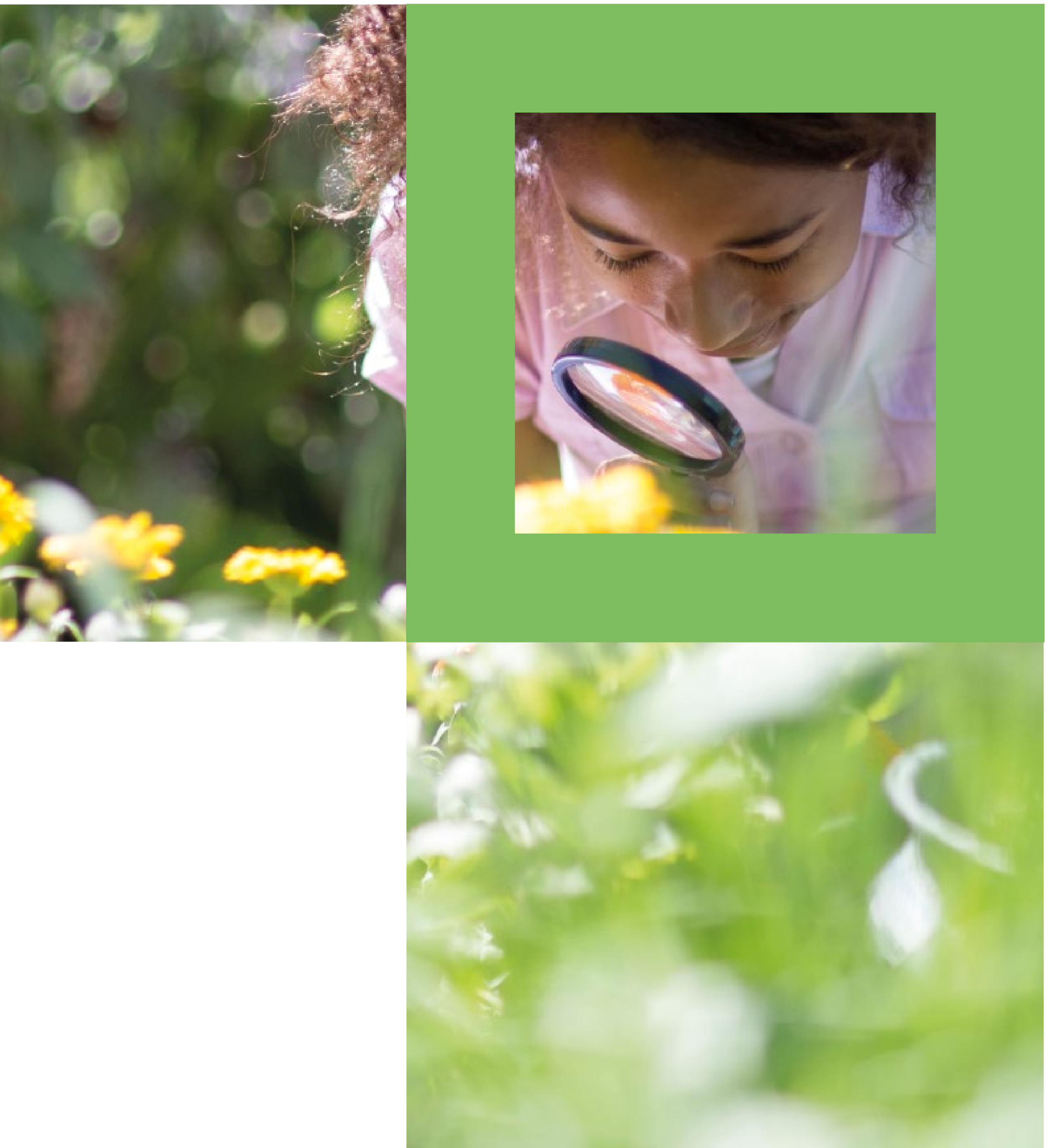
For investment professionals only

M&G Investments

M&G Impact Financing Fund

Annual impact report 2022



Contents

Impact in brief

The M&G Impact Financing Fund ('the fund') invests in a diverse portfolio of issuers that produce a range of environmental and social benefits. Some of the environmental and social benefits delivered by these issuers in 2022 are estimated below.

Climate and nature	Better health	Social equality
12m tCO_2e annual GHG emissions reduced/avoided	**1.5m** medical patients / participants reached	**142,463** social homes financed
7.1m MWh renewable energy generated annually	**150,000** patients registered at primary healthcare centres	**17,848** social homes in development pipeline
3.9m tonnes waste diverted from landfill	**18,100** patients treated in hospital per month	**9,679** student accommodation beds financed
468,861sqm floorspace of green buildings	**898** molecules treating medical conditions	**740,000** social loans made to individuals and micro and small enterprises (MSEs)

Where the fund's investment is to finance a discrete asset (for example, a green building) or a pool of loans (for example, social loans or green mortgage securitisations), we have only considered the impact of the asset or pool of loans financed, and have not looked through to the total impact of the underlying owner.

In order to assess the positive impact delivered by the M&G Impact Financing Fund during 2022, the issuer-level metrics in the table above have been pro-rated according to the size of the fund's investment to provide the following estimates of the fund's impact over the year:

Climate and nature	Better health	Social equality
4,607 tCO_2e annual GHG emissions reduced/avoided	**3,647** medical patients / participants reached	**226** social homes financed
6,077 MWh renewable energy generated annually	**1,173** patients registered at primary healthcare centres	**26** social homes in development pipeline
4,607 tonnes waste diverted from landfill	**92** patients treated in hospital per month	**25** student accommodation beds financed
483 sqm floorspace of green buildings		**988** social loans made to individuals and micro and small enterprises (MSEs)

The impact metrics shown in the table above relate to the proportion of the fund that has been invested in private or illiquid impact assets, which comprised 77.6% of the entire portfolio at the end of 2022. The impact of the fund's temporary holdings in sustainable liquid assets awaiting deployment is not included in the calculation of these metrics. Figures above are based on the key performance indicators (KPIs) against which we measure individual company impacts. These have been aggregated within each impact area, where companies within the area share similar KPIs. These figures are largely based on the latest information available from company literature and hence are backward looking.

Introduction

Macroeconomic crises deepen environmental and social challenges

The M&G Impact Financing Fund turned six in 2023 – a year marked by extraordinary shifts in the global economy, as markets reacted to the after-effects of a global health disaster and a terrible war on the borders of Europe. Expansive monetary policy during the COVID-19 pandemic, combined with supply chain and labour market bottlenecks, kickstarted an inflationary wave that was compounded by rising commodity and energy prices. The human costs have been considerable, and the political agenda has shifted somewhat to prioritise national safety, energy security and the battle against inflation.

In light of the cost of living crisis facing the world (arising from rising inflation), addressing social inequality is arguably more important than ever. Issues relating to energy security as a result of the war have brought discussions on tackling climate change to the fore, and there is nothing like a global pandemic to highlight the importance of healthcare. Our strong belief is that in a world characterised by challenges such as those referenced above, impact investing, or investing in solutions to social and environmental issues, has a huge role to play.

As impact investors, we are keen to ensure that the urgency around tackling critical environmental and social challenges is not lost in spite of the expanded list of governmental priorities. We are pleased to see signs that resolving these issues is still on the agenda; some examples include hopeful news late in 2022 of a landmark global biodiversity agreement at COP15 in Montreal aimed at protecting nature and Biden's transformative Inflation Reduction Act, which seeks to help the United States meet its climate goals through green technology subsidies.

Our portfolio companies generally displayed good resilience in a difficult market last year. It is important that they remain financially strong so that they can continue to pursue their impactful purpose. We dedicate a huge amount of time and resource to analysing the business model and investment case when considering companies for the fund – not just their impactful credentials. We firmly believe that impact investing is investing with the intention of contributing to positive social and/or environmental outcomes by generating measurable, positive impacts alongside a financial return. Debt financing has a key role to play in scaling up impactful activities, and we are committed to demonstrating this through our investments and their associated impact metrics.

In this year's report, where available, we have continued to provide hard data on investee companies' impact, and alignment with SDGs (see **page 18**). As before, we have also provided in-depth case studies on three investee companies – one from each of our impact pillars. These offer an insight into the impactful solutions offered by companies in areas such as waste reduction, healthcare and social housing.

We hope you enjoy reading this year's edition of our annual impact report.

The M&G Impact Financing Fund provides investors with the opportunity to invest their capital in projects and companies that make a positive contribution across three key impact themes – climate and nature, better health, and social equality – so that their capital can contribute to creating sustainable, resilient and inclusive economies and societies.

Overview of impact investing

We believe there are three key challenges facing the world today: climate change, healthcare and social inequality. Impact investing is an obvious and meaningful way to address these challenges, directing capital towards borrowers that actively seek to provide solutions. In this way, impact investors aim to support, encourage and fund companies and organisations, with the intention of meeting a dual objective of generating measurable, material positive impacts, alongside competitive financial returns. All impact investments in the Impact Financing Fund target one or more key impact pillars:

Climate and nature	Better health	Social equality

It is worth clarifying how impact investment differs from other responsible investment strategies, particularly as increasing diversity of thought in the market has created new layers of confusion. While general understanding of responsible investing has no doubt improved, the distinction between different responsible investment strategies is often less well understood.

This is especially true when it comes to the difference between 'impact' and 'sustainability'. Both approaches have come to the fore as they cater to investors' growing appetite for investments that help to combat environmental issues and improve social outcomes. However, impact investing takes a stricter approach, and there are several areas that impact investors specifically need to consider, beyond the financial investment case for a business.

The central principles of impact investing – intentionality, additionality and measurability – act as the guiderails to ensure that environmental and social objectives are achieved effectively. Investments must be made with the clear intention to deliver a substantial net positive change, rather than the positive impact being outweighed by negative outcomes.

Impact capital should provide an additional contribution to what would otherwise have occurred. For this, both the contribution from the borrower and the role of the investor are relevant; we refer to this as investee and investor additionality respectively. Impact investors must also demonstrate they are delivering the stipulated positive impacts: they must be able to analyse and measure these outcomes, rather than simply assuming they will occur.

Our approach to impact investing

Lending for impact – taking a flexible, diversified approach

The fund predominantly invests in private or illiquid fixed income assets that offer positive environmental or social impact alongside a financial return. We do this through a diversified portfolio, investing across a range of private or illiquid debt markets and across a wide variety of issuers that align with the fund's impact themes of climate and nature, better health, and social equality.

Private debt investment often supplies issuers with the capital they need to scale up their business. When private debt is directed to impactful companies and projects, it provides the means to scale up the positive impact delivered by these borrowers, often by multiple times.

We believe that private debt markets provide an attractive opportunity to invest in assets that seek to deliver both strong returns, and clear and measurable environmental and social impact.

Why private debt for impact investing?

'Pure play' impact investments: Private debt encompasses a wide range of assets that offer sustainable outcomes, and offers many more 'pure play' impact opportunities than public bond or equity markets. This is because financing is often directed to discrete projects rather than broad corporate loans, for example financing to construct new social or affordable homes, hospitals, university facilities, green buildings, and wind farms. Private debt also involves lending to smaller companies. These entities are more likely to be focused on a narrower range of business activities than companies that borrow in public markets, which also contributes to the greater number of pure-play impact investment opportunities in private markets.

Engagement: Many transactions in private debt markets are either bilateral or club deals involving a small number of lenders. This means that individual private debt investors can be very important providers of capital to private debt borrowers, creating an opportunity for highly effective engagement. The direct contractual nature of a private loan creates more frequent contact and often fosters a closer relationship between the lender and the borrower than is the case between, for example, a public bondholder and issuer. Lenders can take advantage of being private side in a transaction to:

- directly negotiate financial covenants and agree other investor protections upfront to buffer in sufficient downside protection
- develop close dialogue with borrowers to ensure that the expected impact is achieved over the life of the investment
- work with borrowers to ensure that useful impact metrics are tracked and reported.

Measurable impact: Since private debt often finances discrete projects or smaller companies, it is normally easier to identify and measure the positive impact in comparison with investments in large public companies. For example, when financing the construction of new social homes, we can easily quantify the number of new homes built. Equally, if financing a wind farm, it is normally straightforward for the borrower to provide the amount of clean electricity generated over the year. Also, the close relationship between borrower and lender fosters close engagement which can assist in establishing the most relevant and useful metrics.

Access to a wide opportunity set: Private debt markets can provide access to a broad and diverse opportunity set across impact areas, sectors, geographies, asset types, maturities, risk/return profiles and debt instruments and structures. However, it can require significant resource and expertise in a range of fields to take advantage of this breadth of opportunities.

Potential for attractive returns: Private debt impact assets often pay a premium over similar-rated public assets to compensate for the lack of secondary trading opportunities; this extra return or yield is typically referred to as an 'illiquidity premium'. Private debt transactions can take a significant amount of time, effort and expertise to source, structure, analyse and negotiate, so may also offer a 'complexity premium'.

Defining the fund's impact investment universe

The fund targets investments that address environmental and social needs under three impact pillars. In our view, these pillars cover the three biggest sustainability issues facing the world today: climate and nature, better health, and social equality.

Under each of these three themes, there are a range of investable areas that address specific impact needs.

Climate and nature

- biodiversity
- circular economy and waste management
- green buildings
- green transport
- renewable energy
- sustainable agriculture and forestry

Better health

- healthcare products
- healthcare services
- hospitals and healthcare facilities

Social equality

- education
- equal opportunities
- housing associations
- social or affordable housing

To be considered for inclusion in the fund, an issuer must source the majority of its revenue from impact-related activities aligned with the fund's three impact themes. Issuers must also meet various ESG conditions and exclusions assessed as part of the impact analysis conducted by M&G for every impact investment in the fund. Issuers involved in environmentally or socially damaging product areas such as weapons, tobacco, alcohol, adult entertainment, gambling, predatory lending, thermal coal and oil sands, are deemed ineligible for the fund, as are issuers considered to be in breach of UN Global Compact principles on human rights, labour, the environment and corruption.

We also look at the impact of issuers through the lens developed by the Impact Management Project (IMP) – a forum for building global consensus on how to measure and manage impact. This lens is referred to as the 'Five Dimensions of Impact' and aims to measure the impact of a particular investment. We believe the five dimensions integrate well with the fund's impact objectives and provide an additional means to understand the scope of the impact generated by the fund's investments.

Five dimensions of impact

What
Tells us what outcome the issuer is contributing to, whether it is positive or negative, and how important the outcome is to stakeholders.

Who
Tells us which stakeholders are experiencing the outcome and how underserved they are in relation to the outcome.

How much
Tells us how many stakeholders experienced the outcome, what degree of change they experienced, and how long they experienced it for.

Contribution
Tells us whether an issuer's and/or investor's efforts resulted in outcomes that were likely better than what would have occurred otherwise.

Risk
Tells us the likelihood that impact will be different than expected.

Building a diversified impact portfolio

The time and resources required to construct a diversified portfolio of private and illiquid impact assets should not be underestimated. Originating and investing in a diverse range of private and illiquid assets requires significant resources, experience and expertise, as well as access to a wide range of markets and counterparties, often built up and established over many years. It can then take several months of credit and impact analysis, structuring, and negotiation on the part of the lender to complete a single transaction; fully building a diversified portfolio of such assets therefore takes some time.

As at the end of 2022, the fund was 77.6% invested in private and illiquid impact assets. The remaining capital in the fund is temporarily invested in a diverse portfolio of sustainable liquid assets that will be sold down over time to fund investments in private or illiquid impact assets as they are sourced.

Capital temporarily held in liquid assets must meet certain sustainability criteria. These investments must be aligned with the principles of the fund's strategy to qualify for inclusion and must fall into at least one of the following categories:

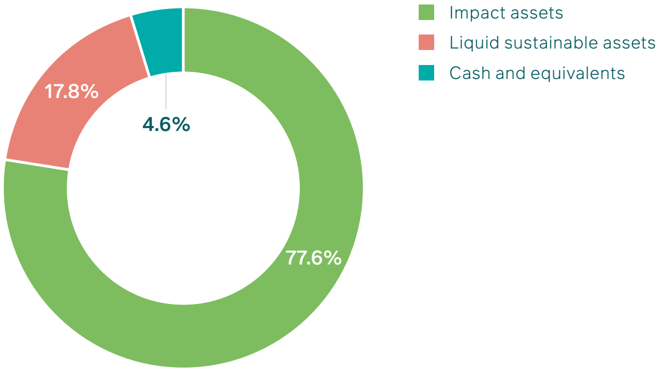
- green bonds, social bonds and sustainability bonds that have been reviewed and assessed by a reputable second-party opinion provider
- liquid assets that are aligned with the fund's three impact themes
- liquid assets with strong ESG characteristics.

Beyond the need to maintain some liquidity for the efficient management of the fund, any holdings in sustainable liquid assets should be considered as temporary. Over the longer term, the fund will be predominately invested in private or illiquid impact assets.

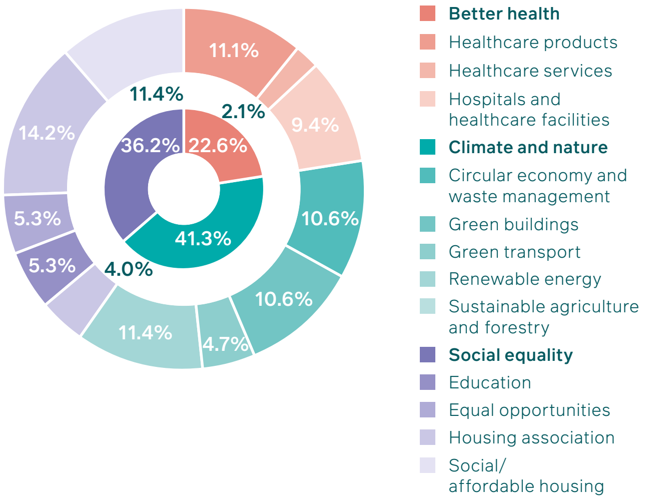
Portfolio composition

Portfolio weights as at 31 December 2022

Overall portfolio weights



Impact portfolio weights, by impact themes and sub-themes



Impact theme

Climate and nature

The fund has made

19

investments that help address climate change and other environmental issues, under the climate and nature impact theme

During 2022, these issuers generated

7,200GWh

of clean electricity...

...diverted/saved

3.8m tonnes

of waste and

reduced GHG emissions by

11m tCO_2e

2022 provided challenges and hope in equal measure on the climate and nature front. Early in 2022, governments around the world appeared to refocus on matters such as energy security as the supply of Russian oil and gas was limited by the sanctions regime. There was hope that this would hasten the transition to renewable energy, and indeed it did in some countries. Others, however, took alarming steps backwards such as reinstating coal plants, jeopardising the 2015 Paris Agreement and hopes of adhering to a 1.5° pathway. Encouragingly, the resistance by the public to backward measures in countries such as Germany has been strong, suggesting powerful social tipping points in the fight against climate change are not so easily undone.

Late in 2022, there was further good news from Montreal, where the much delayed biodiversity-focused COP15 was held. Almost 200 countries came together to agree a '30 by 30' target, intended to protect 30% of the planet for nature by 2030. Other agreements included reforming $500 billion (£410 billion) of environmentally damaging subsidies, restoring 30% of the planet's degraded inland water, coastal and marine ecosystems, and taking urgent actions to halt and recover populations of species known to be under threat due to human causes. The agreement is widely hoped to be the watershed moment for nature in the way the 2015 Paris Agreement was for climate.

Crucially, we hope that this global agreement on nature will help the world tackle the climate challenge. Climate and nature are often regarded as two sides of the same coin. Nature provides a range of ecosystem services, including many related to climate stability.

Climate change is a key driver of biodiversity loss and less biodiverse ecosystems are less able to sequester carbon, creating a negative feedback loop that worsens both. This link is strong, but often underappreciated, and it is for this reason that we consider these themes jointly.

As impact investors, we believe we have a key role to play in diverting capital towards important climate and nature solutions. We focus on investing in companies or projects that fall under six key sub-themes that promote nature and climate solutions.

- **Biodiversity** – supporting the promotion and protection of nature, which in turn improves the effects of climate change. Opportunities in the private credit space are still relatively nascent for this sub-theme but we have recently seen project finance and real asset transactions in this space.
- **Circular economy** – encouraging an alternative to the linear consumption model that we have become so accustomed to. This could mean investing in sharing economy concepts where physical assets can be reused or repaired, or promoting the recycling and sorting of waste products.
- **Green buildings** – buildings are a big source of CO2 emissions, largely due to the energy spent in heating and cooling them. It is estimated that 27-36% of all CO2 emissions generated in the EU28 come from buildings[1,2], so we look to invest in solutions or projects that promote the energy efficiency of buildings.

[1] European Commission, 'Energy performance of buildings directive' (2018).

[2] Statista, 'Breakdown of CO_2 emission in the European Union 2021, by key category' (2023).

- **Green transport** – transport is another significant source of CO_2 emissions due to the prevalence of fossil-fuel-based technologies in this space. In the EU, road transportation alone is estimated to have accounted for 28% of emissions in 2021[2]. Promoting this sub-theme could mean investing in companies or projects that facilitate the electrification of transport, or improve the attractiveness of public transport.
- **Renewable energy** – investing in businesses and projects that facilitate the transition to green energy sources such as wind, solar, hydropower and biomass. There are also opportunities in energy storage and emerging green hydrogen infrastructure.
- **Sustainable agriculture and forestry** – it is estimated that agriculture accounts for 10% of the EU's total GHG emissions, but significantly more once hidden emissions, such as those generated by the production of fertilisers and pesticides, are taken into account. Promoting sustainable agriculture also improves many indicators important for nature, such as water quality and soil quality.

Over the course of 2022, we were able to invest in companies and projects that generate direct positive impacts within these sub-areas. These range from greener transport solutions to sustainable farming projects. We also note that we are able to indirectly promote many of these sub-themes; for example we are able to promote nature-consciousness via biodiversity assessments for investments with a meaningful real estate footprint.

Case study

Grover

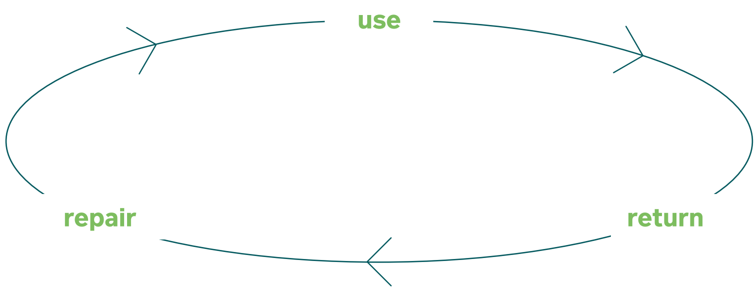
Issuer overview

Grover is a leading European technology subscription/rental platform enabling people and businesses to subscribe to tech products on a monthly basis rather than buying them. Products range from phones and laptops, to drones and e-scooters. Founded in 2015 and headquartered in Berlin, Germany has been Grover's main active market over the past six years. However, it also operates in the Netherlands, Austria, Spain and the US.

Asset rental model

Grover acquires devices directly from original equipment manufacturers (OEMs) or licensed resellers; this enables it to offer its customers (individuals and companies) access to technology for flexible periods of time at competitive prices. Customers are able to rent a product for a minimum period of their choice ranging from 1-18 months, before returning it free of charge to be refurbished and re-used. This means customers can match their period of ownership to period of use, avoiding large upfront costs or credit; the strategy also provides them with convenient disposal options.

> **"Between 2015-2022, Grover rentals prevented an estimated 160,000 products from becoming e-waste[3]"**



At the end of the minimum agreed rental period, the subscription can be renewed or the product returned to Grover. On returning the product, its condition is graded. Damaged items are repaired and their data wiped, restoring the item to the 'good as new' standard adhered to by Grover. This cycle of use, return and repair is continued for as long as possible. The product with the highest number of circulations is a GoPro camera which has circulated 27 times, but the average product achieves 3-4 cycles depending on product category; after this, the product is disposed of responsibly via the second-hand market or recycled for parts.

[3] Statistic from Grover website, How renting works.

> “Grover has achieved over 1.2 million circulations as at the end of 2022[4]”

E-waste is a growing problem

Globally, it is estimated that around 50 million tonnes of e-waste are produced annually, with 80% not collected for recycling[5]. Even in developed countries such as Germany, e-waste collection rates are below 50%[6]. As a circular economy business, Grover helps to address this issue by reducing technological waste. By refurbishing, repairing and re-subscribing assets where there is demand for them, a product's useful life and utilisation are greatly extended. The alternative involves such products remaining unused for most of the year (eg, drones, cameras, etc.) or being disposed of while still useful. This circular concept reduces demand for scarce resources relating to technology.

Secondary social equality benefits

Grover also lowers the barriers to access technology by not requiring large upfront investment and offering an affordable monthly payment solution. This differs from traditional financing because of the flexibility and the duration of the commitment. To broaden accessibility further, Grover is currently exploring how to rent out its devices to social partners and underserved communities at a significantly reduced rate. Currently, it is in discussions with a local German partner that teaches skills and provides job market training to unemployed youth. The company is in the process of working out how it can best support the partner's work.

M&G's transaction with Grover

In 2022, M&G negotiated a private, bilateral €202 million multi-tranche asset-backed facility with Grover, to be drawn over an eight-month period, to help with their European expansion plans.

[4] Grover ESG Report 2022.

[5] Circular Electronics Partnership.

[6] Umweltbundesamt (2021), Electrical and electronic waste in Germany.

This investment is aligned with the following UN SDGs:

SDG 12
Responsible consumption and production

SDG 13
Climate action

SDG 10
Reduced inequalities

While we support the UN SDGs, we are not associated with the UN and our funds are not endorsed by them.

Five dimensions of impact in brief

What

Promoting circular economy principles by enabling the repair and reuse of electronic devices, reducing e-waste and demand for scarce resources.

Who

Beneficiaries are predominantly individuals provided with access to a range of electronics which suit their needs. The ultimate beneficiary is the planet with reduced e-waste, better preservation of scarce resources and ultimately lower levels of CO_2 emissions as fewer new products will be manufactured.

How much

The devices are circulated on average 3-4 times depending on the product category, and Grover had achieved over 1.2 million circulations as at the end of 2022, leading to significant e-waste prevention.

Contribution

The financing was provided to geographically expand Grover's offering and increase the number of devices in circulation, improving e-waste outcomes and access to technology for those who would otherwise not be able to afford it.

Risk

As a new, growing company and business model, there is some external risk; for example, the model for accessing technology may not grow in the way that is expected or macroeconomic events may lead to other constraints on consumers' spending power. This is somewhat out of the company's control; given the fair pricing approach Grover follows and evidence thus far pertaining to the attractiveness of its model, we think this risk is well mitigated.

Portfolio impact investments

Climate and nature

Circular economy and waste management

Investment	Description	Impact metrics	Aligned with UN SDGs
Beauparc	Beauparc is an integrated waste management and environmental services company. The company collects waste from both commercial and residential customers and recycles or reuses the waste in accordance with its 'zero landfill' mission. In addition to recycling, waste is reused in a number of ways, including producing fuel for waste to energy plants, and providing wood chips to manufacture composite wood blocks and as compost. The company also operates 20 landfill gas generators to convert landfill-sourced methane into electricity.	**c.3 million** tonnes of waste diverted from landfill annually **c.80,000MWh** of energy generated annually[7] **c.19,000** homes powered[8]	SDG 12 Responsible consumption and production
Grover	Grover is a leading European technology rental platform which enables consumers and businesses to subscribe to technological products on a monthly basis. Products range from phones and laptops to drones and e-scooters. Grover purchases products new, direct from original equipment manufacturers (OEMs) or licensed resellers and rents them to customers, after which the product is refurbished and recirculated to another customer.	**1,200,000** device circulations[9] **160,000** products of e-waste reduced[10] **250 tonnes** of e-waste reduced[11] **300,000** devices refurbished to date **3-4** average circulations per device	SDG 12 Responsible consumption and production SDG 13 Climate action
IFCO[12]	IFCO is the leading provider globally of reusable packaging container (RPC) solutions, used primarily in the transport, storage and display of fresh fruits and vegetables.	**616,755tCO_2e** saved pa **340,867** tonnes of solid waste saved pa **11,902,000m^3** of water saved pa **42,432** TJ of energy saved pa **55,425 tonnes** of produce damage avoided pa	SDG 12 Responsible consumption and production SDG 13 Climate action SDG 9 Industry, Innovation and infrastructure
Merseyside Energy Recovery Ltd	Merseyside Energy Recovery Ltd is a UK waste-to-energy plant that incinerates household residual waste from Merseyside and Halton to produce steam and generate electricity, instead of waste being sent to landfill. Waste is transported to the plant by rail, thereby reducing carbon emissions in the logistics chain.	**0.406 million tonnes** of waste diverted from landfill annually **45MW** electricity generation capacity **197,000MWh** of energy generated annually[13] **64,000** homes powered[14]	SDG 12 Responsible consumption and production

[7] By extracting methane gas from landfill and converting into electricity.

[8] Based on annual estimated electricity usage of 4,200kWh per household in Ireland – Commission for Regulation of Utilities figure 2020.

[9] As at the end of 2022.

[10] From 2015 – 2021.

[11] From 2015 – 2021.

[12] The environmental savings from using IFCO RPCs are based on third-party LCA peer-reviewed studies: Franklin Associates LCA in U.S. and Fraunhofer Carbon Footprint of Food Packaging. All data reported for 2022 period. Both studies are ISO 14040/14044 compliant. Food waste savings are based on 'Determination of spoilage levels of fresh fruit and vegetables according to the type of packaging,' Fraunhofer Institute, commissioned by SIM.

[13] Total energy production includes both electricity generated and steam used on Wilton International Industrial site.

[14] Based on annual estimated electricity usage of c.3,079kWh per household in the UK – Ofgem figures 2020.

Renewable energy

Investment	Description	Impact metrics	Aligned with UN SDGs
CVE Chile Fin 4 SPA[15] (CVE Chile)	CVE Chile is a subsidiary of CVE, a global French renewable energy operator. The fund has provided finance for CVE Chile to construct c.20 small solar parks across Chile, under the Small-Size Distributed Generation Projects or Pequeños Medios de Generación Distribuidos (PMGD) regime, developed by the Chilean Government.	**c.20** solar assets **150MW** electricity generation capacity **320,000MWh** of clean electricity generated annually **176,000tCO_2e** annual GHG emissions reduced/avoided[16]	SDG 7 Affordable and clean energy SDG 9 Industry, innovation and infrastructure SDG 13 Climate action
Dudgeon Offshore Wind Limited (Dudgeon)	Dudgeon is an offshore wind farm located 32km off the Norfolk coast which has been fully operational since December 2017. It consists of 67 6-MW turbines, with total installed capacity of 402 MW, making it one of the largest wind farms in the UK.	**402MW** electricity generation capacity **1,600,000MWh** of clean electricity generated annually[17] **492,000tCO_2e** annual GHG emissions reduced/avoided[18] **542,000** homes powered[19]	SDG 7 Affordable and clean energy SDG 9 Industry, innovation and infrastructure SDG 13 Climate action
Infrastructure Portfolio	Portfolio of varied environmental and social infrastructure assets, ranging from offshore electricity transmission assets to hospitals and schools.	**1,851MW** electricity generation capacity of wind farms served by transmission systems **12** new schools and nurseries built **166** inpatient beds	SDG 7 Affordable and clean energy SDG 3 Good health and wellbeing SDG 4 Quality education
Hornsea Project One Limited (Hornsea)	Hornsea is an offshore wind farm situated 120km off the Yorkshire coast, which has been fully operational since 2020, consists of 174 7-MW turbines and covers a total area of 407 sq km Project One is only the first phase of a much larger zone, with Hornsea Project Two being completed in 2022, and development agreed for both Hornsea Project Three and Four. The combined project zone, once complete, could have total capacity of up to 8GW, making it one of the largest wind farm zones in the world.	**1,218MW** electricity generation capacity **5,000,000MWh** of clean electricity generated annually[20] **1,538,000tCO_2e** annual GHG emissions reduced/avoided[21] **1,693,000** homes powered[22]	SDG 7 Affordable and clean energy SDG 9 Industry, innovation and infrastructure SDG 13 Climate action

[15] Metrics are estimated across portfolio of solar assets once constructed and operational.

[16] Calculated using United Nations Framework Convention on Climate Change (UNFCCC) Harmonized Grid Emissions Factors.

[17] Reported 2022 production.

[18] Calculated using United Nations Framework Convention on Climate Change (UNFCCC) Harmonized Grid Emissions Factors.

[19] Based on annual estimate electricity usage of c.2,953kWh per household in the UK – Ofgem figures 2020.

[20] Reported 2022 production.

[21] Calculated using United Nations Framework Convention on Climate Change (UNFCCC) Harmonized Grid Emissions Factors.

[22] Based on annual estimate electricity usage of c.2,953kWh per household in the UK – Ofgem figures 2020.

Investment	Description	Impact metrics	Aligned with UN SDGs
Mosaic	Mosaic is a US-based company that provides loans to homeowners to purchase and install rooftop solar photovoltaic (PV) panels onto their homes. Mosaic has funded more than US$10 billion of loans since the company was established in 2014, and has financed the installation of solar panels on more than 300,000 homes to date. The fund invested in a securitisation of loans originated by Mosaic to finance the installation of rooftop solar panels onto c.10,000 US residential homes.	**6,405** homes with rooftop solar panels[23] **45MW** electricity generation capacity[24] **64,000MWh** of clean electricity generated annually[25] **22,000tCO_2e** annual GHG emissions reduced/avoided[26] **6,000** homes powered[27]	SDG 7 Affordable and clean energy SDG 13 Climate action
Rockville Energy Holdings	This is a newly created company under Chile's Small-Size Distributed Generation Projects or Pequeños Medios de Generación Distribuidos (PMGD) regime. The fund has provided financing for Rockville to eventually develop a portfolio of c.20 solar assets with a total capacity of up to 130MW.	**c.20** solar assets **130MW** electricity generation capacity **260,000MWh** of clean electricity generated annually **143,000tCO_2e** annual GHG emissions reduced/avoided[28]	SDG 7 Affordable and clean energy SDG 9 Industry, innovation and infrastructure SDG 13 Climate action
TC Dudgeon OFTO plc (Dudgeon OFTO)	Dudgeon OFTO is the offshore transmission owner or 'OFTO' that owns the cables that link the Dudgeon offshore wind farm to the national electricity grid. This includes two 42km undersea cables and three 47km onshore cables. Its other assets include an onshore substation and an offshore substation platform. High OFTO availability rate means that more clean electricity has been delivered to the grid than originally forecast.	**402MW** electricity generation capacity of wind farm served by transmission system **1,600,000MWh** of clean electricity transmitted annually[29] **492,000tCO_2e** annual GHG emissions reduced/avoided by transmitted electricity[30] **99.82%** OFTO availability rate[31]	SDG 7 Affordable and clean energy SDG 9 Industry, innovation and infrastructure SDG 13 Climate action

[23] Number of loans outstanding in securitisation pool as at 30 June 2022.

[24] Estimated based on number of loans outstanding in securitisation pool as at 30 June 2022.

[25] Estimated based on number of loans outstanding in securitisation pool as at 30 June 2022.

[26] Calculated using United Nations Framework Convention on Climate Change (UNFCCC) Harmonized Grid Emissions Factors.

[27] Based on annual estimate of electricity usage of 10,632kWh per household in the US – EIA figures 2021.

[28] Calculated using United Nations Framework Convention on Climate Change (UNFCCC) Harmonized Grid Emissions Factors.

[29] Reported 2022 production.

[30] Calculated using United Nations Framework Convention on Climate Change (UNFCCC) Harmonized Grid Emissions Factors.

[31] Availability from financial close on 13 November 2018 to 30 September 2022.

Green buildings

Investment	Description	Impact metrics	Aligned with UN SDGs
Brady Lonsdale Pty Ltd	The fund provided finance for a Green Star 5-rated residential development in the heart of the Melbourne Central Business District in Australia.[32] Financing was provided to Brady Lonsdale Pty Ltd, part of the wider Brady Property Group, the developers of the project.	**54,000sqm** floorspace of Green Star 5-rated buildings **57%** estimated CO_2 savings from Green Star 5-rated buildings[33] **745** residential units	SDG 11 Sustainable cities and communities SDG 13 Climate action
Frost CMBS 2021-1 (Frost)	Frost is a securitisation vehicle established to finance energy-efficient refrigerated warehouses owned by NewCold, a global temperature-controlled logistics company based in the Netherlands. The fund invested in the world's first green commercial mortgage-backed security (CMBS) for refrigerated warehouses, which was issued through this vehicle. This was secured against three highly energy-efficient cold storage facilities in Europe.	**60%** estimated energy saving[34] **62.8 million cubic feet** volume of refrigerated warehouses **85%** average utilisation	SDG 7 Affordable and clean energy SDG 9 Industry, innovation and infrastructure SDG 13 Climate action
National RMBS Trust[35]	National RMBS Trust is a securitisation vehicle for residential mortgages provided by National Australia Bank Ltd (NAB), Australia's largest bank. The fund invested in Australia's first green residential mortgage-backed security (RMBS) issued through this vehicle by NAB, to finance mortgages on energy-efficient homes across the country.	**646** green residential properties **6,000MWh** annual energy savings **2,300tCO_2e** annual GHG emissions reduced/avoided[36]	SDG 11 Sustainable cities and communities SDG 13 Climate action

[32] Green Star is an internationally recognised sustainability rating system for the built environment, launched by the Green Building Council of Australia in 2003. The Green Star rating scale is from 1 to 6, with 5 stars representing Australian excellence.

[33] Source: Green Building Council of Australia, 'Greenstar, a year in focus 2019-2020'.

[34] Compared to conventional cold storage warehouses.

[35] Metrics based on the underlying pool of green mortgages as at 30 June 2022 as a proxy for impact achieved over 2022. Metrics for energy savings and GHG emissions reduced/avoided are: 1) Estimates based on NAB mortgage data and publicly available national energy usage data. The metrics calculations therefore involve a number of assumptions and are provided as a guide; 2) Relative to average residential properties by region.

[36] Based on the assumption that 1 MWh of energy from gas produces 0.18 tonnes of CO_2 (Source: US EIA) and 1 MWh of energy from electricity generation in Australia produces 0.67 tonnes of CO_2 (Source: Australian Government, Clean Energy Regulator, Electricity sector emissions and production data 2021-2022).

Investment	Description	Impact metrics	Aligned with UN SDGs
Pepper Residential Securities Trust[37]	Pepper Residential Securities Trust is a securitisation vehicle for residential mortgages provided by Pepper Group Ltd (Pepper), a non-bank lender based in Australia. The fund invested in Australia's second green residential mortgage-backed security (RMBS) issued through this vehicle by Pepper, to finance mortgages on energy-efficient homes across the country.	**172** green residential properties **1,370MWh** annual energy savings **520tCO2e** annual GHG emissions reduced/avoided[38]	SDG 11 Sustainable cities and communities SDG 13 Climate action
Techem	Techem's core business area is the installation and ongoing monitoring and servicing of sub-metering systems. Sub-metering systems are smart meters installed in multi-tenanted buildings such as apartment blocks. They enable the building's total utility bill to be apportioned between tenants according to their actual usage rather than on a pro-rata or other arbitrary basis. This provides a strong incentive for tenants to reduce their energy use to minimise utility bills.	**20-30%** potential energy savings from installed equipment **8.7 million tCO2e** estimated GHG emissions reduced/avoided per year[39] **52.8 million** installed measuring devices **12.2 million** apartments with installed measuring devices	SDG 7 Affordable and clean energy SDG 13 Climate action

[37] Metrics based on the underlying pool of green mortgages as at 30 June 2022 as a proxy for impact achieved over 2022. Metrics for energy savings and GHG emissions reduced/avoided are: 1) Estimates based on Pepper mortgage data and publicly available national energy usage data. The metrics calculations therefore involve a number of assumptions and are provided as a guide; 2) Relative to average residential properties by region.

[38] Based on the assumption that 1MWh of energy from gas produces 0.18 tonnes of CO2 (Source: US EIA) and 1MWh of energy from electricity generation in Australia produces 0.67 tonnes of CO2 (Source: Australian Government, Clean Energy Regulator, Electricity sector emissions and production data 2021-2022).

[39] Source: Techem, across all installed equipment. Figure as of 2019, updated data field not available.

Sustainable agriculture and forestry

Investment	Description	Impact metrics[40]	Aligned with UN SDGs
Craigmore Sustainable Holdings (CSH)	CSH is a New Zealand and UK-based investor within Craigmore Sustainables Group, a sustainable land management business, focusing on forestry, horticulture and dairy farming. Its aim is to produce food and fibre which is sought after around the globe, while improving biodiversity, lowering carbon emissions and benefiting rural communities. Financing was provided to allow CSH to acquire a stake in a new farming operation.	**25,000 hectares** of total land area under management **5,351 hectares** of afforestation land area **9,192,000** trees planted	SDG 8 Decent work and economic growth SDG 15 Life on land SDG 13 Climate action SDG 12 Responsible consumption and production

Green transport

Investment	Description	Impact metrics	Aligned with UN SDGs
Accell Group	Accell is a leading European bicycle company, selling 900,000 bikes annually. It is focused on e-bikes, and cargo bikes, which are shown to act as a substitute for car journeys in many cases, improving carbon emissions and air quality in cities. Use of bikes also has health benefits.	**416,000** traditional bicycles sold pa[41] **440,000** e-bikes sold pa[42] **154,000tCO_2e** savings from passengers using e-bikes (est.) pa	SDG 11 Sustainable cities and communities SDG 9 Industry, innovation and infrastructure SDG 3 Good health and wellbeing
Fjord1	The fund provided financing to Fjord1, the largest ferry operator in Norway. Fjord1 has the highest proportion of hybrid electric ferries in the industry, and has extensive plans to increase this proportion, further improving the carbon emissions of its operations.	**37** hybrid battery vessels as at December 2022[43] **16,200,000** passengers carried pa **9,400,000** vehicles carried pa **58,954tCO_2e** saved (est.) pa	SDG 9 Industry, innovation and SDG 11 Sustainable cities and communities SDG 13 Climate Action

[40] As at June 2022.

[41] As at December 2021.

[42] As at December 2021.

[43] As at December 2022.

Impact theme

Better health

The fund has made

10

investments under the better health impact theme, to provide healthcare products and facilities.

During 2022, hospitals financed by the fund provided treatment to

18,000

patients a month.

Investments in healthcare products reached

14.6 million

patients or participants via

898

molecules that treat medical conditions.

As the world emerged from the worst of the COVID-19 pandemic during the course of 2022, governments' focus shifted away from healthcare as the urgency of other issues took hold. Despite this, it is encouraging to see an increase in the number of investments in our portfolio contributing to better health outcomes. We have directly and indirectly invested in companies and projects that contribute to better health outcomes for an estimated 15 million patients.

Our goal within the better health theme is to invest in impactful businesses that are seeking to improve health and save lives. Our potential impact investments in this area range from funding the construction of health facilities in more socially deprived areas, to investing in advanced biotechnology firms that help to treat rare diseases, and funding generics pharmaceutical manufacturers that are directly reducing the cost of treatments and thus improving access to healthcare.

The WHO published The World Mental Health[44] Report in 2022, the largest review of the world's mental health in 20 years. The report lays bare the global shortcomings in the provision of mental health services, highlighting the toll COVID-19 took on people's mental health. Rates of conditions such as depression and anxiety went up by more than 25% in the first year of the pandemic, adding to the nearly one billion people who were already living with a mental disorder, and the many more who continue to live, undiagnosed, with such conditions. A handful of the fund's investments focus on this area, one of which, from 2022, is the focus of a case study on **page 26**.

[44] World Health Organisation, 'World mental health report: Transforming mental health for all' (2022).

Within the better health theme, we focus our investments along three main sub-themes.

- **Healthcare products** – companies or projects involved in the provision of physical products such as medicines, and medical or biotechnological equipment. Typically, investments within this sub-theme involve lending to pharmaceuticals involved in the provision of treatments in underserved pathologies, or companies providing other types of medical devices or treatments.
- **Healthcare services** – the healthcare industry relies on numerous services to deliver high-quality levels of care. These can range from data services which help inform decisions made by physicians and researchers, to care services or other services such as diagnostic services.
- **Hospitals and healthcare facilities** – investing in the provision of physical hospitals and other healthcare facilities in underserved specialities or locations, where important care services can be successfully delivered.

The global health crisis has exposed gaps in healthcare systems across the world, providing impetus for change. We believe that investing in better health solutions can help to address these gaps, with the primary goals of improving the quality of life for individuals and increasing life expectancy within societies. Evidence shows that good physical and mental well-being improves labour market participation and productivity, with numerous other consequential benefits such as better educational outcomes and reduced poverty.

Investing in such solutions also involves acknowledging that access to healthcare can be unequal within societies and countries, touching on issues that another one of the fund's themes, Social equality, looks to address. Improving healthcare outcomes can also mean focusing on preventative measures, which in turn can reduce the overall burden on societies and governments. This can mean that investment can be redirected towards solving other meaningful issues, such as climate change.

"Of all the forms of inequality, injustice in health is the most shocking and inhumane"

Martin Luther King, Jr.

Case study

Neuraxpharm

Issuer overview

Neuraxpharm is the leading European speciality pharmaceutical company focused on the treatment of disorders linked to the central nervous system (CNS). The company has an extensive offering across the CNS area, including both psychiatric (eg, depression, bipolar disorder, schizophrenia) and neurological disorders (eg, epilepsy, Alzheimer's disease, multiple sclerosis), as well as treatments addressing mental well-being issues (eg, stress). The company develops and commercialises a portfolio of more than 120 molecules, predominantly through a direct presence in more than 20 countries in Europe. 90% of Neuraxpharm's sales are within the chronic and severe categories of these disorders.

The need for central nervous system treatments

It is estimated that 1 in 8 people, or 970 million people around the world were living with a mental health disorder in 2019. This number is expected to have increased significantly in 2020 due to the COVID-19 pandemic, with initial estimates suggesting that anxiety and depressive disorders have increased by 26-28%.[45] These disorders are typically under-diagnosed due to under-resourced healthcare systems, and official prevalence rates are expected to increase as awareness improves.

Similarly, the 2019 Global Burden of Disease survey commissioned by the Bill & Melinda Gates Foundation shows that neurological disorders are a major and increasing global health challenge, accounting for a substantial portion of the disease burden worldwide as measured by prevalence, mortality and disability-adjusted life years (DALYs). DALYs are a measure for the impact an illness has on a person's quality of life; for example, one DALY is equivalent to the loss of one year of full health and is an important indicator of the chronic nature of neurological diseases and their secondary impacts on welfare states.[46]

It is estimated that in 2019 globally, there were nearly 10 million deaths and 349 million DALYs from neurological disorders. Whilst certain categories of neurological diseases are falling (eg, those relating to neonatal and nutritional categories), others, such as Alzheimer's and Parkinson's, showed a large increase, driven by ageing populations.[47]

[45] WHO, Mental Disorders fact sheet, 2022.

[46] Global Burden of Disease report, Bill & Melinda Gates Foundation, 2019.

[47] Ding et al. (2022), 'Global, regional, and national burden and attributable risk factors of neurological disorders: The Global Burden of Disease study 1990-2019', Frontier Public Health.

Better health provided by Neuraxpharm

When it comes to treatment options for CNS disorders, affordability and accessibility are of paramount importance given the long-term nature of many of the disorders. Neuraxpharm primarily develops, manufactures and commercialises established brands, value-added medicines and generics, mostly through wholesalers and pharmacies.

Further, the company has been investing heavily in R&D (generally between 7-10% of sales) driven by its mission to improve the lives of those suffering from CNS disorders. It has two primary goals:

- to improve existing off-patent drugs by creating new formulations, eg, different form of delivery, different strength or dosage;
- to develop generic formulations of medicines which will soon no longer covered by patents and thus available for Neuraxpharm to manufacture at a much cheaper price for the consumer. It is currently working on generic formulations for nine out of the top 10 CNS molecules expected to lose exclusivity in the coming years.

This investment is aligned with the following UN SDGs:

SDG 3
Good health and well-being

SDG 9
Industry, innovation and infrastructure

Five dimensions of impact in brief

What

Development, manufacturing and commercialisation of pharmaceuticals within the CNS disorders category of chronic and severe diseases, to find solutions to address the unmet healthcare needs of CNS patients, as well as growing R&D on potential improvements and adaptations to new and existing medications.

Who

There are three main stakeholders in Neuraxpharm's case: the government/public health system, CNS patients, and patients' carers and their communities.

How much

Neuraxpharm is the leading specialist CNS player in Europe. For nine molecules, it is the number-one company in the EU by volume and value; for 27 molecules it is in the top three in the EU by volume and value. This means its reach is large both geographically and in terms of number of patients helped. Cost and accessibility also deepen the impact: by manufacturing generics, Neuraxpharm is driving down the cost of purchase for these medicines, and thus providing greater access for both hospital trusts and patients. Furthermore, the duration of the impact tends to be long-lasting: once a patient is settled on one drug, doctors are unlikely to switch the drug provided. This is particularly relevant within mental health.

Contribution

The enterprise contribution is substantial. The company is one of the largest CNS pharmaceutical companies in Europe, providing significant volumes and a number of important and necessary treatment options in more than 20 countries, whilst ensuring access to products for the communities which the company supplies to. Its R&D provides alternative therapies based on existing medicines, going beyond the frontiers of conventional therapeutic approaches to cover even more of the unmet needs in CNS.

Risk

Due to the distribution model of the pharmaceutical business, there is some evidence risk arising from the fact that the company does not have a direct relationship with the patients that use its drugs. However, given the extensive trials and patent periods these drugs undergo, there is little doubt about the efficacy of the medication and its strong positive impact on the quality of patients' lives.

Better health

Hospitals and healthcare facilities

Investment	Description	Impact metrics	Aligned with UN SDGs
Healthcare provider[48]	The healthcare provider offers a full range of health and care services across a number of sites. These services include emergency and elective surgery, outpatient clinics, diagnostics, GP surgeries, rehabilitation, physiotherapy, occupational therapy, care for older people, community services and social care. The fund has invested in two transactions: the first involves financing an extension to an existing hospital and the second financing the redevelopment of a community hospital.	**Healthcare provider**[49] **905** inpatient beds **33,000** patient attendances per month **96%** of patients rating quality of care received as 'Good' to 'Excellent' **Hospital with extension** **387** inpatient beds **17,000** patient attendances per month **Community hospital** **16** inpatient beds **1,100** patient attendances per month	SDG 3 Good health and well-being
Primary Healthcare Properties ICAV[50]	The borrower's parent company, Primary Healthcare Properties plc, has a portfolio of 513 primary healthcare facilities across the UK and Ireland. The fund invested in two transactions to finance a total of 15 primary healthcare centres (PCCs) in Ireland. These PCCs offer local residents access to GP services and non-emergency healthcare, as well as other on-site health services, such as pharmacy, physiotherapy, dental treatment, opticians and mental health treatment.	**15** primary healthcare centres **c.150,000** patients registered across the portfolio of PCCs[51] **88** active GPs across all facilities **52,000sqm** total area of healthcare facilities	SDG 3 Good health and well-being
Taycare Health Limited (Taycare)	Taycare is a private vehicle that was established to provide two new mental healthcare facilities in the areas of Perth and Angus in the North East of Scotland for NHS Tayside. One of the facilities provides beds for people with dementia, and for older people with mental health issues. The other facility provides beds for patients with serious mental illnesses and long-term complex mental health problems that require inpatient treatment in a secure environment.	**232** inpatient beds	SDG 3 Good health and well-being

[48] This is a private transaction where the borrower has not given permission to be named, so the investment has been anonymised.

[49] All metrics for this borrower are reported as at 31 March 2023.

[50] Metrics relate to the 15 PCCs financed by the two investments made by the fund.

[51] Total number of patients registered at the two largest PCCs is 48,000 across 30 GPs. The estimate of the total number of patients registered is based on a pro-rata share, according to the number of GPs practising at each PCC.

Healthcare products

Investment	Description	Impact metrics	Aligned with UN SDGs
Grifols S.A.	Grifols is a Spanish biopharma business focusing on the production of blood plasma-based therapies. Its treatments help patients with a range of rare, life-threatening conditions where there are limited alternatives. Grifols is the largest European operator in the field, with significant global presence: it has c.20% share worldwide.	**800,000** patients treated **3,487** patents **€351m** in research and development investments	SDG 3 Good health and well-being SDG 9 Industry, innovation and infrastructure
Jazz Pharmaceuticals Inc. (Jazz)	Jazz is a global pharmaceutical company specialising in oncology and neurology, both of which are historically underfunded areas with patients suffering from many serious and chronic conditions. Its treatments help improve the daily lives of many patients.	**Eight** total products/therapies offered **26** molecules/programmes acquired since 2019 **28** R&D programmes, including 14 late-stage programmes Total pipeline projects have expanded >4x since 2015	SDG 3 Good health and well-being SDG 9 Industry, innovation and infrastructure
Neuraxpharm Arzneimittel GmbH (Neuraxpharm)	Neuraxpharm predominantly manufactures and distributes speciality pharmaceuticals for central nervous system (CNS) disorders, focusing on European markets. CNS is a chronic and severe disease category, and 90% of Neuraxpharm's sales are within the chronic and severe segment, treating a range of neurological and psychiatric disorders.	**120+** different molecules used to treat CNS **22,500,000** total products manufactured[52]	SDG 3 Good health and well-being SDG 9 Industry, innovation and infrastructure
Sebia	Sebia is a world leading provider of clinical equipment, specialised in the development and manufacturing of medical diagnostic and monitoring techniques for a range of diseases, primarily in the areas of oncology (multiple myeloma), diabetes, hemoglobinopathy and other rare pathologies.	**20,000** instruments installed worldwide **c.35,000,000** capillary electrophoresis protein tests performed in 12 months[53]	SDG 3 Good health and well-being SDG 9 Industry, innovation and infrastructure
Zentiva	Zentiva is a developer, manufacturer and distributor of branded and unbranded generic pharmaceuticals in Central and Eastern Europe. It focuses on backward engineering and added value medicines after patent loss. This contributes to reducing the cost of healthcare while making the products more accessible and affordable for more than 100 million people.	**12,000,000** patients served per year **767** molecules in portfolio	SDG 3 Good health and well-being SDG 9 Industry, innovation and infrastructure

[52] In 2022.

[53] From the Sebia website, adjusted for 12 months.

Healthcare Services

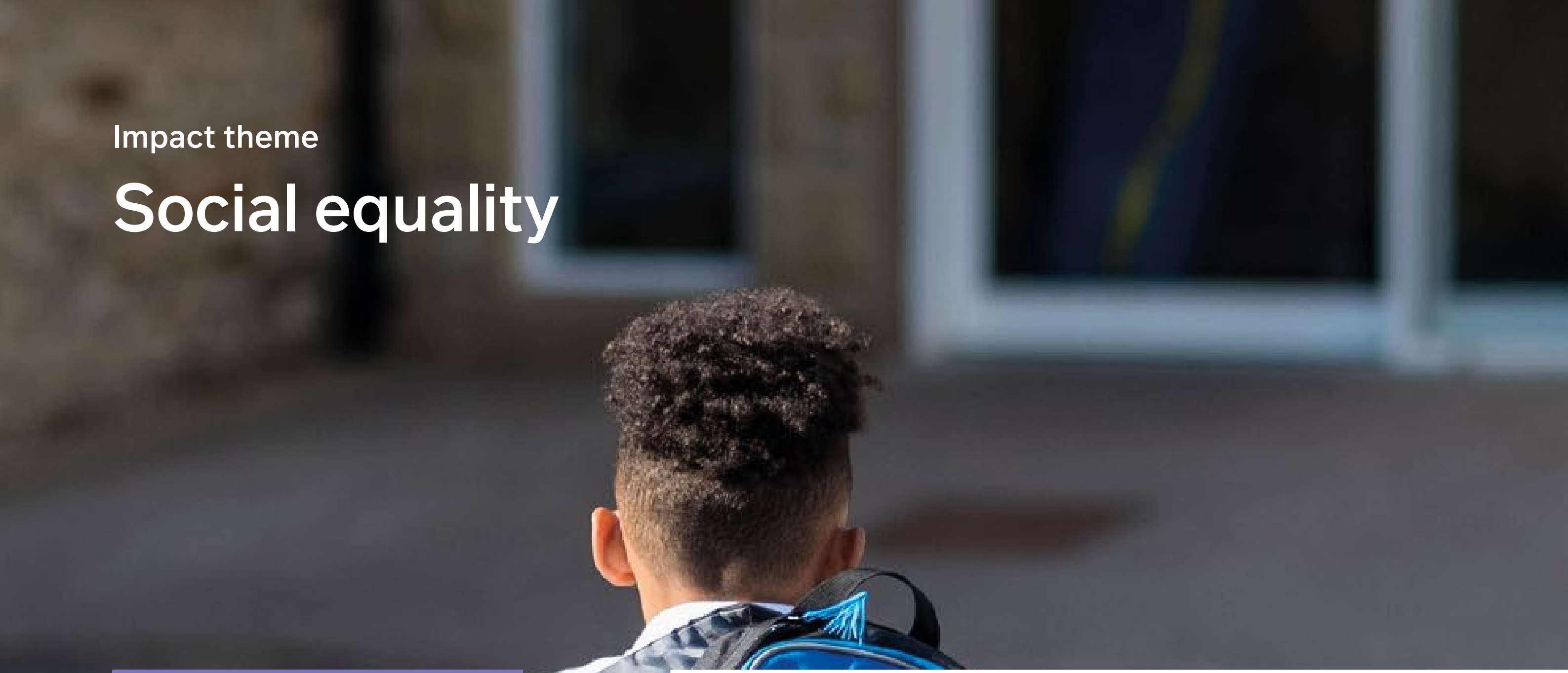
Investment	Description	Impact metrics	Aligned with UN SDGs
IQVIA Inc.	IQVIA has two main divisions. Firstly, it is a contract research organisation (CRO) which partners with pharmaceutical companies to focus on Phase I-IV clinical trials and associated laboratory and analytical services, to help in the global drug development process. IQVIA also serves the health information technology industry, providing data on addressable patient populations, market intelligence and more, to help develop commercialisation plans for pharmaceutical and biotech companies' offerings.	**1,200,000,000** non-identified unique patient records **10,000** life science, regulator and provider customers **c.1,815,000** patients enrolled for trials in 2022[54] **c.4,992** clinical trials conducted in 2022[55]	SDG 3 Good health and well-being SDG 9 Industry, innovation and infrastructure

[54] Estimated, with figures from the 'IQVIA Global Trends in R&D 2022' report.

[55] Estimated using data from 'Global Clinical Trial Activity 2022' report.

Impact theme

Social equality



The fund has made

20

investments under the social equality impact theme, to help provide housing, education, access to finance and employment, for those most in need.

These issuers manage a total of

142,000

social or affordable homes and

9,600

student accommodation beds,

and have provided

740,000

social loans to individuals and MSEs.

2022 was characterised by macroeconomic upheaval. The human consequences of changes to interest rates and high inflation might not be as obvious as those caused by war, climate change or the pandemic. However, they can very easily amplify the vulnerabilities of financially weak subsects of the population, leading to increased social and financial inequality.

First brought on by high energy prices, the ensuing waves of inflation have led to what has been more commonly referred to as the 'Cost of Living' crisis. Even though employers increased nominal pay in much of Europe at the fastest rate since the 1990s, real pay still shrank due to high rates of inflation; this led to a fall in real household incomes, which has undoubtedly exacerbated existing social inequalities. According to the World Bank, global inequality is on the rise for the first time in decades, meaning the world is unlikely to meet its goal to end extreme poverty by 2030.[56]

Another milestone, marked in November 2022, was the 'Day of Eight Billion'. On this day, the world's population was estimated to have crossed the eight billion mark for the first time, driven by high fertility rates predominantly in sub-Saharan Africa.[57] In these countries, sustained rapid population growth can hinder the achievement of the Sustainable Development Goals (SDGs), or even reverse progress towards them, leading to increased inequalities.

Closer to home in Europe, inequality as measured by the dispersion of disposable income, is expected to be

[56] World Bank, 'Global Progress in Reducing Extreme Poverty Grinds to a Halt' (2022).

[57] United Nation, 'Day of Eight Billion' (2022).

at its record worst by 2027/2028, as social benefits don't increase in line with inflation for the poorest, and the richest benefit from higher income from investments driven by higher interest rates.[58]

It is for these varied reasons that we believe it is all the more important for impact investors to channel capital towards solutions targeted at improving inequality. At the heart of it, we believe that all humans deserve to be treated equally, whether in terms of access to housing, education, work or other basic needs. The fund invests in line with four key sub-themes, as set out below.

- **Education** – has been shown to be one of the most powerful tools to combat poverty, social exclusion and inequality. Within this sub-theme, we see opportunities to invest in physical assets such as schools, in order to directly further educational causes, as well as indirect opportunities in providers of educational services.
- **Equal opportunities** – we focus on investments that further equal opportunities relating to jobs and other opportunities across different genders and socio-economic groups. This could cover social lending deals that invest with a gender lens, or the creation of jobs in socially deprived areas.
- **Housing associations** – are not-for-profit landlords in the UK. They are estimated to provide homes and support for around six million needy people, who are usually on government support of some kind. We invest in these worthy providers of housing in economically challenged areas.
- **Social and affordable housing** – many parts of the developed world have unaffordable housing markets and our investments in this sub-theme help to address this challenge. The focus is on providing housing to those who would otherwise not be able to buy or rent in areas where their job or social network is based.

This is a summary of the sorts of investments the fund looks to make within the social equality theme. We hope you will enjoy reading further about them on the next few pages.

> "Understanding global inequality starts with recognising that not everyone enjoys the same rights, treatment, and opportunities"
>
> Oxfam[59]

[58] Resolution Foundation, 'The Living Standards Outlook 2023' (2023).

[59] Oxfam America, 'What is global inequality?' (2022).

Case study

One Vision Housing

Issuer overview

One Vision Housing (OVH) is a charitable co-operative and community benefit society that owns and manages over 13,700 homes in North West England, around the Liverpool and wider Merseyside area. The group was formed in 2006 following a stock transfer from Sefton Metropolitan Borough Council. OVH focuses on the creation of inclusive communities with a goal of providing 1,000 new affordable homes over the next five years. OVH provides services to more than 15,000 customers, directly employs over 170 people, and provides significant additional employment in the region through its development activities. In recognition of this, it has won second place in the UK's Best Workplaces 2022 awards, and has been consistently high ranking over the past few years.

Social need in Merseyside

It is well documented that the North West of England has long-term scarring from a protracted period of industrial decline from the 1970s, resulting in some of the most significant structural deprivation challenges in the country[60]. The region has a population of 1.4m, with higher levels of unemployment and a higher number of out-of-work benefits claimed compared to the country average.

Recent employment growth has been skewed towards low-paid, low-skilled occupations, driven by a lack of investment in the area, which has widened the region's productivity gap versus the rest of the UK[61]. Consequently, the GDP per capita stands at approximately 72% of the wider rate in England[62], meaning that despite the average house price for the region being below the national average, prices are still unaffordable for many people. There are 45,407 people on local authority waiting lists for social housing across Merseyside and Sefton, where most of OVH's properties are located.

The National Housing Federation estimates the regional need to be even higher, at 12.7% of the population, with those needing social rents at 4.9% of the population.[63] These numbers imply that house building is a key lever for improvement. It is estimated that every new affordable home built in the North West adds £90,972 to the regional economy and creates 2.1 jobs. Such house building therefore has the dual benefit of providing homes while contributing to the economic aspirations of the region.[64]

[60] Nomis (ONS), Labour Market Profile – North West.

[61] The Productivity Institute, 'The North West of England's Productivity Challenge: Exploring the issues' (2021).

[62] Varbes, 'Economy of England'.

[63] National Housing Federation, 'People in housing need' (2021).

[64] NLG Consulting, 'Is the North West broken: ending the housing crisis'.

OVH provides social homes at scale

OVH manages a network of over 13,600 social or affordable homes, of which over 1,000 are independent living properties across the North West. The vast majority of homes are for general needs, whilst the independent living properties are assisted living homes for the elderly, disabled or otherwise vulnerable. There is also a range of homes within its portfolio that fall within the UK's Rent to Buy and Shared Ownership schemes; these are aimed at helping people buy their first homes.

During its 2021/2022 financial year, OVH completed 251 new affordable homes and broke ground on three new developments, which will see over 260 homes being offered to the local community in the near future. This is in line with OVH's commitment to build 1,000 new homes within the next five years at a total cost of £130m.

Current portfolio of homes under management as at 31 March 2023	
General needs social housing	11,453
Supported housing	986
Shared ownership	311
Rent to buy	245
Leaseholders	618
Market rent	86
Total homes owned and managed	13,711

Social impact

The provision of safe, affordable housing is a huge social benefit. Social rents are set in accordance with the Government's formula, which takes into account location, condition, property size and local earning levels. Conversely, affordable rents are set at 80% of the prevailing market rate. On average, the rent for OVH's three-bedroom properties is 42.7% lower than in the private rented sector, and 21.69% lower than the local housing allowance.

OVH generates other types of social value too, as measured in line with the Housing Associations Charitable Trust's Social Value Calculator tool. Over £22.1m of social value was generated through numerous initiatives such as:

- financial inclusion projects
- community projects encouraging kindness and mental health support
- Christmas time support and activities
- neighbourhood services
- rough sleepers support.

Strong focus on customer satisfaction

As well as providing social housing, OVH is committed to ensuring a high level of customer well-being and satisfaction, in line with its customer care charter.

Customer care charter	Target	Performance
% satisfied with overall services	95%	95.1%
% of enquiries responded to within 48h	100%	93%
% of emergency repairs completed within 24h	100%	100%
% of anti-social behaviour cases responded to within 24h	100%	99%
% of compliant properties	100%	99.9%

Reducing environmental impact

OVH has changed business practices, reducing its overall carbon footprint by 64% since 2011, and it is now striving towards a net-zero commitment. Below is a summary of its other environmental achievements:

- It spent an additional £6.9m in 2021/2022 to improve the energy efficiency of c.1,700 existing homes.
- It has further stipulated that all new homes built between 2021 and 2026 will have an Energy Performance Certificate (EPC) standard of B. This will be achieved via installation of low carbon heating, sustainable drainage systems, smart meters, solar panels, charging points for electric vehicles, and more.
- In 2021/2022, it recycled 100% of construction waste from its refurbishment and development projects.

This investment is aligned with the following UN SDGs:

SDG 1
No poverty

SDG 11
Sustainable cities and communities

Five dimensions of impact in brief

What

Development, manufacturing and commercialisation of pharmaceuticals within the CNS disorders category of chronic and severe diseases, to find solutions to address the unmet healthcare needs of CNS patients, as well as growing R&D on potential improvements and adaptations to new and existing medications.

Who

There are three main stakeholders in Neuraxpharm's case: the government/public health system, CNS patients and patients' carers and their communities.

How much

Neuraxpharm is the leading specialist CNS player in Europe. For nine molecules, it is the number-one company in the EU by volume and value; for 27 molecules it is in the top three in the EU by volume and value. This means its reach is large both geographically and in terms of number of patients helped. Cost and accessibility also deepen the impact: by manufacturing generics, Neuraxpharm is driving down the cost of purchase for these medicines, and thus providing greater access for both hospital trusts and patients. Furthermore, the duration of the impact tends to be long-lasting: once a patient is settled on one drug, doctors are unlikely to switch the drug provided. This is particularly relevant within mental health.

Contribution

The enterprise contribution is substantial. The company is one of the largest CNS pharmaceutical companies in Europe, providing significant volumes and a number of important and necessary treatment options in more than 20 countries, whilst ensuring access to products for the communities which the company supplies to. Its R&D provides alternative therapies based on existing medicines, going beyond the frontiers of conventional therapeutic approaches to cover even more of the unmet needs in CNS.

Risk

Due to the distribution model of the pharmaceutical business, there is some evidence risk arising from the fact that the company does not have a direct relationship with the patients that use its drugs. However, given the extensive trials and patent periods these drugs undergo, there is little doubt about the efficacy of the medication and its strong positive impact on the quality of patients' lives.

Portfolio impact investments

Social equality

Education

Investment	Description	Impact metrics	Aligned with UN SDGs
Springer Nature	Springer Nature is an academic publisher of primarily books and journals in the areas of science, technology and medicine. It is a leading global research publisher with a footprint across 45 countries. Publication and dissemination of trustworthy, peer-reviewed academic research supports the development of new knowledge, contributing to increased education levels, and the discovery of new technologies and medical treatments. Springer Nature has a focus on the transition to Open Access for research findings, which is increasingly considered a public good.	**3,000** journals published in 2022 **13,000** books published in 2022 **410,000** articles published in 2022 **30,000,000+** students who used materials in 2022 **38%** of articles in 2022 were fully Open Access[65]	SDG 4 Quality education SDG 9 Industry, innovation and infrastructure
Taurus 2019-3 UK (Student Roost)	Taurus 2019-3 UK is a securitisation of 21 purpose-built student accommodation buildings in the UK, marketed under the Student Roost brand. The student accommodation funded by the transaction is located across 10 regional cities, covering 26 universities with a total student population of c.560,000.	**21** student accommodation buildings **8,053** student accommodation beds **£139** average weekly room rate[66] **95.9%** of graduates employed[67] **91.1%** of students from state schools[68]	SDG 4 Quality education SDG 8 Decent work and economic growth
UPP Kent Student Accommodation II Limited	The borrower's parent company, UPP Group Limited, is the largest provider of on-campus student accommodation in the UK, with 36,000 student rooms operational through long-term partnerships with 15 Universities. UPP Kent Student Accommodation II Limited financed the construction and ongoing maintenance of 495 new student accommodation beds at the University of Kent Canterbury campus.	**495** student accommodation beds **93.8%** of graduates employed[69] **95.7%** of students from state schools[70]	SDG 4 Quality education SDG 8 Decent work and economic growth

[65] Estimated figure for 2022.

[66] For the 2019/20 academic year.

[67] Source: Higher Education Statistics Agency (HESA) 2020-2021, 2021-2022. Weighted average of the Universities located in the cities represented in the Taurus transaction. Weighted by number of students at each university and the number of Taurus student accommodation beds in each city.

[68] Source: Higher Education Statistics Agency (HESA) 2020-2021, 2021-2022. Weighted average of the Universities located in the cities represented in the Taurus transaction. Weighted by number of students at each university and the number of Taurus student accommodation beds in each city.

[69] Source: Higher Education Statistics Agency (HESA) 2021-2022 for the University of Kent. Figures for University used as a proxy for students in accommodation funded by the transaction, so should be considered indicative only.

[70] Source: Higher Education Statistics Agency (HESA) 2020-2021 for the University of Kent. Figures for University used as a proxy for students in accommodation funded by the transaction, so should be considered indicative only.

Equal opportunities

Investment	Description	Impact metrics	Aligned with UN SDGs
Knight Dragon Development Limited (Greenwich Peninsula Regeneration Project)	Knight Dragon Developments Limited (KDDL) is the developer for the Greenwich Peninsula regeneration project, situated in the Royal Borough of Greenwich in London. KDDL's master development plan includes the construction of: residential homes, commercial properties, healthcare facilities, schools, community centres, public parks and spaces, a combined heat and power (CHP) plant, as well as transport facilities. The regeneration of Greenwich Peninsula delivers a range of positive environmental and social outcomes. We consider the primary impact to be social equality, due to the significant number of long-term employment opportunities generated by the project, and the number of social homes constructed. In addition, the project benefits climate and nature through the development of green buildings, transport facilities and a CHP plant.	**Social equality** **1,400+** jobs have been created to date **12,000** jobs expected to be generated post construction **4,880** social homes in development plan **951** social homes completed to date **Climate and nature** **218,000** sqm floorspace of BREEAM Excellent buildings **35%** estimated CO_2 savings from BREEAM Excellent buildings	SDG 8 Decent work and economic growth SDG 11 Sustainable cities and communities SDG 13 Climate action
Microfinance Enhancement Facility (MEF)	The Microfinance Enhancement Facility (MEF) is a global microfinance debt fund that was set up in February 2009 to offer a reliable and stable source of finance to microfinance institutions (MFIs) in a wide range of developing countries. MEF seeks to support economic development and prosperity globally, by providing short- and medium-term funding to MFIs, which in turn, provide loans and other financial services to thousands of micro and small enterprises (MSEs) and low-income households. Since its inception MEF has supported low-income borrowers, specifically funding loans to micro and small entrepreneurs in developing countries by providing over US$2.9 billion to 312 MFIs across 64 developing countries.	**740,000** final borrowers reached by MEF funding **55,300** final borrowers financed by M&G transaction **980** final borrowers financed by the fund's investment **US$1,627** average loan size to final borrowers **69%** of final borrowers live in rural areas **78%** of final borrowers are women	SDG 1 No poverty SDG 5 Gender equality SDG 8 Decent work and economic growth SDG 10 Reduced inequalities SDG 17 Partnership for the goals

Housing associations

Investment	Description	Impact metrics	Aligned with UN SDGs
ACIS Group (ACIS)	ACIS is a social housing provider and registered charity based in Sheffield and Gainsborough. Established in 1999, ACIS provides 6,563 social homes to people across Lincolnshire, South Yorkshire, Nottinghamshire and Derbyshire, along with 1,131 student accommodation beds in the cities of Nottingham and Sheffield.	**Social housing** **6,563** homes managed that meet social needs **c.900** homes in development plan[71] **70%** of residents on welfare benefits **78,770** households on local authority social housing waiting list[72] **100%** of homes meet the Decent Homes Standard **139** new homes completed over the year **Educational facilities** **1,131** student accommodation beds **£111** average weekly room rate **96.3%** of graduates employed[73] **86.1%** of students from state schools[74]	SDG 1 No poverty SDG 4 Quality education SDG 11 Sustainable cities and communities
EastEnd Homes (EEH)	EEH is a small-to-medium-sized housing association based in the London Borough of Tower Hamlets. EEH is a charitable organisation, which owns and manages a portfolio of 3,796 homes including 2,243 homes let at social rent and nine homes let at intermediate rent. EEH also manages 1,484 leasehold properties and 60 private-rented properties which generate income to subsidise its social housing activities. There is significant need for social and affordable housing in Tower Hamlets: the borough has one of the longest waiting lists for local authority social housing in London.	**2,252** homes managed that meet social needs[75] **214** homes in development plan[76] **65%** of residents on welfare benefits **21,840** households on local authority social housing waiting list[77] **91%** of homes meet the Decent Homes Standard **Nine** new homes completed over the year	SDG 1 No poverty SDG 11 Sustainable cities and communities
Islington & Shoreditch Housing Association (ISHA)	ISHA is a small charitable organisation based in Finsbury Park, North London, which manages over 2,300 homes. ISHA's activities are focused in the London Boroughs of Islington, Hackney and Waltham Forest. While most of the homes managed by ISHA are designated for general needs, the housing association also provides properties for shared ownership, affordable rent, supported living and housing for older people, to cater for the varied needs of its residents.	**2,349** homes managed that meet social needs **137** homes in development plan **76.0%** of residents on welfare benefits **33,135** local authority social housing waiting list[78] **90%** of homes meet the Decent Homes Standard **42** new homes completed over the year	SDG 1 No poverty SDG 11 Sustainable Cities and Communities

[71] Over the next five years.

[72] Source: Ministry of Housing, Communities and Local Government, as at 1 April 2022, for Lincolnshire, South Yorkshire, Nottinghamshire and Derbyshire.

[73] Source: Higher Education Statistics Agency (HESA) 2021-2022. Weighted average (by number of beds) of figures for Sheffield Hallam University and the University of Nottingham.

[74] Source: Higher Education Statistics Agency (HESA) 2020-2021. Weighted average (by number of beds) of figures for Sheffield Hallam University and the University of Nottingham.

[75] Total homes under management less leasehold and market rent properties.

[76] Over the next three years.

[77] Source: Ministry of Housing, Communities and Local Government, as at 1 April 2022, for the London Borough of Tower Hamlets.

[78] Source: Ministry of Housing, Communities and Local Government, as at 1 April 2022, for London Boroughs of Islington, Hackney and Waltham Forest.

[79] Total homes under management less commercial and market rent properties.

Investment	Description	Impact metrics	Aligned with UN SDGs
Linc-Cymru Housing Association (Linc)	Linc owns and manages 5,029 social properties across 15 local authorities in South East Wales, principally around the cities of Cardiff and Newport. Linc is a registered social landlord regulated by the Welsh government, and all profits are reinvested in housing and services for residents. While most of the properties managed by Linc are general need properties, the housing association also manages extra care housing, sheltered housing, supported living and nursing care homes, for residents with additional needs.	**5,022** homes managed that meet social needs[79] **1,313** homes in development plan [80] **63%** of residents on welfare benefits **100%** of homes meet the Welsh Quality Homes Standard **217** new homes completed over the year	SDG 1 No poverty SDG 11 Sustainable cities and communities
One Vision Housing Limited (OVH)	OVH is a large, well-run housing association, managing over 13,600 social homes around the Liverpool and wider Merseyside area in England. OVH is a not-for-profit organisation with a strong development pipeline and is highly regarded by both the residents it serves and the people it employs: it consistently receives high customer satisfaction scores and achieves a top-ranking position among large employers in the UK's Best Workplaces and UK's Best Workplaces for Women.[81]	**13,600** homes managed that meet social needs[82] **c.1,000** homes in development plan[83] **61%** of residents on welfare benefits[84] **45,407** local authority social housing waiting list[85] **100%** of homes meet the Decent Homes Standard **251** new homes completed over the year	SDG 1 No poverty SDG 11 Sustainable cities and communities
Queens Cross Housing Association (QCHA)	QCHA owns and manages 4,382 social homes in North West Glasgow in Scotland. Established in 1976, QCHA has a long track record of managing and developing new social housing. QCHA is a not-for-profit organisation and is a registered Scottish charity, so all profits are reinvested into the management and construction of new homes, and the provision of support services to those in need. While most of the homes managed by QCHA are general need properties, the housing association also manages close to 500 sheltered and supported living homes for residents with additional needs.	**4,382** homes managed that meet social needs **368** homes in development plan **63%** of residents on welfare benefits **1,978** QCHA social housing waiting list[86]	SDG 1 No poverty SDG 11 Sustainable cities and communities

[80] Over next five years.

[81] Awarded to Sovini Group, parent organisation of One Vision, by Great Places to Work, in the period 2017 to 2022.

[82] Total homes under management less leasehold, non-social housing and market rent properties.

[83] Over the next five years.

[84] Includes welfare benefits of which OVH is aware (Housing Benefit and Direct Universal Credit customers). Some customers receive Universal Credit directly, and OVH has not included these customers in the 61% above.

[85] Source: Ministry of Housing, Communities and Local Government, as at 1 April 2022, for Sefton, Liverpool, Wirral, West Lancashire, Cheshire East, Cheshire West and Chester.

[86] Since Glasgow City Council transferred all its social housing stock to housing associations, there are no local authority social housing waiting lists for Glasgow. Figure represents waiting list maintained by QCHA for its own properties.

[87] Total homes under management less leasehold and market rent properties.

[88] Over the next six years.

Investment	Description	Impact metrics	Aligned with UN SDGs
Thirteen Housing Group Limited (Thirteen)	Thirteen owns and manages around 35,000 homes across the North East of England and Yorkshire. As the largest housing association in the North East, Thirteen provides services to more than 72,000 customers, directly employs over 1,500 people, and provides significant additional employment in the region through its development activities. The vast majority of homes managed are for general needs, although the housing association also manages a small number of student accommodation beds, as well as supported living properties and shared ownership homes. Thirteen's supported living scheme allows older, disabled and more vulnerable people to live independently for longer, with additional assistance on hand, if needed.	**34,527** homes managed that meet social needs[87] **3,534** homes in development plan[88] **72%** of residents on welfare benefits **5,681** local authority social housing waiting list[89] **100%** of homes meet the Decent Homes Standard **437** new homes completed over the year	SDG 1 No poverty SDG 11 Sustainable cities and communities
Watford Community Housing Trust (WCH)	WCH owns and manages over 5,000 homes in South West Hertfordshire. Established in 2007, WCH has a successful track record of both managing and developing large numbers of social and affordable homes, and boasts a strong development pipeline. WCH is a registered charity, so all profits are reinvested into the ongoing running of the association, to improve services, and importantly, to build new housing.	**5,324** homes managed that meet social needs[90] **924** homes in development plan[91] **63%** of residents on welfare benefits **18,148** local authority social housing waiting list[92] **98%** of homes meet the Decent Homes Standard **137** new homes completed over the year	SDG 1 No poverty SDG 11 Sustainable cities and communities
Wheatley Housing Group	Wheatley Group manages over 63,000 social homes in 19 local authority areas across the central belt of Scotland with a large concentration in Glasgow. Wheatley Group is the largest provider of social housing in Scotland representing around 11% of total social housing stock. Wheatley Group consists of seven charitable registered social landlords and one care subsidiary (as well as commercial businesses in property factoring, private letting, and repairs and maintenance.)	**63,804** homes managed that meet social needs **4,000** homes in development plan[93] **70.8%** of residents on welfare benefits **25,163** on Wheatley's social housing waiting list **97.2%** of homes meet the Scottish Homes Quality Standard **644** new homes completed over the year	SDG 1 No poverty SDG 11 Sustainable cities and communities

[89] Source: Ministry of Housing, Communities and Local Government, as at 1 April 2022, for Hartlepool, Middlesbrough and Stockton-on-Tees.

[90] Total homes under management less leasehold, commercial and garages.

[91] Over the next four years.

[92] Source: Ministry of Housing, Communities and Local Government, as at 1 April 2022, for Hertfordshire.

[93] Over the next four years.

Social and affordable housing

Investment	Description	Impact metrics	Aligned with UN SDGs
Shared-ownership homes[94]	The borrower is a company that invests in shared-ownership residential properties in a jurisdiction with significant demand for affordable housing. A wholly-owned subsidiary of the borrower has purchased the equity interest in shared ownership developments that have been completed in recent years and is partially funding the construction of a new development of shared ownership homes.	**1,242** completed shared ownership homes acquired **665** new shared ownership homes in development plan **30-45%** discount to open market price[95] **737** applicants on jurisdiction's government housing waiting list[96] **109** applicants on jurisdiction's government waiting list allocated a flat[97]	SDG 1 No poverty SDG 11 Sustainable cities and communities
Housing Association Risk Transfer 2019 (HART)	HART is a vehicle allowing investors to share in the risk of a portfolio of social housing loans originated by the Lloyds Banking Group (Lloyds) in the UK. Lloyds has been actively lending to housing associations since 1988 and is the largest lender to the social housing sector in the UK. Lloyds delivered £2.1 billion in new funding to the social housing sector in 2022, far exceeding its full-year target of £1.5 billion.	**91** housing association issuers in reference portfolio **£2.1 billion** in new funding delivered by Lloyds to the social housing sector in 2022 **c.£12 million** equivalent social housing loan exposure of the fund's investment[98]	SDG 1 No poverty SDG 11 Sustainable cities and communities
Regenter Myatts Field North Limited	Regenter Myatts Field North Limited was established to develop 477 homes on behalf of the London Borough of Lambeth. The borrower is also responsible for providing tenancy, maintenance and estate management services over a 25-year concession period. There is significant need for social and affordable housing in Lambeth: the borough has one of the longest waiting lists for local authority social housing in London.	**368** homes managed that meet social needs **30,864** local authority social housing waiting list[99] **100%** of homes meet the Decent Homes Standard	SDG 1 No poverty SDG 11 Sustainable cities and communities
Sage AR Funding (Sage)	Sage is a securitisation vehicle used to issue commercial mortgage-backed securities (CMBS) secured against portfolios of newly-built social and affordable homes owned by Sage Housing Group. Sage Housing Group is a for-profit provider of social rent, affordable rent and shared ownership homes, with ambitious plans to build new homes for those in need. The fund has invested in two CMBS transactions issued by Sage, one in 2020 and the other in 2021. These are the first CMBS in the market to be issued with social and affordable housing as collateral, opening up a new funding source for the construction of new social and affordable homes in the UK.	**1,609** homes that meet social needs funded by the 2020 transaction[100] **1,712** homes that meet social needs funded by the 2021 transaction[101] **c.18,000** homes in development plan[102] **59%** of residents on welfare benefits[103]	SDG 1 No poverty SDG 11 Sustainable cities and communities

[94] This is private transaction where the borrower has requested anonymity.

[95] For shared ownership homes in the development plan.

[96] As at 31 December 2022.

[97] For year ended 31 December 2022.

[98] The fund's investment is equivalent to reducing Lloyd's social housing loan exposure by c.£12 million.

[99] Source: Ministry of Housing, Communities and Local Government, as at 1 April 2022, for the London borough of Lambeth.

[100] Number of newly built social or affordable homes forming the collateral for the Sage AR Funding CMBS transaction where the fund has invested in 2020.

[101] Number of newly built social or affordable homes forming the collateral for the Sage AR Funding CMBS transaction where the fund has invested in 2021.

[102] For Sage Housing Group.

[103] For Sage Housing Group.

Impact financing team

Richard Sherry
Fund Manager

Richard joined M&G Investments in 2005 as a fund manager within the Private Credit team. He is responsible for managing our range of different shorter dated illiquid credit funds and impact investment strategies.

Prior to joining M&G, Richard worked as a Portfolio Manager at JP Morgan Asset Management, specialising in the management of corporate bond portfolios. Previously, Richard was a Quantitative Analyst at Zurich Investment Management, Australia. Richard began his career working in the actuarial department of Zurich Australian Life Insurance.

Richard graduated from Macquarie University, Australia with a degree in Economics and a Masters in Applied Finance. He additionally holds a Masters in Business from the University of Technology, Sydney and an MSc in Mathematics from Oxford University; he is also an actuary.

Aditi Rao, CFA
Deputy Fund Manager

Aditi has been on the fund management team of the Impact Financing Fund since 2022. Prior to this, she was a Director in the Leveraged Finance team for over 10 years. In this capacity, she led on mid- and large-cap LBO transactions, as well as spearheading ESG research.

Aditi holds a Master's in Sustainability Leadership from the University of Cambridge, where she also studied Natural Sciences as an undergraduate. She is a CFA Charterholder.

Karen Lam
Director, Private Credit

Karen joined M&G Investments in May 2020 as a Senior Investment Specialist. Her primary focus is client relationship management within the alternative credit area.

Prior to joining M&G, Karen was part of the Emerging Market Corporate Bond team at Pictet Asset Management. Previously, Karen worked as a Portfolio Manager at JP Morgan Asset Management, specialising in the management of government bond portfolios.

Karen graduated from University College London with a degree in Statistics. She additionally holds an MSc in Modern Epidemiology from Imperial College London and an MBA from the University of Chicago. Karen also holds the CFA® Certificate in ESG Investing.

Ben Constable-Maxwell
Head of Impact Investing

Ben joined M&G Investments in 2003 and is now Head of Impact Investing, leading the firm's impact investing strategy. He is the impact lead for the M&G Positive Impact and Climate Solutions Funds.

Ben has been central to the development of ESG integration at M&G and has supported the growth of sustainable and impact solutions for clients across asset classes. He plays an active industry role: he is a member of the Investment Association's SRI Committee, the GIIN's Listed Equities Impact Working Group, the GIIN Acceleration Leadership Committee and the PRI Circular Economy Reference Group.

Ben has an Honours Degree in Classics from the University of Newcastle-upon-Tyne and holds the Certificate in Impact Measurement from the Saïd Business School at Oxford University. He is a trustee at Firefly International, which provides educational and mental health support for young people in conflict-affected areas of the Balkans and Middle East.

Impact initiatives

We are supporting a number of initiatives to help drive environmental and social change:

- PENSIONS FOR PURPOSE
- IIGCC – Institutional Investors Group on Climate Change
- GIIN – GLOBAL IMPACT INVESTING NETWORK
- BBP – BETTER BUILDINGS PARTNERSHIP
- Climate Bonds INITIATIVE
- The Green Bond Principles
- Climate Action 100+ – Global Investors Driving Business Transition
- IMPACT MANAGEMENT PROJECT
- IMP+ACT ALLIANCE
- impact investing institute
- NET ZERO ASSET MANAGERS INITIATIVE
- ClimateWise – Insuring a sustainable future
- TNFD – Taskforce on Nature-related Financial Disclosures