social outcomes area. However, no new issuances were purchased in the reporting period. This shows a need for more enabling environment, support and investment for socially responsible sector actors to issue bonds and to build on the success of initiatives such as the Retail Charity Bond Platform. This is critical as, in 2020, research from Charities Aid Foundation (CAF)[22] and NCVO[23] has shown that just under 50% of UK charities have been affected by reduced income and increased demand for support during the pandemic. Columbia Threadneedle continues to support the Retail Charity Bond Platform and key actors in the UK Social Bond Fund are engaged with the Impact Investing Institute[24] with the aim to make the mobilisation of impact finance more accessible for the social sector.

21 Retail Charity Bond.
22 CAF Online, How COVID-19 Has Affected UK Charities, 30 June 2020.
23 NCVO, Pandemic Impact on Charities Continues to be Uneven, 15 March 2021.
24 Impact Investing Institute.

INTER-AMERICAN DEVELOPMENT BANK – SOCIAL DEVELOPMENT BOND

COMMUNITY SERVICES
IMP RATING – C – CONTRIBUTE TO SOLUTIONS
FUND SOCIAL INTENSITY RATING – HIGH

IDB Inter-American Development Bank

The Inter-American Development Bank (IDB) is the leading provider of development financing to Latin American and the Caribbean. The IDB is owned by its 48 member countries.

IDB finances its operations by issuing bonds in international capital markets. Its mission, as originally stated in the Agreement establishing the IDB in 1959, is to contribute to accelerating the economic and social development of the developing 48 member countries in the region. Due to the variety of social, economic and environmental initiatives IDB operates, and the development nature of this bond, the Social Outcome is classified as Community Services.

11 SUSTAINABLE CITIES AND COMMUNITIES

THE BOND

This bond is the second Sustainable Development Bond from IDB, with the proceeds directed to support sustainable development in IDB's member countries aligned with the Bank's strategic priorities to reduce poverty and inequalities in Latin America and the Caribbean by promoting economic and social development in a sustainable, climate friendly way. With this Sustainable Development Bond, the IDB raises awareness for SDG 11: Sustainable Cities and Communities, which aims to make cities and human settlements inclusive, safe, resilient, and sustainable by 2030.

IDB has clear reporting and monitoring of projects, with the aim of meeting at least one of the Sustainable Development Goals. The bond has been rated as C - Contribute to Solutions based on the impressive outcomes of some of the project examples and the advice and technical support the organisation provides to municipal governments.

IMP Dimensions	
What	As part of its commitment to SDG 11, IDB provides funding for safe and affordable housing and basic services; safe and sustainable transportation systems; develop inclusive urbanisation; preserve cultural heritage; build resilience to disasters; reduce environmental impact of cities as well as other priorities.
Who	IDB's focus is on Latin American and Caribbean Cities, prioritising people living in deficient housing.
How much	Between 2016 and 2019, IDB has provided solid waste disposal services to 500,000 households, and 400,000 households have benefitted from housing solutions.
Contribution	With $21.6 billion approved lending in 2020, IDB is one of the main funding organisations in the region, working with 48 member countries.
Risk	Execution Risk - as with any projects where there are multiple parties and contractors involved, it becomes challenging to ensure that the funding is used for the intended purpose and beneficiaries, particularly in countries with higher rates of corruption.

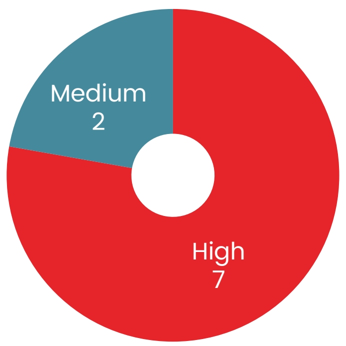
EDUCATION, LEARNING AND SKILLS

SUPPORTING WIDER PARTICIPATION IN HIGHER EDUCATION WITH A FOCUS ON PROMOTING SOCIAL MOBILITY

9 HOLDINGS

8 ISSUERS

£8m INVESTED
2% of total amount invested



SOCIAL PERFORMANCE ASSESSMENT
(BY NUMBER OF BONDS)

Within this outcome area, the Fund seeks to make investments that contribute to widening participation and expanding access to education. This includes investing directly into higher education providers, as well as investments into other organisations running or financing educational programs (**Pearson Education**), and supranational development companies (such as **Inter-American Investment Corp**).

Prior to the COVID-19 pandemic educational outcomes were inequitable, from early years education right up to university graduation. There is evidence from The Sutton Trust and Impetus showing that the poorest children are already 11 months behind their peers when they start at primary school, and at secondary school only 41% of young people on free school meals pass English and maths GCSEs, compared with 69% of all other pupils.[25]

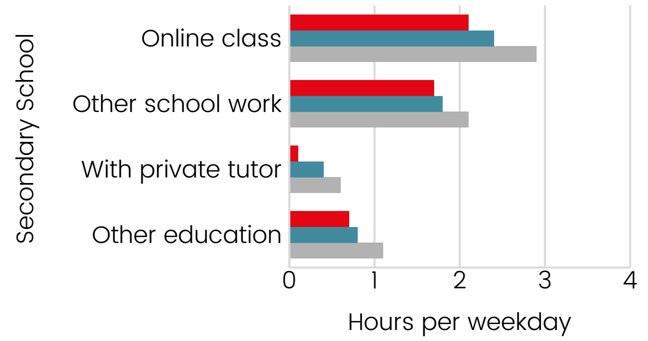
The huge disruption to in-person schooling, because of the pandemic, has affected all children with the IFFS estimating a loss of lifetime earnings for schoolchildren worth £350 billion.[26]

According to IFFS during the first lockdown children from higher income households are more likely to have online classes provided by their schools, spend much more time on home learning, and have access to resources such as their own study space at home.[27] This is likely to exacerbate the unequal access to higher education in the UK without additional investment in helping lower income children to catch up academically with their peers.

The lockdown also created additional disadvantages to certain groups of students more at risk of marginalisation, for example children with Special Educational Needs or Disabilities (SEND) who reported receiving less support, and female students who reported 10% higher anxiety than boys during May-July 2020.[28]

Despite a decade of progress in widening participation, headway has slowed in the more recent years. The Multiple Equality Measure gap, developed by UCAS to consider different aspects of disadvantage, has been narrowing by an average of 1.1% year on year since 2015, versus 4.4% across the previous five years.[29]

25 A Fair Start? Equalising access to early education - Sutton Trust; Impetus | Educational attainment.
26 Institute for Fiscal Studies, The crisis in lost learning calls for a massive national policy response, 1 February 2021.
27 Institute for Fiscal Studies, Family time use and home learning during the COVID-19 lockdown, September 2020. Full report here.
28 Office For National Statistics, 'Coronavirus and home-schooling in Great Britain: April to June 2020', (Jul-20), Full report here.
29 UCAS 2021.



CHILDREN'S DAILY LEARNING TIME DURING LOCKDOWN: GAPS IN EDUCATIONAL ACTIVITIES
Source: Andrew et al (2020)

The Fund has held bonds from a number of universities - **Cardiff, De Montford, Leeds, Manchester and Southampton** - and this year added the **University College London (UCL)** bond (see case study). The latter focuses on sustainable and environmental goals, as well as reducing the education access and attainment gaps. All bonds have been rated High, except for **University of Southampton**, which is based in an area with relatively little deprivation so it has been assigned a Medium rating.

The bond screening and selection process is informed by the Graduate Prospects and Wider Participation and Continuation Rates (see table below). Five out of six universities performed better than the UK average in terms of graduate prospects. De Montford has dropped to a rating of 68 from 83 in 2020. Only De Montfort had an intake of students from low participation neighbourhoods that exceeded the national average. However, it should also be noted De Montfort's continuation rate for such students is worse than the national average. In other words, while De Montfort had a higher rate of enrolment of students from low participation backgrounds it also had a higher rate of drop-out among those same students. UCL has the lowest rate of students from low participation neighbourhoods at 3.8, however the bond framework acknowledges this issue and is targeting to reduce the participation gap.

	Graduate Prospects	Students from low participation neighbourhoods	Students from low participation neighbourhoods no longer in HE the year following entry	*Teaching Excellence Framework Outcome[30]*
Cardiff University	82.5 ↑	9.8 ↑	4.6 ↓	*Silver*
De Montfort University	68.0 ↓	14.7 ↓	9.7 ↓	*Gold*
The University of Leeds	80.0 ↓	8.1 ↔	5.5 ↑	*Gold*
The University of Manchester	81.3 ↑	8.9 ↑	3.7 ↓	*Silver*
The University of Southampton	80.1 ↓	7.5 ↓	2.0 ↓	*Silver*
New holding: University College London	85.3 ↑	3.8 ↑	3.3 ↑	*Silver*
Total UK	**71.6 ↓**	**11.9 ↑**	**8.9 ↓**	

Sources: Graduate Prospects 2022 – The Complete University Guide; Wider Participation and Continuation Rates 2019/20 – Higher Education Statistics Agency Limited (HESA); Teaching Excellence Framework Outcomes – Office for Students. Arrows represent change from the previous year.

30 The TEFL rating scheme is currently under review and expected to be finalised by 2023. The Fund will be tracking any updates to the rating methodology and results.

UNIVERSITY COLLEGE LONDON – SUSTAINABILITY BOND

EDUCATION, LEARNING AND SKILLS
IMP RATING - B - BENEFIT STAKEHOLDERS
FUND SOCIAL INTENSITY RATING - HIGH

4 QUALITY EDUCATION

Founded in 1826, University College London is one of the largest UK universities by student numbers, with more than 14,300 staff and 48,168 students from 150 different countries. UCL maintains 4 London campuses in Bloomsbury, Hampstead, Stratford, and Canary Wharf, and has more than 230 buildings comprising 6.5 million ft² across the UK.

THE BOND

The £300 million bond focuses on campaigns to improve sustainability as well as student diversity at the university. The sustainability campaigns include reducing carbon emissions through construction; The Loop, which tackles unsustainable consumption by reducing waste and specifying the best products for people and planet; and Wild Bloomsbury, where nature-based solutions are introduced to improve local environment and connection to the community. UCL also emphasises the importance of diversity, with projects around improving buildings design and accessibility, as well as improving access, retention and progression of students across communities, supported by the UCL Access and Participation Plan.

The bond has been rated as B – Benefit Stakeholders as the framework does not specify targets across the various campaigns and initiatives or the allocation between different projects. The framework also does not specify the proportion of proceeds used for refinancing of existing projects that have been completed already.

IMP Dimensions	
What	£300 million sustainability bond focusing on achieving positive climate and environmental initiatives, as well as projects and student financing to improve diversity and inclusion at the university.
Who	The bond aims to improve the environmental impact of the university's activities, as well as improving access and attainment for the least represented groups and minorities.
How much	As part of the Access and Participation plan, UCL is targeting gaps including: - Student access between the most and least represented groups by 2030/31 (for example ratio of students from low participation neighbourhoods to students from the highest participation neighbourhoods is high at 14:1 in 2017/18) - Attainment (e.g. the proportion of BME students getting a First or 2.1 was 14 percentage points lower than for white students in 2017/18)
Contribution	The bond proceeds can be used to refinance existing physical green assets, as well as projects completed up to 36 months before or 24 months after the issuance.
Risk	External risk – COVID-19 pandemic has significantly impacted universities and other education institutions. Future lockdowns may limit the impact of some of the campaigns, particularly those targeting diversity of students.

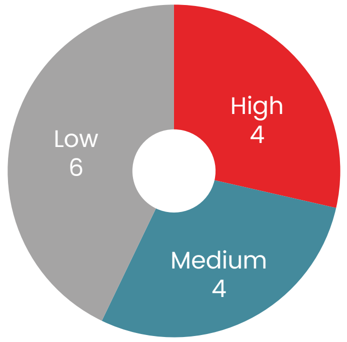
EMPLOYMENT AND TRAINING

SUPPORTING INCLUSIVE JOB GROWTH

14 HOLDINGS

8 ISSUERS

£25m INVESTED
7% of total amount invested



SOCIAL PERFORMANCE ASSESSMENT
(BY NUMBER OF BONDS)

The Fund invests directly in outcomes related to Employment and Training only with respect to its investment holdings in the retail sector. The rationale for this is retail is one of the largest private sector employers, spread throughout the country (including disadvantaged areas) and offers a wide range of intermediate training and employment opportunities.

For instance, the supermarket sector employs more than 1.2 million people in the UK.[31] The Fund has invested into bonds from supermarket retailers including **Co-operative Group, Sainsbury, John Lewis, Morrisons** and **Marks and Spencer**. The latter two retailers have issued new bonds in the last year. Most of these bonds are general corporate purpose bonds and do not have specific employment targets and have therefore been rated to have Low or Medium social performance rating. Last year, the Fund also invested in the Tesco's sustainability-linked bond, which is included in the Utilities and Environment outcome area due to its focus on reducing carbon emissions.

Within the UK, bond issuances aimed at job creation, employment and training need to be considered in the light of environmental as well as economical impact. London School of Economics, Impact Investing Institute and Grantham Institute have published social co-benefit metrics to measure this intersection, as detailed in the UK Green Financing Framework.[32/33]

The Fund has also invested in bonds from supranational organisations such as the **Council of Europe Development Bank** and **Inter-American Development Bank**, who have created investment programmes to promote inclusive economic growth and employment.

Center Parcs is another issuer included in this outcome area - the Fund holds two of the company's bonds. The case study (see page 42) details the first bond invested in by the Fund, which was used to refinance a new holiday village with the potential employment of 1,200 during the construction phase and 1,000 for the operations thereafter.

31 BIS World.
32 LSE, Impact Investing Institute and Grantham Institute: UKs Green Gilt Co-Benefits demonstration.
33 UK Gov Green Financing Framework: July 2021.

CENTER PARCS – GENERAL CORPORATE PURPOSE BOND

EMPLOYMENT AND TRAINING
IMP RATING – A – AVOID HARM
FUND SOCIAL INTENSITY RATING – LOW

4 QUALITY EDUCATION

Center Parcs is a UK Holiday home operator, who employs around 9,800 individuals. 48% of Center Parcs employees have been with them for three years or more and the diversity levels reflect the local populations. The operator has 5 holiday villages in England, and opened a new site in Ireland in 2020.

THE BOND

The bond was issued as part of a £490 million package to refinance its existing mortgage-backed securities and, specifically, the bank facility used to pay for its fifth village at Woburn Forest in East of England.

This bond's impact area has been classed as Employment and Training, due to the employment opportunities it provides for the rural communities. It has been rated Low and A – Avoid Harm, as it does not specifically target to employ individuals in high deprivation areas in the UK and the area where the new village was built already had high employment rates.

IMP Dimensions	
What	New holiday village built in Woburn, employing 1,000 employees. 82% of the UK employees live within 15 miles of a Center Parcs village. The company is also committed to using local suppliers wherever possible.
Who	Woburn is located in Bedfordshire, in the East of England, outside of Milton Keynes.
How much	The development injected over £250 million into the British economy, and employed over 1,200 contractors during the construction phase, and since opening employs 1,000 people on a permanent basis, the majority of whom come from the local area.
Contribution	In May-July 2015, unemployment in the East England region was 4.8% vs. 5.5% in the UK, therefore the targeted site was not in a high unemployment area. Since the bond's launch, unemployment in the region has dropped to 3.8%, in line with UK levels which are at 4.6% in 2021.
Risk	Alignment risk – while Woburn has created employment, the aim of the site was to generate growth in commercial revenues for the holiday operator.

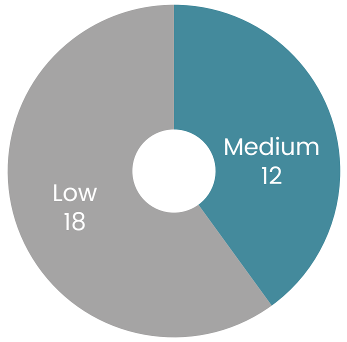
FINANCIAL INCLUSION

IMPROVING ACCESS TO AFFORDABLE FINANCIAL SERVICES FOR ALL

30 HOLDINGS

9 ISSUERS

£47m INVESTED
13% of total amount invested



SOCIAL PERFORMANCE ASSESSMENT
(BY NUMBER OF BONDS)

The Fund's holdings in the financial sector are focused on improving the accessibility and affordability of financial services for all, including loans, savings accounts and mortgages for first-time borrowers.

Access to financial services, particularly affordable credit, is a key tool in supporting people out of poverty. The growth of the financial inclusion sector as a direct challenge to high-cost credit is vital to a fair recovery for all from the pandemic.

The figures below highlight some of the challenges with financial inclusion in the UK:

- 3% of adults do not have a bank account.
- 3.1 million adults rely on high-cost loans to meet the regular costs of living (as of 2017).[34]
- Income inequality for people in retired households increased by 3.5% in the ten-year period up to 2020.[35]
- 4 in 10 (16.8 million) working age people across the nation have less than £100 in savings available to them at any time.
- Between 2016 and 2018 the number of households with financial debt increased from 12.4 million to 12.7 million and the average amount of debt also increased by 9%.[36]

According to a Responsible Finance report, before the pandemic 20% of UK adults had low financial resilience, and this figure grew to 27% between March and October 2020. This is equivalent to 14.2 million adults. As of February 2020, one in 9 UK adults – more people than the whole population of Scotland – had taken a high-cost loan in the previous 12 months.[37] This highlights the impact of furlough, low wages, unemployment and underemployment increasing the financial strain on vulnerable individuals.

The Fund has increased the number of bonds held by existing issuers, with three new bonds from **Coventry Building Society**, a bond from **Nationwide Building Society**, two new bonds from **Prudential**, one new bond from **Pension Insurance Corp** and one new bond from **Yorkshire Building Society**.

The Fund has also added a bond from a new issuer - the insurance company **Hastings**.

Most of the bonds held by the fund are general corporate purpose bonds and have been rated with Low or Medium social impact performance.

The Fund continues to hold the **Lloyds** ESG Bond, which targeted lending in areas of economic disadvantage (see case study on page 44).

34 Financial Conduct Authority (FCA) – Financial Lives Survey 2017. Full report here.
35 Office for National Statistics: Income and Wealth.
36 Office for National Statistics: Household debt in Great Britain, 5 December 2019.
37 Responsible Finance: Annual Industry Report 2021. Full report here.

LLOYDS – ESG BOND II

FINANCIAL INCLUSION
IMP RATING – B – BENEFIT STAKEHOLDERS
FUND SOCIAL INTENSITY RATING – MEDIUM

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Lloyds is a financial services group focused on retail and commercial customers with over 25 million customers and a presence in nearly every community in the UK. The Group's main business activities are retail and commercial banking, general insurance and long-term savings, provided through the largest branch network and digital bank in the UK, with well recognised brands including Lloyds Bank, Halifax, Bank of Scotland and Scottish Widows.

THE BOND

In support of its Helping Britain Prosper Plan, Lloyds Bank issued its ESG Bond I of £250 million in July 2014, maturing in December 2018. This bond focused on Regional Growth Fund (RGF), small scale renewable energy projects and SMEs and healthcare providers in the bottom 30% of economically disadvantaged areas of the UK. The ESG Bond II continues to lend to renewable energy projects, healthcare providers and businesses based in the bottom 30% of economically disadvantaged areas in the UK.

The bond has been rated as B - Benefit Stakeholders as it aims to provide loan opportunities in areas of multiple deprivation in the UK, yet it does not directly address the underlying causes of the financial exclusion. Furthermore, the terms of the loans offered were not provided and therefore could not be verified as non-exclusionary.

IMP Dimensions	
What	£250 million bond, of which £169 million has been allocated. £145 million of the allocation were to 30% most economically disadvantaged areas, £28 million to healthcare providers in the 30% most economically disadvantaged areas and £24 million to small and mid-market renewable energy projects.*
Who	Loans were made in 85 of 122 postcode areas and across 15 business sectors.
How much	595 loans at an average of c.£284,000.
Contribution	All loans allocated to the ESG Bond II represent new bank lending between 1st June 2015 and 31st December 2020, which includes new lending applications by existing clients.
Risk	Efficiency risk - the aim of the bond was to help deprived areas in the UK. As such, the criteria for lending were quite broad and did not target sectors with the most economic multiplier effect, in other words where investment would lead to growth in the area's income.

* Investments may be classified in more than one category, hence the sum is more than the total allocation.

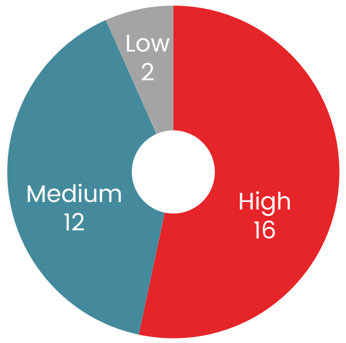
HEALTH AND SOCIAL CARE

SUPPORTING UNIVERSAL ACCESS TO HIGH QUALITY HEALTH AND SOCIAL CARE SERVICES

30 HOLDINGS

13 ISSUERS

£52m INVESTED
15% of total amount invested



SOCIAL PERFORMANCE ASSESSMENT
(BY NUMBER OF BONDS)

Health and Social Care within the Fund incorporates pandemic bonds issued in response to the COVID-19 pandemic. The United Nations has estimated that the impacts of the pandemic could push an additional 150 million people into extreme poverty; representing 9.4% of the world's population and reversing the trend to 9.2% in 2017.[38] Within the UK, the health impacts of the pandemic have been felt unequally regionally and across social and ethnicities. A University College London (UCL) study found that Pakistani and Black African people were 3.29 x and 3.24 times more likely to die from COVID-19 than the general population. The primary risk factors were due to working conditions, job security and living circumstances.[39]

The Fund has continued to expand its health-related holdings from 25 to 30 in 2021, driven by the public health and economic crisis brought about by COVID-19. This growth in health-related bonds held by the Fund has been driven in large part by specific use-of-proceeds bonds issued by supranational organisations. These bonds are aimed at financing projects to aid the COVID-19 response and recovery across a range of countries, such as:

- **European Investment Bank**
- **Inter-American Development Bank**
- **International Finance Facility for Immunisation** (see case study on page 46)
- **International Bank for Reconstruction and Development.**

The Fund continues to hold bonds from international pharmaceutical companies and other organisations that support medical research, practice and development, such as **GlaxoSmithKline, Becton Dickinson, Wellcome Trust, BUPA**, and two newly added bonds from **AstraZeneca**. With the exception of the **Wellcome Trust**, which is rated High, the other bonds have been rated Medium to reflect that the bonds are general corporate purpose, issued by for-profit organisations.

38 The World Bank, COVID-19 to Add as Many as 150 Million Extreme Poor by 2021, 7 October 2020.
39 UCL Institute for Health Informatics, BAME groups two to three times more likely to die from COVID-19 than the general population, 7 May 2020.

INTERNATIONAL FINANCE FACILITY FOR IMMUNISATION (IFFIM) – SOCIAL (VACCINE) BOND

HEALTH AND SOCIAL CARE
IMP RATING – C – CONTRIBUTE TO SOLUTIONS
FUND SOCIAL INTENSITY RATING – HIGH

International Finance Facility for Immunisation is a unique financing model to fund Global Alliance for Vaccines and Immunisations (Gavi) – an international organisation that was created in 2000 to improve access to new and underused vaccines for children living in the world's poorest countries. Since its inception, Gavi has protected 822 million children, and saved over 14 million lives from potentially fatal infectious diseases.

IFFIm receives long term, legally binding pledges from donor countries and, with the help of the World Bank, turns these pledges into Vaccine Bonds. Money raised via Vaccine Bonds provides immediate funding for Gavi's immunisation programmes. To date, IFFIm has provided over 19% of Gavi's programme funding, disbursing approximately $3.1 billion to support Gavi's vaccination programmes.

THE BOND

This Vaccine Bond is IFFIm's largest since 2006 and will raise funding for Gavi's core immunisation programmes and the Gavi COVAX Advance Market Commitment (AMC) scheme, which pools funding to purchase COVID-19 vaccines for its participating countries. This will target at least 20% of the populations of 92 middle- and lower-income countries, aiming to deliver almost 1 billion doses by the end of 2021. It has been rated as High and C – Contribute to Solutions given its significance to Gavi's funding base and the speed at which the funding is provided.

IMP Dimensions	
What	$750 million Social Bond for immediate funding to Gavi to support routine immunisation in lower-income countries, reaching nearly half the world's children. The proceeds will be allocated between routine immunisations and COVAX AMC scheme.
Who	Gavi supports children in 57 countries based on a Gross National Income per capita below or equal to $1,630 on average over the past three years. The COVAX AMC scheme targets 92 lower income countries.
How much	A study covering the 73 Gavi-supported countries shows that, for every $1 spent on immunisation in the 2021–2030 period, $21 are saved in health care costs, lost wages and lost productivity due to illness and deaths.
Contribution	The IFFIm contributions have enabled Gavi to immunise more children at a fast rate. IFFIm estimate that the additional funding has saved 2.9 million children of the 14 million saved overall by Gavi (as of December 2019) and that every $1 million investment can save more than 1,000 lives.
Risk	Stakeholder participation risk - Resistance to vaccinations may reduce the effectiveness of immunisation programmes with disinformation being a well-documented risk area. Without investment in education and building trust in communities towards healthcare workers. Execution risk - There is a risk that the vaccines are diverted to non-target groups within countries or be used in exploitative transactions, particularly with COVID-19 vaccines, associated with higher risk of theft and diversion than traditional Gavi-supported vaccines.

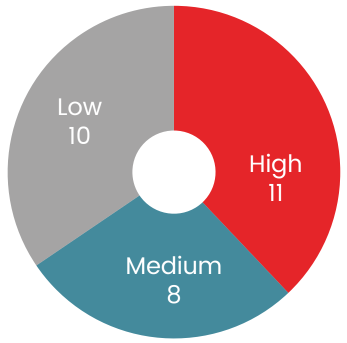
TRANSPORT AND COMMUNICATIONS INFRASTRUCTURE

ENSURING UNIVERSAL ACCESS TO BASIC INFRASTRUCTURE AND SERVICES

29 HOLDINGS

17 ISSUERS

£51m INVESTED
15% of total amount invested



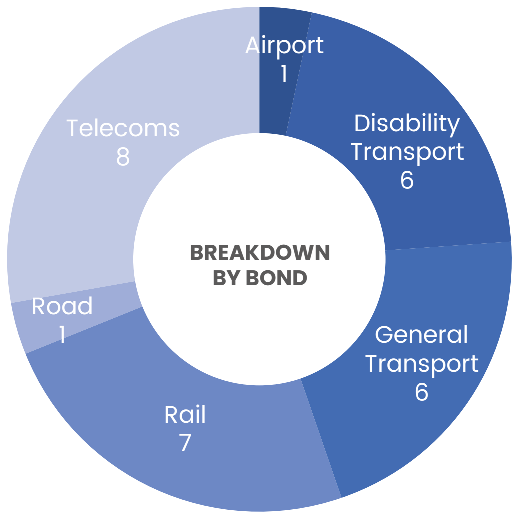
SOCIAL PERFORMANCE ASSESSMENT
(BY NUMBER OF BONDS)

The Fund invests in this outcome area to improve transport and communications infrastructure across the UK as well as support development of infrastructure in more economically disadvantaged countries. This is a key sector that drives economic development, particularly in regions where basic infrastructure is lacking. There is also an increasing need to reduce the environmental impact of the sector through more sustainable development and updating existing infrastructure. The UK Government is redressing Britain's historic underinvestment in infrastructure with £600 billion of gross public sector investment over the next five years.[40]

In the UK, the Fund continues to hold bonds from issuers such as **BT, Manchester Airports Group, Transport for London**, with additional bonds acquired from **Eversholt Rail, Network Rail** and **Motability**. The latter is now the largest holding with over six bonds held in total and almost 3% of value.

The Fund has also added new issuers such as **Vodafone** and **Eurotunnel** to its portfolio.

The Fund has invested in bonds from issuers who are focusing on development outside the UK, such as **Asian Development Bank** and **Development Bank of Latin America**. In the last year, it has also invested in two new bonds issued by **Orange**, including its inaugural sustainability bond (see case study on page 48), which funds social projects to accelerate communications development in rural areas in Europe and emerging markets and economies.



The portfolio remains well distributed across different subsegments, with over half of the holdings in Telecoms and Rail.

40 HM Treasury, Build Back Better, March 2021. Full report here.

ORANGE – SUSTAINABILITY BOND

TRANSPORT AND COMMUNICATIONS INFRASTRUCTURE
IMP RATING – B – BENEFIT STAKEHOLDERS
FUND SOCIAL INTENSITY RATING – HIGH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Orange is one of the world's leading telecommunications operators with sales of €42 billion in 2019 and 143,000 employees worldwide, including 84,000 employees in France. The Group has a total customer base of 253 million customers worldwide, including 208 million mobile customers and 21 million fixed broadband customers. The Group is present in 26 countries.

THE BOND

The inaugural €500 million Sustainability Bond was launched as part of its new "Engage 2025" strategic plan, announced in December 2019, which aims to reinvent its operator model and align firstly, with digital and social inclusion and secondly, with the fight against climate change.

Orange has not specified the targets for the impact reporting metrics; therefore it is not possible to ascertain how much of an impact their projects will drive. Furthermore, the eligible projects are extending and contributing to their business model (e.g. building communication networks, developing technology products) and their Corporate Social Responsibility (CSR) initiatives through the Orange Foundation, and would likely be an investment priority even without the sustainability bond. As such the IMP rating is B – Benefit Stakeholders.

IMP Dimensions	
What	€500 million sustainability bond to fund social projects, such as accelerating deployment of optic fibre and mobile networks in areas at risk of digital inclusion and funding and supporting entrepreneurship; as well as green projects around energy efficiency and smarter networks, renewable energy, circular economy and pollution prevention.
Who	For social projects, Orange is targeting individuals who have limited access to communications networks and are at risk of digital exclusion. For health and education, Orange is also targeting young people and women. The group is targeting populations living in rural areas in Europe, notably France, and in emerging markets and developing economies as per IMF DataMapper.
How much	40% of the proceeds will be used for socially eligible projects and 60% on green projects.
Contribution	The Orange Sustainability Framework expands on some of the existing priorities and initiatives of the Group and its Foundation. While the framework identifies key areas for use of proceeds, it does not establish metric baselines and targets.
Risk	Evidence risk - Orange is focusing on projects in emerging economies, where there may be insufficient quality of data to illustrate what impact is occurring, particularly in partnerships with local partners. Alignment risk - Some of the social initiatives may be potential drivers for future growth, for example expanding communications networks in emerging markets. It is unclear to what extent the social impact will be prioritised over business growth if potential conflicts arise.

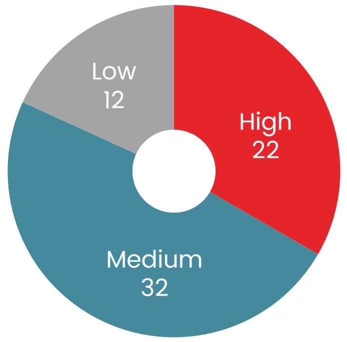
UTILITIES AND ENVIRONMENT

SUPPORTING THE PROVISION OF AFFORDABLE AND SUSTAINABLE WATER, ENERGY AND OTHER ESSENTIAL SERVICES

66 HOLDINGS

29 ISSUERS

£95m INVESTED
27% of total amount invested

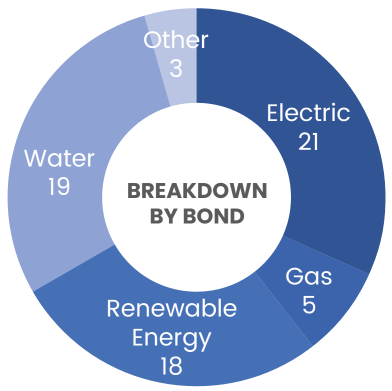


SOCIAL PERFORMANCE ASSESSMENT
(BY NUMBER OF BONDS)

The Fund invests in the UK energy and utilities sector, which like the Transport and Communications Infrastructure, has significant environmental impact. The UK government is also prioritising investment to achieve its Net Zero target, including supporting up to 60,000 jobs in the offshore wind sector, 50,000 jobs in carbon capture, usage and storage (CCUS) and up to 8,000 in hydrogen in the UK's industrial clusters.[41]

The outcome area continues to take up the largest allocation of the portfolio at 28% of total value. The total number of holdings has increased from 47 to 66.

The breakdown of the holdings across different industry types has remained consistent from the previous year, with Electric, Water and Renewable Energy making up almost 90% of the bonds for the outcome area.



This year the Fund has added 18 new bonds to the portfolio, of which 7 were green or sustainability bonds, which now constitutes over a quarter of bond holdings for the outcome area. The sustainability-linked bond from Tesco has been detailed as a case study on page 50.

New issuers added to the portfolio last year include:

- **Allied Irish Bank**, with a Green bond to focus on renewable energy projects
- **Bank of Ireland**, which launched two Green bonds last year
- **International Development Association**, that launched a general corporate purpose bond to fund its lending to world's poorest countries

WATER LEAKAGE UPDATE

The regulator Ofwat has been ordering water companies to reduce the amount of water lost to leaks by 16% by 2025, as well as cut bills to customers by £50 over the same period.

This year there are seven water companies with bonds held by the Fund. Of those, for 2019/20 :

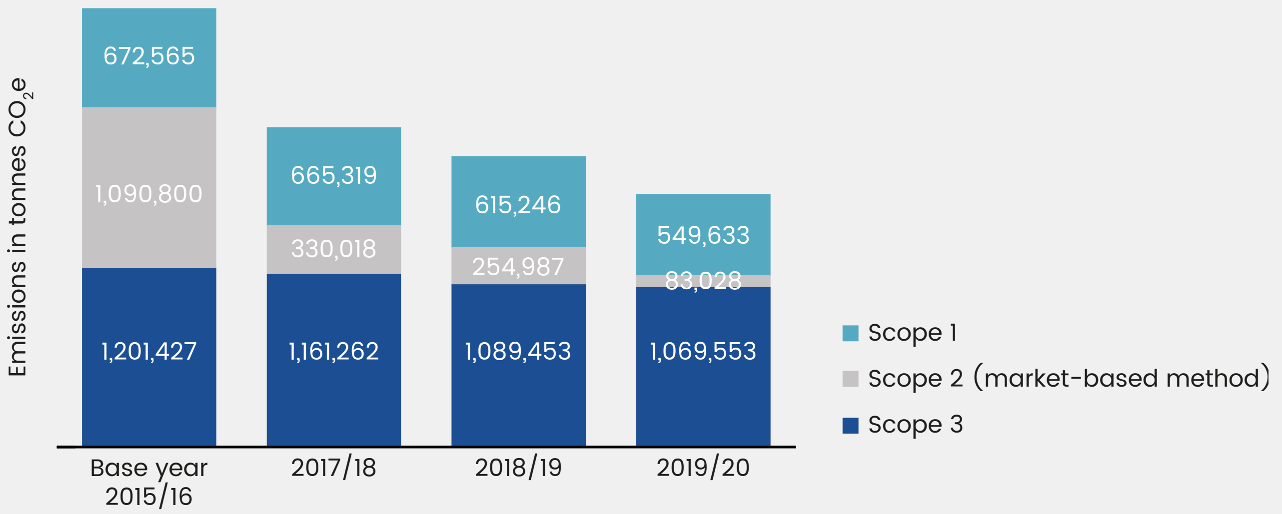
- **Southern Water** is the only water company that failed to achieve its leakage performance commitment level in 2019/20. The company also failed to achieve its annualised milestone in 2018/19
- **Anglian Water** is in the top 25% of performers in terms of leakage per km of main for the second consecutive year.
- **Yorkshire Water** and **Dwr Cymru** have also met the targets.
- **Thames Water, United Utilities** and **Severn Water** have met their water leakage targets but were in the bottom 25% of performers in terms of water leakage per km of main.

41 HM Treasury, Build Back Better, March 2021. Full report here.

TESCO – SUSTAINABILITY-LINKED BOND

UTILITIES AND ENVIRONMENT
IMP RATING - A - AVOID HARM
FUND SOCIAL INTENSITY RATING - LOW

Tesco Plc is a leading British multinational retailer with headquarters in England, United Kingdom. The company has more than 6,000 outlets across Europe and Asia.



THE BOND

Tesco's €750 million sustainability-linked bond is aligned to an agreed Sustainability Performance Target (SPT) of reducing its direct (Scope 1) and indirect (Scope 2) Group Greenhouse Gas Emissions by 60% by 2025 against Tesco's 2015 Baseline.

The IMP rating of A - Avoid Harm is recognising Tesco's aim to reduce carbon footprint, in line with the Paris agreement. This bond is an example of a sustainability-linked bond that has a positive environmental impact.

IMP Dimensions	
What	With the sustainability-linked bond, Tesco aims to become a net carbon zero group by 2050. The specific targets of the bond are to reduce Greenhouse Gas emissions by 60% by 2025 and 85% by 2030 against Tesco's 2015 baseline, reach 100% renewable energy use by 2030 (currently 97%), become net zero carbon business in the UK by 2035 and for the group by 2050
Who	The baseline carbon emissions by Tesco were 1.15 million tonnes CO_2 in 2020.
How much	As one of the initiatives, Tesco are pledging to convert their entire fleet of 5,500 home delivery vans to electric by 2028 in partnership with Low Carbon and develop the UK's largest retail network of electric chargers in Tesco's car parks (they have completed 2/3 of installations in 2020).
Contribution	To date, Tesco has already achieved 50% reduction in CO_2 emissions from its 2015 baseline. To achieve its 2025 targets a further 10% reduction is 230k tonnes of CO_2 (approximately equivalent to emissions of 50k cars).
Risk	Execution Risk - Tesco is collaborating with external partners in order to achieve some of its plans in reducing CO_2 emissions, which carries a risk of execution.

04 FORWARD LOOK

This report was launched in November during the twenty-sixth Convention of Parties (COP26) of the UN Climate Change (UNFCC) summit in Glasgow, Scotland. UNFCC established Climate Finance and in 2009 it set the goal of achieving $100 billion per annum of climate financing flowing from developed to developing economies from 2020 through to 2025, recognising that the burden of climate hazards will be borne by the most vulnerable in society.

According to recent estimates, this target will not be met in 2020. However, the growth of the social bond market (including green, social, sustainability and sustainability-linked bonds) of 129% year on year to $760 billion in Q3 2021 demonstrates the market's potential to provide finance where it is needed.

Therefore, we see three key trends which are likely to shape the future of the Fund and to support the transformation of the financial sector to support sustainable opportunities.

BRINGING THE 'E' INTO THE 'S' OF ESG

Sustainability bonds are issued to finance or refinance the delivery of green and social projects. These guidelines recognise the connection between environmental factors and social outcomes, for example, how air quality affects human health or lack of access to quality water has been shown to impact educational outcomes. While this is a relatively new instrument, it has grown more than four-fold to 12% of total impact bond issuances in the first 7 months of 2021.[42] The launch of Transition Bonds, enabling high emitters to sustainably transition to net zero, also sets the need for a just transition ensuring the most vulnerable stakeholders of industries do not bear its cost. Governments are addressing this challenge: for instance the Just Transition Mechanism, from the European Commission, helps to mobilise €55 billion over the period of 2021-27 to the most affected regions to alleviate the socio-economic impact of the transition.

The UK's Green Financing Framework highlights the need to measure social co-benefits[43] of environmental impacts achieved through Green Financing. The Fund has engaged extensively in the development of the ICMA standards and in recommendations to the Green Gilt issuance and Green Financing Framework. It is imperative that the principles of social co-benefits are effectively integrated into public and private investing for sustainable development and that the measurement and mitigation of social and environmental risks are effectively managed as much as positive impacts reported. This means setting out clear targets for social and environmental outcomes together for bond issuances and financing to measure achievements.

42 Bloomberg as at 8 August 2021
43 UK Government Green Financing Framework, June 2021. Full report here.

BUILD ON SOCIAL BOND ISSUANCE MOMENTUM IN THE UK

The launch of the Green Gilt and its rate of subscription (10x oversubscribed and 12x oversubscribed) shows both retail and institutional demand for social bond issuance in the UK. Market trends indicate that green bonds could become the mainstream in some sectors, such as utilities. However, UK domiciled companies continue to issue in international markets and the range of Social Bond mechanisms are yet to be fully explored. Blue Bonds[44] contributing to UN SDG 14 (Life Below Water) could support the development of coastal and maritime economies while Just Transition Bonds could directly tackle employment risk in high emitter sectors in the transition to net zero. The Fund has continued to support private and public bond issuances across the UK and will continue to do so.

DEVELOPING STANDARDS AND BUILDING ON "WHAT WORKS" IN IMPACT MANAGEMENT

The launch of the EU Sustainability-related Financial Disclosure Regulation (SFDR) and the Green Taxonomy indicate further standardisation of reporting requirements for non-monetary indicators. The UK's Taskforce for Climate-related Financial Disclosure (TCFD) will set similar standards on climate disclosure in UK investment markets. The potential development of the UK Label for sustainable retail investments also illustrates the government's ambition to grow this market.

Alongside the Green Taxonomy is the launch of the EU Social Taxonomy. The development of high and standardised reporting frameworks is critical for the development of the sector. The Fund equally continues to develop our Impact Assessment Methodology to integrate recommended practice such as the Impact Management Project's Five Dimensions. These standards are critical to combat green-washing and the Fund recommends that these developments are built on "what works" to ensure data is useable, transparent and true. The Fund will continue to play key roles within ICMA and the Impact Investing Institute to set these recommendations and support the growth of the Social Bonds Market and the impact it creates for society.

44 United Nations Global Compact, Practical Guide to Issue a Blue Bond, 2020. Full report here.

ANNEX 1: IMPACT ASSESSMENT METHODOLOGY

The Threadneedle UK Social Bond Fund is a positively screened, actively managed fund. Each bond is assessed and selected for its potential to deliver positive societal benefits.

The Fund's assessment methodology ensures that impact considerations are fully integrated into investment decision-making and on-going fund management. This is a continually evolving methodology that reflects a developing understanding of impact.

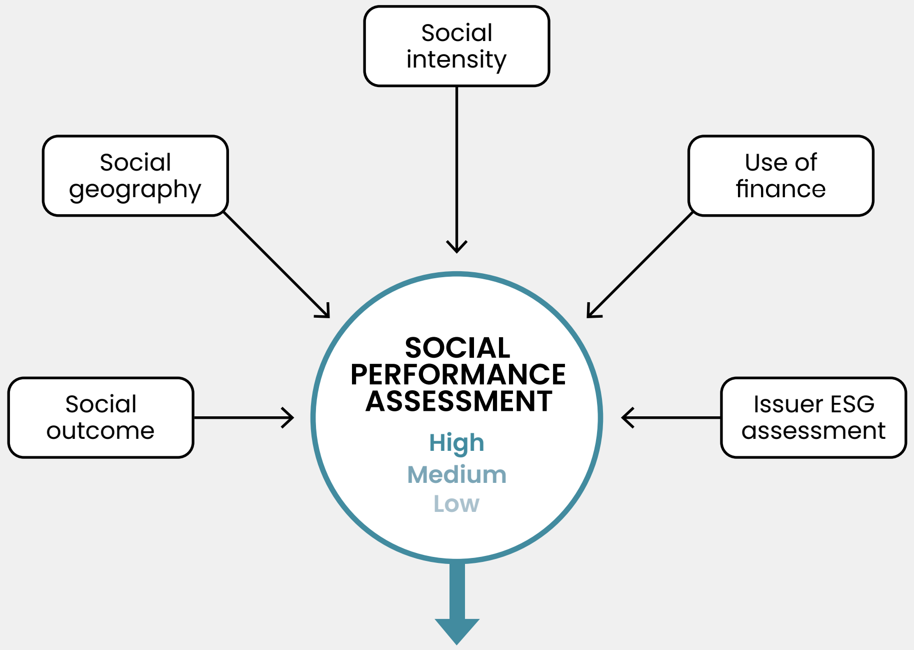
1. DEFINING THE UNIVERSE: TARGETING EIGHT SOCIAL OUTCOME AREAS

Investment is directed towards eight core social outcomes areas with the following aims:

Social Outcome Area	Primary Outcomes	Typical Bond Issuers
Affordable Housing and Property	Increased supply of affordable, good quality homes, particularly for people on low incomes, key workers and students.	- Registered social landlords and property developers
Community Services	Increased access to community facilities and services that improve individual and local well-being; encouraging bond issuance as a new source of funding for charities.	- Charities - Local authorities - Development organisations
Education, Learning and Skills	Supporting wider participation in higher education and promoting social mobility; increasing quality of education for all.	- Universities - Providers of educational services and learning materials
Employment and Training	Supporting provision of good jobs, particularly in areas of high unemployment; improved employment opportunities and skills development for young people.	- Large UK businesses
Financial Inclusion	Universal access to affordable financial services that support decent standards of living.	- Banks and financial institutions, including mutuals
Health and Social Care	Improving quality and accessibility of health and social care facilities and services; facilitating financing of healthcare services through insurance products.	- Large providers of health and care services and related services, including research, property development and financial products
Transport and Communications Infrastructure	Improvements in the quality and access to transport and communications infrastructure and services, particularly outside London and the Greater South East.	- Transport and telecommunications companies
Utilities and the Environment	Supporting the provision of affordable and sustainable utilities provision, including water, waste and energy services.	- Utility companies - Development finance institutions

2. ANALYSING SOCIAL IMPACT PERFORMANCE

The Columbia Threadneedle International Responsible Investment (RI) team carries out a social due diligence of all eligible bonds prior to investment and provides an overall social performance rating (High, Medium or Low). The Social Performance Assessment is co-developed with the Social Partner, The Big Issue. The assessment has five dimensions:



Social performance assessment distribution of Fund

i. Social Outcome: analysis is made of both the primary outcome area e.g. provision of transport infrastructure, and the secondary outcome (e.g. job creation). A higher rating is given to bonds that have clear intentionality to create positive impact and have specified defined and measurable output and outcome metrics.

ii. Social Geography: the extent to which the project or activities financed by the bond has a geographical footprint that benefits disadvantaged communities and the UK's poorer regions.

iii. Social Intensity: the extent to which the bond directly targets people and communities most in social need. A higher rating is given to bonds which benefit specific disadvantaged groups, for example, low-income households or people with disabilities.

iv. Use of Proceeds: the Fund favours "specific use-of-proceeds", which means the financing is exclusively channelled to pre-identified projects with social or environmental outcomes, rather than bonds issued for general corporate purposes. The Fund also favours new bond issues where it can contribute to growing a new or under-supplied capital market, such as for charities.

v. ESG Rating of the Issuer: the bond should have an Issuer with a good Environmental, Social and Governance (ESG) rating. The Columbia Threadneedle Responsible Investment team carries out this assessment using its own well developed ESG methodology and approach.

Each bond's overall Social Performance Rating is based on combining its scores for the five different assessment criteria. The Fund's portfolio includes a mix of bonds with High, Medium and Low social performance ratings. The Fund's overall social performance target is to have at least two-thirds of bonds rated as High and Medium social performance.

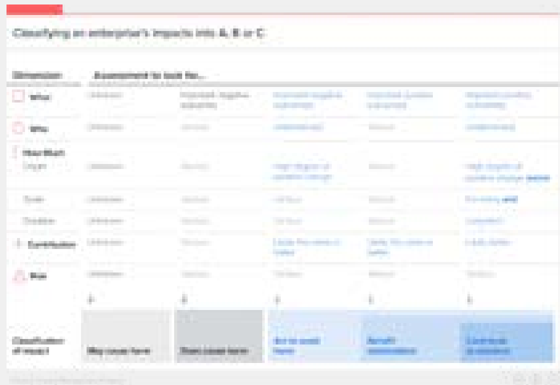
On top of this overall Impact Assessment Methodology, the Fund also uses more specific granular methodologies in a number of outcome areas to assess the impact of investments. Under Education, Learning and Skills, University League Tables and other data is used to assess the performance of higher education institutions in contributing to social inclusion and mobility, continuation rates and graduate prospects.

Cutting across numerous outcome areas of the Fund, BII's Jobs Assessment Methodology (JAM) is also used to provide an approximate assessment of the Fund's overall supportiveness of inclusive job growth in the UK. This is done by analysing the concentration of the Fund's investments in sectors of the economy that perform favourably on good job creation.

The JAM analyses the "good jobs" performance of sectors using four criteria:

- Employment Generation: Size and growth of the sector's direct workforce.
- Wage Quality: Median earnings in the sector relative to the Voluntary (Real) Living Wage and gender wage gap.
- Career Progression: Share of the workforce with intermediate vocational qualifications.
- Geography: Concentration of the sector's employment in areas of high employment deprivation based on regional employment rate.

This year the IMP's ABC classification and methodology has been applied to the sector case studies. The Fund is looking to refine this method to apply it across the entire portfolio over the coming year. The ABC Classification for Act to Avoid Harm, Benefit Stakeholders and Contribute to Solutions is based on assessment against the 5 Dimensions of Impact developed by the Impact Management Project.



Source: Impact Management Project

3. MONITORING AND REPORTING

A **Social Advisory Committee (SAC)** meets quarterly to review and challenge individual bond social assessments, assess risks and provide advice on sector developments and development of the social assessment methodology. The Committee comprises an independent Chair (John Hale, formerly a manager in Investment Affairs at the Association of British Insurers), BII appointed members (Nigel Kershaw, Chair of The Big Issue Group, Danyal Sattar, CEO, Big Issue Invest, Sarah Forster of The Good Economy Partnership) and two Columbia Threadneedle Investments members (Iain Richards, Head of Responsible Investment Policy, and Simon Bond, Responsible Investment Portfolio Manager). See Annex 5 for biographies.

Performance monitoring

Columbia Threadneedle monitors the financial and social performance of the bonds on an ongoing basis. All bonds are subject to a reassessment of their social rating on the fourth anniversary of their inclusion in the Fund. During 2017/18, the methodology was reviewed and the SAC codified policies and procedures to address situations where ESG or impact risks have arisen. Should serious issues arise Columbia Threadneedle will seek evidence. This may include engagement with the company to reassess the social characteristics. A special SAC meeting may be convened to discuss the holding. If the Committee decides that a holding no longer meets the social and reputational requirements of the Fund, the Fund manager will outline an appropriate action plan to the Committee. This is likely to include reducing or eliminating the holding, mindful of both the social and financial goals of the Fund.

Annual reporting

As the Social Partner, BII monitor and analyse social performance data, where available, and report on social performance annually through this report.

The Fund does not claim direct attribution for impact creation. However, it contributes to impact through its investment decision-making. The greatest contribution to impact creation is made when the Fund invests in new issues that are rated High from a social performance perspective.

The quality of impact measurement and management varies across the Fund's portfolio. Organisations issuing bonds for a specific social purpose, such as registered social housing providers and charities, typically track and report on results achieved with well-defined metrics. For bonds that are issued for general corporate purposes and which have a more indirect impact, we report relevant performance data from Annual Reports in this report.

Both BII and Columbia Threadneedle recognise that the impact measurement is an emerging field. We are committed to being actively engaged in this field and will continue to review and refine our approach in line with industry developments and global standards, as well as the emergence of improved impact reporting by bond issuers.

ANNEX 2: FULL LIST OF BOND ISSUERS

Name of Issuer	Outcome Area	Social Assessment
A2Dominion Housing Association	Affordable Housing and Property	High
Affordable Housing	Affordable Housing and Property	High
Aster Housing Association	Affordable Housing and Property	High
Blend	Affordable Housing and Property	High
Bromford Housing Association	Affordable Housing and Property	High
Catalyst Housing	Affordable Housing and Property	High
Clarion Housing	Affordable Housing and Property	High
Cross Keys Homes	Affordable Housing and Property	High
Futures Housing Group	Affordable Housing and Property	High
Golden Lane Housing	Affordable Housing and Property	High
Home Group	Affordable Housing and Property	High
Housing Association Funding	Affordable Housing and Property	High
Longhurst Group	Affordable Housing and Property	High
NatWest	Affordable Housing and Property	High
Metropolitan Thames Valley Housing Association	Affordable Housing and Property	High
Onward Housing	Affordable Housing and Property	High
Optivo Housing Association	Affordable Housing and Property	High
Orbit	Affordable Housing and Property	High
Paragon	Affordable Housing and Property	High
Peabody Trust	Affordable Housing and Property	High
Penarian Housing Association	Affordable Housing and Property	High
RHP	Affordable Housing and Property	High
The Guinness Partnership	Affordable Housing and Property	High
The Housing Finance Corporation	Affordable Housing and Property	High
Walsall Housing Association	Affordable Housing and Property	High
Wheatley Housing Association	Affordable Housing and Property	High
Annington Finance	Affordable Housing and Property	Medium
Incommunities Group	Affordable Housing and Property	Medium
London & Quadrant Housing Association	Affordable Housing and Property	Medium
Places for People Homes	Affordable Housing and Property	Medium
PRS Housing Agency	Affordable Housing and Property	Medium
Grainger Trust	Affordable Housing and Property	Low
Liberty Living	Affordable Housing and Property	Low
UNITE Students	Affordable Housing and Property	Low
African Development Bank	Community Services	High
Inter-American Development Bank	Community Services	High
Lancashire Council	Community Services	High
Cardiff University	Education, Learning and Skills	High

Name of Issuer	Outcome Area	Social Assessment
De Montfort University	Education, Learning and Skills	High
Inter-American Investment Corp	Education, Learning and Skills	High
University College London	Education, Learning and Skills	High
University of Leeds	Education, Learning and Skills	High
University of Manchester	Education, Learning and Skills	High
Pearson Education	Education, Learning and Skills	Medium
University of Southampton	Education, Learning and Skills	Medium
Co-Operative Group	Employment and Training	High
Council of Europe Development Bank	Employment and Training	High
Meadowhall	Employment and Training	Medium
Morrisons	Employment and Training	Medium
Center Parcs	Employment and Training	Low
John Lewis	Employment and Training	Low
Marks and Spencer	Employment and Training	Low
Sainsbury's	Employment and Training	Low
Coventry Building Society	Financial Inclusion	Medium
Lloyds	Financial Inclusion	Medium
Nationwide Building Society	Financial Inclusion	Medium
Hastings	Financial Inclusion	Low
Legal and General	Financial Inclusion	Low
Pension Insurance Corporation	Financial Inclusion	Low
Prudential	Financial Inclusion	Low
Royal London	Financial Inclusion	Low
Yorkshire Building Society	Financial Inclusion	Low
European Investment Bank	Health and Social Care	High
International Bank for Reconstruction and Development	Health and Social Care	High
International Finance Corporation	Health and Social Care	High
International Finance Facility for Immunisation	Health and Social Care	High
Peterborough Progress Health	Health and Social Care	High
Wellcome Trust	Health and Social Care	High
AstraZeneca	Health and Social Care	Medium
Becton Dickinson	Health and Social Care	Medium
BUPA	Health and Social Care	Medium
GlaxoSmithKline	Health and Social Care	Medium
Pure Gym	Health and Social Care	Medium
Octagon Healthcare Funding (Norwich and Norfolk)	Health and Social Care	Low
Rentokil	Health and Social Care	Low
Asian Development Bank	Transport and Communications Infrastructure	High
BBC Pacific Quay	Transport and Communications Infrastructure	High
Development Bank of Latin America (CAF)	Transport and Communications Infrastructure	High
Motability Operations Group	Transport and Communications Infrastructure	High
Orange	Transport and Communications Infrastructure	High

Name of Issuer	Outcome Area	Social Assessment
Community Finance (GLA)	Transport and Communications Infrastructure	Medium
Eversholt Rail	Transport and Communications Infrastructure	Medium
LCR Finance	Transport and Communications Infrastructure	Medium
Manchester Airports Group	Transport and Communications Infrastructure	Medium
Transport for London	Transport and Communications Infrastructure	Medium
Vodafone	Transport and Communications Infrastructure	Medium
BT	Transport and Communications Infrastructure	Low
CK Hutchison Group	Transport and Communications Infrastructure	Low
Connect Plus M25	Transport and Communications Infrastructure	Low
Euro tunnel	Transport and Communications Infrastructure	Low
National Express Group	Transport and Communications Infrastructure	Low
Network Rail	Transport and Communications Infrastructure	Low
Anglian Water	Utilities and the Environment	High
Bank of Ireland	Utilities and the Environment	High
Dwr Cymru (Welsh Water)	Utilities and the Environment	High
Electricity North West	Utilities and the Environment	High
Southern Water	Utilities and the Environment	High
Thames Tideway Tunnel (Bazalgette)	Utilities and the Environment	High
Thames Water	Utilities and the Environment	High
The International Development Association	Utilities and the Environment	High
United Utilities	Utilities and the Environment	High
Yorkshire Water	Utilities and the Environment	High
Allied Irish Banks	Utilities and the Environment	Medium
Barclays	Utilities and the Environment	Medium
Cadent	Utilities and the Environment	Medium
First Hydro Finance	Utilities and the Environment	Medium
HSBC	Utilities and the Environment	Medium
Iberdrola	Utilities and the Environment	Medium
National Australia Bank	Utilities and the Environment	Medium
Northern Gas Networks	Utilities and the Environment	Medium
Northern Powergrid Yorkshire	Utilities and the Environment	Medium
Ørsted	Utilities and the Environment	Medium
Scottish and Southern Energy (SSE)	Utilities and the Environment	Medium
Severn Trent Water	Utilities and the Environment	Medium
Wales & West Utilities	Utilities and the Environment	Medium
Western Power Distribution	Utilities and the Environment	Medium
DS Smith	Utilities and the Environment	Low
Electricity Supply Board	Utilities and the Environment	Low
London Power Networks (National Grid)	Utilities and the Environment	Low
Tesco	Utilities and the Environment	Low
UK Power Networks	Utilities and the Environment	Low

ANNEX 3: SUMMARY OF THREE-YEAR PERFORMANCE TRENDS

		2019	2020	2021
Portfolio	Value (£ million)	120.1	214.2	349.5
	Number of bonds	145	190	225
	Number of Issuers	100	111	121
	Top 25 Issuers (% of Fund by Value)	54.3	54.6	51.6

		2018 (% of bond)	2018 (% of value)	2019 (% of bond)	2019 (% of value)	2020 (% of bond)	2020 (% of value)	2021 (% of bond)	2021 (% of value)
Social Performance	High	35.2	32.8	38.6	35.8	42.1	42.1	42.7	43.3
	Medium	42.6	51.2	37.9	46.9	35.3	41.7	34.2	40.3
	Low	22.2	16.0	23.4	17.3	22.6	16.2	23.1	16.4
Social Outcomes	Affordable Housing and Property	25.9	19.3	27.6	15.6	23.2	14.1	19.1	14.1
	Community Services	3.7	5.6	2.8	3.5	3.7	3.8	1.8	3.5
	Education, Learning and Skills	4.6	2.7	3.4	2.5	4.2	3.2	4.0	2.3
	Employment and Training	11.1	6.6	11.0	7.7	6.3	7.2	6.2	7.3
	Financial Inclusion	11.1	13.2	6.9	11.1	12.6	13.5	13.3	13.9
	Health and Social Care	8.3	9.1	9.7	9.5	13.2	12.2	13.3	15.4
	Transport and Communication Infrastructure	13.9	19.8	12.4	18.5	12.1	18.2	12.9	15.3
	Utilities and the Environment	21.3	23.7	26.2	31.5	24.7	27.8	29.3	28.3
Social Geography	Regional	48.1	41.7	43.4	37.7	36.8	36.0	37.8	31.7
	National	43.5	46.0	44.1	47.2	43.2	44.9	44.0	49.9
	Supranational	8.3	12.3	12.4	15.2	20.0	19.1	18.2	18.4
Regional Geography	Outside of GSE	63.5	66.5	65.1	68.5	58.6	62.6	58.8	55.5
	Midlands and South West	15.4	20.5	17.5	21.3	17.1	17.9	16.5	12.8
	North	25.0	20.6	28.6	19.9	21.4	16.7	18.8	16.9
	Scotland and Northern Ireland	7.7	9.5	6.3	7.9	5.7	7.4	5.9	5.6
	Wales	13.5	12.5	11.1	11.0	11.4	11.8	9.4	7.4
	Multi-Regional	1.9	3.5	1.6	8.3	2.9	8.8	8.2	12.8
	Greater South East	36.5	33.5	34.9	31.5	41.4	37.4	41.2	44.5
Job Performance	Favourable Overall Jobs Performance[45]	50.9	52.3	54.5	55.1	52.1	47.6	38.1	38.5

45 2021 methodology has been revised to include gender pay gap across the industry sectors.

ANNEX 4: REGISTERED HOUSING PROVIDERS - DATA ANALYSIS

Bond Issuer	Total Number of regulated units owned and managed	Social rent %	Intermediate and affordable rent %	Supported housing %	For older people %	Low cost home ownership %	Care homes %
A2 Dominion Housing Association	24,979	70.1%	6.3%	4.3%	3.7%	14.7%	0.8%
Affordable Housing	154	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%
Aster	32,626	62.8%	13.8%	3.7%	9.0%	10.6%	0.1%
Bromford	41,330	73.9%	8.0%	2.3%	6.2%	9.1%	0.4%
Cross Keys Housing Association	11,719	65.2%	16.3%	0.6%	9.8%	8.1%	0.0%
Catalyst Housing	28,154	63.9%	11.9%	3.2%	3.3%	17.3%	0.4%
Clarion	108,728	70.6%	13.3%	1.7%	6.4%	8.0%	0.1%
Futures	9,799	58.1%	5.8%	0.2%	31.7%	4.1%	0.0%
Grainger	650	0.0%	54.8%	0.0%	0.0%	45.2%	0.0%
Guinness	61,404	63.3%	11.2%	1.5%	13.6%	10.3%	0.1%
Home Group	47,213	65.0%	16.0%	8.9%	3.3%	6.2%	0.5%
Incommunities	21,933	84.5%	10.9%	0.4%	3.7%	0.5%	0.0%
Longhurst Group	21,276	72.6%	9.2%	2.3%	6.0%	9.7%	0.2%
London & Quadrant Housing Association	84,740	69.3%	10.7%	3.1%	6.0%	10.4%	0.4%
Metropolitan Thames Valley Housing Association	56,738	62.6%	5.2%	4.1%	5.7%	22.3%	0.2%
Onward Housing	29,284	70.2%	6.0%	6.8%	13.2%	3.4%	0.3%
Optivo Housing Association	40,603	64.7%	13.3%	2.4%	8.5%	10.9%	0.2%
Orbit	44,256	54.7%	13.3%	1.5%	6.1%	24.4%	0.0%
Paragon	20,878	64.7%	14.2%	3.0%	10.8%	7.0%	0.3%
Peabody Trust	59,240	75.7%	8.7%	3.5%	2.3%	9.6%	0.1%
Places for People Homes	68,027	76.8%	8.1%	4.6%	3.8%	6.5%	0.2%
Golden Lane Housing	2,224	0.0%	0.0%	97.3%	0.0%	0.0%	2.7%
Hightown Housing Association	6,012	40.0%	33.7%	8.5%	1.3%	15.3%	1.1%
Walsall Housing Association	20,639	87.4%	9.9%	0.5%	0.0%	2.2%	0.0%
Total/Average	**842,606**	**59.0%**	**12.5%**	**6.9%**	**6.4%**	**14.8%**	**0.3%**

Source: Regulator of Social Housing (RSH), Private Registered Provider Social Housing Stock in England: Statistical Data Return (SDR) 2020. Note: Wheatley Housing Association and Penarian Housing Association have not been included in this dataset though both have bonds held by the Fund. This is because Wheatley HA is a Scottish organisation and Penarian HA is a Welsh organisation. Both Scotland and Wales have their own regulatory bodies for social housing and so data for these organisations was not disclosed to the RSH for the SDR.

ANNEX 5: BIOGRAPHIES

MEMBERS OF SOCIAL ADVISORY COMMITTEE

John Hale
Independent Chair of the Social Advisory Committee

John began his professional career in industrial market research and consultancy in the petroleum, steel and transport sectors. With a focus on Latin America, he moved to work for Lloyds Bank International as an economist and then specialised in export and project finance, including three years in Brazil, and finally developing country debt management.

He joined the Investment Department of the Association of British Insurers in 1992 to represent the association and its members on policy matters (UK and EU) and commercial issues. Amongst other things he was responsible for the ABI Bond committee, the Property Investment Committee and the joint ABI Treasury Insurers Infrastructure Investment Forum. He played a leading role in the UK bond market, convening the ABI special committees on specific fixed income matters including a number of major debt restructurings. He was also closely involved in the early development of ABI's corporate governance service IVIS and ABI's Responsible Investment policy and, for a period, acted as Secretary to the insurance grouping ClimateWise.

Nigel Kershaw OBE
Chair of the Big Issue Group

Nigel is Chair of The Big Issue Group, having been The Big Issue's CEO and Executive Chair. He was also the founding CEO of its social investment arm, Big Issue Invest, which manages, or advises on, £190 million of social funds through its innovative lending programmes, regulated investment funds and advisory services.

Since 1974, Nigel has founded and grown three employee-owned companies. He is a member of the Advisory Group to Government on 'Creating a Culture of Social Impact Investment and Savings'. A Social Enterprise UK 'Champion of Champions' and a winner of the Institute of Directors' Good Enterprise Award, he was awarded an OBE for services to Social Enterprise.

Simon Bond
Executive Director, Responsible Investment Portfolio Manager, Columbia Threadneedle Investments

Simon joined Columbia Threadneedle in 2003 as an Investment Grade Portfolio Manager and has been the manager of the Threadneedle UK Social Bond Fund since its launch in 2013. Having previously managed a number of institutional and retail investment grade corporate bond portfolios, Simon now concentrates on managing Columbia Threadneedle's social bond portfolios and developing other responsible investment strategies across the firm.

Simon has over 35 years' experience in the fund management industry, with the last 30 years specialising in corporate credit. Throughout his career, Simon has taken a keen interest in the social impact investment space and as an analyst the first entity Simon reported on was Peabody Trust and the first sector he covered was housing associations. Simon is particularly passionate about the role of infrastructure in both regeneration and economic growth.

Prior to joining the firm, Simon managed £6 billion in his role as the Senior UK Credit Fund Manager for AXA. Simon also worked at GE insurance, Provident Mutual and Hambros Bank.

Iain Richards
Head of Responsible Investment Policy, EMEA, Columbia Threadneedle Investments

Iain Richards joined Columbia Threadneedle in 2012 and is currently Head of Responsible Investment Policy, EMEA. Prior to joining the company, Iain was Regional Head of Corporate Governance at Aviva Investors. His career in the City has also included roles at Schroder Investment Management, the Policy Group of the UK's Listing Authority and the London Stock Exchange. Iain has also worked at the UK's Department of Trade and Industry (now BIS) in various roles in the European and competition policy units.

He has written papers on a range of issues including Auditing, Sovereign Wealth Funds and, in 2006, on the impending risk of a systemic banking crisis. He was responsible for leading the UK investment industry's successful lobbying to re-establish the over-arching 'True and Fair View' principle of accounting in revised UK Company Law. He has also appeared as an expert witness before the UK House of Lords Select Committee on Economic Affairs to give evidence on Audit Market concentration and the role of auditors.

Sarah Forster
CEO, The Good Economy Partnership

Sarah is CEO of The Good Economy Partnership which she co-founded in 2015. The Good Economy provides strategy consulting, product development, and impact measurement and management services that enable investors, businesses and government to play a bigger role in building an inclusive economy and society.

Sarah has over 25 years' experience in international development, impact investing and impact measurement and management. She has worked at the forefront of the development of the UK social investment market leading on the design of innovative investment products and impact assessment methodologies. Previously, Sarah held senior management positions at Big Issue Invest, the New Economics Foundation and the World Bank.

Danyal Sattar
CEO, Big Issue Invest

Danyal Sattar joined Big Issue Invest as CEO in December of 2018. He has more than 25 years' experience in the social and ethical investment, charitable and impact investment sectors.

Prior to joining Big Issue Invest, Danyal worked at The Joseph Rowntree Foundation, where he held the role of Head of Social Investment. Danyal has also worked for Big Society Capital and the Access Foundation for Social Investment. This followed ten years at Esmée Fairbairn Foundation managing their social investment fund and environmental grant making. Prior to that, he held a position at Charity Bank in the lending team. He has also held roles at the Brussels-based network International Association of Investors in the Social Economy, the UK Sustainable Investment and Finance Association, local investment fund the Aston Reinvestment Trust, and at the think-tank New Economics Foundation. He holds a BA in Geography, MA in Local Economic Development and MSc in Environmental Policy.

This report was written by The Big Issue and approved by Big Issue Invest Fund Management

113-115 Fonthill Road
London N4 3HH
T: 020 7526 3440
www.bigissueinvest.com