

The title 'A BETTER SOCIETY CAPITAL' is displayed in large, bold, sans-serif letters. The letter 'A' is a vertical bar on the left, divided into three horizontal sections: light blue at the top, light green in the middle, and light grey at the bottom. Three people are integrated into the text: a woman with a blue headscarf and black jacket is inside the 'B'; a man with a black cap and black t-shirt is inside the 'I'; and a woman with red hair and a floral patterned top is inside the 'A' of 'CAPITAL'.

A BETTER SOCIETY CAPITAL

Annual Report and Financial Statements

31 December 2024

Contents

Company information	4
An introduction from our Chair	6
An introduction from our CEO	7
Strategic Report	9
Our Strategy	10
Our mission	10
Our strategic approach	10
Looking to the future	11
Our Business Model	12
Our operating model	12
Our capital	12
Our approach to impact investment, management and measurement	13
Our Performance in 2024	14
Improving lives through investment and market systems change	14
Proving sustainability: Financial results	16
Growing the social investment market	22
Key Performance Indicators (KPIs)	24
Our Business Environment – Trends and Key Factors	28
Task Force on Climate-related Financial Disclosures (TCFD) reporting	28
Responsibility as a consumer	32
Responsibility to the sector	32
Responsibility as an employer	33
Equity, Diversity and Inclusion (EDI)	33
Principal Risks and Uncertainties	35
Board decision-making and stakeholder considerations (s172 report)	38
Subsequent events	41
Corporate Governance Report	42
Remuneration Report (unaudited)	45
Directors’ Report	48
Independent Auditors’ Report to the Members of Better Society Capital Limited	51
Financial Statements	55
Statement of Comprehensive Income	56
Statement of Financial Position	57
Statement of Changes in Equity	58
Statement of Cash Flows	59
Notes to the Financial Statements	60

Company information

Company information

Board of Directors

Our current Board of Directors, including Committee memberships, is set out below. Full biography information for all our Directors can be found on our company website here: <https://bigsocietycapital.com/about-us/governance/>.

Robin Hindle Fisher OBE¹
(Chair)

Alan Giddins³

Alison Evans⁴
(Senior Independent Director)

Choong Fai Chan (known as Stan Chan)²

Chris Wright^{1, 2, 4}

Christina McComb OBE³

David Hunter^{2, 4}
(Chair of Audit, Risk and Compliance Committee)

Fiona Miller-Smith
(appointed 14 February 2025)

James Chew²
(Director nominated by the shareholder banks)

Kieron Boyle OBE^{1, 2}
(Chair of People Committee¹)

Lesley-Anne Alexander CBE¹

Rosie Ginday MBE¹

Stephen Muers^{3, 4}
(CEO)

Secretary

Katie Hall-May

Independent Auditor

PricewaterhouseCoopers LLP
141 Bothwell Street
Glasgow
G2 7EQ

Banker

HSBC Bank plc
8 Canada Square
London
E14 5HQ

Registered office

Better Society Capital Limited
Script
44 Featherstone Street
London
EC1Y 8RN

Registered number

07599565

Regulatory authorisation

The company is authorised by the Financial Conduct Authority (Firm Number: 568940).

¹ Member of the board People Committee

² Member of the board Audit, Risk and Compliance Committee

³ Member of the Investment Committee (an Executive Committee)

⁴ Member of the Valuation and Performance Committee (an Executive Committee)

¹ This incorporates the Nominations and Remuneration Committee

An introduction from our Chair

It is my pleasure to present the Better Society Capital Limited (BSC) 2024 annual report and accounts.

BSC's overarching mission is to grow the amount of money invested in tackling social issues and inequalities in the UK. We do this by investing ourselves and by supporting others to invest for impact alongside us.

2024 saw a number of key changes, both for us as a company and in the wider macro-economic and political climate. At the end of April, we changed our name from Big Society Capital Limited to Better Society Capital Limited – a small but important shift of emphasis to better reflect our mission and unlock future opportunities while retaining our heritage. 2024 also heralded a change in Government, with Labour taking office. We are already working with the new Government, with the aim of accelerating investment for impact in areas of joint focus.

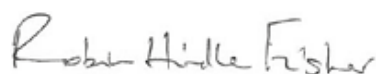
Reflection is an important companion to change, and the independent Quadrennial Review, commissioned in 2024 by the Oversight Trust – Assets for the Common Good (the Oversight Trust) to consider our performance and commitment to mission, was well timed and welcome, particularly as we seek to finalise and confirm our next medium-term strategy. The last Quadrennial Review of BSC was published in 2020, and it has been encouraging and instructive to receive the updated 2024 report and to consider the progress made and the areas in which we could improve further. Our mandate: to grow the social investment market; to invest dormant accounts monies into organisations which are impact-focused and effective; and to prove BSC's financial sustainability; has always carried some inherent tensions. Our Board welcomes the insights that the review has provided and is firmly committed to ensuring that we respond fully to the recommendations it has made.

Work on our strategy for 2026 to 2030 started in 2024, and the Board and Executive Team have been working closely to define and articulate BSC's priorities for the next five years and beyond. We expect to announce our new strategy by the end of 2025, and will be taking time throughout the year to continue to carefully consider both our primary objectives and the ways in which we will measure progress and hold ourselves to account against them. I have been impressed and encouraged by the dedication shown by our Executive Team in ensuring that the new strategy reflects not only our commitment to mission, but also the changing needs of individuals, organisations and governmental structures in the UK.

Board rotation provides opportunities to bring new and different perspectives to the organisation. In 2024 we undertook a recruitment exercise, ahead of the departure of Kieron Boyle, who will reach the end of his tenure on BSC's Board in June 2025. I am very pleased to welcome Fiona Miller-Smith to the Board, and she is already providing insightful and valuable contributions to our Board discussions. You can read more about Fiona's experience and background on our website at <https://bettersocietycapital.com/about-us/governance/>.

Due to the expiry of our existing lease, we moved to a new office in early 2025. I am pleased with how smoothly the move has been executed and with the decision-making process behind it, which balanced the need for an office of appropriate size and facilities for our team, with prudence and consideration of our various stakeholders.

As ever, the achievements and progress we made in 2024 were possible only because of the talent, dedication and hard work of the outstanding team we have at BSC. On behalf of the Board, I would like to express our appreciation and gratitude for the exceptional efforts of everyone in the organisation. Thank you.



Robin Hindle Fisher

An introduction from our CEO

The macro-economic situation in 2024 continued to present challenges both to individuals and to the organisations supporting them. We remain committed to increasing the amount of social investment capital available to tackle these issues. BSC is of course also affected by the world in which we operate, but I am encouraged by the progress that our efforts, and the efforts of those who invest and partner alongside us, have made towards effecting positive change.

A key aspiration in our strategy from 2020 to 2025, was to be instrumental in at least doubling the size of the social impact investment market. I am pleased to confirm that goal has already been achieved. Our annual market-sizing exercise showed an estimated £10 billion invested in social impact investment markets, an increase of 7% from 2023, and a 12-fold increase over the last 12 years.

We welcome the new Government's interest in social impact investment as a route to addressing social issues, as evidenced by its commitment in the Budget to a new social investment vehicle, and we are pleased to be working with it into 2025 to make that into a reality that leads to meaningful impact on people's lives.

We are grateful for the invaluable partnership and collaboration with other organisations to help us make the case for social investment, and it is this sharing of knowledge, effort and expertise which has enabled us to grow the market together. We partnered with organisations including Big Issue Invest, Snowball Impact Management and the Impact Investing Institute (among others) to identify ways in which the new Government could unlock more private capital towards impact. The Financial Times published a letter from this group of aligned parties setting out [four critical steps](#)² to achieving this: enabling private investors to deploy capital alongside government; provision of incentives for investors to act in line with their values; improved access to fair banking; and the aim to spend public money better through investing in proven outcomes-focused models. I hope for ever-increasing opportunities for us to engage with policy-makers, investors, fund managers and social enterprises to continue to address inequalities and channel resources to where they are most needed.

² <https://www.ft.com/content/56472ead-a772-49f0-bd28-b15dcf884072>

Company information

During 2024, we signed seven new investments including two follow-on investments, totalling £61 million, supporting a range of fund managers to invest in organisations delivering positive social impact throughout the UK. This brings the total amount of our own funds committed since launch to £988 million. With £2.9 billion in BSC's co-investment alongside others, over £3.9 billion has now been made available to more than 3,750 organisations addressing a wide range of social issues, from homelessness to mental health.

We have continued to make progress in building a UK social impact investing market that delivers broad and deep impact. Our fund managers and intermediaries supported enterprises to reach a further 2.3 million people through impact venture models in 2024. New research evidenced significant fiscal savings generated by social impact investment in housing and social outcomes contracts, and our investments will deliver over 7,000 homes, which will go on to support more than 19,000 people. Our social outcomes work has supported more than 70,000 people with complex needs, a 27% increase from 2023. Further examples of the positive impact that has been delivered through social impact investment and our activities to support it, are set out in our 2024 [Impact Report](#).³ I am pleased with this progress, but am acutely aware that the scale of the challenges we face remains much larger than the current reach of even the expanded market.

Over 2025, we will seek to use what we have learned over the last five years, the invaluable feedback obtained through the Quadrennial Review commissioned by the Oversight Trust, and the insights we have gained from collaboration with partners, to confirm our new medium-term strategy to 2030. We hope to build on the progress we have already made, and to live up to the sentiment behind our change of name and strive continuously to better address the needs of our society.

I would echo the thanks expressed by Robin Hindle Fisher, the Chair of our Board, to all the staff at BSC, whose passion for the work we do, and its ultimate objective, is manifest in the quality and generosity of their efforts. I would also thank our partners, Robin and the Board themselves for their insightful challenge, wisdom and willingness to engage.



Stephen Muers

³<https://bettersocietycapital.com/impact-report-2024/>

Strategic Report

Our Strategy

The Directors present their Strategic Report for the year ended 31 December 2024.

Our mission

Our mission at BSC is to grow the amount of money invested in tackling social issues and inequalities in the UK. We do this not only by investing our own capital, but also by enabling others to invest for impact alongside us, and therefore helping to build the wider market for social impact investment.⁴ We will judge our ultimate success by the growth and social impact of the broader environment we help to create, not just by the direct impact of our own investment capital. As part of this, we must also prove that we are able to sustain ourselves independently as an organisation.

Our strategic approach

Working with expert partners, we seek to understand people's needs first. Then, using our knowledge and capital, we collaborate and invest with fund managers who also want to create a better, sustainable future. They, and the social enterprises and charities they invest in, create the impact. Our role is to bring the most relevant experts from our network to the table, generating ideas and connecting capital to where it's most needed, rather than investing directly in frontline organisations.

We use three impact dimensions to help define the change we want to see:

- **Impact on people:** Specifically, the individuals who use the services and products created by social enterprises and charities that have received investment from the fund managers or social banks we invest in. We use the Impact Frontier's [Five Dimensions of Impact](https://impactfrontiers.org/norms/five-dimensions-of-impact/)⁵ to define the expected impact on people.
- **Financial sustainability:** All our investments are made with the aim of developing financially sustainable structures and enterprises. This ensures the social impact continues to be generated, even after the investment has been repaid with a return. We aim for positive and competitive financial returns that will have the greatest chance of attracting other investors and ultimately achieving the greatest social impact.
- **Impact on the system (or 'systems change'):** This refers to the impact our investments and other market-building activities have on the broader investment ecosystem – including investors, policy-makers, fund managers and intermediaries – to ultimately increase the quantity and quality of capital and support to enterprises and charities that improve people's lives in the UK.

⁴An explanation of social impact investment and our approach can be found on the Better Society Capital website:

<https://betersocietycapital.com/our-approach/>

⁵<https://impactfrontiers.org/norms/five-dimensions-of-impact/>

To help lay the foundations for a thriving social impact investment market, we focus on four key areas for investment into UK social issues as part of our current strategy (to the end of 2025): social and affordable housing (social property); social lending; impact venture; and social outcomes contracts. We refer to these areas as 'market systems'.

- **Social and affordable housing (social property):** We aim to build a housing investment environment that increases the supply of good-quality, safe and secure social and affordable homes. We invest in those models that we believe work fairly for all stakeholders, and select fund managers who understand the social issues involved and can be instrumental in expanding the market with integrity. This is a growing area, and we believe that private impact capital has a significant role to play in solving the UK's housing crisis.
- **Social lending:** We aim to supply capital to a diverse range of impact-led social enterprises and charities, to enable them to build resilience in the current economic environment, and access pathways to growth. As part of our strategy to 2025, we aim to ensure that at least 50% of organisations that take on social lending are from, or are working with, under-represented communities. We also aim to invest at least 60% of our Social Lending Portfolio in the areas of the UK that are represented by the top two quintiles in the [Index of Multiple Deprivation \(IMD\)](#).⁶ We work with partners to understand key areas we may be missing, and identify where we must go further.
- **Impact venture:** Our key goal in this area is to support the development of an investing ecosystem that nurtures and scales innovative ways of tackling social problems. To achieve this, we invest our capital with pioneering, impact-dedicated fund managers, and also with top-tier venture managers who align with our values and are looking to enhance their impact practice. We seek to develop leadership in this area by initiating new tools, systems and processes to enhance impact practice, engaging key market players, and building the movement towards impact in venture – including through the [ImpactVC](#)⁷ community.
- **Social outcomes contracts:** These are a form of public service commissioning, whereby the Government commissions specified outcomes for specific groups of individuals. Our objective here is to enhance and develop an environment that supports the delivery of outcomes contracts at scale, in a broad range of policy areas. We aim for this to be supported with appropriate funding, delivery and management expertise. To achieve this, we work with stakeholders across the market to share learnings, while ensuring that there is enough socially motivated capital in the market to service outcomes projects, including investing our own capital.

Looking to the future

In 2024, we started planning for our next strategy, which will cover the period 2026 to 2030. The process is ongoing, and we expect to launch our new strategy towards the end of 2025. Our new strategy will focus on the role we have to play in addressing significant inequalities in the UK, helping those furthest from opportunity to flourish. We will seek to find the most significant opportunities for BSC to have an impact on major inequalities over the next five-plus years, in particular amplifying our impact by working with others to build solutions appropriate to the scale of the challenges we face. We are consulting organisations who have used social investment in the past, as well as fund managers who have delivered it, in order for our strategy to be informed by a wide range of perspectives.

⁶<https://data.cdrc.ac.uk/dataset/index-multiple-deprivation-imd>

⁷<https://www.impactvc.co/>

Our Business Model

Our operating model

Our operating model is based on the following principles:

- **Independence:** The Oversight Trust is an independent holding company that currently owns 68.5% of our issued share capital and was set up to ensure that our organisation remains 'on mission'. Better Society Capital Limited, as an entity is not owned or controlled by Government, nor is it controlled by the banks that have invested in it.
- **Transparency:** We are committed to providing details of the financial and social impact of our investments. We seek to act as a champion for sharing information and expertise across the social impact investment sector.
- **Self-sufficiency:** Over time, we need to cover our own operating costs and any losses from the return on our investments, as well as earn a financial return, to demonstrate to the market that the social impact investment model is sustainable, and so that we can continue to invest for positive social impact.

Since inception, BSC and other investors alongside us, have together made £3.9 billion of new capital available to organisations with a social mission. We aim to identify sustainable business models that will create impact and improve people's lives, as well as achieving positive investment returns. We focus on those models that can attract other investors, as ultimately these will provide the opportunity to scale and have greater impact. We seek to be a market builder for social impact investment, by encouraging other organisations to engage with the market, developing and publishing research that builds understanding, improving the measurement of social impact, and advocating for an appropriate policy environment.

Our capital

We have received equity capital from the Oversight Trust, the source of which is dormant bank accounts managed by the Reclaim Fund Limited (RFL). The RFL passes surplus funds to the National Lottery Community Fund (NLCF), which then grants a defined sum from the English portion of the funds to the Oversight Trust, which subscribes for shares in Better Society Capital Limited for investment in enterprises domiciled in England. The NLCF also enters into grant agreements for the remainder of the English portion with the other entities of the Oversight Trust group, and makes grants to beneficiary organisations under directions from the devolved administrations in each of the other nations of the United Kingdom.

At its launch, the equity capital base of Better Society Capital Limited was set at £600 million, of which the Oversight Trust's portion was £400 million. Subsequent injections of additional equity totalling £33 million from dormant bank accounts were made in 2018 and 2023. We have also received £200 million in total from our shareholder banks (Barclays, HSBC, Lloyds Banking Group and NatWest Group) for investment across the UK, which represents their maximum commitment. Approximately one and a half times this total capital from dormant bank accounts and the shareholder banks has now been committed to social impact investments by Better Society Capital Limited to generate social impact across the UK.

Our approach to impact investment, management and measurement

We consider both impact on people and wider systems change alongside financial sustainability, before we make a decision to progress a potential investment. The investment then proceeds through a due diligence phase, where the targeted impact and systems change are assessed in further detail. Bespoke tools, such as an Impact Canvas, are used to capture our investments' potential for impact and create a measurement plan to validate them post-investment. Impact and systems change considerations are then presented to our Investment Committee with equal (or at times greater) prominence as traditional financial considerations. Once an investment has been made, we continue to monitor impact and system change performance through regular impact reporting and engagement with investees, including holding Annual Impact Conversations. Our investments' impact and system change performance at portfolio level is then reviewed annually by our Valuation and Performance Committee.

Better Society Capital Limited is a signatory to the Operating Principles for Impact Management, a framework for best practice in impact management. Our 2025 Disclosure Statement has been published [here](#),⁸ and our latest independent verification report by BlueMark can be found [here](#).⁹ We published our 2024 Impact Report in February 2025, which is available on our website [here](#).¹⁰ Further information on the organisation's approach to impact can be found on our website [here](#).¹¹

⁸ https://bsc.cdn.ngo/media/documents/OPIM_2025_disclosure_statement.pdf

⁹ https://bsc.cdn.ngo/media/documents/BSC_OPIM_Practice_Verification_Statement_Detailed.pdf

¹⁰ <https://bettersocietycapital.com/impact-report-2024/>

¹¹ <http://www.bettersocietycapital.com/how-we-work/impact/>

Our Performance in 2024

Improving lives through investment and market systems change



Social Property

In 2024 we focused on engaging with Government and institutional investors to increase the amount of capital being invested in social and affordable housing.

The social and affordable housing shortfall in the UK is currently resulting in c145,800 children living in temporary accommodation in England alone, and is now the highest on record. Meanwhile, building new homes has become increasingly challenging due to rising costs and a housing association sector under pressure to focus its resources on improving existing stock.

We invested a total of £16.8 million across two investments in social property in 2024:

- **Savills Simply Affordable Homes Fund:** This fund will work with housing associations to increase the supply of new affordable homes for people on the housing waiting list. BSC invested £10 million at first close alongside a local government pension scheme, Schroder BSC Social Impact Trust and Samsung Life.
- **Social and Sustainable Housing 2:** This fund provides finance to social enterprises and charities to enable them to purchase homes to support, particularly, vulnerable people such as those fleeing domestic abuse, children leaving care or ex-offenders. BSC made a £6.8 million follow-on investment in 2024.

Since inception, we have made 21 fund commitments in social property totalling £251 million (representing 25% of all gross commitments in our Social Impact Investment Portfolio), helping to finance 7,450 properties across the UK, which are projected to provide homes for 19,000 people. Previous analysis of our social housing segment of the Portfolio highlighted the reach of these investments, with 74% of our investments delivering homes in the least affordable areas, where house prices are nine times the average local salary. 75% of these homes were also in areas with the greatest homelessness pressures.

Highlights from our market-building activity in this area in 2024 included:

- **Promoting and shaping best-in-class impact practice and outcomes:** We commissioned Alma Economics to undertake a cost benefit analysis for the homelessness property funds over the last ten years, and shared this with Government, policy-makers and investors. The analysis showcased the transformative impact of social investment which has supported 3,300 people, including 1,607 children who were at risk of homelessness, resulting in significant savings for the Government of £140 million. The findings are based on five funds managed by social property fund manager Resonance Limited, which has acquired over 1,000 properties from 2013 to 2023.
- **Educating and influencing investors to invest in high-impact models:** We continued to engage with institutional investors, and particularly local government pension schemes, encouraging them to invest in impact-led social and affordable housing. In 2024 we engaged with investors representing over £168 billion of assets under management, providing an overview of the market and sharing our lessons learnt from ten years of investing. This led to £220 million of capital being invested in BSC-backed products.
- **Influencing policy-makers and partners to help grow the market with integrity and quality:** In response to children in care facing some of the worst lifetime outcomes in the UK, we set about understanding how social investment could help improve their experience and outcomes. In doing so we brought together a coalition of social investor and local authority commissioner partners to better understand the landscape. This group is now engaging Government and wider stakeholders in pursuit of the mission to use more social investment to build high-quality, impact-driven children's residential homes in specific regions, improve the provision of foster care placements, and reduce the number of children placed in care.

We also increased our partnerships with the property industry, including working with the British Property Federation and the Affordable Housing Committee to further promote the adoption of impact best practice within general needs affordable housing.



Social Lending

Our overarching aim in this area is to build a thriving social lending market that works for social purpose organisations and investors alike. In 2024, our focus was on investing to support enterprises in navigating a transition to a climate-resilient future, building capacity in core segments of the market where demand was high, and attracting new investor groups as co-investors, especially around blended finance.¹²

In 2024, we made two new investments in social lending funds, with a total value of £16 million. These investments tackle specific missions, seeking both to seed new investment solutions and scale to more proven strategies:

- **Energy Resilience Fund Successor:** This is a scale-up fund to support social enterprises to improve their energy resilience through financing of retrofit solutions. The fund is delivered through a hub-and-spoke partnership, led by the Social Investment Business (SIB). This successor builds on the Energy Resilience pilot fund (which was developed and led by Key Funds). It is initially targeting £15 million of blended finance to provide support and investment to enable c144 charities and social enterprises to retrofit their buildings to improve their energy resilience.
- **Charity Bank Co-investment Facility:** BSC has had a co-investment facility in place with Charity Bank since 2015. The facility has two broad objectives: 1) to increase the amount of capital available to impactful organisations in the UK, and 2) to support the strategic growth of Charity Bank and its lending book. The facility has allowed Charity Bank to build its ability to generate capital to provide larger-size loans, now with a demonstrable track record and pipeline of opportunities, while building its own capital base so that it can provide loans itself. In 2024 we expanded the facility and provided some limited flexibility in the underlying terms to allow Charity Bank to scale in line with its lending strategy.

Since inception, Better Society Capital Limited has made 58 social lending investment commitments and committed £384 million of capital, representing 39% of our Portfolio.

Beyond investments, our team continues to engage in market-building activity, to develop thriving social lending markets where investors can find opportunities that align with their values, and where social purpose organisations can find the right finance at the right time to fuel their work. We target social purpose organisations which deliver impact across key social issues such as financial inclusion; housing and local facilities; and employment, education and training; and which are addressing critical societal challenges such as the [Just Transition](#).¹³ We held a second annual Blended Finance Community of Practice event with five key partners, and this work continues to flourish and grow. The launch of the British Business Bank's Community ENABLE Funding programme is also the culmination of working with partners, including Responsible Finance, to improve the ecosystem and access to finance for community development finance institutions.



Impact Venture

In 2024, BSC committed or approved £19.5 million in the area of impact venture. This included:

- **Ascension Ventures III**, which achieved a first close of £17 million, with investors including Esmée Fairbairn Foundation and Places for People. The fund focuses on tackling the cost-of-living crisis by increasing incomes, reducing costs and improving health for low-income households.
- **Eka Ventures II**, a fund which is focused on consumer technology companies working in the areas of preventative healthcare and sustainable consumption.

Since 2012, approximately £133 million has been committed to impact venture across 25 funds, reaching more than 100 impact start-ups and, through them, helping nearly 10 million people. Key impact themes in the portfolio include physical and mental health, financial inclusion, and education and training.

In February 2024 we celebrated the one-year anniversary of ImpactVC, a community of venture capital investors coming together to learn about and raise the profile of impact in venture investments. This community now includes more than 920 people from more than 700 venture capital funds, representing over £70 billion in assets under management. Together the community has developed a Venture Capital Impact Playbook and a Founder Impact Playbook that have together reached c3,500 downloads. In addition, ImpactVC held events reaching over 700 people in 2024, including training for 40 Venture Capital investors.

¹² For more on the definition of 'blended finance' and our approach to it, please see our website at <https://betersocietycapital.com/information/blended-finance/> and <https://betersocietycapital.com/our-approach/social-lending/our-approach-to-blended-finance/>

¹³ <https://climatejusticealliance.org/just-transition/>



Social Outcomes Contracts

In 2024, BSC continued to work to build the social outcomes contracts market. We concentrated our efforts on public advocacy, to build knowledge and networks across all areas of Government, at both a local and central level. In order to expand this base of knowledge, we supported the publication of an updated 2024 independent review, which found that outcomes contracts had generated over £1.86 billion of value, against a total cost to commissioners of £217 million, a benefit to cost ratio of nine. We recognise that working in partnerships (such as with our fund managers) and coalitions, as well as cultivating external champions for the social outcomes contracts model, is key to amplifying all our voices. As a result of working together with others, we were collectively able to achieve public political support from the new Government for social outcomes contracts, with advocacy from ex-Prime Minister Gordon Brown for a £1 billion Outcomes Commissioning Fund to tackle child poverty.

We also worked within our existing investments to support continued performance of established projects and showcase best practice. Since inception we have made 13 fund and investment commitments in social outcomes contracts, totalling £44 million, delivering outcomes for at least 70,000 people, many of whom were vulnerable individuals with complex overlapping needs.

In the wider market, to date, there have been 100 social outcomes projects in the UK, through which more than 220 social sector organisations have been able to deliver vital support to people with complex needs, across the areas of homelessness, children's services, health, education and employment.

Proving sustainability: Financial results

We utilise a number of financial metrics to track our underlying in-year and longer-term performance, including new commitments, drawdowns and receipts, portfolio returns and overall financial returns.

In 2024, we made total new commitments of £61 million (2023: £44 million). This is higher than the previous year due to the less challenging environment for mobilising co-investment. On a rolling basis, however, average commitment levels are in line with our long-term planning and strategy assumptions. Drawdowns in 2024 totalled £50 million (2023: £75 million) and cash receipts from our Social Impact Investment Portfolio totalled £46 million (2023: £49 million), both in line with expectations, with receipt levels being driven by the stage of the constituents of our underlying investment portfolio.

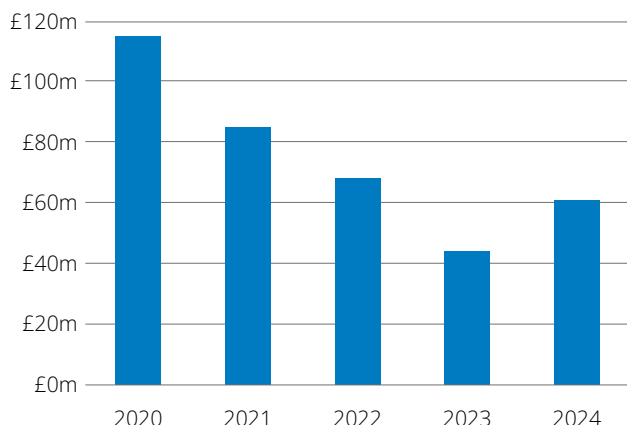
Our 2024 results show a profit of £1.1 million (2023: net loss £6.0 million), driven by positive performance for our equity investments into two social banks, and positive contribution from our property and other lending investments, alongside a difficult year for our investment trust holdings, where we saw share price discounts to NAV widen materially during the year.

Total net investment income for the year has grown to £11.1m (2023: £4.3m), with our revenue growing to £20.1m (2023: £12.9m) due to a larger allocation to higher yielding assets in the Treasury Portfolio in the year, alongside, in the SIIP, one-off distributions and the maturing of our Social Property portfolio.

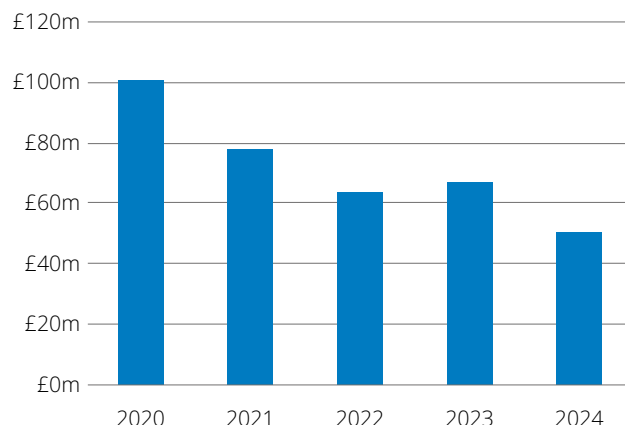
The financial statements, beginning at page 55, outline Better Society Capital Limited's financial performance for the year.

The key performance trends for our Social Impact Investment Portfolio and Treasury Portfolio are outlined in the charts below. The Social Impact Investment Portfolio comprises investments made to meet our objectives. The Treasury Portfolio represents capital held before it is drawn down into social impact investment.

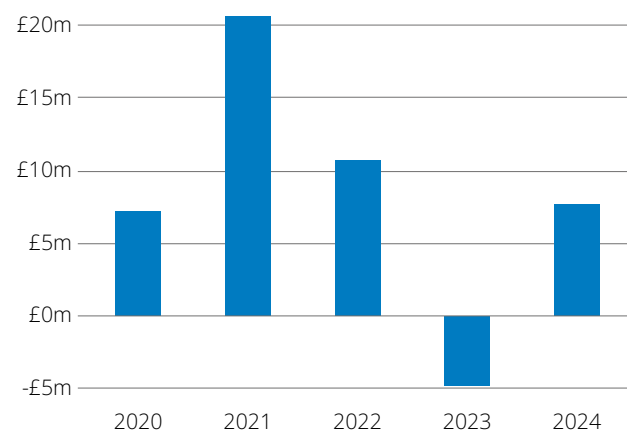
Social Impact Investment Portfolio – New Commitments – last 5 years



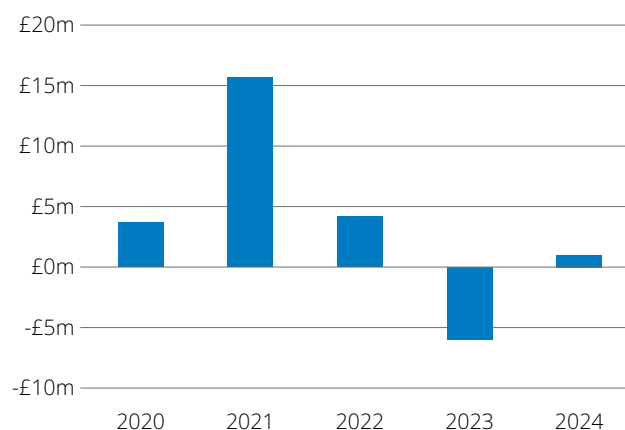
Social Impact Investment Portfolio – Drawdowns – last 5 years



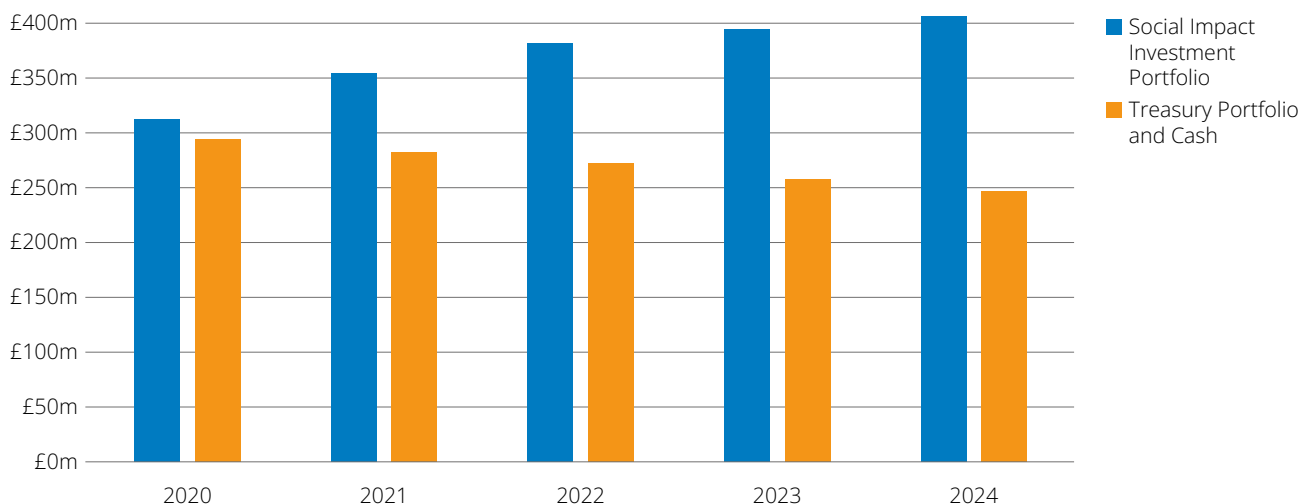
Social Impact Investment Portfolio – Net Return – last 5 years



BSC Overall Net Profit/(Loss) before taxation – last 5 years



Valuation of Social Impact Investment Portfolio and Treasury Portfolio



The longer-term objective is for the company to generate positive financial returns and social impact on a continuing basis in line with its stated return targets, as the Social Impact Investment Portfolio becomes more mature and exits from earlier investments are realised. The generation of realised financial returns, over the long term, will also support the company's operational and market-building costs and establish a dividend stream for our shareholders.

The current subdued macro-economic environment as a result of volatility in interest rates and gilt yields experienced over the past two years, continues to indicate a more challenging outlook for the future performance of the wider Social Impact Investment Portfolio.

Social Impact Investment Portfolio

A key driver of the company's year-on-year financial performance is the extent of realised and unrealised valuation gains and losses in the Social Impact Investment Portfolio, alongside income distributions. Most of the portfolio is valued using accounting standards assessing the fair value of an asset at the measurement date, based on International Private Equity and Venture Capital Valuation guidelines (2022 edition). As is common practice with unquoted investments, a key metric of financial success is the actual cash realised on an investment relative to its cost.

Overall, in 2024, the Social Impact Investment Portfolio generated a positive return of £7.6 million (1.9% of the total Portfolio), compared to a negative return of £4.9 million in 2023 (-1.3% of the total Portfolio).

Further breakdown is available in Note 3 of the financial statements.

There was a £12.5 million positive swing in portfolio return in 2024. The main drivers of this are one-off restructuring adjustments of legacy investments in the prior year (+£3.2 million), alongside the narrowing of losses in the Impact Venture segment (+£5.2 million) and the move into positive returns for the social property segment (+£5.5 million) as our holdings mature. Our broad spectrum of lending investments continues to remain resilient at £11.6 million of returns in both years, driven primarily by the social banks.

The management fees paid to fund managers allow them to employ high-quality teams to deliver the social and financial returns required. In this way, the fees represent the cost of delivering the company's investment objectives and of building the capacity of the social impact investment sector to deliver returns for all social investors.

New Investments

In 2024, Better Society Capital Limited signed seven new investments, totalling £61 million (including two follow-on investments) in the following entities (2023: £44 million):

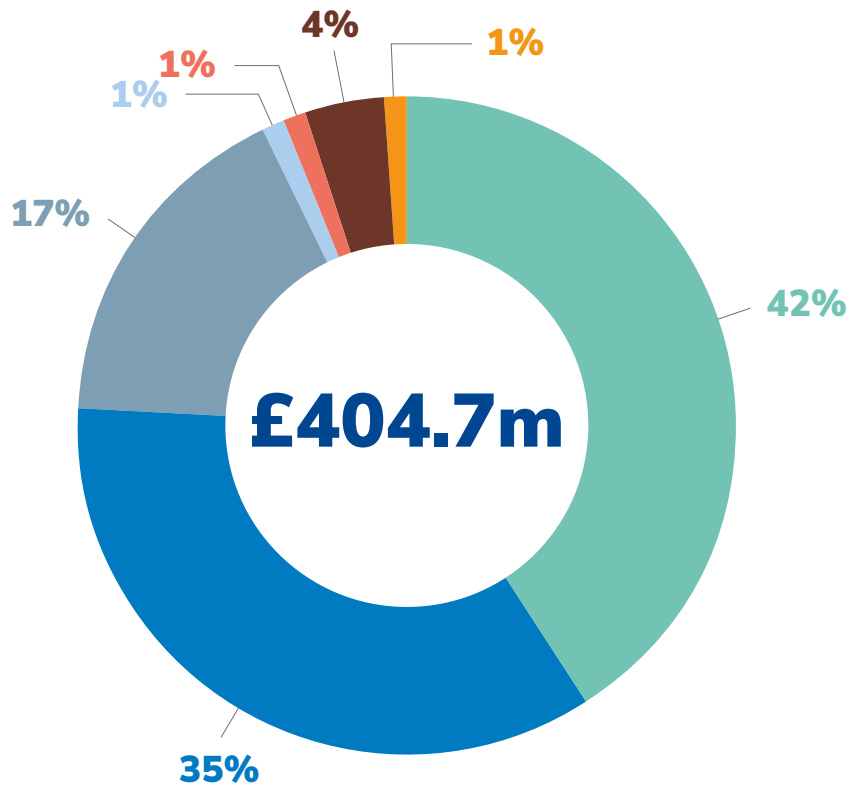
Investment Name	Market System	Commitment*	Investment Summary
Ascension III	Impact Venture	£7.5m	Ascension III will be a UK-focused pre-seed/seed stage venture fund tackling the cost-of-living crisis by increasing incomes, reducing costs and improving health for low-income households. This is a seed stage fund, seeking to reduce inequalities through investments in new work, financial inclusion and access to better health.
Charity Bank Co-investment Facility	Social Lending	£10m	Charity Bank is a key player in BSC's bank lending segment, with robust impact intent and practice, and a solid track record delivering risk-adjusted returns. The facility has performed well against the original thesis, building Charity Bank's capacity, and allowing the provision of larger loans and the growth of Charity Bank's loan book. Charity Bank is embarking on a growth strategy from 2025, and is seeing stronger demand for larger loans, which an expanded facility (in both time and size) will be supportive to securing.

Investment Name	Market System	Commitment*	Investment Summary
Community Energy Catalyst	Other	£20m	This is a bridge and medium-term lending facility to support community ownership on new, larger-scale, solar and wind farms. This investment aims to address the gap in capital and technical capacity for community groups to take on new full and shared ownership opportunities for renewable energy assets in the UK. Addressing this gap now will lead to new projects delivering value and resilience for local communities, and catalyse the market to expand in line with Government Local Power Plan ambitions.
Energy Resilience Fund (ERF) – SIB successor	Social Lending	£6m	This is a scale-up fund to support social enterprises to improve their energy resilience through financing of retrofit solutions. The fund is delivered through a hub-and spoke partnership, led by Social Investment Business (SIB). It is initially targeting £15 million of blended finance to provide support and blended investment to enable c144 charities and social enterprises to retrofit their buildings to improve their energy resilience. This BSC investment is the principal use of the £8 million dormant assets, which was awarded to BSC to support energy resilience of the social sector.
Resonance GP Investment	Other	£0.5m	Resonance Limited was seeking equity investment in order to invest so that it could better position its platform to scale, in particular by aiming to scale its already successful social impact property fund's AUM to £800+ million. BSC was asked to provide a £500,000 investment alongside Esmée Fairbairn Foundation, and on a blended basis with a grant from Access.
Savills Simply Affordable Homes Fund	Social Property	£10m	This fund has an objective to source, invest in and manage a diversified portfolio of affordable housing, comprising both shared ownership homes and a range of affordable rental tenure homes. The fund will utilise sector relationships with housing associations to deploy investor capital into the acquisition of standing stock – freeing capital for housing associations to strategically reallocate – as well as funding development pipelines of new social and affordable stock, including through developer partnerships.
Social and Sustainable Housing (SASH) 2	Social Property	£6.8m	This is a follow-on fund to Social and Sustainable Housing 1, with a continued focus on providing loans to charities to enable them to purchase properties. Typically, these are charities serving vulnerable tenants, often with specialist support needs (for example, victims fleeing domestic violence, homeless, addiction, vulnerable young parents or refugees).

NB: Fund investments denominated in euros/dollars are stated in GBP-equivalent as at date of commitment.

At 31 December 2024, our Social Impact Investment Portfolio comprised investments totalling £404.7 million, in the following activities (% of Portfolio by valuation):

Social Impact Investment Portfolio Valuation by Type

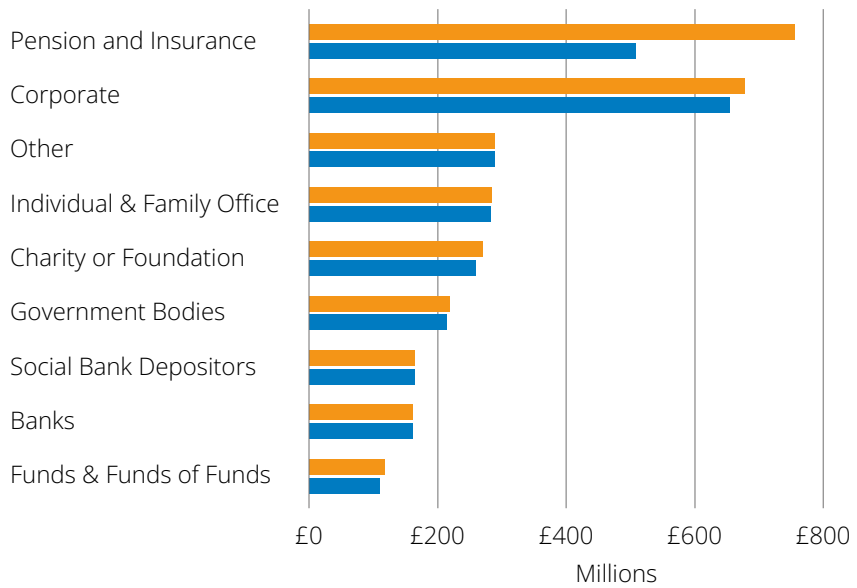


- Social Property
- Social Lending
- Impact Venture
- Social Outcomes
- Renewables
- Public Listed
- Intermediaries

The major categories of co-investors are:

Main Categories of Co-investor by Type (Cumulative)

- 2024
- 2023



Co-investment figures are continuously updated and stated on a cumulative basis since inception of the Company. The Banks category relates to where banks are invested alongside us in funds. The Social Bank Depositors category is an estimation of the public depositors enabled by Better Society Capital Limited's investment (8x) within Unity Trust Bank and Charity Bank.

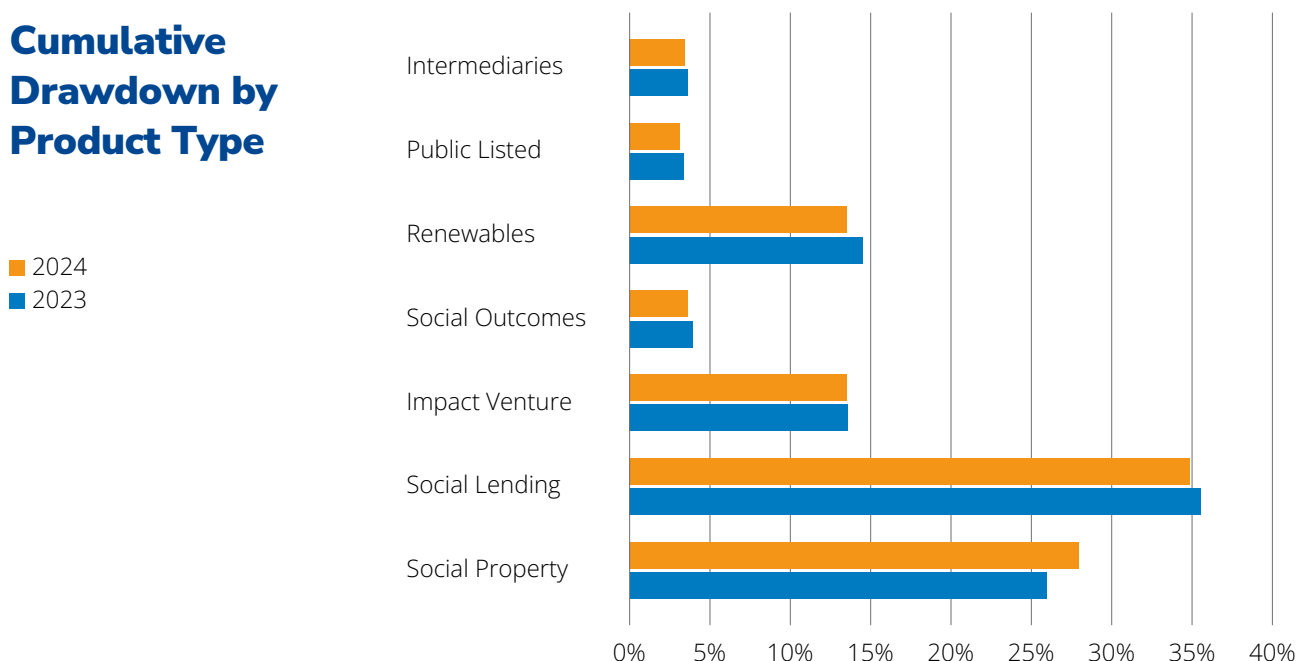
Capital deployed in social impact investments:

- The cumulative amount drawn down from Better Society Capital Limited and our co-investors is £3,236 million (2023: £2,642 million). Our expectation is that the average investment will typically take one to six years to fully draw down.
- Of this,* £721 million (2023: £671 million) has come from our own funds and £2,515 million (2023: £1,971 million) from our co-investors. In 2024, our drawdowns totalled £50 million (2023: £75 million).

* Please note that in 2024, we performed a cumulative analysis of company drawdowns and have increased the cumulative drawdowns across both years as a result of our analysis.

Our drawdowns to date have been utilised as follows (based on our drawdown):

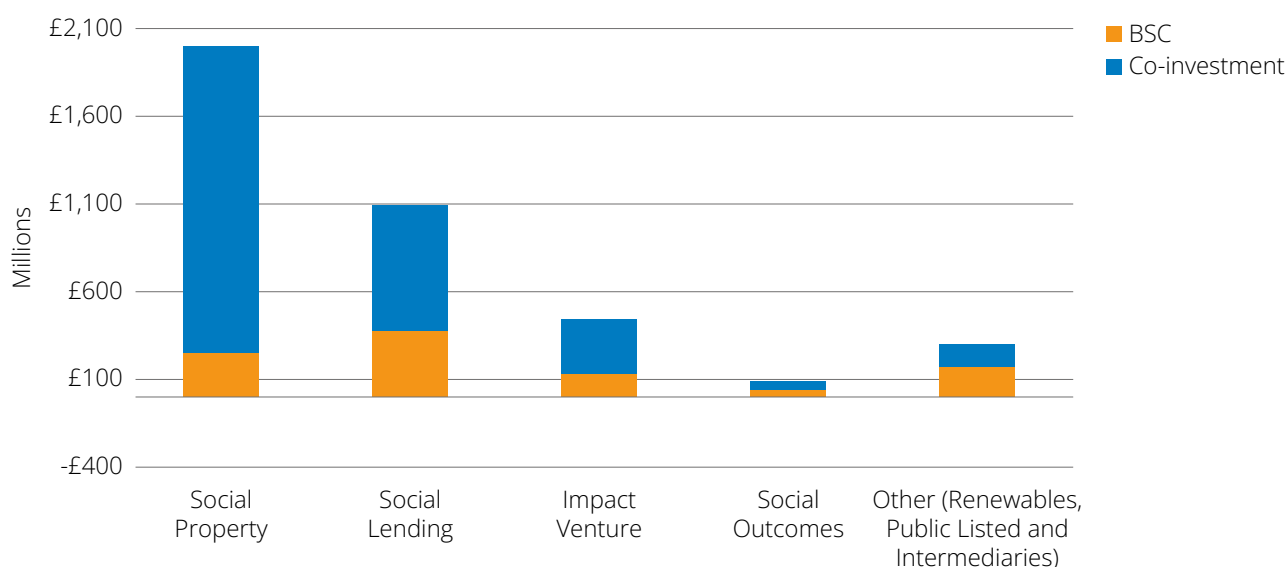
Cumulative Drawdown by Product Type



Per market system

The bar chart below shows the total committed by Better Society Capital Limited in each key market system, alongside the total committed by us with other co-investors.

BSC Signed and Co-investment since Inception



Treasury Portfolio

In order to demonstrate good stewardship of our share capital from a risk/return perspective, the Portfolio is managed in two principal segments. The larger portion of the Portfolio is focused on asset-liability matching to meet multi-year social impact investment commitments and organisational cash requirements. The remainder of the Portfolio is invested in a return-seeking, multi-asset portfolio with a medium time horizon. Both segments are managed holistically alongside the Social Impact Investment Portfolio and in line with our responsible investment principles¹⁴.

Total investment income from the Treasury Portfolio was £3.5 million in 2024, £5.7 million lower than 2023. The decrease is largely due to losses in the Multi Asset Treasury Portfolio from marking to market, in particular share price weakness in the current market for renewable energy investment trusts. Revenue has grown to £8.6m (2023: £5.6m) as the Company has allocated a higher proportion of its treasury investments to higher yielding assets.

Administrative expenses

Overall costs in 2024 remained at levels equal to 2023, despite the higher inflation environment, with administrative costs of £11.4 million in 2024 (2023: £11.4 million). Treasury fees were £0.3 million (2023: £0.3 million). This parity in respect of expenses reflects our intention to pause any significant headcount or organisational changes until finalisation of our new strategy, which will come into effect from 2026 to 2030. The operating costs of the company are allocated between investment activity and market-building activity in line with our mandate. Investment activity costs account for 0.9% of average net assets (2023: 0.9%) and market-building costs account for 0.8% of average net assets (2023: 0.8%).

Liquidity

We utilise a long-term liquidity model to assess future liquidity requirements, considering future expected realisations and expected drawdown profiles. The Board has approved a policy whereby available liquidity should be at least 80% of the level of undrawn commitments. As of 31 December 2024, cash and treasury funds totalled £246 million, or 141% of undrawn commitments.

We regularly review and update our liquidity model, particularly in the light of changes in the economic environment. This includes stress testing of our assumptions and demonstration of the levers that we have available, to ensure we can continue to commit to new social impact investments.

Growing the social investment market

In order to achieve our objective to grow the wider social investment market, we work to build awareness and understanding of social impact investment among investors of all kinds, as well as among social enterprises and charities that could use repayable finance.

Our approach to market building is through education and partnership, working with others to further understanding and participation in social impact investment across a wide range of groups. Key market-building activities in 2024 included:

Supporting the public sector and engaging with Government

- Our primary focus was the 2024 General Election. We built new and deepened existing relationships with the incoming Government around our key priority areas, engaging incoming Ministers, MPs, political advisers, civil servants and think-tanks to raise awareness of social impact investment and its potential. This included attending and speaking at political conferences, and co-hosting a reception with the Minister for Civil Society alongside Access – the Foundation for Social Investment, Pathway Fund, Social Investment Business and the School for Social Entrepreneurs.
- We had several high-profile opportunities to showcase social impact investment and the sector to policy-makers, including [a sector letter in the Financial Times](#)¹⁵; a [Roundtable](#)¹⁶ with the Chief Secretary to the Treasury and Culture Secretary; and oral evidence to the Select Committee for the Department for Work and Pensions on devolution of employment support.
- These efforts contributed towards several high-profile announcements by the new Government signalling its support for social impact investment; for example, a Social Impact Investment Vehicle announced in the Autumn Budget; £500 million of impact investments tackling the housing crisis showcased at the Government's International Investment Summit; and the [Education Secretary calling for new children's social care homes](#)¹⁷, backed by social investors, to come forward to help solve the children's social care crisis. The previous allocation of £87.5 million of dormant assets for social investment announced by the last Government, was also reconfirmed by the Culture Secretary.

¹⁴You can find out more about our responsible investment principles through our website via our Responsible Business Principles here: <https://bettersocietycapital.com/about-us/responsible-business-principles/>, which contain further links to our ESG approach and Responsible Investment Policy.

¹⁵<https://www.ft.com/content/56472ead-a772-49f0-bd28-b15dcf884072>

¹⁶<https://www.gov.uk/government/news/hundreds-of-millions-of-new-investment-secured-to-get-britain-building-again>

¹⁷<https://www.gov.uk/government/news/biggest-overhaul-in-a-generation-to-childrens-social-care>

- We continued to build cross-sector partnerships, for example working in partnership with philanthropy and responsible business leaders to jointly make the case to Government for the Impact Economy, and as an active member of the Future Economy Alliance, which brought together social enterprises, co-operatives, social investors and more to champion a stronger, fairer, greener economic climate for the UK.

Supporting social enterprises

- In 2024 we developed the [Energy Resilience Hub and launched the Energy Procurement Pathway Tool](#)¹⁸ through Good Finance, to help social enterprises and charities struggling with rising energy costs to find information, tools, grants and investment to support their Just Transition ambitions.
- Our e-learning programmes, Social Investment Unpicked, Investment Committees of the Future and bite-size modules Due Diligence and Legal Structures and Governance, surpassed 300 learners, helping social enterprises and charities to understand more about how social investment can work for different organisations.
- We also launched a new [Advisor Directory](#)¹⁹ helping over 2,600 social enterprises, charities and community businesses to be able to find the help and support they need to explore or take on investment. Good Finance (funded in partnership with Access – The Foundation for Social Investment) celebrated the milestone of 700,000 unique website users and almost 10,000 cumulative completions of our Is it right for us? tool. Approximately 26,000 users (representing 19% of all users) demonstrated appetite for social investment, by clicking through to our investor directory, with more than one in five users (5,720) indicating real intent to use social investment by clicking through to the investor's website.

Supporting investors

- The Schroder BSC Social Impact Trust (the Trust or SBSI) continued to be a key focus for our team in 2024, as an important market-building initiative. The Trust continued to deliver resilient returns since inception, despite a highly volatile market. [The Trust's Impact Report](#)²⁰ published in June 2024, contains further information on the impact achieved by its investments, including financing 194 frontline organisations and benefiting more than 400,000 people, with at least 95% being from vulnerable and disadvantaged groups. The Trust's investments have generated a total of £217 million in social outcomes and savings for households and Government.

Supporting networks, fund managers and intermediaries

- Our investment network provides BSC and fund managers in our Portfolio with access to pro bono support, tools and resources to help achieve strategic objectives, as well as manage a number of important communities. In 2024 this included:
 - The continued growth of the ImpactVC community to over 850 members, including the launch of the first Germany chapter.
 - The management of Future Impact Finance, a network for professionals new to the social investment sector. This network has over 130 members and hosted 12 events over the year.
 - The delivery of 37 pro bono engagements to Better Society Capital or managers in the Portfolio, to the value of £1.2 million.

Measuring the reach of our communications

- In 2024 the company rebranded, changing its name from Big Society Capital Limited, to Better Society Capital Limited on 26 April 2024, to more accurately reflect the aims and objectives of the organisation. This generated significant interest, including a Times article with quotes from Sir Ronald Cohen, as a leading figure in the global impact investing movement.
- The feedback from stakeholders was positive and the change has better aligned our brand with our mission.
- We received over 430 mentions in the press in 2024, and the BSC LinkedIn account saw an increase of 33% from 2023, up to 65,000 impressions.

¹⁸ <https://www.goodfinance.org.uk/energy-resilience/how-can-you-start-retrofitting>

¹⁹ <https://www.goodfinance.org.uk/advisors>

²⁰ <https://publications.schroders.com/view/257162579/>

Key Performance Indicators (KPIs)

We track performance against KPIs and milestones across three dimensions: 1) Investment 2) Financial performance and 3) System change.

Investment Commitment KPIs

Since launching, Better Society Capital Limited has signed **>140** investments

The cumulative amount of investments signed by Better Society Capital Limited and its co-investors is £3,922 million (2023: £3,554 million). Of this, £988 million (2023: £927 million) is Better Society Capital's own funds, representing almost one and a half times its share capital, and £2,934 million (2023: £2,627 million) is from its co-investors, a ratio of 3:1.

>3,750

Number of organisations receiving money from Better Society Capital Limited and other investors alongside since 2012.

>70%

Percentage of organisations operating nationally or outside London.

Financial KPIs

Our key indicators in this area are our profit/(loss) for the year (see page 17 for further detail) and the overall target for net return after costs of 1% per annum averaged over five years, as agreed with our shareholders in 2022. There will continue to be a range of rates of return for the investments within our Portfolio, but our overall return target reflects the way we balance competing objectives, including ongoing investment in market building and backing higher-risk new proposals.

The net return on capital employed after costs averaged 0.6% on a rolling five-year basis. As outlined above we expect this challenging environment to continue into 2024, and given the nature and risk profile of the Social Impact Investment Portfolio, further net profit volatility can be expected.

Systems Change KPIs

We set annual goals across our market systems and wider corporate priorities. These cascade into both annual and quarterly KPIs that are tracked by teams. Our annual KPIs are reported on in our annual business planning cycle.

Within our market systems, we set KPIs under three dimensions:

- 1) **Scale** – which captures different measures of wider growth of the market
- 2) **Quality** – which captures key dimensions on quality of impact measurement and management practice in the market
- 3) **Reach** – key dimensions of the reach of our investment and market building work into different communities and demographics

The following pages show a subset of our KPIs across our market systems.

Impact Venture – 2024 progress against goals

	Overall goal	KPIs	2024 goal	2024 actual	RAG	2024 progress
	More money flowing into high-quality impact venture deals	<i>Overall market size of impact venture</i>	£750m	£824m (as at end of 2023 ²¹)		<ul style="list-style-type: none"> Impact venture market growing despite macro headwinds. 'Impact match' (ie £s from others alongside BSC £s) is strong at >3.3x BSC capital.
SCALE	Impact as a source of value as industry norm	<i>Number of downloads of the founder impact playbook</i>	New for 2024	2000		<ul style="list-style-type: none"> Significant momentum in ImpactVC community growth (+350 members), engagement (>1.5k event attendees), and use of impact resources (two playbooks now available with >3k downloads across both). Further work to do building evidence base on impact as source of value.
QUALITY	Impact practice is rigorous and proportionate	<i>% VCs in BSC Portfolio rated green against impact roadmap progress</i>	70%+	56%		<ul style="list-style-type: none"> Good progress in our portfolio on impact practice – with the exception of a small number of Impact Pivoter managers. Overall portfolio % rated green is similar to 2023.
REACH	The venture ecosystem (VCs; founders) is more diverse	<i>% VCs in BSC Portfolio that are diverse-led²² – with at least 26-50% women representation in their staff teams – with at least 1-25% racialised representation in their staff teams</i>	50%	50%		<ul style="list-style-type: none"> Gender and ethnic diversity in BSC Portfolio for VC firms and underlying portfolio outperforms market. Partnering with other organisations on more involved programming on EDI has been slow (eg Diversity VC), but did not pursue proactively this year.
			100%	100%		
			100%	100%		

²¹ From our [2023 Annual Market sizing data](#). 2024 market sizing will be released in Q3 2025.

²² Defined as whether any under-represented or marginalised groups have at least 50% representation on decision-making bodies (Board or Investment Committee AND Senior Leadership).

Social Lending – 2024 progress against goals

	Overall goal	KPIs	2024 goal	2024 actual	RAG	2024 progress
SCALE	Grow the social lending market to £5bn	<i>Size of market</i>	£3.7bn	£4.1bn (as at end of 2023 ²³)		<ul style="list-style-type: none"> Continued positive growth in 2024 lending for social banks, though ongoing interest rate environment continues to be challenging for non-bank lending managers.
QUALITY	80% of organisations to demonstrate improved resilience and growth	<i>Enterprise Level Impact pilot: % reporting improved:</i> – resilience – growth	80% 80%	87% 97%		<ul style="list-style-type: none"> Encouraging early results of the Enterprise Level Impact (ELI) pilot with ten managers; improvements in the ELI dashboard²⁴. Increased the data set of enterprises by >50% from 2023.
REACH	60% of organisations receiving investment in the most deprived areas of the UK	<i>% Portfolio in IMD quintiles 1 & 2</i>	Maintain 60%	65%		<ul style="list-style-type: none"> Continuing to embed Addressing Imbalance and e-learning programmes to improve access to social lending.

Social property – 2024 progress against goals

	Overall goal	KPIs	2024 goal	2024 actual	RAG	2024 progress
SCALE	Social property market (social and affordable housing) grows to £8bn	<i>Size of the impact-driven social and affordable housing market (as measured in our Annual Sizing report²⁵)</i>	£5.1bn+	£5.1bn (as at end of 2023 ²⁵)		<ul style="list-style-type: none"> £247m BSC capital committed to date alongside £1.75bn of co-investment helping to finance 6,690 homes for 15,000 people. Three investments made within the year totalling £26.75m of commitments. Overall market growth has been flat at £5.1bn – while there was increasing investment into the asset class, there were also material shifts in the market that counteracted this (e.g. Home REIT no longer part of the market sizing).
QUALITY	100% of housing funds that BSC invests adopting the minimum standard of Impact Management and Measurement (IMM) practice	<i>% of Equity Impact Project (EIP) participants²⁶ reporting on standards</i>	>60% reporting	64%		<ul style="list-style-type: none"> Significant awareness built for the benefits of the Equity Impact Project, including endorsement from the British Property Federation and incorporation into its suite of Policy recommendations for Government.
REACH	System delivering a diverse range of sustainable business models that align with need and delivery of homes in the least affordable areas and those with greatest homelessness pressure	<i>% of BSC investments delivering homes in the least affordable areas</i> <i>% of BSC investments in areas where homelessness is above UK average</i>	Maintain or improve vs 2023 levels at 74% Maintain or improve vs 2023 levels at 75%	74% (as at 2023 data) 75% (as at 2023 data)		<ul style="list-style-type: none"> Launched research with Alma Economics to demonstrate the benefits of the homelessness property funds. The research showed that in ten years 3,300 people at risk of, or experiencing homelessness, including 1,607 children, have been supported, generating public savings of £140m.

²³ From our 2023 [Annual Market sizing data](#). 2024 market sizing will be released in Q3 2025.

²⁴ You can read more about this pilot exercise on our website at: [Understanding enterprise-level impact: Resilience and impact growth | Better Society Capital](#)

²⁵ From our 2023 [Annual Market sizing data](#). 2024 market sizing will be released in Q3 2025.

²⁶ Based on 20 funds that are EIP participants, identified in the 2022 property market mapping.

Social Outcomes Contracts (SOCs) – 2024 progress against goals

	Overall goal	KPIs	2024	RAG	2024 progress
SCALE	£250m committed to the funding of outcome-based contracts	<i>Same as the goal</i>	£217m		<ul style="list-style-type: none"> Responded to and supported interest from incoming Labour Government in the use of outcomes commissioning and other innovative approaches to public service delivery and financing. Project launched to assess asset class track record, develop understanding of what good looks like in a SOCs fund manager, explore investor needs, consider potential structuring for future SOCs funds.
QUALITY	75,000 individuals with complex needs achieving positive outcomes through outcomes contracts	<i>Same as the goal</i>	70,000		<ul style="list-style-type: none"> 70,000 individuals with complex needs, across 90 projects, a third of which are still active, across issue areas such as homelessness, long-term health issues and children on the edge of care.
REACH	200 commissioners across central and local government using outcomes contracts	<i>Same as goal</i>	180		<ul style="list-style-type: none"> 180 commissioners consisting of central government departments, local authorities, clinical commissioning groups and private foundations.

Our Business Environment – Trends and Key Factors

2024 saw a more stable macro-economic environment than the previous two years, albeit with inflation and interest rates at higher levels than have been the case for much of BSC's lifespan. This greater stability was reflected in greater ability to raise investment for fund managers operating in some parts of the social investment market, whereas others remained challenging.

The full impact of the previous changes to interest rates and inflation has not fully played through our investments and the wider system. Political context was more significant in 2024, with the change of Government in the UK having direct influence on the range of opportunities that we and our partners face, and the US presidential election has and will continue to have an impact on wider global financial markets in a way that may have implications for our work.

Task Force on Climate-related Financial Disclosures (TCFD) reporting

Better Society Capital Limited recognises that environmental risks, particularly those associated with climate change, can be significantly detrimental to its mission. The Responsible Business Principles which are applied to our investment process include a commitment to combat climate change and can be found [here](#).²⁷ We are supportive of the Financial Stability Board's Task Force on Climate-related Financial Disclosure (TCFD), and the below section is intended to align with the TCFD's recommendations on a voluntary basis.

Our analysis has identified our social property business models in our Social Impact Investment Portfolio as our most material source of climate-related risk; therefore, our work to date has focused on this area. This has involved working with a specialist real estate consultancy to create an ESG tool and environmental risk framework. We now consider the Paris-aligned net zero pathway and net zero industry frameworks or standards, such as the Better Buildings Partnership Climate Commitment, when conducting deal screening and due diligence. Last year, we measured the greenhouse gas emissions for a portion of our social property portfolio with the support of climate expert, Flotilla, as part of a wider effort to measure emissions for our listed product, the Schroder BSC Social Impact Trust (SBSI).

Governance

Board oversight of climate-related risks and opportunities

Our Board has overall responsibility and accountability for climate change-related issues that might affect our strategy and operations. Our approach towards climate change focuses on the risks posed to our mission.

²⁷<https://bettersocietycapital.com/about-us/responsible-business-principles/>

Climate change related risks and our approach to these are typically overseen at Board level by the Board's Audit, Risk and Compliance Committee (ARCC) which meets quarterly. As with all other risks, ARCC ensures that climate-related risks are considered by the Board when reviewing and guiding strategy, major plans of action, risk management policies, annual budgets and business plans, and performance objectives.

The Board also supported our activities to become a signatory to the Principles of Responsible Investment and a Certified B Corp in 2023, which it oversees on an ongoing basis. For example, as part of the updated B Lab Standards, the Board will be responsible for approving our upcoming climate transition plan.

Management's role in assessing and managing climate-related risks and opportunities

ARCC and the Board are supported in their oversight of climate change risks by the management team at BSC. In particular, climate-related risks are monitored and reported by the Chief Financial and Operating Officer, with day-to-day management by the Head of Investment Management and an ESG and EDI Manager.

Climate-related risks specifically associated with our investments are surfaced, monitored and mitigated in line with the Responsible Investment Policy, for which the Chief Investment Officer is responsible, and is managed on a day-to-day basis by the Head of Investment Management. Material climate-related risks, along with other ESG risks, are scrutinised by the Investment Committee during the investment due diligence process. Any material ESG risks are documented in the Investment Committee memo and due diligence toolkit. Monitoring of identified risks in the Portfolio is undertaken by the investment team and reviewed by the Performance Committee annually.

Strategy

Identification and impact of climate-related risks and opportunities on businesses, strategy and financial planning

As an investor in private, illiquid investments, our investment time horizon is typically seven to 12 years, during which time we expect that material climate-related risks, identified and discussed in detail below, are likely to arise. Materiality at Better Society Capital Limited is determined by reference to the extent to which an issue affects:

- financial, impact and/or systems change performance of a particular investment;
- right holders, people not captured by the impact thesis for an investment, such as employees of the fund manager, the environment; and
- the reputation of Better Society Capital Limited or the wider social impact investment market.

Following an internal review of the organisation's underlying business models in the Portfolio, we consider the impact of climate-related risks, after taking into account existing mitigation, on the organisation to be relatively low (as discussed in the Risk management section below). We appreciate that this is subject to change and, therefore, it is important to continue to monitor these risks.

Over 2024, we worked with climate expert Flotilla to measure our operational carbon footprint and a portion of our financed emissions in line with the Greenhouse Gas Protocol. Now we have a baseline, we can develop a science-based target and implement a climate transition plan that will enable us to deliver our mission by minimising potential negative impacts on people and the planet. The financed emissions report also identified the following recommendations for our portfolio: 1) gain a deeper understanding of the trajectories of emissions by assessing the number of investments with net zero plans and enhancing data quality as per the Partnership for Carbon Accounting Financials (PCAF) methodology; 2) expand collection and monitoring of carbon emissions avoided in our renewable energy investments; 3) engage with fund managers that have high Scope 2 or 3 emissions, to encourage energy consumption reduction and/or sustainable procurement respectively.

Over 2023 and 2024, we identified and developed a climate-related opportunity by developing a new strategy based on delivering a Just Transition to net zero, to enable low-income and disadvantaged communities to play a meaningful part in, and benefit from, achieving net zero rapidly, ensuring the transition works for everyone. This area is likely to be a focus of our next strategy, and we will explore investment opportunities across some of the following themes: community-owned renewables, decarbonising social and affordable housing, and supporting community and social enterprises to improve energy resilience. This builds on the current 30% of the Portfolio which is already aligned to supporting a Just Transition.

Different climate-related scenarios

We have not yet conducted an analysis based on different climate-related scenarios. Based on the climate-related risks identified below, we believe that different scenarios are unlikely to materially vary the climate-related risks that we face; therefore, this has not been a specific priority to date, due to the challenges of consistent and quality data collection for many of our stakeholders. We continue to monitor these risks and explore how the organisation might more efficiently collect this data across its portfolio, building on the work referenced above with Flotilla.

Risk management

Processes for identifying, assessing and managing climate-related risks

The following process was followed to review the material climate-related risks we face, considering both transition and physical risks. For each risk identified, an assessment was made of the risk’s possible consequences, their likelihood and severity. The former is taken to mean the probability of different outcomes of the risk occurring; the latter is defined as the negative impact that would result should such risk materialise. The combination of the risk’s likelihood and severity was considered to produce a risk rating.

This review first considered the nature of the business models that make up our Social Impact Investment Portfolio. Most business models by number are service-based, with no or limited use of assets or reliance on natural resource and infrastructure. These organisations will typically have low greenhouse gas emissions and be restricted to the use of an office (Scope 1); choice of energy provider (Scope 2); and employee travel and third-party service providers (Scope 3). We aim to encourage these organisations to protect the environment and help combat climate change through our Responsible Business Principles, and ensure the fund manager is assessing and managing material ESG risks in our investment process. However, we do not believe these risks are material in line with the definition above.

The other group of business models within our portfolio are those underpinned by an asset and can be broadly

categorised as 1) housing; 2) community assets such as community centres and leisure facilities; 3) transport such as community transport. There is a higher environmental risk for these business models. Housing-related business models are the most material within our social investment portfolio (c42% of the invested Portfolio at the end of 2024 was in social property). Community assets are prevalent in social lending either for standard loans (three to five years) or via long-dated mortgages in the bank lending product area. We have limited exposure by value to transport-specific business models, however, many social enterprises will use vehicles to deliver their business models, for example transporting beneficiaries, travelling to deliver services, or delivering products. In the case of the latter business models, the vehicles are an enabler rather than driver of the business model and revenue streams, so are not deemed material within the Portfolio.

Our review was further supplemented by ongoing dialogue with the fund managers and other intermediaries with which the organisation invests on ESG issues. We hold Annual Impact Conversations with key managers and intermediaries to discuss their impact performance, which includes ESG, and understand their perspective on ESG risks facing the sector.

Based on this review, the following climate-related risks were identified and rated above a Low risk, and the following mitigants and management measurements were noted.

Risk area	Extreme weather events and temperature
Sub-category	Risk of extreme weather event and temperature damaging infrastructure of Portfolio assets causing loss in value of Portfolio.
Assessment	Housing or asset-based business models are likely to be most affected. This risk has increased over recent years, with extreme rainfall events becoming more frequent. ²⁸ The UK as a whole needs to do more to adapt to physical climate risk. ²⁹
Impact	Medium
Likelihood	Low
Risk RAG pre-mitigants	Low to Medium
Mitigants and management measures	<ul style="list-style-type: none"> • Infrastructure in the UK is well established, which limits the severity of impact of extreme weather events. • Developed insurance market which most developers and organisations will hold, often as a requirement of financing. The extent that a fund manager considers this as part of its ESG approach is assessed during our due diligence and will be assessed further during portfolio management. • Geographical spread across the UK which limits the impact for a location-specific extreme weather event (eg flooding). • BSC’s new Just Transition strategy will contribute to climate change mitigation and wider efforts to limit the severity of extreme weather events by investing in business models that contribute to the Just Transition to net zero.
Risk RAG post-mitigants	Low

²⁸ [New research shows increasing frequency of extreme rain – Met Office](#)

²⁹ [Progress in reducing emissions 2024 Report to Parliament – Climate Change Committee](#)

Risk area	Failures of climate change mitigation and adaptation
Sub-category	Risk of construction standards tightening to meet sustainable regulation resulting in unanticipated increased costs for social property investments, leading to potential loss of value in the Portfolio.
Assessment	Construction standards are already relatively robust in the UK, however there is a move to further improving the sustainability of construction standards to mitigate the effects of climate change. There is a reasonable likelihood of tighter regulation, which may lead to higher costs. These are being considered by the Social Property Market System and assessed in all new proposals.
Impact	Low
Likelihood	Medium
Risk RAG pre-mitigants	Low to Medium
Mitigants and management measures	<ul style="list-style-type: none"> • Fund manager's ESG approach assessed during due diligence and monitored during portfolio management. This will include the extent the manager assesses/monitors compliance with existing regulation. • Within the social and affordable housing market system, a fund's approach to sustainability is a core area of consideration. • We have commissioned external consultancy support to develop an environmental risk framework and ESG module for housing investments.
Risk RAG post-mitigants	Low

Risk area	Risks linked to transition to a low-carbon economy
Sub-category	Risk of unexpected costs due to increased regulation on energy efficiency, leading to loss in value of the Portfolio.
Assessment	Buildings must have an EPC rating of C or above by 2030 for private rented properties. This may lead to unexpected costs which affect fund performance and/or an organisation's ability to repay.
Impact	Low
Likelihood	Medium
Risk RAG pre-mitigants	Low to Medium
Mitigants and management measures	<ul style="list-style-type: none"> • Mitigated by active management by the fund manager. • Ongoing monitoring of regulatory requirements on retrofitting existing housing stock by the market system team, particularly where action is required within the life of our investment and may lead to additional, unexpected costs. • Standard loans for community assets less likely to be affected given lead-in times for new regulation and short loan tenors. More likely to result in lending opportunities. • BSC's Just Transition strategy will focus on supporting the decarbonisation of social and affordable housing.
Risk RAG post-mitigants	Low

The conclusion that the other risks identified were low was principally due to their limited or ancillary relevance to the underlying business models that our Social Impact Investment Portfolio is exposed to. For example, we considered the potential risks posed by climate change to energy management. Few business models in the

Portfolio are focused specifically on energy management, with most relying on access to energy from the grid, which is well established in the UK. The exception is community energy, which is an environmental impact opportunity.

Integrating climate-related risks into overall risk management

As highlighted above, climate-related risks are monitored by our Chief Financial and Operating Officer, supported by our Head of Investment Management and ESG and EDI Manager, in conjunction with other risks, and reported to ARCC. To the extent such risks arise from our investments, they are monitored by our investment team and reported as part of an overall performance assessment to our Valuation and Performance Committee. During 2023 and 2024, we further integrated the climate-related risk review alongside our overall investment and portfolio risk register.

Metrics and targets

Metrics and targets used to assess and manage climate-related risks and opportunities

The risk identification exercise discussed above, concluded that the climate-related risks faced by housing-related business models in our Social Impact Investment Portfolio are most likely to be material. As a result, we have started to request Scope 1-3 emissions data as part of our social property ESG due diligence questionnaire for new investments.

We also helped shape the Equity Impact Project, a collaboration between BSC, The Good Economy and a group of 13 investment fund managers, with the support of Trowers & Hamblins and the Association of Real Estate Funds, aimed at creating common standards of impact measurement in social and affordable housing, including environmental reporting. Similarly, we were an early supporter of the creation of the Sustainability Reporting Standard for Social Housing, an ESG reporting standard for social housing, which includes climate change indicators; and are part of the B Lab Regional Standards Advisory Board that is advising on the updated B Lab Standards.

Scope 1, 2 and 3 greenhouse gas (GHG) emissions

Over 2024 and as part of our improvement plan for our B Corp status, we measured our operational carbon footprint for the first time. For our baseline year of 2022, our operational carbon footprint was 418 tCO₂e. This consisted of 0 Scope 1 emissions, while Scope 2 and 3 emissions accounted for 3% and 97% of our operational emissions respectively (14 tCO₂e and 404 tCO₂e). We were pleased to see that our average tCO₂e per employee was 4.1, lower than the Flotilla average of 5.1 for businesses like ours.

The measurement of greenhouse gas emissions across the investment portfolio more generally involves several challenges with respect to data quality and consistency for our stakeholders. In 2024, we sought to better understand the environmental performance in our Schroder BSC Social Impact Trust (SBSI) portfolio. The total financed emissions for the 13 funds assessed are 8,884 tCO₂e, of which 693 tCO₂e are Scope 1 and 2 emissions and 8,191 tCO₂e are Scope 3 emissions. Data coverage also increased from c50% to 97% of the SBSI portfolio.

Responsibility as a consumer

In July 2023, Better Society Capital Limited became a Certified B Corp and joined the global movement of businesses striving for an inclusive, equitable and regenerative economy. We are proud to have scored 137 points out of a possible 200, significantly surpassing the minimum threshold of 80. This score is derived from assessing our practices and outputs across five categories: governance, workers, community, the environment and customers. There are some areas where we scored particularly well, such as governance and workers, and others where we have room for improvement, such as our measurement and management of our direct impact on the environment. We have formed an internal working group to take forward recommendations for areas of improvement, such as the work around our environmental impact mentioned above, and intend to share our continued learning along the way.

At an organisational level, we continually seek to reduce our environmental impact as far as possible. Consciously considering our impact through energy efficiency, we work with suppliers that have strong ESG credentials, such as sustainable caterers and refillable office consumable providers through to eco-friendly supplies, such as print and paper and menstrual hygiene products.

We relocated to a different office space during February 2025. Throughout 2024 research was undertaken to find an appropriate workspace that would provide enhanced environmental benefits, selecting a building certified as Excellent under the BREEAM (Building Research Establishment Environmental Assessment Method) and achieving EPC (Energy Performance Certificate) rating B, ensuring longevity beyond the incoming regulation changes due in coming years.

As part of procurement at Better Society Capital, we seek, where possible, to source goods and services from social enterprises, charities and not-for-profit organisations that align with our overall mission. At the beginning of 2024 we switched our cleaning provider to work with a social enterprise organisation that promotes high standards in staff welfare, including paying employees the London Living Wage and refusing to operate on zero-hour contracts.

Responsibility to the sector

BSC promotes the use of social enterprises both as part of our business supply chain and by individual employees. At the end of 2024, we had 101 (2023: 84) charities, not-for-profit and social enterprises in our supply chain, including providers of catering, cleaning, plant maintenance, stationery, staff training, team-building events such as corporate volunteering, activity away-days, event seminars and venue hire.

We encourage staff to undertake trustee and other governance roles in social enterprises and charities, outside their work commitments and on a voluntary basis. Many of our staff undertake a variety of voluntary roles with charities and social enterprises, and over 1,230 hours were spent by staff last year supporting charitable organisations in this way. Almost 250 of those hours were during working hours thanks to staff making use of our volunteering policy.

We are a signatory to the Diversity Forum Manifesto, a member of the Equality Impact Investing Project, Investing in Women Code, and a Women in Finance Charter holder.

We have also joined as a member of the Taskforce on Inequality and Social-related Financial Disclosures (TISFD).

After piloting our newly developed Navigating Equity, Diversity, Inclusion and Beyond eLearning programme internally, we plan to make this available as a resource for other social investment intermediaries. We are partnering with the Diversity Forum to enable a series of webinars that will enable peer-led learning.

In addition, we participated in the 2027 Programme and the 10000 Black Interns initiative addressing socio economic barriers to working within the investment industry.

Responsibility as an employer

BSC seeks to be a responsible employer, dedicated to creating an environment where our diverse workforce can thrive.

We understand that psychological safety is essential to fostering a healthy, productive work environment, and we place a strong emphasis on creating a culture where employees feel empowered to share their ideas, voice concerns and challenge the status quo without fear of judgement. Our drop-in sessions with the CEO, tea afternoons with the People and Talent team, regular feedback sessions and a focus on actively listening, have helped create a culture of support, ensuring our staff can contribute confidently to the success of Better Society Capital Limited.

Employee wellbeing is important to us, as we recognise it is critical to both personal happiness and our success. We have continued to strive to create a healthy working environment for our employees. Our hybrid working approach, which allows staff to split the working week between home and the office, continues to be well received, with positive feedback from our staff survey reflecting this.

Employee wellbeing also extends to feeling connected. We focused in 2024 on strengthening our staff community through in-person events to encourage relationship building, shared experiences and participation in social activities.

We further deepened our connection to mission through team away-days, where employees had the opportunity to engage with social purpose organisations, both through using social purpose suppliers when possible and by profiling the suppliers, creating a stronger sense of purpose.

We continue to implement a number of enhanced benefits that reflect the needs of our diverse workforce. We pride ourselves on being a supportive and inclusive employer and aim to ensure we offer equitable support for new parents. To further support barriers and complexities of policies such as shared parental leave, we changed our approach to give all new parents the flexibility and freedom to be present in the critical first year of the child's life. We updated our policy to give parents the complete freedom over when they take their enhanced family leave.

Our new and improved HR system, brought in during 2024, is more transparent and intuitive for staff. It enables us to collect more detailed data, offering a better understanding of our workforce, and provides more concrete management information for leaders to make data-driven decisions.

Our total reward approach goes beyond salary and includes both financial and non-financial benefits. We continue to ensure our remuneration policy is fair and consistent through the use of clear and transparent salary bands, and by paying no lower than the London Living Wage.

Our apprenticeship programme, which helps young people enter the workplace and develop their skills in a real-life work environment, continues to flourish. In 2024, we took on four apprentices, with plans to recruit another two in 2025. We are also members of Show the Salary, Ban the Box, Disability Confident and a Living Wage Employer.

Equity, Diversity and Inclusion (EDI)

Better Society Capital Limited recognises that equity, diversity and inclusion are fundamental aspects of achieving our mission. We are here to reduce inequality and to build a fairer society, through the use of our capital, building the market and through our people.

Governance

Board oversight of EDI risks and opportunities

Our Board has overall responsibility and accountability for equity, diversity and inclusion issues that might affect our organisation. Our approach towards EDI addresses BSC's own practices, attracting investment and removing barriers for those who wish to deploy it, and in playing a role in shaping the market through leading by example. EDI related issues and our approach to these are typically overseen at Board level by the Board's People Committee. We report on EDI formally on an annual basis

to the full Board with additional focused reporting within the annual cycle. The People Committee ensures that EDI is considered by the Board when reviewing and guiding the organisation's culture, strategy, major plans of action, risk management policies, annual budgets and business plans, and performance objectives.

Management's role in assessing and managing EDI risks and opportunities

Our CEO is responsible for equity, diversity and inclusion at Better Society Capital. This is supported by leadership, with a Senior Management Team member, Mel Mills, acting as the organisational champion to coordinate and help prioritisation of our four strands of activity: organisation and governance; people and culture; investment and portfolio; and market building and engagement. The EDI Action and Steering Groups shape the delivery of our EDI strategy, and more information on this, and our approach and priorities is shared on our website [here](#).

Strategy

Identification and impact of equity, diversity and inclusion risks and opportunities for Better Society Capital

The three principles which guide our EDI work are as follows:

- **Intention:** We seek continual improvement to make progress towards our goals.
- **Transparency:** We share what progress we are making and what challenges we have encountered.
- **Building capacity:** We will learn from others and support our own staff; we recognise that this is work in progress and that we do not have all the answers.

Our newly introduced Equity, Diversity and Inclusion Policy goes beyond simply meeting statutory requirements, and reflects our commitment to embedding EDI principles into every aspect of our work, ensuring that inclusivity is not only a priority but a core part of our culture and operations.

In 2024 we co-developed and piloted an e-learning programme, Navigating Equity, Diversity, Inclusion and Beyond, to support the growth of both skills and confidence of our colleagues.

In 2024 we also redesigned our website to provide greater transparency externally around our EDI strategy and created a dedicated space for regular internal EDI updates on our BSC Intranet.

We are conscious that EDI is a wide field covering many topics and perspectives and is informed by a constantly evolving landscape both from a statutory and social perspective. To ensure we focus on those areas which can bring about the maximum impact in delivering on our mission, we have begun development of an EDI Theory of Change.

Metrics and targets

Metrics and targets used to assess and manage EDI risks and opportunities

To assess current EDI practice and performance and set future goals we conducted two key reviews in 2024. As a signatory of the [Diversity Forum Manifesto](#) we completed our second annual self-assessment covering seven reporting commitments. In addition, we commissioned an independent review of our current EDI performance against the Global Equity, Diversity and Inclusion Benchmarks Framework covering 15 areas of our practice. A summary of these results will be shared as part of our new EDI plan in 2025. This work is being used to help us set clear and measurable KPIs for our EDI work, with targets for continual improvement to which the Board can hold us to account.

Risk management

Processes for identifying, assessing and managing EDI related risks

Our risk management strategy is further informed by input from our Staff Council, staff survey results, EDI portfolio survey data, sector led initiatives and wider macro factors. We have introduced an anonymous 'Tell Jane' service to further support psychological safety.

Equal pay

We aim to be one of the most equitable, diverse and inclusive employers in the social investment sector, by creating a culture that supports employees to bring as much of their whole selves to work as they wish. We voluntarily disclose both our gender pay gap and ethnicity pay gap, as we recognise using both gender and ethnicity data can help us achieve our aim.

Our gender pay gap has seen a reduction year on year since the start of reporting in 2019, from 28% to 10% in 2024. This has been achieved through several actions, including focusing on enhancing the proportion of women in senior roles.

We have reported for the last three years on our ethnicity pay gap, which now stands at 28.5%, from 21% in the previous year. We are disappointed to see our ethnicity pay gap increase in our fourth year of reporting. This increase is because while our Black, Asian, Mixed, other representation has increased in our junior levels, representation in mid to senior levels has declined.

Our full pay gap report can be found [here](#).³⁰

³⁰https://bsc.cdn.ngo/media/documents/Gender_and_ethnicity_pay_gap_2024.pdf

Principal Risks and Uncertainties

Risk management framework

In order to achieve our mission, we are required to take risks from a strategic, financial return and social impact perspective. We have established a risk framework and a related set of policies that provide oversight and accountability for the identification, assessment and management of risks across the organisation.

Our Board, supported by our Audit, Risk and Compliance Committee (ARCC), is ultimately responsible for our risk management framework, and for regular review of its adequacy and effectiveness, with operation of the framework delegated to the executive team. The framework is designed to support informed decision-making regarding the risks we face, with the intention of managing acceptable risks within the agreed risk appetite, rather than eliminating such risks.

The key elements of BSC's risk management framework, which are overseen by the Board and ARCC, include:

- setting of annual and longer-term corporate objectives (as agreed with the Board) and quarterly reporting against agreed KPIs;
- a Risk Appetite Statement approved annually by the Board, together with key indices that are monitored quarterly;

- a quarterly review by the executive team of key risks we face;
- a robust investment decision-making process;
- half-yearly Portfolio valuation and monitoring processes; and
- policies, procedures and authorisation levels against which the company operates.

The risk framework is based on a three lines of defence model. The first line of defence is through the executive leadership team and line managers, who are responsible for day-to-day identification, reporting and management of risks. The second line of defence is responsible for designing risk policies, monitoring risk performance, and providing objective challenge to the first line of defence – primarily delivered through ARCC and the executive leadership team. The third line of defence provides independent assurance of the overall systems of internal control and risk governance, and is achieved through a limited programme of external assurance in respect of compliance, key controls and processes.

In 2024 there has been a continued focus on the assessment of cyber-related risks and counterparty risks, as well as an increased emphasis on reviewing risks stemming from BSC's internal control environment. Risk from external factors was also an area of focus during the year.

Risk appetite

Our Risk Appetite Statement, reproduced below, outlines the level of risk that the Board is willing to accept to deliver its objectives, and provides the link between our overall business strategy and risk management framework.

Better Society Capital Limited Risk Appetite Statement

Fulfilling our mission requires us to take risks. In order to achieve our financial return and social impact objectives, we are willing to take and accept a high level of investment risk. In the light of our long-term investment mandate, this appetite includes continuing to grow our Social Impact Investment Portfolio in periods of economic stress and volatility.

We will also sometimes accept more risk for lower financial returns where the social impact or system change returns are justified. We are exposed to a high level of strategic-type risk through the selection of our principal areas of focus, and the extent to which social impact objectives for these can be delivered. We manage and mitigate those risks through a broad network of investors and enterprises to build understanding and through frameworks of: rigorous social impact; financial and systems change assessment; appropriate structuring of transactions; portfolio allocation; concentration thresholds; and robust governance mechanisms.

Following a review in 2022, there were some upward adjustments to the level of risk appetite in a portion of our Treasury Portfolio. With better visibility of our longer-term liquidity position, our Board has concluded that assuming a greater degree of investment, asset and duration risk in approximately 50% of the Treasury Portfolio is appropriate.

BSC's overall risk appetite is set in the light of its principal risks and their impact on the ability of BSC to meet its strategic objectives. The higher level of risk appetite in respect of our core investment activity, how we achieve social impact and our strategic focus, together with the policy risks to which a number of BSC investments are exposed, is balanced by a more cautious approach to risk in other areas. In particular the Board has a low risk appetite in respect of cyber security, key financial and operational controls, governance, regulatory requirements and the implementation of our Responsible Investment Policy.

The above statement describes the risk appetite we have for our core balance sheet capital as a catalytic actor in the social investment market. When we are running or advising Portfolios on behalf of clients, the risk and return appetite will be set as appropriate for the client mandate.

Our Board sets risk appetite for the most material risks, to help ensure we are well placed to meet our priorities and longer-term strategic goals. During 2024 there were no material changes to the Risk Appetite Statement.

An assessment of the extent to which actual risk profile is within agreed risk appetite is reported regularly to the Board and Senior Management, using a broad set of key risk indicators that help provide clarity on the scale and types of activity that can be undertaken.

Principal risks

BSC's principal risks are considered under the following generic headings:

- Strategic Risks
- Performance/Investment Risks
- External Risks
- Operational/Preventable Risks

Further information on the nature of these key risks and how they are managed is set out in the table below.

Key:

- ↑ Increasing risk area since the last report
- Risk level broadly unchanged since the last report
- ↓ Decreasing risk area since the last report

Risk	Definition and examples	Example mitigants	Trend
Strategic Risks Risk Appetite: High	The risks arising from the design and execution of our business strategy and business model that may lead to financial loss, adverse social impact or failure to deliver our mission, in a broader and evolving impact investment market. We also face risks that we might act in a way that falls short of stakeholder expectations, causing reputational damage.	A strong governance framework. The setting of clear strategic goals. An active programme of engagement with key stakeholders.	→

Risk	Definition and examples	Example mitigants	Trend
Performance/ Investment Risks Risk Appetite: High/Medium	<p>The risks of financial and social impact losses as a result of loss of value of social impact investments, or failure of a counterparty to meet its obligations in accordance with agreed terms. Alongside these financial risks there are related risks of desired social impact not achieved, and the risk of reduced mobilisation of co-investment.</p> <p>Risks associated with future liquidity and achievement of investment exits become more significant as our Social Impact Investment Portfolio grows.</p> <p>For the Treasury Portfolio we apply a combination of lower risk appetite to the listed investment-grade debt securities segment, and a medium risk appetite to the longer duration multi-asset segment.</p> <p>A higher risk appetite is applied to fund manager partners, underpinned by concentration thresholds, while a low risk appetite is considered appropriate for operational counterparties.</p>	<p>These risks are mitigated through the Investment Committee and Valuation and Performance Committee frameworks, which consider investments from financial, social impact and systems change perspectives, and through concentration thresholds on fund managers and allocation judgements for product types.</p> <p>Liquidity and related exit-type risks are mitigated through twice-yearly reviews of long-term liquidity requirements, including consideration of stress-type scenarios, together with identification of possible liquidity mitigants. In addition, the Board has approved a policy that projected available liquidity should exceed 80% of Better Society Capital Limited's undrawn social impact investment commitments, together with thresholds for exposure to higher-risk, longer-duration, multi-asset Treasury Portfolio investments.</p> <p>Further detail on the key financial risks we face and the steps taken to manage them are outlined in Note 16 – Financial risk management and financial instruments.</p>	→
External Risks Risk Appetite: High – re policy and macro-economic risks; Low – re climate and environmental risks	<p>The risk of Government policy, regulatory changes, adverse macro-economic trends and other external factors such as inflation and climate change impacting the performance of our Social Impact Investment Portfolio and its pipeline. Such risks are often outside our direct control; however, we are willing to accept a high level of risk in these areas (with the exception of climate change) – though do not actively seek it.</p>	<p>Mitigation of these risks is achieved through the diversified nature of our Portfolio and the low correlation of elements of the Portfolio with wider market performance factors.</p> <p>Assessment of key climate risks faced by Better Society Capital Limited is now a key element of the overall risk framework process. See page 28 onwards for further information on this.</p>	→
Operational/ Preventable Risks Risk Appetite: Low	<p>Better Society Capital Limited is exposed to a range of operational risks, including cyber risks, resulting from inadequate or failed internal processes and key systems and risks associated with the operational delivery of client mandates.</p> <p>We also face risks that we do not create a working environment and culture to attract, develop, motivate and retain sufficient people resource to meet our objectives.</p>	<p>These types of risk are mitigated by having policies, processes, controls and procedures in place, together with suitably qualified and experienced staff in place to oversee these. In order to provide a stronger level of external assurance in respect of the adequacy and effectiveness of key internal controls, a rolling programme of internal audit reviews by a specialist external provider is in place.</p> <p>To mitigate our people risks, we have developed a comprehensive People Strategy to support attraction and retention of talent, with particular focus on staff development, onboarding, wellbeing and development of a supportive and enabling culture.</p>	→

Board decision-making and stakeholder considerations (s172 report)

In order that we can succeed in our mission, it is vital that we can establish, balance and maintain connections with a diverse set of key stakeholders with differing interests and expectations. Our Board is mindful of the need, therefore, to take a holistic and long-term approach to decision-making, and to consider each of the factors set out below, as required by the Companies Act 2006 under Section 172.

The likely consequences of any decision in the long term

Our goal is not only to invest in the short term, but to ensure our own sustainability and reputation and act as a catalyst to the development and growth of the wider social impact investment market. In line with this, our governance framework, and the way in which we report to our majority shareholder, are designed to ensure that we focus on a long-term mission of market development. Our Board therefore seeks always to make decisions that will have long-term impact outside Better Society Capital Limited itself, maturing and deepening the wider market, including its investment decisions, which are always made with a view to the longer term. The decision to change our Company name, as discussed on page 23, as part of our Strategic Report in respect of growing the market, was also taken by the Board with the key purpose of adjusting our brand with a view to our ongoing, long-term intention to support the continual improvement of outcomes for people in the UK.

Our next five-year strategy has been a key area of focus this year, and the Board has engaged closely with executives from an early point in the evolution of the strategy to 2030, with updates on the direction and key components of the strategy being brought to Board meetings throughout the year, and with a working group of Board members established to act as a sounding board for executives. The Board held a dedicated half-day strategy session in November, when it discussed the strategy to 2030 alongside relevant feedback from the Quadrennial Review commissioned by the Oversight Trust (and discussed earlier in this document). The Board will continue to reflect and focus on the longer-term strategy, and the company's key goals and targets for the next five years, throughout 2025.

The Board agrees detailed budgets and business plans for the next year every December, to align with our five-year strategy framework. Our key system change goals for the current five-year strategy, are set out on page 10 onwards.

The interests of BSC's employees

We place considerable emphasis on supporting and developing our employees, creating a positive environment for employees to carry out their work, and promoting a diverse and inclusive culture. We are aware of the crucial part that our employees have to play in achieving each of our objectives.

Our People Committee (incorporating the Nominations and Remuneration Committee) spends a sizeable proportion of its time discussing people issues, HR strategic plans, remuneration policies and the results of staff surveys. People risk is always considered to be a key risk for BSC in recognition of the importance of staff to our success, and the members of our Audit, Risk and Compliance Committee regularly discuss this, monitoring our staff turnover rates, and any themes arising from exit interviews. Our Staff Council also provides input on key issues and projects. See page 43 for our Corporate Governance Report for more details on each of these bodies and how they engage with staff.

Our Board considers our People Strategy at least once a year, along with the results of our annual staff survey, staff turnover figures and EDI issues, as appropriate throughout the year.

In 2024, the People Committee undertook an extensive review of the Company's Board-level EDI plan and Diversity Policy, with the aim to make sure that the business set meaningful, and sufficiently aspirational, goals in respect of EDI. This work is ongoing and a revised plan will be brought to the Board in 2025. This work also led to the clarification of our target in respect of the representation of individuals from minoritised ethnic or racialised background on the Board within our Diversity Policy.

Another area which saw much focus for the Board and People Committee in 2024, was in respect of how the Board engages with employees. In 2024 the Board agreed a set of behaviours and suggested actions in respect of engaging with employees at all levels across the organisation, and principles of EDI, which we expect all Board members to uphold. These have been embedded within our role profile documentation for all Directors, and include actions such as attendance at selected meetings of the Staff Council, staff lunches, or working closely with small groups of employees to foster deeper relationships.

See page 33 onwards for further information on the wider company's approach to employee welfare and EDI, including our company-level EDI Action Plan, which was reviewed and discussed by the Board in December 2024.

The need to foster the company's business relationships with suppliers, customers and others

Our stakeholders include suppliers, shareholders, fund managers, social banks and other intermediaries, frontline organisations receiving investment and, ultimately, the end-users of those frontline social enterprises and charities. We rely on good relationships with our partners to achieve our long-term aim to build and sustain the social impact investment market, and on establishing strong relationships with all our stakeholders, particularly shareholders and Government bodies, to continue to sustain us as an organisation, and preserve and strengthen our reputation and that of social impact investment on the whole. We also rely on experts and advisers to appropriately target our investment areas, and on the frontline charities and social enterprises to deliver the intended impact for their respective beneficiaries.

Shareholders, Fund Managers and Investors:

Our Valuation and Performance Committee reviews our Social Impact Investment Portfolio, from both an impact and a performance perspective, and we aim not only to hold fund managers to account for their impact and financial goals, but to work alongside them to find solutions in challenging areas. As mentioned later in this section of the report, we maintain regular and close contact with our four shareholder banks as well as with the Oversight Trust, in its capacity as an oversight body to ensure we remain true to our mission.

Suppliers, Frontline Organisations and their Beneficiaries:

In addition to our responsible procurement policy in respect of suppliers, as set out in our Responsible Business section on page 32, the Board also met key fund managers and social enterprises in Birmingham, in July 2024. All catering and activities were sourced from social enterprises and the event proved inspiring for all concerned, allowing opportunities for the Board to speak directly to people working in the front line of our investments, form closer connections and learn together. A similar event is planned for the Board to visit Liverpool in 2025.

Government Bodies:

Better Society Capital Limited works closely with various government and policy-making bodies to seek lasting change wherever possible, and to engage with key individuals and departments to seek potential solutions to social problems. 2024 was a year of significant political change, and the Board discussed and received reports throughout the year from the executive team in respect of the work being done across the company to influence, collaborate with and support government bodies in the pursuit of positive outcomes for all.

Quadrennial Review:

The Quadrennial Review, commissioned by the Oversight Trust in 2024, was a valuable source of feedback in respect of the perceptions and responses of stakeholders to work done by and with Better Society Capital Limited. The report was discussed in depth by the Board, and our Chair and CEO regularly met the Chair of the review panel throughout the process, to discuss early indicative remarks and trends in order to more fully understand and respond to key points. The Board met members of the Review Panel to discuss the report in November, and took an active part in discussing and determining BSC's response to the review's findings, including scheduling dedicated additional Board meetings to ensure that findings were fully understood. As with the previous review, an action plan has been established to address key findings, and the Board will monitor progress against that. Further details of both the report and our responses are available on our and the Oversight Trust's websites respectively [here](https://bettersocietycapital.com/about-us/governance/key-documents/)³¹ and [here](https://www.oversighttrust.org/publications).³²

³¹ <https://bettersocietycapital.com/about-us/governance/key-documents/>

³² <https://www.oversighttrust.org/publications>

The impact of our operations on the community and environment	<p>The need to have a positive effect on community and environment underpins BSC's overall purpose and each of our market focus areas. Our portfolio of underlying investments numbers over 2,000 individual charities and social enterprises located across England, Wales and Scotland, covering both rural and urban areas.</p> <p>In addition to reports covering activities and impact across all our investments, the Board is also updated as to any key operational changes that may impact the business's environmental footprint, as well as any material new initiatives to help limit the organisation's carbon usage and promote good practice across the market. In 2024 the Board considered and approved the entrance by the company into a contract for a new office, to which the business moved in early 2025, and the alignment of these new premises with the company's ethics, including both the sustainability credentials of the new space, and responsible business due diligence outcomes, was a key part of this consideration, alongside the positive impact on employees.</p> <p>As part of our EDI considerations, the Board reviews annually a report on the demographic spread of our investment choices, as well as a similar report on investments through an environmental and climate lens. We are also mindful of our aim to influence the market, and the Board considers the ways in which our external engagement practices and messaging match up to our aspirational goals to model and drive positive behaviours in the wider social impact sector.</p>
The desirability of the company maintaining a reputation for high standards of business conduct	<p>We believe it is crucial that we act at all times with the highest possible standards of conduct, and we take this very seriously as being critical to our mission. Better Society Capital Limited is party to a Governance Agreement with its majority shareholders, requiring it to adhere to a comprehensive set of Principles in respect of Investment, Responsible Business, Appointments and Remuneration. We seek to uphold best practice standards in all areas, and to respond quickly and positively to stakeholders.</p>
The need to act fairly as between members of the company	<p>The Chair of our Board liaises regularly with the Chair of the Oversight Trust, our majority shareholder, and regularly provides it with key reports as agreed within our Governance Agreement.</p> <p>We also regularly meet our minority shareholders (the shareholder banks), and our Board includes one bank-nominated Non-Executive Director to represent their interests.</p> <p>Further details on both of these relationships are set out in our Corporate Governance Report on page 43.</p>

Subsequent events

On 11 February 2025 BSC signed a lease for new office premises (Script, 44 Featherstone Street, London EC1Y 8RN) and relocated to the office on 24 February 2025.

This report (on pages 9 to 41) was reviewed by the Board on 22 April 2025 and Stephen Muers was authorised to approve and sign on its behalf on 24 April 2025, in his capacity as an Executive Director of the Board.



Stephen Muers
Executive Director and CEO
Dated 24 April 2025

Corporate Governance Report

Better Society Capital Board

Our Board is made up of a combination of Directors with financial and with social sector expertise, in order to reflect our purpose. It comprises a majority of Non-Executive directors, including one Director who is appointed by the bank shareholders, and with one Executive Director, being the company CEO.

The Board meets at least five times a year, and there is an annual review of its effectiveness (including the Senior Independent Director providing feedback on the Chair's performance). To ensure an objective assessment is made, the Board has a policy of complementing this exercise by engaging a third party to provide an independent Board evaluation every three years, with the next evaluation planned for 2025.

Board Committees

The People Committee (incorporating the Nominations and Remuneration Committee), exclusively comprising Non-Executive Directors, is responsible for making recommendations concerning the appointment and development of directors. Specific considerations include ensuring an appropriate depth and breadth of skills and experience in the Board composition, that the Board benefits from a diversity of membership, and that there is an even balance of expertise in both the financial and social sectors. It also has responsibility for setting levels of executive and non-executive remuneration, and monitors activities related to our People Strategy, including (but not limited to) EDI considerations, development and retention of staff, key employee policies and management responses to feedback received through staff surveys.

The Audit, Risk and Compliance Committee (ARCC) exclusively comprises Non-Executive Directors. It is responsible for overseeing management processes and other arrangements to ensure the appropriateness and effectiveness of systems and controls, including risk management and compliance with applicable legal and regulatory standards. It oversees the internal audit programme and reviews the annual accounts with the independent auditors. It also advises the Board on our overall current and future risk appetite and strategy, assisting the Board in overseeing the implementation of that strategy by Senior Management.

Key Executive and Operational Committees

The Executive Committee is chaired by our CEO and is responsible for the day-to-day running of the business. In addition to the CEO, the members of the Executive Committee are: Andrew Yuill (Chief Financial and Operating Officer (CFO)), James Westhead (Head of Engagement) and Anna Shiel and Jeremy Rogers (Joint CIOs).

The Investment Committee is also chaired by our CEO and comprises both Board Non-Executive Directors and Executive Committee members, as well as external co-opted Committee members (currently Lisa Hilder and Patricia Hamzahee), who bring additional external and sector expertise. It also includes one senior adviser, (Keith Starling). It is responsible for reviewing and, if thought fit, approving investments, and for monitoring the performance of our Treasury Portfolio. All investments over £10 million for Social Impact Investment Portfolio investments, and £30 million for Treasury Portfolio investments, require approval by the Board, and Board members have a standing invitation to observe the Investment Committee. There is a separate Investment Committee established purely in respect of the portfolio management role we undertake for the Schroder BSC Social Impact Trust, chaired by Keith Starling.

The Valuation and Performance Committee is chaired by our CFO (who is a member of our Investment Committee only in respect of Treasury Portfolio investment matters) and comprises both Board and Executive Committee members, along with one internal independent adviser. Its role is to agree the valuation of social impact investments made by the company (Valuation) and to review how our Social Impact Investment Portfolio is performing against the original investment thesis from an overall, financial, impact on people and systems change perspective (Performance). This includes identifying key risks and issues within our investment portfolio. Members of ARCC and the independent auditors have an open invitation to observe meetings of this Committee. The Committee also meets quarterly, for a separate, closed session to discuss the valuation of assets specifically within the Schroder BSC Social Impact Trust Portfolio.

The Better Society Capital Limited Advisory Board has been established by our CEO to advise on aspects of our strategy and activities. The Advisory Board is made up of individuals with specific interest and involvement in social impact investment, including prominent practitioners from the sector. The Advisory Board is a consultative committee with no decision-making powers, although its input is used to inform projects or decisions, which the CEO may then take to our Board.

The Better Society Capital Limited Staff Council

is a representative group of staff from across the business, which meets quarterly to consider important issues facing our organisation, including reviewing and contributing views on certain key items before they go to our Board. Key points from these discussions are reported to our Better Society Capital Board at each meeting, through the CEO report. Board and People Committee members are invited to join discussions on specific relevant topics, such as the results of the annual staff survey.

Shareholders

Better Society Capital Limited obtains its capital from two sources: dormant bank accounts – in accordance with the Dormant Assets Acts 2008 to 2022, invested via The Oversight Trust – Assets for the Common Good (the Oversight Trust), which holds A shares, and four major UK high street banks: Barclays, HSBC, Lloyds Banking Group and NatWest Group, which hold B shares.

The Oversight Trust – Assets for the Common Good

The Oversight Trust (registered office: Script, 44 Featherstone Street, London EC1Y 8RN) has a controlling interest (as a majority shareholder and with 80% of the voting rights) in Better Society Capital Limited and provides oversight with the aim of ensuring that we remain true to our object of promoting and developing social investment and the social impact investment market in the United Kingdom. Further information on the Oversight Trust Board, its responsibilities, and details of its Board and its subsidiaries are available via its website at <https://www.oversighttrust.org/>.

Information about Better Society Capital Limited, in respect of our financial standing, portfolio, strategy, Board composition and performance, is provided to each regular quarterly meeting of the Oversight Trust (alongside similar updates from each of the companies for which the Oversight Trust is responsible). At one of these meetings there is specific deep-dive focus on BSC. There is also an Annual Governance meeting with the Oversight Trust and representatives of our Board, to discuss governance issues. The Chair of BSC provides an annual written Statement of Assurance to the Oversight Trust, confirming that it remains in compliance with the terms of the Governance Agreement in place between Better Society Capital Limited and the Oversight Trust, and remains in a position to appropriately carry out its duties. We maintain an ongoing open and transparent relationship with the Oversight Trust, and particularly

in respect of issues relating to the recruitment and remuneration of Non-Executive Directors and Senior Management roles. The Oversight Trust is not involved in making investment decisions or other operational issues.

The Oversight Trust commissions an independent Quadrennial Review on a rotational basis, to examine the effectiveness of each of its subsidiary companies in delivering against its objectives. In 2024, the second of these reviews for Better Society Capital Limited was commissioned by the Oversight Trust. The report, along with BSC's and The Oversight Trust's responses, is available on the Oversight Trust's website [here](#).³³ Over the next year, as with the first of these reports, we will publish updates in respect of our progress against key actions arising from this review, which is a valuable insight into our stakeholder perceptions and expectations of our business.

Shareholder banks

Each of the shareholder banks (Barclays, HSBC, Lloyds Banking Group and NatWest Group) has subscribed £50 million of Better Society Capital Limited's shares. The banks hold voting rights in proportion to their shareholding, but each is capped at 5% of the overall voting rights. The banks together have the right to nominate one director to our Board (currently James Chew). The banks receive all our Board papers, and the CFOO maintains regular contact with all shareholder banks' representatives. In certain circumstances the banks also have the right to request a formal meeting with Senior Management to discuss our performance.

³³<https://www.oversighttrust.org/publications>

Remuneration Report

Remuneration Report (unaudited)

This report covers the 12 months ended 31 December 2024, and sets out our policy and disclosures in relation to the remuneration of the employees and directors of Better Society Capital Limited.

The People Committee, as set out on page 43 in the Corporate Governance report, is appointed by our Board to be responsible for establishing a formal and transparent procedure for setting the remuneration policy and for determining the remuneration packages of Senior Management and any others classed as Material Risk Takers. It also leads the process for setting Non-Executive directors' fees. The People Committee's responsibilities regarding remuneration are to:

- Review on an annual basis the level of remuneration of Non-Executive Directors permitted under the Governance Agreement, in the light of inflation and remuneration levels for Non-Executive Directors in comparable organisations and make recommendation to the Board.
- Agree the policy (and any material changes to it) for authorising claims for expenses from the Directors, including for travel and necessary overnight accommodation, which shall be in keeping with expectations for comparable social sector organisations.
- Consider the identity and approve the terms of appointment of independent consultants for the conduct of an independent survey, as necessary and at least once every five years, to establish the benchmark for remuneration packages, including salary and valuable benefits such as pension contributions, for persons engaged in like positions to the positions of Senior Management (defined as Executive Directors, Non-Executive Directors, employees who are members of the Executive Committee, and any other staff who are classed as Material Risk Takers), in the public, not-for-profit or charity sectors.
- Within the framework of the Governance Agreement with the Oversight Trust, review the ongoing appropriateness and relevance, including any risk implications, of the company remuneration, pensions and employment benefits policy and ensure that such policy does not permit bonuses for Senior Management.
- Within the framework of the Governance Agreement and any remuneration, pensions and employment benefits policy and in consultation with the Chair and/or Chief Executive of the company, as appropriate, determine the total individual remuneration package of members of Senior Management and Material Risk Takers.
- On behalf of the Board, approve the Annual Remuneration Code Assessment.

Principles for executive remuneration

- Executive directors and Senior Management are paid a comparable remuneration package to persons engaged in similar positions in the public or not-for-profit sectors, as appropriate.
- The Senior Executive team are not paid any bonuses.

Principles for non-executive remuneration

- Non-Executive directors are offered an equivalent sum paid by other comparable public bodies and not-for-profit organisations.
- In 2024, the amounts were £9,048 (2023: £8,700) per annum for serving as a Non-Executive director, £3,900 (2023: £3,750) per annum for chairing a Board Committee, £3,900 (2023: £3,750) per annum for the Senior Independent Director and £1,976 (2023: £1,900) per annum for acting as a non-chair member of a Committee (including the Valuation and Performance Committee). In addition, £5,928 (2023: £5,700) per annum is offered to a Non-Executive director who acts as a member of the Investment Committee. The Chair of the Board is paid £32,916 per annum (2023: £31,650). These amounts are reviewed annually in the light of inflation and non-executive remuneration levels at comparable organisations. In April 2024 there was an uplift in these fees of 4% in line with CPI inflation levels as at December 2023, which was the same percentage uplift as applied to staff remuneration.
- Total Non-Executive directors' fees in 2024 were £154,191 (2023: £133,475). The increase was driven by the inflationary uplift as set out above, the addition of Directors to certain Board Committees, and the fact that our newest Directors (both of whom are appointed to Board Committees) joined the Board part way through the year in 2023.

Higher-paid employees

The total number of employees, including Directors, with annual remuneration of £60,000 or more and employed as at the year-end were as follows:

	2024 £'000	2023 £'000
£60,000 – £69,999	16	16
£70,000 – £79,999	10	12
£80,000 – £89,999	7	7
£90,000 – £99,999	8	6
£100,000 – £109,999	5	2
£110,000 – £119,999	0	0
£120,000 – £129,999	0	1
£130,000 – £139,999	4	3
£150,000 – £159,999	0	0
£160,000 – £169,999	0	1
£170,000 – £179,999	1	0

Of these employees, 50 (2023: 46) participate in the company pension scheme. Employees contribute up to 8% of salary to the pension scheme. The company matches the employee contributions and pays an additional 3% of salary.

The total number of employees as at 31 December 2024 was 109; this equates to a total number of full-time employees of 97.06 of which 86.6% are on permanent contracts and 13.4% on fixed-term contracts. The total number of employees on 31 December 2023 was 100, which equated to a total number of full-time employees of 93.51, of which 86.2% were on permanent contracts and 13.8% on fixed-term contracts.

The ratio of highest salary to lowest salary is 6.5 to 1 (2023: 6.5 to 1).

Please see page 33 and our report on Equity, Diversity and Inclusion, https://bettersocietycapital.com/documents/336/Gender_and_ethnicity_pay_gap_2024.pdf for details of our equal pay reporting.

Directors' Report

Directors' Report

The directors present their report and audited financial statements for the year ended 31 December 2024.

Directors

The Directors of the company who were in office during the year and up to the date of signing the financial statements were:

- Robin Hindle Fisher OBE (Chair)
- Alan Giddins
- Alison Evans
- Chris Wright
- Christina McComb OBE
- David Hunter
- James Chew – appointed on 18 April 2023
- Kieron Boyle
- Lesley-Anne Alexander CBE
- Rosie Ginday MBE
- Stan Chan
- Stephen Muers
- Fiona Miller-Smith – appointed on 14 February 2025

Dividends

The Directors do not recommend the payment of a dividend for the year (2023: £nil). See the Liquidity risk section on page 76 for information on exposure to risk in respect of cash flows.

Directors' indemnity

Directors' and officers' insurance cover has been established for all Directors to provide appropriate cover for their reasonable actions on our behalf. Since inception, our Articles of Association have included a clause indemnifying each of the Directors of the company and/or its subsidiaries as a supplement to the directors' and officers' insurance cover. The indemnities, which constitute a qualifying third-party indemnity provision as defined by section 234 of the Companies Act 2006, were in force during the 2024 financial year and remain in force for all our current and past Directors.

Greenhouse gas emissions

In 2024, BSC measured its operational carbon footprint in line with the Greenhouse Gas Protocol for the first time with the support of climate expert, Flotilla.

For the baseline year of 2022, the operational carbon footprint was 418 tCO₂e. This consisted of 0 Scope 1 emissions, while Scope 2 and 3 emissions accounted for 3% and 97% of our operational emissions respectively (14 tCO₂e and 404 tCO₂e, respectively). BSC's intensity ratio of average tCO₂e per employee was 4.1, lower than the average of 5.1 for businesses of a similar size based on Flotilla's benchmark. Electricity use in 2022 and in 2023 was 65MWh and 55MWh respectively. BSC moved office in early 2025 to a more energy-efficient building, which will hopefully see a reduction in energy consumption.

In terms of methodology, the operational carbon footprint was calculated using non-financial business data, financial data and an employee survey with about 70% coverage, to capture the full impact of business operations. Flotilla's methodology is aligned with the Greenhouse Gas Protocol. Both activity data and spend data are converted to emissions of carbon dioxide equivalent using relevant emission factors such that: Emissions = Business Data x Emission factor. The primary source of activity emission factors is the annual UK Government factors; additional data collected from ONS and DEFRA is utilised. The footprint calculated by Flotilla may omit specific operations when the Defra footprint is immaterial (<5% of the total footprint).

Investment Firms Prudential Regime (IFPR) disclosures

The company makes disclosures on its website – www.bettersocietycapital.com – setting out the company's capital resources, risk exposures and risk management processes.

Future Developments

Please see our Strategic Report on page 9 for further details of our strategic approach and future plans.

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and Financial Statements and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This report (from page 51) was reviewed by the Board on 22 April 2025 and Stephen Muers was authorised to approve and sign on its behalf on 24 April 2025, in his capacity as an Executive Director of the Board.



Stephen Muers
Chief Executive Officer

Auditors' Report

Independent Auditors' Report to the Members of Better Society Capital Limited

Report on the audit of the financial statements

Opinion

In our opinion, Better Society Capital Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2024 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2024; the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Dormant Assets Acts 2008 to 2022 and the Financial Conduct Authority regulations primarily defined by the Financial Services and Markets Act 2000, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override

of controls), and determined that the principal risks were related to judgements in the valuation of investments and the posting of inappropriate journal entries. Audit procedures performed by the engagement team included:

- Enquiries with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing relevant meeting minutes, including those of the Board of Directors;
- Reviewing correspondence with the Financial Conduct Authority;
- Identifying and testing journal entries that met certain risk criteria;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing; and
- Assessing and challenging the assumptions underlying the accounting estimates, including any valuation adjustments and overlays.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come, save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Laura McIntyre

(Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors
Glasgow

24 April 2025

Financial Statements

Statement of Comprehensive Income	56
Statement of Financial Position	57
Statement of Changes in Equity	58
Statement of Cash Flows	59

Statement of Comprehensive Income

For the year ended
31 December 2024

	Note	2024 £'000	2023 £'000
Revenue		20,081	12,948
Investment losses		(8,960)	(8,673)
Net investment income	3	11,121	4,275
Administrative expenses	4	(11,685)	(11,675)
Other operating income	6	1,579	1,370
Operating Profit/(Loss)		1,015	(6,030)
Profit/(Loss) before taxation		1,015	(6,030)
Tax on profit/(loss)	7	74	12
Profit/(Loss) for the financial year		1,089	(6,018)
Other comprehensive income		–	–
Total comprehensive profit/(loss) for the financial year		1,089	(6,018)

There is no other comprehensive income.
The results above relate to continuing operations.
The notes on pages 56 to 79 form part of these financial statements.

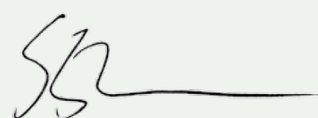
Statement of Financial Position

As at
31 December 2024

	Note	2024 £'000	2023 £'000
Fixed assets			
Intangible assets	8	–	–
Tangible assets	9	201	86
Investments	10	404,717	393,488
		404,918	393,574
Current assets			
Debtors	11	649	1,675
Investments	12	205,066	217,639
Cash at bank and in hand	13	41,080	38,892
		246,795	258,206
Creditors: amounts falling due within one year	14	(2,066)	(2,279)
Net current assets		244,729	255,927
Total assets less current liabilities		649,647	649,501
Creditors: amounts falling due after more than one year	14	(21,756)	(22,704)
Provisions for liabilities			
Deferred taxation	15	(20)	(15)
Net assets		627,871	626,782
Capital and reserves			
Called-up share capital	18	634,345	634,345
Profit and loss account	19	(6,474)	(7,563)
Total equity		627,871	626,782

The notes on pages 56 to 79 form part of these financial statements.

The financial statements on pages 56 to 59 were approved by the Board on 22 April 2025 and signed on its behalf on 24 April 2025.



Stephen Muers
Director

Company registration number: 07599565

Statement of Changes in Equity

For the year ended
31 December 2024

	Share capital	Share premium	Other reserves	Profit and loss account	Total
	£'000	£'000	£'000	£'000	£'000
At 1 January 2023	626,345	-	-	(1,545)	624,800
Loss for the financial year	-	-	-	(6,018)	(6,018)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(6,018)	(6,018)
Shares issued	8,000	-	-	-	8,000
At 31 December 2023	634,345	-	-	(7,563)	626,782
At 1 January 2024	634,345	-	-	(7,563)	626,782
Profit for the financial year	-	-	-	1,089	1,089
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	1,089	1,089
Shares issued	-	-	-	-	-
At 31 December 2024	634,345	-	-	(6,474)	627,871

The notes on pages 56 to 79 part of these financial statements.

Statement of Cash Flows

For the year ended
31 December 2024

	Note	2024 £'000	2023 £'000
Cash flows from operating activities			
Profit/(Loss) for the financial year		1,089	(6,018)
Adjustments for:			
Taxation		60	(19)
Depreciation and amortisation		55	50
		1,204	(5,987)
Decrease in debtors		967	102
Decrease in creditors		(1,156)	(3,056)
		1,015	(8,941)
Returns on fixed asset investments		4,254	12,688
Returns on current asset investments		4,755	(1,464)
Payments to acquire fixed asset investments		(50,105)	(67,233)
Proceeds from disposals of fixed asset investments		34,567	41,013
Payments to acquire current asset investments		(50,692)	(125,829)
Proceeds from sale of current asset investments		70,949	145,491
Foreign exchange losses		431	920
Net cash generated from/(used in) operating activities		15,174	(3,355)
Cash flows from investing activities			
Payments to acquire tangible and intangible fixed assets		(171)	(84)
Net cash used in investing activities		(171)	(84)
Cash flow from financing activities			
Proceeds from the issue of shares		-	8,000
Net cash generated from financing activities		-	8,000
Net increase in cash and cash equivalents		15,003	4,561
Cash and cash equivalents at 1 January		40,884	36,323
Cash and cash equivalents at 31 December	13	55,887	40,884
Cash and cash equivalents comprise:			
Cash at bank		41,080	38,892
Current asset investments (maturity less than three months from the date of acquisition)		14,807	1,992
	13	55,887	40,884

The notes on pages 56 to 79 part of these financial statements

Notes to the Financial Statements

Notes to the Financial Statements

For the year ended 31 December 2024

1 General Information

Better Society Capital Limited is a limited company incorporated in England. The company's principal place of business and registered office is: Script, 44 Featherstone Street, London, EC1Y 8RN.

2 Summary of significant accounting policies

a. Basis of preparation

The financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102') and the Companies Act 2006.

The financial statements have been prepared on a going concern basis, under the historical cost convention, except for certain financial instruments which are stated at their fair value, as detailed in the Basic financial instruments accounting policy below.

The financial statements are presented in thousands of pounds Sterling, which is the company's functional currency.

b. Use of judgements and estimates

The preparation of the financial statements conforms with applicable United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102') requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis.

The most significant area of estimation is the determination of fair values for investments. This is discussed below, in the accounting policy, Basic financial instruments – Fair value measurement.

c. Going concern

The financial statements have been prepared on the going concern basis. The company has incurred cumulative losses since inception of £6.5 million (2023:

losses of £7.6m) and is reporting a gain this year of £1.1 million (2023: loss of £6.0 million). The company had cash and current asset treasury investments of £246.1 million (2023: £256.5 million) at the year end, having been capitalised with £634.3 million (2023: £634.3 million) of equity investment – which is enough to cover its outstanding commitments at year end. The Directors have reviewed the company's future liquidity projections in the light of the prolonged macro-economic uncertainty, continuing inflation risks and higher interest rates and considered the potential implications of these on future company operations. While there are significant wider market uncertainties that may impact Portfolio investments, the Directors believe these will not significantly impact the overall liquidity of the company over the next 12 months and that the company has sufficient existing treasury balances to enable it to meet its investment and other obligations and to continue in operational existence for at least 12 months from the date of approval of the financial statements. For this reason, the Directors have adopted the going concern basis in preparing these financial statements.

d. Investment income

Investment income comprises both revenue earned and gains/(losses) on the Social Impact Investment and Treasury Portfolios. Revenue consists of income distributions from investment vehicles alongside interest, dividend and fee income, each recognised on an accruals basis throughout the year when it is probable that the economic benefits will flow to the company. Gains/(losses) on the Social Impact Investment Portfolio comprise both realised and unrealised income. Unrealised income is recognised six-monthly as part of the bi-annual valuation process. Unrealised gains/(losses) on the Treasury Portfolio are recognised each month and realised gains/(losses) are recognised on disposal/maturity of investments.

Interest income is recognised either using the effective interest method or on an accruals basis, depending upon whether the financial asset is measured at 'amortised cost' or whether it has been designated upon initial recognition as at 'fair value through profit or loss'.

The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial instrument to the carrying amount of the financial instrument. When calculating the effective interest rate,

the company estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

e. Other operating income

Other operating income comprises government grants and management fees earned from Portfolio management services provided to Schroder BSC Social Impact Trust.

Government grants

Government grants are included within deferred income in the Statement of Financial Position and credited to the Statement of Comprehensive Income over the expected useful lives of the assets to which they relate or in the period in which the related costs are incurred.

Management fees

Management fees earned from Portfolio management services provided to Schroder BSC Social Impact Trust are recognised on an accruals basis throughout the year when it is probable that the economic benefits will flow to the company.

f. Foreign currency

Transactions in foreign currencies are translated to the company's functional currency (pounds Sterling) at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the Statement of Financial Position date are translated to the functional currency at the foreign exchange rate ruling at that date. Exchange differences arising on translation are recognised in the Statement of Comprehensive Income.

g. Subsidiaries, associates and joint ventures held as part of an investment portfolio

The company has investments that may be regarded as subsidiary or associated undertakings, which might require these to be consolidated using the equity method of accounting. As these investments are held as part of an investment portfolio, they have not been consolidated in the accounts of the company, and are measured at fair value with changes in fair value recognised in profit or loss in accordance with FRS 102 sections 9.9C(a), 14.4(c) and 15.9(c).

h. Basic financial instruments

Recognition and initial measurement

Financial assets designated as at fair value through profit or loss are recognised initially at fair value, with transaction costs recognised in profit or loss. Financial assets or financial liabilities not at fair value through profit or loss are recognised initially at fair value plus transaction costs that are directly attributable to their acquisition or issue.

The company recognises its investments within the Statement of Financial Position, on the date on which investments are signed and drawn down.

Additionally, the company discloses commitments at two distinct stages: commitments contracted but not drawn down, and in-principle commitments approved but not signed. Details are set out in Note 20 – Capital commitments.

Classification

The company classifies its basic financial instruments into the following categories:

Financial assets at fair value through profit or loss

Designated as at fair value through profit or loss – debt, equity, fund and social impact bond investments and derivative financial instruments.

Financial assets at amortised cost

Debt investments meeting the conditions set out in FRS 102 sections 11.8-11.11, cash at bank and in hand, cash deposits (included in investments held as current assets), and other debtors.

Financial liabilities at amortised cost

Trade creditors, other creditors, cost accruals and accrued investment drawdowns.

Financial liabilities at fair value through profit or loss

Derivative financial instruments. Note 16 – Financial risk management and financial instruments provides a reconciliation of line items in the Statement of Financial Position to the categories of financial instruments.

Fair value measurement

As described in Note 17 – Valuation of financial instruments, the company uses a three-level hierarchy for fair value measurement disclosure. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

The company's investment portfolio is held through a variety of fund and other structures, including Limited Partnerships, Limited Liability Partnerships and Limited Companies among others. In determining a fair value using Level 3 valuation techniques, the company applies the principles included in the International Private Equity and Venture Capital Valuation Guidelines (IPEV) (2022 edition)

The majority of the company's investments are funds measured at fair value through profit or loss based on the net asset value (NAV) of the fund at the year end. The company's valuation of fund investments is, therefore, dependent upon estimations of the valuation of the underlying investments in each fund. To value such investments, management obtains the latest audited financial statements or unaudited investor reporting of the investments and discusses further movements with management of the funds following consideration of whether the funds follow the IPEV. Not all fund investments have coterminous year ends with the company. Management may also perform further procedures to determine whether the valuation of the underlying investments has been prepared in accordance with appropriate valuation policies and these valuations will be adjusted by the company where necessary based on IPEV.

Non-fund investments are also valued following the IPEV guidelines using market, income or replacement cost approaches such as the price of a recent investment, discounted cash flows or NAV among others. An assessment will be made at each measurement date as to the most appropriate valuation methodology.

Fair value estimates that are based on observable market data will be of greater reliability than those based on estimates and assumptions and, accordingly, where there have been recent investments by third parties, the price of that investment will generally provide a basis of the valuation. If this methodology is used, its initial use and the length of period for which it remains appropriate to use the calibration of last round price depends on the specific circumstances of the investment, and the company will consider whether this basis remains appropriate each time valuations are reviewed. In all cases, valuations are based on the judgement of the Directors and upon available information believed to be reliable, which may be affected by conditions in the financial markets. Due to the inherent uncertainty of the investment valuations, the estimated values may differ significantly from the values that would have been used, had a ready market for the investments existed, and the differences could be material. Due to this uncertainty, the company may not be able to sell its investments at the carrying value in these financial statements when it desires to do so or to realise what it perceives to be fair value in the event of a sale.

Impairment

A financial asset not classified at fair value through profit or loss is assessed at each reporting date, to determine whether there is objective evidence of impairment. A financial asset or a group of financial assets is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset(s), and that loss event(s) had an impact on the estimated future cash flows of that asset(s) that can be estimated reliably.

Derivative financial instruments

The company holds derivative financial instruments to manage its exchange risk exposure from its managed treasury assets (debt securities), denominated in USD and EUR. Derivatives are recognised initially at fair value, with any attributable transaction costs recognised in the Statement of Comprehensive Income as incurred. After initial recognition derivatives are measured at fair value and changes recognised in the Statement of Comprehensive Income as incurred, the fair value reflecting the estimated amount the company would receive or pay in an arm's length transaction. This amount is determined based on observable exchange rates.

Offsetting

Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under FRS 102, e.g. for gains and losses arising from a group of similar transactions, such as gains and losses from financial instruments at fair value through profit or loss.

i. Investments held as current assets

In the Statement of Financial Position investments (cash deposits or other debt securities) that cannot be readily realised within 24 hours, but can be realised within 12 months are included in current assets.

j. Intangible fixed assets

Intangible fixed assets are measured at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is provided on all intangible assets to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follows:

Software development	Over 3 years
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k. Tangible fixed assets

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Leasehold land and buildings	Over the lease term
Fixtures, fittings and equipment	Over 3 years

l. Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

The corporation tax main rate (for all profits except ring-fenced profits) for the year starting 1 April 2024 was 25%.

m. Pensions

The company operates a defined contribution pension scheme. Contributions are charged to the Statement of Comprehensive Income as they become payable in accordance with the rules of the scheme.

n. Leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the period of the lease. This similarly applies to related lease incentives e.g. rent-free periods.

3 Net investment income

	2024 £'000	2023 £'000
Total net investment income	11,121	4,275
Represented by:		
Revenue		
Social Impact Investment Portfolio	11,441	7,341
Treasury Portfolio	8,640	5,607
	20,081	12,948
Investment (losses)/gains		
Social Impact Investment Portfolio	(3,814)	(12,242)
Treasury Portfolio	(5,146)	3,569
	(8,960)	(8,673)

3a Net investment income – Social Impact Investment Portfolio

	2024 £'000	2023 £'000
Net investment income/(loss)	7,627	(4,901)
Represented by:		
Revenue		
Income distributions from investment vehicles	6,731	4,073
Interest income on financial assets designated at fair value	2,164	1,974
Interest income on financial assets carried at amortised cost	418	383
Dividend income from financial assets designated as fair value	1,997	890
Fees received	131	21
	11,441	7,341
Investment (losses)/gains		
Net (losses) from financial assets designated at fair value		
– Realised	(70)	(4,191)
– Unrealised	(3,717)	(7,785)
Net gains/(losses) from financial assets carried at amortised cost		
– Realised	–	–
– Unrealised	28	47
Net foreign exchange (losses) from financial assets designated as fair value		
– Unrealised	(55)	(313)
	(3,814)	(12,242)

3b Net investment income – Treasury Portfolio

	2024	2023
	£'000	£'000
Net investment income	3,494	9,176
Represented by:		
Revenue		
Interest income on financial assets designated at amortised cost	3,546	2,222
Interest income on financial assets carried at fair value	5,094	3,385
	8,640	5,607
Investment gains/(losses)		
Net gains/(losses) from financial assets designated at fair value		
– Realised	458	137
– Unrealised	(5,449)	2,998
Net gains/(losses) from financial assets carried at amortised cost		
– Realised	(327)	253
Net gains/(losses) on currency forward derivatives		
– Realised	696	675
– Unrealised	55	730
Net foreign exchange gains/(losses) from financial assets carried at amortised cost		
– Realised	(148)	113
– Unrealised	(431)	(1,337)
	(5,146)	3,569

During 2024, the company held investments in foreign currency denominated assets. As outlined in Note 16 – Financial risk management and financial instruments, the foreign exchange risk of our managed Treasury assets (debt securities) is managed using currency forward derivative contracts. Any gains/losses on the revaluation of foreign currency denominated assets offset the corresponding gains/losses on the currency forward derivatives to the extent that the derivatives match the underlying currency exposure. During 2024 the exchange loss on foreign currency denominated debt securities was £0.6 million (2023: loss of £1.2 million), which was offset by a gain on the currency forward derivatives in 2024 of £0.8 million (2023: gain of £1.4 million), resulting in a net foreign exchange gain of £0.2 million (2023: £0.2 million).

4 Administrative expenses

	2024 £'000	2023 £'000
Wages and salaries	6,314	5,977
Non-Executive Directors' fees	154	133
Social security costs	733	672
Other pension costs	552	542
Staff-related costs, including recruitment, training and travel	743	823
Premises	869	725
General and administrative expenses	455	547
Consultancy	514	622
Marketing, including events, sponsorship and website	369	372
Amounts receivable by the company's auditors (see below)	145	142
Other professional costs	266	228
Depreciation of owned fixed assets	55	47
Amortisation of intangible assets	–	3
Investment-related expenses, including legal fees	232	535
Total administrative expenses	11,401	11,368
Treasury management fees	284	307
Total other expenses	284	307
Total administrative and other expenses	11,685	11,675

Amounts receivable by the company's auditors and their associates in respect of:

Auditors' remuneration for audit services	127	125
Other assurance services	18	17
Taxation compliance services	–	–
	145	142

The Directors have agreed with the company's auditors that the auditors' liability to damages for breach of duty in relation to the audit of the company's financial statements for the year to 31 December 2024 will be limited to the greater of £5 million or five times the auditors' fees for the statutory audit and that, in any event, the auditors' liability for damages will be limited to that part of any loss suffered by the company as is just and equitable having regard to the extent to which the auditors, the company and any third parties are responsible for the loss in question. The shareholders approved this limited liability agreement, as required by the Companies Act 2006, by a resolution dated 19 June 2024.

Average monthly number of employees during the year

	2024 Number	2023 Number
Investment	33	33
Senior Management	4	3
Communications	10	9
Operations	29	30
Social and finance sector engagement	15	15
On Purpose Scheme and 2027 interns	2	2
	93	92

A breakdown of the total number of employees, including Directors, with annual remuneration of £60,000 or more and employed as at the year end, is disclosed in the Remuneration Report on page 47.

5 Directors' and key management personnel emoluments

	2024 £'000	2023 £'000
Directors' emoluments		
Emoluments	331	302
Company contributions to money purchase pension schemes	19	18
	350	320

Highest-paid Director		
Emoluments	177	168
Company contributions to money purchase pension schemes	19	18
	196	186

	2024 Number	2023 Number
Number of Directors to whom retirement benefits accrued		
Money purchase schemes	1	1

	2024 £'000	2023 £'000
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Key management personnel emoluments³⁴

Emoluments	681	703
Company contributions to money purchase pension schemes	70	73
	751	776

6 Other operating income

	2024 £'000	2023 £'000
Government grants recognised	1,047	862
Management fees generated	311	296
Other operating income	221	212
	1,579	1,370

Government grants recognised relates to the amortisation of £25.75 million of grant funding received from the Ministry of Housing, Communities and Local Government (MHCLG), formerly Department for Levelling Up, Housing and Communities (DLUHC). The initial £15.75 million grant funding was received in 2021, with a follow-up of £10 million in 2022. All monies have been deferred and are being released on a straight-line basis over the grant term from grant funding date to 12 March 2051. £22,783,395 remains in deferred income at 31 December 2024 (2023: £23,812,144).

During the financial year, Better Society Capital Limited also generated management fees for its role as Portfolio Manager of Schroder BSC Social Impact Trust plc of £310,906 (2023: £296,292).

Other operating income is £221,345 (2023: £212,282) and comprises recharges for office use and accounting services, training and sponsorship services, and recoverable VAT.

³⁴ Key management personnel are the Executive Management team, which includes the CEO who is also an Executive Director.

7 Tax on profit/(loss)

	2024 £'000	2023 £'000
Analysis of credit in year		
Current tax:		
– Adjustments in respect of previous years	(79)	(19)
	(79)	(19)
Deferred tax:		
– Origination and reversal of timing differences	5	7
	5	7
Tax on profit/(loss) on ordinary activities	(74)	(12)

Factors affecting tax credit for year

The differences between the tax assessed for the year and the standard rate of corporation tax are explained as follows:

	2024 £'000	2023 £'000
Profit/(Loss) before tax	1,015	(6,030)
Standard rate of corporation tax in the UK	25%	19%
Profit/(Loss) before tax on ordinary activities multiplied by the standard rate of corporation tax	254	(1,146)
Effects of:		
Income not taxable and expenses not allowable for tax purposes	(1,450)	(2,064)
Capital allowances for year in excess of depreciation	(42)	(15)
Unrecognised tax losses to carry forward	1,238	3,225
Adjustments to tax charge in respect of previous years	(79)	(19)
Deferred tax – origination and reversal of timing differences	5	7
Total tax credit for year	(74)	(12)

8 Intangible assets

	Software development £'000
Cost	
At 1 January 2024	73
Additions	–
At 31 December 2024	73
Accumulated amortisation	
At 1 January 2024	73
Provided during the year	–
At 31 December 2024	73
Carrying amount	
At 31 December 2024	–
At 31 December 2023	–

9 Tangible assets

	Fixtures, fittings and equipment £'000
Cost	
At 1 January 2024	300
Additions	171
Disposals	(74)
At 31 December 2024	397
Accumulated depreciation	
At 1 January 2024	214
Charge for the year	55
Disposals	(73)
At 31 December 2024	196
Carrying amount	
At 31 December 2024	201
At 31 December 2023	86

10 Investments

	2024 £'000	2023 £'000
Social Impact Investment Portfolio		
At 1 January	393,488	380,269
Additions	50,105	67,233
Sale proceeds	(34,567)	(41,013)
Income distributions	(11,936)	(8,101)
Income accrued	4,710	7,342
Investment gains/(losses)	2,917	(12,242)
At 31 December	404,717	393,488

The company holds 20% or more of the share capital of the following undertakings:

Investment name	Registered office address/ principal place of business ¹	Class of shares held	BSC % as at 31 December 2024	Aggregate capital and reserves of the entity ² £'000	Aggregate profit/(loss) for the year of the entity ² £'000
Ada Ventures Soc I LP	United House, 9 Pembridge Road, London W11 3JY	Partnership interest	100.00	2,484	(301)
Ada Ventures Soc II LP	United House, 9 Pembridge Road, London W11 3JY	Partnership interest	100.00	580	(80)
BBRC Homes Limited	Deskodge House, 2 Redcliffe Way, Bristol BS1 6NL	Partnership interest	20.00	284	(216)
Bethnal Green Ventures LLP	63/66 Hatton Garden, Fifth Floor, Suite 23, London EC1N 8LE	Partnership interest	35.35	2,757	331
BGV Birdcage LP	63/66 Hatton Garden, Fifth Floor, Suite 23, London EC1N 8LE	Partnership interest	80.00	N/A ³	N/A ³
Big Issue Invest IV LP	113-115 Fonthill Road, London N4 3HH	Partnership interest	30.00	122	(166)

Notes to the Financial Statements

Investment name	Registered office address/ principal place of business ¹	Class of shares held	BSC % as at 31 December 2024	Aggregate capital and reserves of the entity ² £'000	Aggregate profit/(loss) for the year of the entity ² £'000
Big Issue Invest Outcomes Investment Fund LP	113-115 Fonthill Road, London N4 3HH	Partnership interest	85.00	4,006	(1,192)
Big Issue Invest Social Enterprise Investment Fund II LP	113-115 Fonthill Road, London N4 3HH	Partnership interest	62.98	10,883	(1,113)
Bridges Evergreen BSC Housing Co-Investment LP	38 Seymour Street, London W1H 7BP	Partnership interest	100.00	349	(5)
Bridges Evergreen Capital Limited Partnership	38 Seymour Street, London W1H 7BP	Partnership interest	30.45	62,320	4,457
Bridges Social Impact Bond Fund LP	38 Seymour Street, London W1H 7BP	Partnership interest	44.52	2,084	(14)
City Funds LP	Deskclodge House, 2 Redcliffe Way, Bristol BS1 6NL	Partnership interest	50.00	7,438	(239)
CT UK Residential Real Estate FCP-RAIF	C/O Aztec Financial Services (UK) Limited Forum 4, Solent Business Park, Parkway South Whiteley, Fareham, Hampshire PO15 7AD	Registered shares	22.90	50	-
Eka Ventures 1 LP	Flat 1, Knaresborough House, 5-7 Knaresborough Place, London SW5 0TN	Partnership interest	99.25	6,433	65
Fair By Design Venture Limited Partnership	10 Orange Street, Haymarket, London WC2H 7DQ	Partnership interest	40.86	17,347	249
Impact Ventures SA, SICAV-SIF	21-25, Allée Scheffer L-2520 Luxembourg	Registered shares	41.59	12,993	(6,220)
National Homelessness Property Fund Limited Partnership	The Great Barn, 5 Scarne Court, Hurdon Road, Launceston, Cornwall PL15 9LR	Partnership interest	34.30	43,590	1,008
National Homelessness Property Fund 2 Limited Partnership	The Great Barn, 5 Scarne Court, Hurdon Road, Launceston, Cornwall PL15 9LR	Partnership interest	22.88	59,134	(1,617)
Nesta Impact Investments 1 Limited Partnership	58 Victoria Embankment, London EC4Y 0DS	Partnership interest	45.46	1,983	(270)
North East Social Investment Fund Limited Partnership	5th Floor, 27-35 Grainger Street, Newcastle upon Tyne, Tyne and Wear NE1 5JE, UK	Partnership interest	57.35	3,214	(7)
Octopus Affordable Housing Feeder Fund I LP	6th Floor, 33 Holborn, London EC1N 2HT	Partnership interest	20.24	N/A ³	N/A ³
Public Services Lab LLP	Queens Insurance Building, Suite 3a, 24 Queen Avenue, Liverpool L2 4TZ	Partnership interest	28.48	428	65
Resonance Everyone In Limited Partnership	The Great Barn, 5 Scarne Court, Hurdon Road, Launceston, Cornwall PL15 9LR	Partnership interest	44.72	14,325	605
Resonance Supported Homes Fund Limited Partnership	The Great Barn, 5 Scarne Court, Hurdon Road, Launceston, Cornwall PL15 9LR	Partnership interest	32.81	11,783	(62)
SASH Sidecar LP	4th Floor, Phoenix House, 1 Station Hill, Reading, Berkshire RG1 1NB	Partnership interest	100.00	3,950	27

Investment name	Registered office address/ principal place of business ¹	Class of shares held	BSC % as at 31 December 2024	Aggregate capital and reserves of the entity ² £'000	Aggregate profit/(loss) for the year of the entity ² £'000
Schroder BSC Social Impact Trust	1 London Wall Place, London EC2Y 5AU	Ordinary	27.31	86,459	1,049
Social and Sustainable Housing 2 LP	4th Floor, Phoenix House, 1 Station Hill, Reading, Berkshire RG1 1NB	Partnership interest	51.80	57	(727)
Social Finance Care and Wellbeing Investments LLP	C/o Social Finance Limited, 87 Vauxhall Walk, London SE11 5HJ	Partnership interest	50.00	2,356	192
Social Growth Fund 2 LLP	3rd Floor, 27 George Street, Edinburgh EH2 2PA	Partnership interest	46.15	11,488	(150)
The Charity Bank Limited	Fosse House, 182 High Street, Tonbridge, Kent TN9 1BE	Ordinary	51.06	396	7,837
The Community Investment Fund L.P.	4th Floor, Phoenix House, 1 Station Hill, Reading, Berkshire RG1 1NB	Partnership interest	54.93	13,172	368
The Good Food Ventures LP	4th Floor, 20 Air Street, London W1B 5DL	Partnership interest	29.92	1,124	(307)
The Third Sector Investment Fund LLP	4th Floor, Phoenix House, 1 Station Hill, Reading, Berkshire RG1 1NB	Partnership interest	90.78	9,985	297
Women in Safe Homes Limited Partnership	The Great Barn, 5 Scarne Court, Hurdon Road, Launceston, Cornwall PL15 9LR	Partnership interest	34.61	20,244	(232)
Zinc 2 VB LP	24 Old Bond Street, London W1S 4AP	Partnership interest	50.44	2,994	(293)

The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 requires that:

¹ For unincorporated undertakings, the address of its principal place of business is stated.

² For all undertakings where the company's holding is 50% or greater, and for undertakings where the company's holding is 20% or greater and the undertaking is required by any provision of the 2006 Companies Act to deliver a copy of its balance sheet, the aggregate amount of the capital and reserves of the undertaking as at the end of its latest relevant financial year, and its profit or loss for that year are also stated.

³ For undertakings for whom aggregate capital and reserves and profit or loss are not available, as the first financial year end falls after 31 December 2024.

11 Debtors

	2024 £'000	2023 £'000
Prepayments	375	359
Accrued income on Treasury Portfolio	-	93
Accrued income on Social Impact Investment Portfolio	-	928
Accrued income on SBSI management fees earned	153	153
Corporation tax	72	131
Other debtors	49	11
	649	1,675

12 Investments held as current assets

	2024 £'000	2023 £'000
Treasury Portfolio – debt securities	119,284	124,571
Treasury Portfolio – multi-asset investments	85,782	93,068
	205,066	217,639

Investments held as current assets can be realised within one year, but not within 24 hours.

13 Cash at bank and in hand

	2024 £'000	2023 £'000
Cash at bank	41,080	38,892
Current asset investments (maturity less than three months from the date of acquisition)	14,807	1,992
Cash and cash equivalents per Statement of Cash Flows	55,887	40,884

As described in Note 12 – Investments held as current assets, investments held as current assets can be realised within one year, but not within 24 hours. For cash flow purposes those investments that have a maturity or period of notice of less than three months from the date of acquisition are included as cash and cash equivalents. A breakdown of investments held as current assets on this basis is provided below:

	2024 £'000	2023 £'000
Debt securities (maturity less than three months from the date of acquisition)	14,807	1,992
Debt securities (maturity greater than three months from the date of acquisition)	104,477	122,579
Multi-asset investments	85,782	93,068
Investments held as current assets per Statement of Financial Position	205,066	217,639

14 Creditors

	2024 £'000	2023 £'000
Amounts falling due within one year		
Trade creditors	226	165
Other taxes and social security costs	209	213
Other creditors	110	77
Accruals	445	620
Accruals on derivative financial instruments	38	94
Deferred income	1,038	1,110
	2,066	2,279
Amounts falling due after more than one year		
Deferred income	21,756	22,704
	21,756	22,704

Deferred income includes government grants of £22,783,395 (2023: £23,812,144).

15 Deferred taxation

	2024 £'000	2023 £'000
Accelerated capital allowances	20	15
Provision for deferred tax	20	15
Provision for liabilities		
At 1 January 2024	15	8
Credited to the profit and loss account	5	7
At 31 December 2024	20	15

The company currently does not recognise a deferred tax asset on the tax losses carried forward, as there is no certainty of recovery. The tax loss carried forward was £10 million at 31 December 2024 (2023: £10 million).

16 Financial risk management and financial instruments

Introduction

The Board is responsible for overall corporate governance, which includes ensuring that there are adequate systems of risk management. The systems and processes aim to identify, measure and report risks. Risk is controlled through a system of procedures, checks, reports and responsibilities. The Audit, Risk and Compliance Committee examines management processes and other arrangements to ensure the appropriateness and effectiveness of systems and controls, including risk management.

As described in the Strategic Report starting on page 9 the company's investments comprise a Social Impact Investment Portfolio and a Treasury Portfolio.

The Social Impact Investment Portfolio comprises listed and unlisted equity investments, direct loans and bonds, and investments in unlisted partnerships and other structures. All social impact investments are approved by BSC's Investment Committee (which has been delegated authority by the Board to operate within set parameters).

The Treasury Portfolio comprises bank cash deposits, certificates of deposit and short-duration listed debt securities, alongside multi-asset investments, and represents capital held before it is drawn down into social impact investments. The Treasury Portfolio operates using a socially responsible investment process.

Categories of financial instrument

Financial instruments as at 31 December by category are shown below:

2024	Financial instruments measured at fair value through profit or loss £'000	Financial instruments measured at amortised cost £'000	Non-financial instruments £'000	Total £'000
Assets				
Tangible and intangible fixed assets	–	–	201	201
Fixed asset investments	390,837	13,880	–	404,717
Debtors	–	153	496	649
Investments held as current assets	85,782	119,284	–	205,066
Cash at bank and in hand	–	41,080	–	41,080
Liabilities				
Creditors	–	(819)	(23,003)	(23,822)
Deferred taxation	–	–	(20)	(20)
	476,619	173,578	(22,326)	627,871

Notes to the Financial Statements

2023	Financial instruments measured at fair value through profit or loss £'000	Financial instruments measured at amortised cost £'000	Non-financial instruments £'000	Total £'000
Assets				
Tangible and intangible fixed assets	-	-	86	86
Fixed asset investments	378,972	14,516	-	393,488
Debtors	-	1,174	501	1,675
Investments held as current assets	93,068	124,571	-	217,639
Cash at bank and in hand	-	38,892	-	38,892
Liabilities				
Creditors	-	(956)	(24,027)	(24,983)
Deferred taxation	-	-	(15)	(15)
	472,040	178,197	(23,455)	626,782

The financial instruments not accounted for at fair value through profit or loss or amortised cost are assets and liabilities whose carrying amounts at the year-end approximate fair value.

Gains and losses recognised in the Statement of Comprehensive Income during the year to 31 December by category are shown below:

2024	Financial assets measured at fair value through profit or loss £'000	Financial derivatives measured at fair value £'000	Financial assets measured at amortised cost £'000	Other income and expenses £'000	Total £'000
Income distributions from investment vehicles	6,731	-	-	-	6,731
Interest income	7,258	-	3,964	-	11,222
Fee and dividend income	2,128	-	-	-	2,128
Investment (losses)/gains	(8,833)	751	(878)	-	(8,960)
Other income	-	-	-	1,579	1,579
Administrative expenses	-	-	-	(11,685)	(11,685)
Tax on loss on ordinary expenses	-	-	-	74	74
	7,284	751	3,086	(10,032)	1,089

2023	Financial assets measured at fair value through profit or loss £'000	Financial derivatives measured at fair value £'000	Financial assets measured at amortised cost £'000	Other income and expenses £'000	Total £'000
Income distributions from investment vehicles	4,073	-	-	-	4,073
Interest income	5,359	-	2,605	-	7,964
Fee and dividend income	911	-	-	-	911
Investment (losses)/gains	(9,154)	1,405	(924)	-	(8,673)
Other income	-	-	-	1,370	1,370
Administrative expenses	-	-	-	(11,675)	(11,675)
Tax on profit on ordinary expenses	-	-	-	12	12
	1,189	1,405	1,681	(10,293)	(6,018)

Credit risk

Credit risk is the risk of financial loss from a counterparty's failure to settle financial obligations as they fall due. The company is exposed to credit risk principally from debt securities held in the Treasury Portfolio, loans and receivables in the Social Impact Investment Portfolio, and cash deposits.

Investments in unlisted partnerships and loans included in fixed asset investments are all social impact investments. Debt securities, showing as current asset investments, are held within the Treasury Portfolio. Cash deposits are held either for operational purposes or as part of the Treasury Portfolio. Cash deposits that can be withdrawn at any time without notice and without penalty or that have a maturity or period of notice of not more than 24 hours or one working day are shown as cash at bank and in hand, whereas all other deposits with a maturity of up to one year are shown as investments held as current assets.

Within the listed debt securities section of the Treasury Portfolio, the company has set a maximum exposure limit for each issuer. The Treasury Policy seeks to control the exposure to issuers with perceived higher risk of default (where relevant) by specifying a minimum average credit rating for the underlying Treasury Portfolio assets. The majority of the Treasury Portfolio is managed externally and accounted for on a hold-to-maturity/amortised cost basis, with the underlying Treasury Portfolio counterparty exposure limits and average credit rating (where relevant) monitored by the external managers. The company receives monthly performance reports (including credit ratings where relevant) from the external fund managers.

The company's maximum credit risk exposure at the Statement of Financial Position date is represented by the respective carrying amounts of the relevant financial assets in the Statement of Financial Position.

The company uses foreign exchange forward contracts to manage its exchange risk exposure from holdings of non-GBP-denominated listed debt securities. Collateral is exchanged on open foreign exchange forward contracts representing the unrealised gain (receipt of collateral by the company) or loss (pledge of collateral by the company) on a daily basis.

Credit risk arises from changes in the value of the open foreign exchange forward contracts being insufficiently covered by collateral received (to cover unrealised gains) if the counterparty to the contract does not complete the exchange of currency on the contracted settlement date. This is mitigated by utilising standard credit support agreements with a limited number of mainstream financial institutions and reliance upon the collateral management processes at the investment manager.

Credit risk exposure as at the Statement of Financial Position date comprises:

	2024	2023
	£'000	£'000
Fixed asset investments	404,717	393,488
Other debtors	49	11
Accrued income	153	1,174
Multi-asset investments – Investments held as current assets	85,782	93,068
Debt securities	119,284	124,571
Cash deposits – Cash at bank and in hand	41,080	38,892
Maximum exposure to credit risk as at the Statement of Financial Position date	651,065	651,204

As at 31 December 2024, Cash at bank and in hand and Investments held as current assets were held at institutions rated as follows by Standard & Poor's Investor Services, by market value:

	Rating	2024	2023
		£'000	£'000
Multi-asset investments	Not rated	85,782	93,068
Debt securities	AAA	4,805	6,531
Debt securities	AA	26,308	12,502
Debt securities	A	41,807	43,080
Debt securities	BBB	40,700	48,701
Debt securities	Not rated	–	4,968
Cash deposits – Cash at bank and in hand	A-1	41,080	38,892
		240,482	247,742

Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations. The company's policy is to ensure it has sufficient available liquid funds to fulfil liabilities as they fall due, including investment commitments approved by the Investment Committee (see Note 20 – Capital commitments, for details of investment commitments).

The company's financial assets include loans, unlisted equity investments, investments in unlisted partnerships and other private asset vehicles, which are generally illiquid.

The company's investments in listed debt securities are considered to be readily realisable as they are actively traded. All cash deposits held as current assets have a maturity of less than 12 months.

The company's overall liquidity is monitored on a daily basis. The company receives income and capital distributions from the Social Impact Investment Portfolio, which are recycled to meet future commitments and other obligations.

An analysis of contractual creditor balances, by maturity, is shown below:

2024

	Carrying amount £'000	Contractual cash flows £'000	6 months or less £'000
Creditors: amounts falling due within one year	819	819	819
Creditors: amounts falling due after more than one year	–	–	–
	819	819	819

2023

	Carrying amount £'000	Contractual cash flows £'000	6 months or less £'000
Creditors: amounts falling due within one year	956	956	956
Creditors: amounts falling due after more than one year	–	–	–
	956	956	956

Market risk

Market risk is the risk that changes in market prices, such as interest rates and credit spreads (not relating to changes in the issuer's credit standing), will affect the company's income or the fair value of its holdings of financial instruments. A theoretical fluctuation in asset prices of +/- 10% would result in a movement in returns of +/- £49.0 million (2023: £48.7 million).

The company has interest rate exposure. The company currently has £258.5 million (2023: £266.2 million) in cash, current and fixed asset investments that earn interest at variable rates. Any reduction in interest rates will reduce the interest income on these deposits and investments. A reduction of interest rates by 1% would result in a reduction in returns of £2.1 million (2023: £1.7 million).

Foreign exchange risk

The company is exposed to foreign currency risks on assets and liabilities as a result of changes in exchange rates. The company invests in foreign currency denominated listed debt securities (bonds) through its Treasury Portfolio and a small number of foreign currency denominated funds in the Social Impact Investment Portfolio, and so has foreign currency risk exposure on those assets. The company mitigates the risk on the bonds by putting in place matching currency forward derivative contracts. When a foreign currency denominated bond is purchased a spot trade and a forward are executed, and these are rolled forward every three months. The spot trade buys foreign currency and sells GBP (originally to fund the bond purchase) and a new forward contract is then executed to sell foreign currency and buy GBP, creating a foreign currency liability that offsets the investment. Currently the size of the company's investments in the foreign currency denominated funds in the Social Impact Investment Portfolio is too low for a similar process to be cost-effective due to the associated fees; the funds also hold GBP-denominated assets, which partially mitigate the exposure. The exposure continues to be monitored and the company has the ability to implement a similar procedure to the bonds when/if required. A 10% movement in foreign exchange rates would result in a £1.5 million movement in returns (2023: £1.0 million).

Regulatory risk

The company is authorised and regulated by the FCA. It is required to assess regularly the amount of capital needed for operations and will hold liquid capital in excess of this amount.

The company has, at all times during the period under regulatory supervision, held sufficient capital to meet its regulatory capital requirement.

17 Valuation of financial instruments

The determination of fair value for basic financial instruments for which there is no observable market price requires the use of valuation techniques as described in Note 1 – Summary of significant accounting policies, Basic financial instruments – Fair value measurement. The company uses a three-level hierarchy for fair value measurement disclosure, as follows:

Level 1

The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3

Inputs are unobservable (ie for which market data is unavailable) for the asset or liability.

In determining a fair value using Level 3 valuation techniques, the company applies the principles included in the International Private Equity and Venture Capital Valuation Guidelines (2022 edition). A variety of valuation techniques are utilised as set out in the accounting policy Note 1h – Basic financial instruments.

The fair value hierarchy of financial assets and liabilities held at fair value as at 31 December can be analysed as follows:

	2024	2023
	£'000	£'000
Level 1		
Investments held as current assets	85,782	93,068
Fixed asset investments	26,665	29,055
Level 2		
Investments held as current assets	–	–
Derivative financial instruments	–	–
Level 3		
Fixed asset investments	364,173	349,917
	476,620	472,040

Level 3 financial assets held at fair value through profit or loss:

	2024	2023
	£'000	£'000
Balance at 1 January	349,917	333,004
Purchases	46,212	62,672
Sales	(40,424)	(41,466)
Total investment returns	8,468	(4,293)
Balance at 31 December	364,173	349,917

All Level 3 financial assets held at fair value are investments held within the Social Impact Investment Portfolio.

18 Called-up share capital

	Nominal value	2024 number of shares	2023 number of shares	2024 £'000	2023 £'000
Allotted, called-up and fully paid:					
Ordinary A shares	£1 each	434,345,315	434,345,000	434,345	434,345
Ordinary B shares	£1 each	200,000,000	200,000,000	200,000	200,000
				634,345	634,345

As described in the Corporate Governance report on page 43, voting rights for both share classes are proportional to the shareholding but, for each of the shareholder banks (B shareholders), are capped at 5% of the overall voting rights, with the A shareholder (the Oversight Trust) holding 80% of the voting rights. For the avoidance of doubt, Better Society Capital Limited is a company limited by shares.

19 Profit and loss account

	2024 £'000	2023 £'000
At 1 January 2024	(7,563)	(1,545)
Profit/(Loss) for the financial year	1,089	(6,018)
At 31 December 2024	(6,474)	(7,563)

20 Capital commitments

The company identifies investment commitments at two distinct stages of the investment process:

i. Investments signed, commitments outstanding

Legal agreements are completed and signed and contributions have not been fully drawn down. Amounts drawn down are recognised as financial assets in the Statement of Financial Position when incurred, and the balance of the remaining commitments is disclosed below.

ii. In-principle commitments not yet signed

The commitment has been approved in principle by the company's Investment Committee; legal agreements and deal terms are in the process of being prepared. These are not recognised within the Statement of Financial Position, but are disclosed below.

As at 31 December, on the above bases capital commitments were as follows:

	2024 £'000	2023 £'000
Investments signed, commitments outstanding	152,222	133,093
In-principle commitments not yet signed	22,000	30,250
	174,222	163,343

21 Other financial commitments

	Land and buildings 2024 £'000	Land and buildings 2023 £'000
Falling due:		
– Not later than one year	–	93
– Later than one year and not later than five years	–	–
– Later than five years	–	–
	–	93

Other financial commitments relate to a lease for office premises which terminated on 17 March 2025 when BSC relocated to a new office. A provision has been accrued over the term of the lease to cover the estimated dilapidations cost. See Note 24 – Events after the reporting date.

22 Related party transactions

During 2024, The Oversight Trust – Assets for the Common Good, being the parent company, purchased £nil (2023: £8 million) of £1 Ordinary A shares in Better Society Capital Limited. During 2024, Better Society Capital Limited provided £12,000 of accounting services (2023: £10,000) on behalf of the Oversight Trust for which it was reimbursed. The amount outstanding from The Oversight Trust was £12,000 at 31 December 2024 (31 December 2023: £nil).

During the year, Access – The Foundation for Social Investment, being a member of The Oversight Trust – Assets for the Common Good group, paid £78,400 (2023: £78,400) to Better Society Capital Limited, in respect of a licence fee for the use of its offices. During 2024 Better Society Capital Limited incurred no additional costs on behalf of Access (2023: £19,900 for which it was reimbursed in full). As at 31 December 2024 there was an outstanding balance due from Access of £6,500 (31 December 2023: £6,500).

The transactions were made on terms equivalent to those that prevail in arm's length transactions.

Directors' and Senior Management emoluments are disclosed in Note 5 – Directors' and key management personnel emoluments, and the Remuneration Report on page 46.

The company makes investments in the equity of unquoted and quoted investments where it does not have control but may be able to participate in the financial and operating policies of that company. FRS 102 presumes that it is possible to exert significant influence when the equity holding is greater than 20%. The company has taken the portfolio holding exemption as permitted by FRS 102 sections 9.9C(a), 14.4B and 15.9(c) and has not equity accounted for these investments but they are related parties. The total amounts included for investments where the company has significant influence but not control are as follows:

	2024 £'000	2023 £'000
Amounts invested	25,749	21,660
Amounts distributed	24,220	16,372
Investment valuation	198,813	216,654

23 Controlling party

The Directors consider that the immediate parent undertaking and the ultimate controlling party of this company is The Oversight Trust – Assets for the Common Good, a company incorporated in the UK and limited by guarantee.

The consolidated financial statements of the group are available to the public and may be obtained from Companies House.

24 Events after the reporting date

On 11 February 2025 BSC signed a lease for new office premises (Script, 44 Featherstone Street, London EC1Y 8RN) and relocated to the office on 24 February 2025.

