

On a Mission in the UK Economy

**Current state of play, vision and recommendations from the
advisory panel to the Mission-led Business Review 2016**

Contents

Letter to Rob Wilson, Minister for Civil Society	3
Executive Summary	5
Part 1: Mission-led business in the UK	7
Part 2: Ten recommendations for government and business	14
Part 3: Our vision for 2026	31
Appendix A: Members of the Advisory Panel	32
Appendix B: Acknowledgments	35

About the Advisory Panel and the Mission-led Business Review

The advisory panel was set up in April 2016 at the request of the Minister for Civil Society, Rob Wilson, as part of the Mission-led Business Review. The Review's [aims](#) were to:

- **Gather data on mission-led businesses:** How big is this part of the economy? What are the barriers to growth?
- **Set out a vision:** What is the potential role of these businesses in a healthy UK economy?
- **Develop recommendations:** What can industry and if necessary government do to better support this sector?

As a panel, we were asked to identify opportunities for the public, private and philanthropic sectors to double the impact of mission-led businesses over the next decade. In doing this work, we have drawn on the [Call for Evidence](#) run by HMG as part of this Review, as well as roundtable events with mission-led businesses in Cambridge, London, Cardiff, Oxford, Bristol, Manchester and Birmingham. This report is the output of our work.

The panel represents diverse voices and experiences in running, investing in, advising and supporting businesses of all kinds, including mission-led businesses. The views expressed herein represent the collective position of the panel. They do not necessarily represent the views of every individual panel member or of any person or organisation.

The definition of mission-led business set out in HMG's [Call for Evidence](#) was a business that (i) can fully distribute its profits; (ii) identifies an intention to have a positive social impact as a central purpose of its business; (iii) makes a long-term or binding commitment to deliver on that intention through its business and operations; and (iv) reports on its social impact to its stakeholders.

Letter to Rob Wilson, Minister for Civil Society

Dear Rob,

This year you asked us to join an independent advisory panel focused on the growth of mission-led business in the UK.

Since then the Prime Minister has made clear that the government prioritises an inclusive economy, where business plays a role in promoting the greater good, broadening prosperity and tackling inequality. Businesses with purpose are at the heart of that conversation and we believe they will make a significant contribution to UK growth over the next 10 years.

With that in mind, the work of the panel is timely and appropriate. Our aim has been to review the current status of mission-led business, develop a framework for understanding its impact and propose recommendations for government and the private sector.

Our numerous interviews and meetings over recent months have convinced us there is a new social contract developing between business and society, in which businesses engage with stakeholders beyond their current narrow remit to create benefits for employees, citizens and society at large.

We have found evidence that businesses that embrace social priorities perform better, reflect people's ideals and ambitions and so are primed for success. Of course, they also face challenges, particularly in securing funding and identifying appropriate legal structures to serve their purposes.

The attached report discusses the current state of mission-led business in the UK, sets out our vision for the next decade and makes 10 recommendations that we hope will help businesses and government move forward.

The UK is a recognised leader in social investment and responsible business, and actions taken in the coming years as a result of the Review can enhance that reputation. We also understand our responsibility as panel members to shift mind-sets, change behaviours, act as role models and share knowledge.

The panel would like to express its thanks for the opportunity to facilitate debate around this important subject. Given the topic's broad appeal we are copying in your colleagues in the Department for Business, Energy and Industrial Strategy.

We hope this report represents a step towards productive change that will deliver real benefits for businesses and people in the UK.

Yours

Dr Nigel Wilson, CEO, Legal & General Group Plc
Chair of the Advisory Panel

Natalie Campbell, Founder, A Very Good Company

Andrew Goodman, Partner, McKinsey & Co

Loughlin Hickey, Trustee, Blueprint for Better Business

Luke Johnson, Founder and Chairman, Centre for Entrepreneurs

Marcello Palazzi, Founder and President, Progressio Foundation for Human Progress

Antony Ross, Partner, Bridges Ventures

Annika Small, CEO, Centre for the Acceleration of Social Technology

Monique Villa, CEO, Thomson Reuters Foundation

Frank Welvaert, Managing Director, Johnson & Johnson Trust

Executive Summary

Across the UK, there is an emerging movement of mission-led businesses: profit-driven businesses that make a powerful commitment to social impact. They commit to contribute positively to society through their operations, goods and services and are transparent about how they do it.

Mission-led businesses are part of an overall change in the responsible business agenda. Over the past two decades, many of world's companies have evolved their thinking about their social and environmental impact from a focus on community affairs to placing social impact at the core of all their operations. Companies like Unilever are leading the way.

At the same time, start-up businesses, especially those led by the Millennial generation, are setting up businesses whose mission is focused on solving challenging social issues like climate change, food waste or educational attainment.

The challenges of the 21st century are too big for government or the social sector to face alone. Business must play a role in addressing these challenges. Mission-led businesses can play that role, and there is growing evidence to suggest that businesses that take this approach have a competitive advantage in the form of improved business performance, increased employee retention, and greater customer loyalty and advocacy.

Part 1 of this report describes the development of the mission-led business movement in the UK. A number of reports have been published recently looking at the role of mission and purpose in improving business performance, including those by Blueprint for Better Business and the Big Innovation Centre. This brief report endorses those findings, but does not seek to repeat them in detail here or to share new analysis.


Part 2 of this report sets out the challenges that the mission-led movement faces and the recommendations for government and industry action to address these challenges. These recommendations focus on opportunities for government to change the conversation about the potential for mission-led businesses and opportunities for beneficial partnerships between incumbents and start-ups in the mission-led movement. They also address the governance models and transparency requirements of mission-led businesses.

Part 3 of this report sets out the panel's vision for the development of mission-led businesses in the UK by 2026.

Ten recommendations for government and business

The advisory panel proposes 10 recommendations to promote mission-led business in the UK:


Leading the conversation and building the evidence base

1. Government to  a conversation on responsible business and identify how the public, private and social sectors can work together to address societal issues.
2. Starting with business schools, educators to lead the way in analysing the impact on business of having a purpose that serves society, and embedding this into curricula.
3. Government to encourage and incentivise the positive social impact of mission-led business by enabling blended finance investment models and social pension funds.

Building mutually beneficial partnerships

4. UK corporates to create social and environmental impact investment funds targeting £1 billion by 2021.
5. Mainstream businesses and start-up mission-led businesses to set up talent exchange programmes.
6. Advisory firms to commit to better serving mission-led businesses through increased training and extending their pro bono remit.

Tackling current and alternative governance models

7. Government to promote the flexibility offered under English law for companies to act with a social purpose and align shareholder and stakeholder interests.
8. Government to encourage businesses to incorporate around a social purpose and nit to social impact by establishing clear entry points for entrepreneurs.
9. Government to explore the introduction of a “benefit company” status in English law.

Building transparency & accountability

10. Every business to actively communicate its social mission and progress in the form of a “transparency report”.

Part 1: Mission-led business in the UK

“The next generation of leaders has its heart and mind set on making the world a better place.”¹

“Imagine a world where businesses compete on being best for the world, and where that is precisely what makes them the best in the world.”²

“This isn’t simply about “doing the right thing” – the fact is, in a messy world there may be many “right things” and doing one of them may mean not doing others. There will always be trade-offs. This is about identifying and investing in new market opportunities, some of which may be still emergent and that are aligned to your organisation’s larger purpose.”³

A key UK government policy is to build an inclusive economy in which prosperity is shared and businesses focus on their wider role in society, alongside their established duty to create value for shareholders.

The government’s commitment to that policy reflects values held by many people across the UK, who recognise that the role of business is changing to reflect a greater shared sense of social purpose.⁴ The shift can be seen at all levels, from multi-nationals to civil society organisations and start-ups, such that it may be characterised as a “movement” that is driving the growth of mission-led, or purpose-driven, business.

Amid these shifting dynamics, the role of government is to leverage its resources, insight and convening power to create and drive an agenda for transformation. Government can empower cooperation between civil society and private enterprise and promote problem solving and value creation. The collective impact of government, civil society and private enterprise is stronger than the sum of its parts. Policy action that supports mission-led business is likely to be welcomed, because it would reflect rising demand for companies to demonstrate social awareness.

1 [Purpose in Practice](#), Claremont, (2016).

2 Julie Hanna, Executive Chair of Kiva and US presidential ambassador for global entrepreneurship (as quoted in [Wired UK](#), 5 May 2016).

3 Andrew White, Associate Dean, Said Business School, University of Oxford (as quoted in [Harvard Business Review](#), 9 June 2016).

4 For the purpose of this document, we have used the term ‘social’ to incorporate both social and environmental aspects.

What is a mission-led business?

Mission-led businesses are profit-driven businesses that make a powerful commitment to social impact. The ethos of mission-led business is to contribute positively to society through their operations, goods and services.

Mission-led businesses operate across diverse markets and sectors and it is hard to describe them as a stand-alone sector of the economy. In our discussions, we have focused particularly on businesses with the following characteristics:

- A clear commitment to transparently delivering a positive social and environmental impact.
- An understanding that parties beyond shareholders have a legitimate interest in outcomes of the business.
- A recognition that value can be delivered sustainably by moving from contractual stakeholder management to broader engagement.

These characteristics can be seen as a starting point for thinking about how we can have more mission-led businesses in the UK. They embody the principle of mutual benefit between business and society. This may be economic or less tangible, for example representing greater commonality between business and communities. Rather than acting “for and to”, mission-led businesses aim to work “with and alongside”, leading to positive outcomes for society or the environment.

Many people now believe all businesses should embrace the mission-led principles of commitment to social and environmental responsibility and ideally should implement changes to reflect those principles across their activities. Some entrepreneurs may set up with a primary social purpose. Others seek to create social impact in the context of their commercial goals, focusing on the positive social impact of their operations. We believe both groups have an important role to play in expanding the role of mission-led business in the UK.

The rise of mission-led business

Over recent years there has been a shift in the way that founders, entrepreneurs and business leaders think about social impact. That has been seen in their willingness to mitigate the negative effects of their business activities and to create value and benefits through the way they think, behave and act.

At one end of the scale, there is a change in the way that public companies are thinking about their social impact. There is a move away from the “offset” model with specific resources allocated to corporate social responsibility, to a broader agenda under which social impact is integrated across the business and seen as driver of value.⁵ According to 2014 analysis, a third of Fortune 500 companies see social impact as core to strategy.⁶ In many industries there are examples of companies that now use a social impact purpose to explore new markets and improve their supply chain.⁷ Those businesses recognise the mutuality of benefit of taking this approach.

At the other end of the scale, increasing numbers of start-ups are being launched specifically to address a social challenge. 59 percent of Millennial (people reaching young adulthood around the year 2000) entrepreneurs are driven by a desire to have a positive impact on their communities and by growing bigger businesses⁸ and more than 20 percent of the Institute of Directors’ cohort of young entrepreneurs say having a “*positive social impact*” was the most important factor in their decision to start a company, significantly ahead of financial reward or personal status.⁹ For these entrepreneurs purpose and profit are directly aligned. As *Wired Magazine* noted “*rising profits at [a business like this] were not in spite of its mission-driven approach – to some extent, they were because of it.*”¹⁰ For example, [Third Space Learning](#), founded in 2012, uses technology to widen access to one-to-one mathematics tutoring and [Patients Know Best](#) created the world’s first patient-controlled medical record system, allowing patients understand and own personal health data.

The [B Corp movement](#), which originated in the US, is a certification system for businesses that meet certain standards of social and environmental performance, accountability and transparency. While some B Corps may be set up with a specific goal to solve a social challenge, many B Corps might look like “ordinary” businesses from the outside, but take practical steps to increase the positive social impact of their business by, for example, employing ex-offenders, paying the living wage and introducing social enterprises and charities into their supply-chains. B Corps launched in the UK in September 2015 and are an important addition to mission-led business landscape.

5 See, for example, [Driving Corporate Growth through Social Impact](#), Deloitte, (2015). See also, [The Future of Doing Good in Britain](#), Big Lottery Fund, (2016).

6 [Driving Corporate Growth through Social Impact](#), Deloitte, (2015).

7 See, for example, [Social Innovation: A Guide to Achieving Corporate and Societal Value](#), World Economic Forum, (2016); [The Practitioner’s Guide – Steps to Corporate Investment, Innovation and Collaboration](#), Corporate Impact X, Big Society Capital et al, (2016).

8 [Essence of Enterprise](#), HSBC, (2016).

9 Response to HMG’s Call for Evidence, Institute of Directors, (2016).

10 [Letter from the Editor](#), *Wired UK*, David Rowan, (5 May 2016).

Building on strong foundations

The mission-led business movement is building on a strong historic legacy in the UK. The UK already has a thriving social economy, with a diverse range of enterprises that have a purpose beyond profit:

- There are around 123,000 UK mission-led businesses, which have a combined turnover of £165 billion and employ 1.4 million people.¹¹
- There are around 70,000 social enterprises contributing £24 billion to the economy annually and employing nearly a million people.¹²
- Cooperatives have 17.5 million members and are estimated to contribute £34.1 billion annually to the economy.¹³
- In addition, there are over 160,000 voluntary organisations, including charities, across the UK. Their output was estimated at £12.2 billion Gross Value Added (GVA) in 2013/14 and the sector employs more than 800,000 people.¹⁴

The intangible characteristics of these organisations, such as the ability to drive social change, are less measurable but equally as important.

Social enterprises and cooperatives have a long history and can provide blueprints for how businesses can embed social and environmental missions in their operating models and cultures. They also have valuable resources relating to the evaluation of social and environmental performance. In its response to HMG's Call for Evidence [Social Enterprise UK](#) (SEUK) noted that cooperatives and social enterprises are growing faster than conventional businesses, with the UK cooperative sector growing by more than 25 percent between 2008 and 2011.¹⁵

11 In pursuit of Impact: Mission-led businesses, Deloitte, (2016).

12 Response to HMG's Call for Evidence, SEUK, (2016).

13 [The Co-operative Economy Report](#) 2016, Co-ops UK, (2016).

14 [UK Civil Society Almanac](#), NCVO, (2016).

15 Response to HMG's Call for Evidence, SEUK, (2016).

Trends driving the growth of mission-led business

The growth in mission-led business reflects broader changes in society, which shows not only expectations for a bigger role for mission-led businesses, but also that those businesses will be more successful: some 55 percent of people in a recent survey agreed that expectations on business “to do the right thing” have risen over the past decade.¹⁶ As people’s understanding of the role of business changes, it is incumbent on businesses and government to change with it, and ideally to lead that change.

Millennials believe the primary role of business is to serve society.¹⁷ Millennials also prefer to work for purposeful companies and are more likely to invest ethically. Nearly 40 percent of wealthy under-40s have made social investments and they assign a greater proportion of their portfolio to social purposes than previous generations.¹⁸ Given an expected record intergenerational transfer of wealth to Millennials it would appear that mission-led businesses are well placed to access a rich source of investment.¹⁹

Of course, Millennials are not the only demographic to be concerned about social and environmental causes, and there is strong evidence that these issues resonate across generations. Public engagement with the mission-led movement is illustrated by high consumer favourability towards social businesses, which tend to perform better, incur lower costs and create stronger relationships.

There is increasing evidence of a correlation between mission-led business and earnings outperformance. The advisory panel recognises and endorses the recent reports of [Tomorrow’s Company](#)²⁰, [Blueprint for Better Business](#)²¹ and the [Big Innovation Centre](#)²² which have set out the clear evidence for this correlation. The trends driving the connection between profit and purpose have been further recognised in recent publications by [Claremont Communications](#)²³ and [Wired Magazine](#).²⁴

16 [Trust barometer shows business has more to do](#), CBI, (2015).

17 [The Deloitte Millennial Survey](#), Deloitte, (2016).

18 [Philanthropy: A Gift or Investment?](#), CAF Venturesome, (2015).

19 [The \\$30 Trillion Challenge](#), Morgan Stanley, (2015).

20 [UK Business: What’s Wrong? What’s Next?](#), Tomorrow’s Company, (2016).

21 [Purpose and Performance](#), Blueprint for Better Business, (October 2015).

22 [The Purposeful Company Interim Report](#), Big Innovation Centre, (2016).

23 [Purpose in Practice](#), Claremont, (2016).

24 [Wired UK](#), 5 May 2016.

Examples of key pieces of evidence include:

- The Big Innovation Centre estimates that “purposefulness” could be worth up to 7 percent a year in performance terms and that the loss of value as a result of UK companies neglecting purpose comfortably exceeds £100 billion a year.²⁵
- The growth rate of brands identified as “responsible” is nearly double that of conventional brands.²⁶
- Some two-thirds of consumers are willing to pay more for socially driven products, while the importance of “purpose” as a purchasing factor has risen 26 percent globally since 2010.²⁷
- Some 54 percent of consumers want to buy sustainable products, and take into account social and environmental factors when making purchasing decisions, according to research by [Unilever](#). Unilever’s sustainable living brands are growing around 30 percent faster than the rest of the business.²⁸
- Research in 2013–14 showed that responsible consumption grocery brands grew by 8.5 percent, compared with 4.5 percent for conventional products, and the overall value of the UK ethical market expanded from £35 billion to £38 billion.²⁹

Still, convictions are not yet hard-wired in business leaders. In some areas too, the evidence still needs to be developed. For example only 16 percent of consumers would not buy from retailers that are opaque about their social and environmental practices.³⁰

We recognise that mission-led benefits may sometimes take longer to be reflected in performance, but are convinced they can reward long-term capital with higher risk-adjusted returns. In many cases alignment with business customers (such as public service commissioners) may support faster growth.

For prospective employees, the values and impact of employers now rate equal to salary and other benefits in evaluating opportunities and employees have been shown to be more engaged and productive when personal motivation to make a difference is aligned with a job description.³¹

25 [The Purposeful Company Interim Report](#), Big Innovation Centre, (2016).

26 [When social responsibility leads to growth: The European Grocery Market](#); Smits, Vismans, van Zon and Wood; BCG Perspectives; (2015).

27 [Global Corporate Sustainability Report](#), Nielsen, (2015).

28 [Commitment to sustainability delivers even faster growth for Unilever](#), Unilever, 16 May 2015.

29 [When social responsibility leads to growth: The European Grocery Market](#); Smits, Vismans, van Zon and Wood; BCG Perspectives, (2015).

30 [Consumers tell retailers: The only way is not ethics](#), Verdict Retail, (2016).

31 Response to HMG’s Call for Evidence, Plymouth University, (2016).

Challenges for mission-led businesses

Still, mission-led businesses face a range of challenges. Some struggle to attract funding, and there are continuing concerns over a short-term trade off between earnings and mission. The social purpose opportunities offered by a company limited by shares, the most popular mission-led business structure, may not be well-understood by entrepreneurs and investors, and there may be room for new structures that reflect mission-led priorities. We describe these challenges, alongside recommendations to address them, in Part 2 of this report.

Part 2: Ten recommendations for government and business

Whilst mission-led businesses are growing, the advisory panel believes that there are a number of steps that can be taken by government, the business sector and the academic community to create a world-leading sector in the UK.

The recommendations in this report cover both specific mission-led businesses as described in the Call for Evidence, but others align with the wider movement, as well as addressing wider opportunities in the growing interest in businesses which deliver profit with purpose. The importance of government considering social value when buying goods and services was a common theme at the regional events. However, as set out in the terms of reference, recommendations relating to government procurement have been omitted.

We propose 10 recommendations, presented under four key areas of focus:

- Leading the conversation and building the evidence base.
- Building mutually beneficial partnerships.
- Tackling current and alternative governance models.
- Building transparency and accountability.

Leading the conversation and building the evidence base

A key element of making the case for mission-led business is the ability to align competing interests to a single agenda that promotes benefits for all. Government, opinion formers and educators must work together to disseminate a clear and compelling message that aligns with the public mood and encourages discussion and debate.

Recommendation 1

Government to lead a conversation on responsible business and identify how the public, private and social sectors can work together to address societal issues.

The challenge

This Review has touched on important debates about the ways businesses can commit to a purpose that serves society. These debates go beyond the initial remit of the Review but raise important questions. There is mounting evidence that businesses can do good and at the same time do well, but many entrepreneurs and business leaders perceive a trade-off between financial returns and positive social impact.

The opportunity

We have heard from business that they have an appetite for government to raise awareness and lead conversations about the positive role that business plays and to help companies engage more effectively with social and environmental issues. Government is uniquely placed to articulate the role that business can play in creating a stable and prosperous society aligned with mission-led values. Government can also use its convening power to set the agenda and bring together businesses and social sector organisations, as was seen, for example, in the [Dementia Discovery Fund](#) initiative.

Implementing this recommendation means:

- establishing clear ministerial responsibility
- convening and coordinating activity across the public, private and social sectors to tackle specific challenges
- highlighting positive role models and success stories
- signalling, celebrating and learning from successful mission-led business through campaigns, events and prizes
- building and sharing evidence around the business benefits of committing to a positive social and environmental impact
- improving data collection.

How it might work:

Best for NYC Challenge: Launched in 2015 by the City Of New York, “[Best for NYC](#)” is a multi-year challenge that invites businesses in NYC to measure and improve their social and environmental impact. The challenge provides a free, online tool that enables small businesses to assess and compare their impact on NYC workers, communities and the environment and provides free resources. The City hosts an annual celebration of businesses that have improved their impact or achieved high scores, as verified by B Lab, an independent business certification organisation.

Big Society Capital Business Impact Challenge: The [Business Impact Challenge](#), launched in 2014, is a tailored programme that helps companies (from SMEs to multi-nationals) to develop high-impact social purpose investment ideas with matched funding from Big Society Capital. Winners from 2014 – Interserve, ClubFinance and Catch 22 – are creating an innovative joint venture to allow community organisations, charities and social enterprises to deliver on public service contracts at scale.

Social economy is GREAT: The social economy GREAT Britain [campaign](#) featuring businesses like Jamie Oliver’s Fifteen and Elvis & Kresse, has helped promote the UK social investment market abroad. As a result of a UKTI and Cabinet Office-led social economy [trade mission](#) to New York, one organisation is structuring a deal which will be the first time a UK social enterprise has raised social investment from the USA.

Mayor of London’s Smart London Investor Showcase: The Mayor of London, in partnership with UK Business Angels Associations, hosted a 2016 [competition](#) for start-ups and small companies focusing on five themes; the environment, buildings and homes, transport, health and resilience and infrastructure. Successful businesses were given the opportunity to present solutions to key industry players.

Grant Thornton’s 100 faces of the Vibrant Economy: Grant Thornton in 2016 showcased and celebrated [100 faces](#) of the vibrant economy. The faces were chosen for their roles in shaping a more purposeful, innovative and socially responsible business environment. Sectors represented include energy, leisure, retail, technology, local councils, not-for-profit organisations, financial services and food production.

Buy Social Corporate Challenge: The [Buy Social Corporate Challenge](#) will see a group of high profile businesses aim to spend £1 billion with social enterprises by 2020. The initiative is a first for the social enterprise sector. Led by Social Enterprise UK a number of forward-thinking corporates will open up their supply chains to the UK’s 70,000 social enterprises. Founding partners are Interserve, Johnson & Johnson, PwC, RBS Group, Santander, Wates, and Zurich.

Recommendation 2

Starting with business schools, educators to lead the way in analysing the impact on business of a purpose that serves society and embedding this into curricula.

The challenge

This report presents evidence that being mission-led can help a company's long-term growth and drive business performance. The evidence, however, is still viewed with scepticism and there is much debate about how business can respond.

The opportunity

We know that the next generation of entrepreneurs and business leaders want to create businesses with purpose. Business education systems have a role to play in creating a society that nurtures and demands mission-led business. They can also have a profound impact in building awareness and developing adaptability and responsible decision-making.

Academics can build evidence for the long-term impact of socially responsible businesses, and challenge the idea that caring for society must come at the expense of profit. The results of research should be incorporated into curricula and students should be enabled to explore careers that integrate profit and purpose. Educational establishments should be ranked for their contributions in this area.

More broadly, mission-led business must become part of the conversation across education at all levels and in the workplace. Increased awareness of the role of business in society could be encouraged, enabling young people to ask questions and form opinions, and helping build social purpose into their expectations of business more broadly.

How it might work:

Bridges Impact + and Wharton Social Impact Initiative: The advisory arm of the impact investing firm Bridges Ventures runs the [MBA Impact Investing Network and Training \(MIINT\)](#) programme. The programmes are an experiential learning opportunity where students and businesses learn to source and conduct due diligence on early stage impact investments. In 2013-2014, over 170 students from 10 US business schools participated.

Blueprint for Better Business + London Business School: In conjunction with London Business School, Blueprint for Better Business recently hosted an interdisciplinary [academic conference](#) on the latest research underlying assumptions about business and purpose. Blueprint also develops programmes for business schools across the UK.

Recommendation 3

Government to encourage and incentivise the positive social impact of mission-led business by enabling blended finance investment models and social pension funds.

The challenge

Since the first [Social Investment Taskforce](#) was set up in 2000, the UK has been at the forefront of innovation in building the social investment market, establishing institutions such as [Big Society Capital](#) and [Access Foundation](#) as well as introducing the [Social Investment Tax Relief](#). Social investors intentionally target societal and/or environmental objectives alongside a financial return and measure the achievement of both. Total social investment in the UK is estimated at £1.5 billion and there are social investment deals across all sectors and involving all types of investors.³² The challenge now is to embed this approach across a wider range of investors and sectors. This recommendation is about bringing additional money to businesses that are intentionally targeting social and financial returns, rather than repurposing or diverting existing social investment funds.

The opportunity

There is a strong case for continuing government support for socially-minded capital. One area of focus might be pensions. The UK is moving from a culture of defined benefit to defined contribution (DC) pensions. The number of DC savers is set to treble by the end of the decade and by 2030 assets under management in DC pension schemes is expected to reach nearly £600 billion. There will also be an estimated 10 million auto-enrolled savers by 2020, many of whom will buy long-term savings products for the first time.³³

Pension funds in the UK, however, have been slower than some peers in the Netherlands, Scandinavia and Switzerland in considering social impact investment factors. Pensions are already a route to good employee engagement – linking them to mission-led business provides an opportunity for businesses to align employee benefits with their missions.

The government could encourage pension funds to be more active in social causes, working with the industry to explore a social pension fund, drawing on the experience of France's "Solidarity Investment Fund", which has raised more than €4.8 billion since launch in 2001.³⁴ A social pension product may help increase saver engagement with their investment choices.

32 [The Size and Composition of Social Investment in the UK](#), Big Society Capital, (2016).

33 [Good pensions: introducing social pension funds to the UK](#), Social Market Foundation and Big Society Capital, (2015).

34 [Good pensions: introducing social pension funds to the UK](#), Social Market Foundation and Big Society Capital, (2015).

An additional approach would be for government to expand the use of blended fund models, such as those used by the [Arts Impact Fund](#) and the [Dementia Discovery Fund](#). Blended fund models bring together public, commercial and philanthropic sources to achieve a measurable social impact. Layering investment capital, public sector funds and money from trusts and foundations can bring in additional private sector investment for social purpose. Pooling funds in this way can also allow government and business to collaborate around specific societal challenges, building on our suggestion in Recommendation 1. Already, there are an estimated 74 pooled public and private funds, with £16 billion in committed assets.³⁵

There are also opportunities to increase tax incentives, either at the business level or for social impact investors. These would need to be carefully managed to avoid adverse use. Options could include offering investment R&D tax credits, expanding [Social Investment Tax Relief](#) or expanding investment incentives such as the [Enterprise Investment Scheme](#) or Seed Enterprise Investment Scheme. Alternately, there could be financial incentives based on clear eligibility guidelines. This would avoid limiting beneficiaries to those seeking capital.

How it might work:

Dementia Discovery Fund: This [blended fund](#) was set-up in 2015 as a global collaboration between the UK government, Alzheimer’s Research UK and six big pharmaceutical companies to provide investment in innovative dementia research projects and businesses. Created at the G8 dementia summit in 2013, the fund’s aim is to come up with early diagnosis and effective treatment by 2025. The fund made its first investment in Alector LLC in January 2016, to support research into the eradication of brain plaque by the immune system.

French “Solidarity Funds”: Since 2001, employers and pension providers in France have been obliged to offer a [“Solidarity Investment Fund”](#) as part of their employee savings plan. For liquidity purposes, it aims to place 90 percent of the fund into traditional investments (with social and environmental filters) and the remaining 10 percent into potentially less liquid social impact investments.

Schneider Electric Energy Access Ventures: Schneider Electric is global business that specialises in electricity distribution, automation management and energy management. Its impact fund targets businesses in Africa that specialise in promoting low-carbon and low cost electricity solutions. The company opened the fund up to employee savings in response to the French regulatory requirement to offer Solidarity Funds.

35 [Blended Finance Vol. 1: A Primer for Development Finance and Philanthropic Funders](#), World Economic Forum, (2015).

Building mutually beneficial partnerships

Companies are already investing in social impact agendas, but more can be done to build consensus across and between organisations. By definition, mission-led businesses enable and encourage partnership and the business community must work together to innovate and achieve sustainable change.

Recommendation 4:

UK corporates to create social and environmental impact investment funds targeting £1 billion of investment by 2021.

The challenge

Early-stage mission-led businesses and those operating in under-served markets often struggle to access long-term capital. The challenge is not as pronounced as for asset-locked social sector organisations, but the reasons are similar. A key driver is the fact that analysts tend to prioritise short-term earnings, making it difficult for business models that require a long-term vision.³⁶ A number of responses to the Call for Evidence noted there can be short-term trade-offs between P&L and mission that can be difficult to manage.³⁷ Also, investing for a social and financial return is relatively new and does not have the track-record of other sectors.

Equally, mission-led businesses may not be doing enough to articulate the case for investment, which might include access to new marketplaces and understanding mission as a leadership development opportunity.

The opportunity

Some companies are failing to make use of cash on balance sheets. In 2015, for example, the FTSE 350 had gross balance sheet assets of £9.2 trillion and net balance sheet assets of £1.3 trillion, with a total R&D spend of just £17 billion.³⁸

We would like to see listed companies set up impact investment funds that support mission-led businesses: businesses with a social or environmental purpose. Those funds will aim to drive innovation both at the companies and in mission-led businesses, catalysed by more 'intrepreneurship' which can have a profoundly positive impact on funders and fundees. Funds should be linked to the purpose of the larger company, which should also target social value. We would also like to see cross-sectoral funds, for example focusing on technology or a specific geography. Funds should be targeted through the business development life cycle.

36 [UK Business: What's Wrong? What's Next?](#), Tomorrow's Company (2016); [The Purposeful Company Interim Report](#), Big Innovation Centre, (2016).

37 Responses to HMG's Call for Evidence from B Lab UK, BeLucent Ltd, CMS, Professor Alex Edmans and Ethical Property Company, (2016).

38 Capital IQ, McGraw Hill Financial, (2015).

Corporate impact investment models should focus on scaling the social and financial impact of the investee businesses and measuring that impact. We recommend companies approach these funds with an innovation-based mind-set: measuring the behavioural change impact at the larger company level, failing fast and being prepared to scale as benefits accrue.

Away from capital provision, businesses may also seek to fuel mission-led growth by increasing the role of social enterprises and mission-led businesses in supply chains.

How it might work:

Centrica Ignite Fund: Centrica is investing £10 million in energy organisations through corporate incubator [Centrica Ignite](#). Over the next decade, the fund will inject funds (between £50k and £2m) and expertise (seconding Centrica employees) into energy organisations. The model aligns Centrica's central mission; to continue to provide heat and light for people's homes in a more sustainable manner. Adopting an integrated model has promoted skill-sharing and increased employee engagement and helped Centrica to learn about innovation in the market. It has also enabled Centrica to make a positive impact on employment, income, housing, local communities and the environment.

Johnson & Johnson (J&J): In 2016, J&J established a \$15 million (c £11.5 million) impact investment fund (through its UK regulated J&J Trust) as an accelerator for sustainable growth. The fund has a broad focus on health and well being and is seeking to deploy its resources over three years to positively impact people's lives. It pursues opportunities with a range of purpose-driven organisations that deliver positive social and health outcomes and have a demonstrable potential to scale.

Legal & General (L&G), "SE-Assist": Legal & General has created a joint venture with CAF Venturesome called "[SE-Assist](#)", which provides early-stage, social investment in the form of interest-free loans and mentoring to social enterprises that are positively disrupting the housing, ageing and health markets. In addition, L&G Group has committed to directly investing £15 billion in businesses that positively impact UK housing, health and renewable energy and infrastructure. This includes direct investment in a modular housing business which will significantly reduce the time to build.

Recommendation 5.

Mainstream businesses and start-up mission-led businesses to set up talent exchange programmes.

The challenge

Early-stage mission-led businesses have told us that challenges accessing talent can have a decisive impact, especially as they scale. This is reflected in research that shows retaining talent gets more difficult over time.³⁹ For early-stage mission-led businesses, there seems to be a particular challenge finding senior talent experienced in the core activities of the business.

The reasons for these challenges are not always clear. It may be because the conversation about founding or working for a mission-led business does not start early enough in people's careers, or because the talent may be beyond the budget of entrepreneurs. The Centre for the Acceleration of Social Technology (CAST) has said the UK's technology skill shortage can be acute for mission-led businesses because engineers tend not to have much exposure to the social sector.⁴⁰

The opportunity

There is a change in employee expectations of the workplace. For many people, values and impact now rate equal to, or higher than, salary and package. This is partly generational: Some 62 percent of Millennials say they want to work for an organisation that benefits society, compared with 42 percent of the wider population.⁴¹ It is exemplified in the growth of "B Corps" certified businesses such as [Escape the City](#), which has grown from a job email list in 2009 to a community of 250,000 people today. The people are identified as wanting to "do work that matters". In a 2014 survey, 89 percent of people stated that a clear purpose created "greater employee satisfaction".⁴²

Employees of all ages are more engaged and more productive when they bring their whole selves to work, particularly when personal motivations are aligned with the motivations of the organisation. The message is that a strong, relatable, social/environmental mission can foster engaged and create competitive advantage. This will be especially relevant as Millennials play a bigger role in the years ahead. Millennials typically 'have one foot out the door', with two-thirds intending to switch jobs by 2020.⁴³

39 [The Human Capital Crisis: How Social Enterprise Can Find the Talent to Succeed](#), Rippleworks Foundation, (2016).

40 Research from O2 showed that the UK would need 745,000 additional workers with digital skills to meet rising demand from employers by 2017: O2 and Development Economics, [The Future Digital Skills Needs of the UK Economy](#), (2013).

41 [The Values Revolution](#), Global Tolerance, (2015).

42 [The Business Case for Purpose](#), EY and Harvard Business Review, (2015).

43 [The Deloitte Millennial Survey](#), Deloitte, (2016).

Larger businesses and emerging mission-led businesses could set-up talent partnerships, lending skills and experience to each other. Several models are available, from encouraging long-term but part-time involvement (e.g., non-executive directors, freelancers, mentors, coaches) to focusing on career transition, such as mid-career placement, secondment or outplacement, helping experienced professionals transition into roles at mission-led businesses and social enterprises. The programmes could become part of people's broader learning and skills development. To be most effective, the partnerships would need to emphasise a range of skills, including technology talent, which is under-represented in current programmes.

How this might work in practice:

BVCA Impact Investment Networking Initiative: The British Private Equity and Venture Capital Association and Big Society Capital in 2016 ran the first of a series of networking events designed to facilitate partnerships between private equity and venture capital practitioners and impact investment advisers and fund managers.

On Purpose: [On Purpose](#) is a work and training programme that aims to increase leadership in the social enterprise sector by growing social leaders at an early stage in their career. Associates compete two six-month placements at a range of "purpose-led" organisations including charities, social enterprises and government. On average, associates have seven years' professional work experience before joining On Purpose and the majority stay working within the sector once the programme has been completed.

Recommendation 6.

Advisory firms commit to better-serving mission-led businesses through increased training and extending their pro bono remit.

The challenge

Although businesses want to set-up with a mission-led approach, or “repurpose” their businesses in that direction, we have heard through regional events and in response to HMG’s Call for Evidence that the transition can be challenging.⁴⁴ In particular, professional advisers do not have enough relevant knowledge on matters from legal frameworks to finance and marketing. A lack of professional advice can be particularly challenging for mission-led businesses that are using a “for profit” set-up and are outside the remit of many firms’ pro bono activities.

The opportunity

There is an opportunity for advisory firms to help these businesses set up corporate governance and reporting frameworks, attract investment and develop marketing strategies that reflect their mission-led approach.

Professional services should commit to serving mission-led businesses by designing appropriate tools, structures and approaches. New partnership models between the social sector, public sector and advisory firms may be required. It also may require firms to evaluate how their pro bono services are best utilised to achieve social impact.

How it might work:

TrustLaw, Thomson Reuters Foundation: [TrustLaw](#), the Thomson Reuters Foundation’s global legal pro bono service, connects leading law firms and in-house legal teams around the world with just under 3,000 high impact NGOs and social enterprises working to create social and environmental change in 170 countries. Some 580 law firms offer their services for free through TrustLaw, and pro bono support is facilitated for over 800 social enterprise and mission-led business members.

NSW Government Expert Advice Exchange (EAX): Launched in 2015, the [EAX](#) is a platform run by the New South Wales government in Australia that connects social sector organisations with pro bono support and advice from law firms, professional services firms and financial institutions. The EAX has also worked with advisory firms to develop advice packages that provide guidance in specific areas, such as governance.

The Hive: [The Hive](#) is a business support programme run by Co-operatives UK and the Co-operative Bank. Accessed online, it connects preferred advisers with cooperatives and provides resources to help new and existing co-operatives. The Co-operative Bank’s involvement reflects its own mission, being the only UK high street bank with a customer-led ethical policy and co-operative values enshrined in its articles of association.

⁴⁴ Responses to HMG’s Call for Evidence from Anthony Collins Solicitors, Employee Ownership Association, Reason Digital, Shiva Hotels, Total Impact Capital and UnLtd, (2016).

Tackling current and alternative governance models

Current corporate legal structures offer flexibility as to corporate aims and responsibilities, but the optionality embedded in the legal text is often ignored or poorly understood. Educational efforts are required, alongside consideration of new structures that might better serve companies with economic, social and environmental purposes.

Recommendation 7.

Government to promote the flexibility offered under English law for companies to behave with a social purpose and align shareholder and stakeholder interests.

Recommendation 8.

Government to encourage businesses to incorporate around a social purpose and commit to social impact by establishing clear entry points for entrepreneurs.

Recommendation 9.

Government to explore the introduction of “benefit company” status in English law.

The challenge

Increasing the impact of mission-led businesses means ensuring they have legal frameworks and governance structures that reflect their approach.

Some of the most common business structures in the UK are a standard company limited by shares (CLS), a charity, a community interest company (CIC), a cooperative society and a community benefit society. Mission-led businesses tend to set up using the traditional CLS form. Evidence from the regional events and Call for Evidence suggests they do so because this form is simple (i.e., easy to setup with minimal bureaucracy), enables access to equity investment and is flexible.⁴⁵ It also allows businesses to adapt as they grow.

Under the CLS form, the default position is that the ultimate duty of directors is to promote the success of the company for the benefit of the company’s shareholders/members, whilst having regard to certain specific issues, such as the interests of employees, suppliers, the environment and the long-term consequences of any decision. This juxtaposition of members and stakeholders has led to some confusion as to whether a mission or purpose in the service of society is enabled, or disabled, by the wording. At a minimum the government may wish to revisit this issue.

45 Responses to HMG’s Call for Evidence from Bates, Wells Braithwaite, Bristol Energy, Salary Finance, and UnLtd, (2016).

The law also allows companies to go beyond the “default” position by declaring an alternative purpose. The company can redefine what is meant by “success”, which is one way to align shareholder and stakeholder interests. This approach has received attention since “B Corps” launched in the UK in 2015. The certified B Corps operating in the UK have amended their governance models to set out social and/or environmental outcomes as part of their mission and received independent certification of their social and environmental credentials.

A number of respondents to the Call for Evidence said declaring a purpose (and attaching it to entrenched voting rights) was one way that mission-led businesses can “lock in” their mission for the long-term.⁴⁶ Many others, however, emphasised that “mission lock” comes not just from legal frameworks, but also from embedding impact in the business model, employee culture and external engagement strategy.⁴⁷ This perspective does not see organisational form as the only determinative expression of mission.

There is already a lot of legal flexibility that allows companies to set out a purpose beyond profit. The problem is that this flexibility is not always well understood by entrepreneurs or their advisers. One attendee at the Manchester roundtable referred to having “hacked company law” to get the set-up he wanted. Few entrepreneurs appear to use this option and few advisers are aware of it. Too often companies revert to the default format. Government provides some guidance, but the guidance is not linked to the business registration process at Companies House.

The process of incorporating a company does not necessarily encourage the establishment of companies with an embedded social mission or purpose, or that align stakeholder and shareholder interests.

The opportunity

The UK is seeing a wave of entrepreneurship: net creation of companies for 2013 and 2014 was the highest on record.⁴⁸ There is an exciting opportunity to ensure that founders take a mission-led approach from the outset and are able to access legal forms and governance structures that match their ambition and the definition of what success is for them.

Given that the success of a business depends on its relationships (customers, employees, shareholders, regulators etc.) there is a strong case for making it clear from the outset how the fulfillment of business purpose will benefit society, as this strengthens relationships. This could be done through a “non-statutory” purpose statement or on a statutory basis through incorporation or “re-incorporation”.

46 Responses to HMG’s Call for Evidence from Anthony Collins Solicitors, Bates, Wells Braithwaite, B Lab UK, Co-operatives UK, Phone Co-op and UnLtd, (2016).

47 Responses to HMG’s Call for Evidence from Blueprint for Better Business, Bristol Energy, ClearlySo, Contextis, Salary Finance, Shiva Hotels and Tom Levitt, (2016).

48 House of Commons, Briefing Paper, Business Statistics, number 06152, (2015).

Other countries are already exploring options. Italy and 32 US states have adopted a “benefit corporation” legal form. This is designed for businesses that declare a public benefit purpose, commit to serve stakeholders as well as shareholders and commit to being transparent about their impact. Similar legislation is being explored in Argentina, Australia, Canada and Chile.

The government can take a number of steps in parallel to ensure that UK continues to play a leading role in institutionalising frameworks that encourage business as a force for good.

First, the government should lead a campaign to raise awareness of the opportunity for companies declaring a purpose beyond profit and considering their wider relationships beyond shareholders. This would benefit all companies. It could include ministerial endorsement of best practice and case studies, linking to advisory networks and working with bodies like the Institute of Directors for guidance and training. As this is a developing field, any advice and guidance should reflect the fact that lessons may continue to be learned as understanding progresses, suggesting companies may need to be flexible as they grow.

Second, government should make it as easy as possible for companies to incorporate around purpose and make it clear how this purpose benefits society. This could be done by nudging companies to incorporate around a clear purpose when they register or introducing an option for businesses to self-categorise as mission/purpose-led at Companies House. It could be reinforced by introducing optional, but government-endorsed, model articles for companies limited by shares with a clear social mission and by using regulatory or reporting touch points with companies to ensure they are considering their mission.

Finally, government should explore the introduction of “benefit company” status in English law, along the lines of the “benefit corporation” designation. This would provide a clear signal that government wishes to enable and encourage mission-led businesses. Over the long-term, a consistent approach would make it easier for consumers, investors and commissioners to identify those businesses and, if appropriate, reward or encourage them. As in the US and Italy, a status could be attached to greater transparency requirements, which would help prevent “green washing”.

Each of these options should be considered in the context of our first recommendation: Government to lead a conversation on responsible business and identify how the public, private and social sectors can work together to address major societal issues. Government should seek to stimulate debates in these areas, without creating silos or polarities.

Building transparency and accountability

As mission-led businesses expand their activities and play a larger role in the mainstream of business activity, there is a need for tools to measure and benchmark performance, alongside rules for greater transparency and reporting.

Recommendation 10.

Every business to actively communicate its social mission and progress in the form of a “transparency report”.

The challenge

We would like to see greater transparency on social and environmental impact. Benchmarking and reporting tools that capture non-financial metrics and focus on social or environmental outcomes should work towards this. However, the tools currently available tend to be burdensome, expensive and inaccurate, especially for smaller businesses. As we heard at the roundtables, measurement can difficult to prioritise for any business: “It’s number 11 on the list and numbers 1 to 10 are critical”.

Although progress has been made, there is no standardised reporting for social and environmental impact (nor independent auditing of such reporting). Initiatives include integrated double- and triple-bottom-line accounting, the [Global Reporting Initiative \(GRI\)](#), the [Sustainable Accounting Standards Board \(SASB\)](#), the [GIIN’s Impact Reporting and Investment Standards \(IRIS\)](#) initiative, the [AccountAbility AA1000 audit](#); the voluntary [UN Global Compact](#) facilitated by the United Nations; [ISO 26000](#); the [German Sustainability Code](#); the [Sustainability Accounting Standards Board](#); the [ESG Disclosure Framework](#); [HACT Value Insight](#) and the [Global Impact Investing Ratings System \(GIIRS\)](#).

Beyond industry-led developments, there are some regulatory requirements around transparency, though they do not apply to all businesses. Under company law, for example, large companies are required to produce a strategic report to accompany annual accounts. However, this requirement is about how the directors of the company have promoted the success of the company, rather than an obligation to measure and report on social impact.

In addition, recent legislative initiatives have encouraged greater levels of transparency, but these are often issue-specific. The Modern Slavery Act 2005, for example, requires every company with a turnover of more than £36 million operating in the UK to publish an annual “slavery and human trafficking statement”.

The flipside of this trend towards increased transparency is the risk of “green washing” or “purpose-washing” where large businesses present a social or environmental front that is not backed up by realised social or environmental impact. It can be hard to distinguish between a company that is genuinely creating value for society and the environment, from one that is good at marketing.

The opportunity

We believe that business is entering a new era of transparency, enhanced by social media. We believe that businesses that are able to authentically distinguish themselves on the basis of achieved social and environmental impact are those that are most likely to succeed. Reporting is intended to help mission-led businesses identify themselves as such with investors, consumers and employees.

If reporting were easier, businesses would be able to communicate clearly and provide positive, constructive insight. Reporting is not intended to “call out” bad behaviours against a static norm but rather to inspire action and innovation as companies seek to be more informative.

Reporting provides an opportunity for the business itself to test, develop and evolve strategy to maximise impact. It also provides an opportunity to strengthen other relationships. In other words, there is a mutuality of benefit for those reporting and those wishing to rely on the reporting, which should stimulate continuous improvement and collaboration rather than “tick box” reporting. Robust impact data can be used to inspire, engage and celebrate the positive impact of businesses.

To encourage best practice in bringing social impact into their core-operating model, all businesses should begin a process to report annually on their social, environmental and economic performance. This could take multiple forms with differing levels of sophistication and evidence required, but businesses should strive for an approach that has independent support and is backed by public scrutiny. The reporting should be industry-led (rather than imposed by regulation) and based on best practice.

This recommendation builds on the work of the Mission Alignment Working Group, which supported the [G8 Social Impact Investment Taskforce](#) that recommended that “profit-with-purpose” businesses should prepare and periodically make available a report on the performance of the business as it seeks to create general social and environmental impact. The report also suggests that while the focus of reporting should be on the social purpose, businesses should also consider and report on broader environmental, social and governance issues.

“For example, a manufacturing business whose primary purpose is to provide training and employment opportunities for people with disabilities should report on how many people have been trained or helped into work, but should also report on other material impacts, such as the environmental impact of its manufacturing process, or the way it treats its staff.”⁴⁹

Government could assist the development of this approach by convening sectors to work towards transparency standards in a particular sector. Government could also contribute to a fund for making the best features accessible to a broader range of business (for example linking NGO expertise to a desire for independent evidence on the sourcing of products).

How it might work:

Unilever and the Sustainable Living Plan: In 2010 Unilever embedded a “[Sustainable Living Plan](#)” in its business model, which set out a vision to grow the business while aiming to halve environmental footprint by 2030 and increase positive social impact. In 2015, it reported that Unilever factories sent 97 percent less total waste for disposal, emitted 39 percent less CO2 from energy, and abstracted 37 percent less water per tonne of production than in 2008.

Ethical Property Company (EPC): EPC provides flexible, fairly priced office space to charities and social community groups in the UK. To help guide its mission-led approach, EPC developed “[The Quintessentials](#)”; five core aspirational principles of governance and management, including an obligation to report clearly, openly and honestly on social, environmental and financial performance. EPC publishes annual “social accounts” alongside its annual reports and financial statements, which include reports on failures as well as success, statistics on tenancy satisfaction, average energy use and plans for improvement. They also report to the Guardian (an entity entrusted with protecting the Ethical Property Company name) on quantitative performance indicators related to achievement of the company’s purpose.

Ella’s Kitchen: Founded in 2006, [Ella’s Kitchen](#) is a certified B Corp and the UK’s no. 1 baby food brand (measured by value and market share) with a mission to improve children’s lives through developing healthy relationships with food. Its products are sold in more than 40 countries and it was acquired by Hain Celestial Group, a NASDAQ-listed public company in 2015. As a certified B Corp, Ella’s Kitchen has undergone the B Impact Assessment, a performance assessment which looks at the impact of the whole company, sets a threshold standard of performance and is revised every two years.

⁴⁹ [Profit-with-Purpose Businesses](#), Mission Alignment Working Group, Social Impact Investment Taskforce established under the UK’s Presidency of the G8, (2014).

Part 3: Our vision for 2026

The advisory panel believes that by 2026 all UK businesses will have a mission that includes serving society and the environment. The most successful businesses will be those that manifestly deliver on that mission.

Our vision for the coming decade sees a UK in which:

- Government works alongside business and other organisations to identify shared solutions to the problems of most concern to society.
- Investors, consumers and donors can make their decisions based on businesses having transparent operations that show how they deliver on their stated missions in a sustainable way.
- Leadership mind-sets have shifted to purpose-driven outcomes and there are innovative partnerships between organisations, working cooperatively for goals that reflect the concerns of society.
- Businesses strive to be inclusive and offer stakeholders a genuine voice in shaping and delivering on their mission.
- Every business can adopt a legal structure that supports its mission and is able to switch from one form to another as required.
- Collaboration and competition on mission-led themes between business is commonplace and businesses are regularly challenged on their social, environmental and economic impact, the measurement and reporting of which is increasingly sophisticated and accessible.
- UK businesses have a proven track record of R&D and innovation to deliver social impact against global inequalities.
- The UK is seen as a global leader in its adherence to a developing an inclusive economy drawing on the collective impact of government, business and the social sector.

Appendix A: Members of the Advisory Panel



Nigel Wilson
Chair of Advisory Panel
CEO
L&G Group

Nigel Wilson was appointed Group Chief Executive in 2012 having joined as Group Chief Financial Officer in 2009. Nigel was Senior Independent Director (SID) of The Capita Group plc from 2009 till 2012, and was SID/Chairman of Halfords Group Plc from 2006 till 2011.

Previous appointments include: McKinsey & Co, Group Commercial Director of Dixons Group Plc, Managing Director of Stanhope Properties Plc, Chief Executive, Corporate, Guinness Peat Aviation (G.P.A.), Managing Director, Viridian Capital, Deputy Chief Executive and Chief Financial Officer UBM.

Appointed to the Prime Minister's Business Advisory Group (2015).

Nigel has won numerous Athletics championships including the 800m British Masters. He was also City AM "Business Personality of the Year" in 2014. Nigel is married with five daughters.



Nat Campbell
Founder
A Very Good Company

Natalie Campbell runs A Very Good Company (AVGC), a global social innovation agency with offices in London and Singapore. The company's vision is to create a world where people can feel good, do good and live better.

She also launched the Virgin Media Pioneers programme in 2010 to support small businesses to grow and a global campaign to celebrate 'Good' (www.agoodweek.com) which attracted over 100 partner organisations around the world. Natalie is on the Board of the BIG Lottery Fund UK and UnLtd, the Foundation for Social Entrepreneurs.



Andrew Goodman
Partner
McKinsey & Co

Andrew Goodman is a Partner at McKinsey & Company and one of the leaders of McKinsey's public and social sector practice. Based in London, he has served a range government departments, private and social sector organisations on strategy and finance topics in the UK, Europe and Middle East. Previously, Andrew was the Chief of Staff for the McKinsey Center for Government, McKinsey's think/do tank focused on government effectiveness.

He holds a Master of Business Administration from the Harvard Business School, and a BA from the University of Oxford.



Loughlin Hickey
Trustee
*Blueprint for Better
Business*

Loughlin Hickey qualified as a Chartered Accountant in 1980 and then joined KPMG to specialise in tax in 1981. He retired in 2011 and during his career served both personal and corporate clients. He served as a member of UK, regional and global management teams and retired as Global Head of Tax and member of KPMG's Global Executive Team.

Since retiring he has been involved in charitable work which has included working with the Prince of Wales's Charities. He is a Trustee and Senior Advisor to the A Blueprint for Better Business initiative which challenges and supports businesses to realise their potential for good.



Luke Johnson
Founder and Chairman
Centre for Entrepreneurs

Luke Johnson is Chairman of Risk Capital Partners, a private equity firm he co-founded in 2001. He is also Chairman/part owner of Patisserie Holdings PLC, which was taken public for £170m in 2014. He is also Chairman/part owner of Gail's bakeries and Neilson Active Holidays.

He was Chairman of PizzaExpress PLC in the 1990s, Chairman of Giraffe for nine years and of Channel 4 Television in the 6 years to 2010. He co-founded the largest UK chain of dental surgeries, Integrated Dental Holdings and also co-founded restaurant chain Strada.

Additionally he created a think tank called The Centre for Entrepreneurs and writes weekly for the Sunday Times. He also serves as Chairman of The Institute of Cancer Research, Career Colleges and StartUp Britain.



Marcello Palazzi
Founder President
*Progressio Foundation
for Human Progress*

Marcello Palazzi is a serial entrepreneur for human progress. Following 11 years as co-head of his international family business in environmental technologies, he founded Progressio Foundation. The Progressio Foundation has completed 300 projects in 30 countries under his leadership, in pursuit of the 'civic economy'. Marcello wrote about this in 1990 in a pamphlet which has proved prescient, predicting the rise of CSR, sustainability, public-private partnerships, ethical investments and other forms of a more 'integrative' economy and enterprise.

Since 2014, Marcello has also been leading the B Corp movement in continental Europe from Amsterdam.



Antony Ross
Partner
Bridges Ventures

Antony Ross has been a director and partner at Bridges Ventures for over 11 years. Bridges manages over £600m of funds dedicated to using an impact-driven investment approach to benefit society. Antony leads Bridges' Social Sector Funds team and also manages the world's first Social Impact Bond Fund.

Antony is a Teaching Fellow at London Business School and a Director of the North East based seed fund, NorthStar Ventures. Prior to Bridges, he led 3i's European healthcare team and managed 3i's operations in the North East and Cambridge.



Annika Small
CEO
Centre for Acceleration of Social Technology

Annika Small is the co-founder of the Centre for Social Technology (CAST), which accelerates the use of technology to drive social change.

Prior to this, Annika was CEO of Nominet Trust, which, under her leadership, invested more than £25m in early-stage mission-led businesses that deploy technology for social innovation. Prior to this, Annika launched and ran Futurelab, an edtech social enterprise that has developed dozens of highly successful educational products and services.

Annika is a Trustee of the Access Foundation and of The Design Council.



Monique Villa
CEO
Thomson Reuters Foundation

Monique Villa is CEO of the Thomson Reuters Foundation and Founder of TrustLaw and Trust Women. She has been ranked among the world's 100 most influential people in Business Ethics by Ethisphere.

TrustLaw, the Foundation's global pro bono programme, which connects the best law firms in the world with NGOs and social enterprises; produces groundbreaking legal research; and offers innovative training courses. Trust Women is a fast-growing movement to empower women and to fight slavery worldwide. The Foundation's award-winning editorial team also covers issues that mainstream media often forget and offers training to strengthen free media globally.



Frank Welvaert
Managing Director
Johnson and Johnson Trust

Frank Welvaert's responsibilities include the coordination of the CSR activities for the Johnson & Johnson Family of Companies in the EMEA region. He also serves as managing director of the Johnson & Johnson Corporate Citizenship Trust (EMEA), the operational CSR body based in Edinburgh (UK) with a branch in Dubai (UAE).

He serves as a member of the supervisory board of the European Academy for Business in Society and previously served as Chairman of the Board of CSR Europe, and member of the Governing Council of the European Foundation Center and the Corporate Committee of the U.S. Council of Foundations.

Appendix B: Acknowledgments

The advisory panel would like to thank everyone who gave their time to the work of this Review by responding to HMG's Call for Evidence, attending a regional event, presenting at panel meetings or meeting to discuss and shape the recommendations. The organisations that participated are listed below – we are grateful for the many generous contributions.

The number of individuals and organisations prepared to devote time, energy and resources to offer us their views has overwhelmed us, reflecting the passion for bringing social and environmental problem solving into the way we do business.

The panel would particularly like to thank Nicholas Glicher from the Thomson Reuters Foundation, Julia Rebholz from Blueprint for Better Business, Caroline Tulloch from Bridges Ventures and Aine Kelly from Big Society Capital, all of whom played an important role in guiding the panel to its final recommendations.

The support of the Legal & General team must also be recognised. Particular thanks go to Graham Precey (Head of Corporate Responsibility and Ethics) as well as Ted Hart, (Head of Public Policy), Richard King (Group Head of Corporate Communications) and Fiona Shea (Executive Assistant).

The secretariat, provided by the Office for Civil Society and Innovation, must also be recognised. Particular thanks go to Alexandra Meagher and Thea Mathias as well as Louise Harman and Felipe Serrano Pinilla (policy advisers in the Government Inclusive Economy Unit in the Department for Culture, Media and Sport).

List of contributors

2J Events
Affordable Lending
AGRI insight
Allia
Amity HCD
Anthony Collins LLP
Aquad
Aston University
B Corp
B Lab
Barclays
Bates, Wells Braithwaite
Baxendale
Beinghuman Ltd
BeLucent Limited
Bethnal Green Ventures
Better Society Network
Big Innovation Centre
Big Moose
Big Society Capital
Birmingham Hippodrome
Blueprint for Better Business
Bridges Ventures
Bristol Energy
British Private Equity and
Venture Capital Association
Business in the Community
Business in the Community Wales
Buy Social International
Cala Sustain
Cambridge Academic Performance
Cambridgene
Cardiff Local Authority
Care and Share Associates (CASA)
Centre for Social Justice
Centrica Ignite
Charity Bank
Charity Finance Group
Class Careers
ClearlySo
Climate Adaptation
CMS LLP
Co-operatives UK
Coethica
COFRA Holding Group
Colas UK Ltd
Collaborent
Confederation of British Industry
Contexis
COOK Foods
Co-operatives West Midlands
Core Assets Group
Core Purpose
Creative Alliance
DECLABS
Deloitte
Destria Partners
Discuss
Divine Chocolate
DotForge
Easy Read System
EduKit
Ella's Kitchen
Employee Ownership Association
Energy4All
Entrepreneurial Spark
Epic Problem Gambling Consultancy
Ethex
Ethical Property Company
Evergreen Life

Faith in Work
Ginibee
Give Vision
Global Innovation Fund
Goldfinger Factory
Goldman Sachs
Good Economy
GPL Group
Grant Thornton
Greater Cambridge and Great Peterborough
Enterprise Network
Green.TV
Greenwich University
Guardian Angels Help
Healx
Hogan Lovells
Huxlo Ltd
Igloo Regeneration
Ikon Art Gallery
Impact Ventues UK
Independent Thinking
Institute of Directors
Is it helpful?
Jennings of Garsington
Jo Boardman
Jones Lighting
Judge Business School
Kaya Volunteer
Latimer Group
LinkedIn
Livity
Locality
Lockton Companies LLP
London Business School
London Film Studios
Manchester Social Entrepreneurs
Maturity Institute
Middlesex University
Miss Macaroon
Modoto
Mustard Seed
my2be
Neighbourly
Nesta
New Philanthropy Capital
Ninety CIC
One Million Steps
Open Cinema
Oxfam GB
Oxford Computer Consultants
Oxford Innovation Services
Patients Know Best
People's History Museum
Perceptive Communications
Perspective Publishing
Planet Urf
Plymouth University
PocZero
Pontifical University of St. Thomas Aquinas
Property Care Association
Q-Art
QBE Insurance
Quantum PS
Raised in Bristol
Reason Digital
Remploy
Resonance Ltd
River Simple
Rubies in the Rubble
RunAClub

Said Business School
Salary Finance
Scale Up Institute
School of Code
Scott-McGregor
Seven Hills
Shift Design
Shiva Hotels
Shoosmiths LLP
Simply Do Ideas
siobhanlynott.com
Soberistas
Social Enterprise Hub Dartington
Social Enterprise Network
Social Enterprise UK
Social Enterprise West Midlands
Social Enterprise Works
Social Growth Ltd
Social Incubator East
Social Investment Business
Social Stock Exchange
Social Value UK
Spacious Place Enterprise
Staffordshire Chambers of Commerce
Starbucks
Stone King
Suma Foods
Talisman
The Athena Network
The Beingham Collective
The Business Group
The Co-operative Bank
The House
The Phone Co-operative
The TYF Group
The UK Sustainable Investment and Finance Business Association UKSIF
Thomson Reuters Foundation
Three Point Zero
Tomorrow's Company
Total Impact Capital
Traidcraft PLC
Triodos Bank
UK Business Angels Association (UKBAA)
Unforgettable
Unicorn Grocery
Unilever
UnLtd
Up the Ethics
Urfan
Virgin Money
VoiceByVolume Events
Volans
Wales Co-operative Centre
Wales Council for Voluntary Action
Wales Social Enterprise
Wayra
We are Social
Welsh Innovation Centre for Enterprise
Welsh Water
West of England LEP
Womanthology

Legal & General Assurance Society Limited.

Registered in England and Wales No. 166055

Registered office: One Coleman Street, London, EC2R 5AA

Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.