



# CLIMATE TRANSPARENCY REPORT 2020

Bridges Fund Management

# About the Climate-related Disclosure Indicators

Climate has been identified as a top priority for PRI signatories, with over 70% of asset owners reporting this as the most important long-term trend they are acting on.

The FSB Task Force's guidance on climate-related financial disclosure aim to create a single framework for disclosure on assessment and management of climate-related risk. The recommendations, supported by investors representing US\$22 trillion, identify four main disclosures, Governance, Strategy, Risk Management, Metrics and Targets, and include specific guidance for asset owners and managers.

As a result, the PRI introduced climate-related disclosure indicators that can be used to align with the TCFD recommendations in the 2020 PRI Reporting Framework.

## About this report

This report is an export of only the climate-related indicators from the 2020 Reporting Framework response. The full Public Transparency Report is available here (<https://reporting.unpri.org/surveys/PRI-reporting-framework-2020/-BDADB0E8-963A-48B2-8D9F-22520531203D/79894dbc337a40828d895f9402aa63de/html/2/?lang=en&a=1>). It shows the responses to all the completed climate indicators, even those you chose to keep private. It is designed for your internal review or – if you wish - to share with your stakeholders.

The PRI will not publish this report on its website if you have designated your 2020 climate reporting as “private”. Otherwise, you will be able to access the Climate Transparency Report of your organisation and that of other signatories on the [PRI website](#) and on the [Data Portal](#).

To easily locate information, there is a **Recommendation index** which summarises the indicators that signatories complete and disclose. The report presents information exactly as it was reported as per signatory preference. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory are presented in this report.

# TCFD Recommendations Index

Strategy and Governance - CC			TCFD Recommendation			
Indicator	Reported	Disclosure	Governance	Strategy	Risk Management	Metrics & Targets
SG 01.6 CC	✓	Public				
SG 01.7 CC	✓	Public				
SG 01.8 CC	✓	Public				
SG 01.9 CC	✓	Public				
SG 01.10 CC	✓	Public				
SG 07.5 CC	✓	Public				
SG 07.6 CC	✓	Public				
SG 07.7 CC	-	Public				
SG 07.8 CC	-	Public				
SG 13.1	✓	Public				
SG 13.2	✓	Public				
SG 13.4 CC	✓	Public				
SG 13.5 CC	✓	Public				
SG 13.6 CC	✓	Public				
SG 13.7 CC	✓	Public				
SG 13.8 CC	✓	Public				
SG 14.1	✓	Public				
SG 14.2	✓	Public				
SG 14.3	✓	Public				
SG 14.6 CC	✓	Public				
SG 14.7 CC	✓	Public				
SG 14.8 CC	✓	Public				
SG 14.9 CC	-	Public				
SG 15.1	✓	Public				
SG 15.2	✓	Public				
SG 15.3	✓	Public				

Symbol	Status
✓	The signatory has completed this sub-indicator
-	The signatory did not complete this sub-indicator.
	This indicator is relevant to the named TCFD recommendation
Within the first column "Indicator", indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.	

# ORGANISATIONAL OVERVIEW

This section provides an overview of your organisation. These characteristics are used to define your peer groups.

MAIN CHARACTERISTICS	
<b>Name</b>	Bridges Fund Management
<b>Signatory Category</b>	Fund Management - Majority
<b>Signatory Type</b>	Investment Manager
<b>Size</b>	US\$ 0.1 - 0.99 billion AUM
<b>Main Asset Class</b>	>50% Property Internally Managed
<b>Signed PRI Initiative</b>	2009
<b>Region</b>	Europe
<b>Country</b>	United Kingdom
<b>Disclosure of Voluntary Indicators</b>	97% from 38 Voluntary indicators

# Bridges Fund Management

## Reported Information

### Public version

### Strategy and Governance

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## Investment policy

SG 01	Mandatory	Public	Core Assessed	General
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**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

SG 01.1	Indicate if you have an investment policy that covers your responsible investment approach.
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SG 01 CC	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General
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SG 01.6 CC	Indicate whether your organisation has identified transition and physical climate-related risks and opportunities and factored this into the investment strategies and products, within the organisation's investment time horizon.
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Yes

Describe the identified transition and physical climate-related risks and opportunities and how they have been factored into the investment strategies/products.
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Across our funds, under our Sustainable Planet theme we've invested in businesses that divert waste from landfill, promote a more sustainable approach to food and farming and we've refurbished buildings to make them more energy-efficient. **We analyse risks and opportunities for every investment.** In particular, in our property funds we have a dedicated environmental engineer and we carry out climate change risk assessments regularly and assess both physical and transition risks as well as opportunities for mitigation or adaptation.

Example of risks:

- Avoid areas with high risk of flooding without mitigation measures / food defences (physical risks)
- Assess the risk of overheating and structural stability in new developments (physical risks)
- Assess the impact of climate change on biodiversity and select climate resilient planting (physical risks)
- Assess the impact of regulatory risks. For example, requiring EPC rating of B as a minimum in all our new developments well above the current minimum requirement now of E (transition risks)

Example of opportunities:

- Incorporate renewable and energy efficiency reducing dependency on fossil fuels (adaptation) whilst reducing carbon dioxide emissions (mitigation)
- Resource efficiency, materials and embodied carbon for example using Cross Laminated Timber from sustainably growth forest in low rise construction (adaptation) to reduce programme, costs and energy consumption in operation, as timber has higher insulated properties than concrete or steel, and therefore contributing to climate change mitigation
- Planting trees in new developments, as well as providing shade, trees are an important feature in landscape to increase biodiversity, contribute to the reduction of water run-off and flooding (adaptation), whilst also improve air quality and thus contribute to climate change mitigation
- Using thermal mass minimising energy consumption (adaptation) and might prevent future retrofit of air conditioning (mitigation)

No

**SG 01.7  
CC**

Indicate whether the organisation has assessed the likelihood and impact of these climate risks?

Yes

Describe the associated timescales linked to these risks and opportunities.

In our property funds, physical risks that have been assessed in new developments usually cover a long-term period. Drainage assessments usually take into consideration level of risk of storm events up to 1 in 100 years, with an increase in rainfall intensity for climate change of 40%. Overheating assessments usually take different scenarios, a year with moderately warm summer, a year with more intense single warm spell and a year with a long period of persistent warmth and/or use future weather data following UK Met office climate change projections for 2020s, 2050s, 2080s high, medium and low emissions scenarios. However, timescales models vary with regard to each investment and fund.

No

**SG 01.8  
CC**

Indicate whether the organisation publicly supports the TCFD?

Yes

No

**SG 01.9  
CC**

Indicate whether there is an organisation-wide strategy in place to identify and manage material climate-related risks and opportunities.

Yes

Describe

In March 2020, we publicly supported the Financial Stability Board's (FSB) Task Force on Climate-related Financial Disclosures (TCFD) on its effort to develop recommendations for voluntary climate-related financial disclosures that are consistent, comparable, reliable, clear, and efficient, and provide decision-useful information to lenders, insurers, and investors.

We believe that better access to data will enhance how climate-related risks are assessed, priced, and managed. Investors will make better informed decisions on where and how they want to allocate their capital. Lenders, insurers and underwriters will be better able to evaluate their risks and exposures over the short, medium, and long-term. This is expected to make the financial system more resilient to climate-related risks.

As outlined in our Responsible Investment Policy and Ethical Charter, we endeavour to protect and preserve the environment in which we and our portfolio companies operate. In particular, we are committed to:

- Continuing to improve energy efficiency and reducing carbon dioxide emissions in our activities and investments;
- increasing our investment in sectors and activities that contribute to a more sustainable planet or to climate change adaptation;
- reducing waste, including the proportion of waste going to landfill, and reduce water usage.

Supporting the TCFD has been a natural step for Bridges. We are keen to collaborate with the Task Force and help developing meaningful and useful climate-risk related disclosures that can support decision-making also of small and medium businesses. We are following the TCFD recommendations and worked to incorporate climate risks and opportunities into our governance, strategy, risk management, and metrics and targets.

No

**SG 1.10  
CC**

Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.

- Public PRI Climate Transparency Report
- Annual financial filings
- Regular client reporting
- Member communications
- Other
- We currently do not publish TCFD disclosures

## Governance and human resources

**SG 07 CC**

**Mandatory to Report Voluntary to Disclose**

**Public**

**Descriptive**

**General**

**SG 07.5  
CC**

Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.

Board members or trustees

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Risk Officer (CRO), Investment Committee

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Other Chief-level staff or heads of departments

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Portfolio managers

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Investment analysts

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues



**Dedicated responsible investment staff**

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

**Investor relations**

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

**External managers or service providers**

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

**SG 07.6  
CC** For board-level roles that have climate-related issue oversight/accountability or implementation responsibilities, indicate how these responsibilities are executed.

The Bridges Fund Management Board is responsible for our Responsible Investment Policy and Ethical Charter. The Partners on the Board are responsible for ensuring that we do all in our power to conform to the letter and spirit of the Policy and of the Charter.

Our Responsible Investment Policy can be found here: [https://www.bridgesfundmanagement.com/wp-content/uploads/2019/10/Bridges-Fund-Management\\_Responsible-Investment-Policy.pdf](https://www.bridgesfundmanagement.com/wp-content/uploads/2019/10/Bridges-Fund-Management_Responsible-Investment-Policy.pdf)

Our Ethical Charter can be found here: [https://www.bridgesfundmanagement.com/wp-content/uploads/2019/10/Bridges-Fund-Management\\_Ethical-Charter.pdf](https://www.bridgesfundmanagement.com/wp-content/uploads/2019/10/Bridges-Fund-Management_Ethical-Charter.pdf)

**ESG issues in asset allocation**

<b>SG 13</b>	<b>Mandatory</b>	<b>Public</b>	<b>Descriptive</b>	<b>PRI 1</b>
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**SG 13.1** Indicate whether the organisation carries out scenario analysis and/or modelling, and if it does, provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).

- Yes, in order to assess future ESG factors
- Yes, in order to assess future climate-related risks and opportunities

**Describe**

For example, for the Property Funds we use climate change scenario analysis and/or modelling to assess for example physical risks like structural stability above and below ground, overheating, flood risk, CO2 emissions, habitats, and resource use and also transition risks as well as assessing opportunities for adaptation and mitigation.

- No, our organisation does not currently carry out scenario analysis and/or modelling

**SG 13.2** Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.

We do the following

- Allocation between asset classes
- Determining fixed income duration
- Allocation of assets between geographic markets
- Sector weightings
- Other, specify
- We do not consider ESG issues in strategic asset allocation

**SG 13.3** Additional information. [OPTIONAL]

Bridges is a specialist fund manager dedicated to sustainable and impact investment. We, therefore, use an impact-driven approach to create returns for both investors and society-at-large across all our funds. We select companies that will generate our intended outcomes in line with our primary impact-driven investment thesis; we are sector agnostic and we focus on addressing our four impact themes across our funds.

In March 2020, we publicly supported the FSB Task Force on Climate-related Financial Disclosures (TCFD) on its effort to develop recommendations for voluntary climate-related financial disclosures that are consistent, comparable, reliable, clear, and efficient, and provide decision-useful information to lenders, insurers, and investors. We are incorporating climate-risk and opportunities into our governance, strategy, risk management and targets. The main area of focus for the future is to understand the feasibility of expanding scenario analysis to our Growth, Evergreen, and Social Outcome Funds.

<b>SG 13 CC</b>	<b>Mandatory to Report Voluntary to Disclose</b>	<b>Public</b>	<b>Descriptive</b>	<b>General</b>
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**SG 13.4 CC** Describe how your organisation is using scenario analysis to manage climate-related risks and opportunities, including how the analysis has been interpreted, its results, and any future plans.

- Initial assessment

Describe

We use climate change scenario analysis and/or modelling in the property funds to select resilient building sites, assets and developments, decrease energy and future CO2 emissions (for example by simulating building behaviour under different weather scenarios and selecting appropriate services strategies that are future-proofed and decrease maintenance and replacement cost).

- Incorporation into investment analysis

Describe

We have used different scenarios in our property funds, with regards to climate change physical risks (embodied and operational CO2 emissions) and transition (public perception of sustainable buildings) to build our latest residential development. It is built out of Cross Laminated Timber (CLT), a renewable material that saved 1,600 tonnes of CO2 in embodied energy in comparison to traditional construction (BAU), using timber from sustainable sources, reduced waste in construction and CO2 emissions in operation as timber is a better insulant than concrete, minimised environmental impact to neighbours with regards to traffic, noise and air quality, shorten the construction programme, material used in the foundations and reduced costs.

- Inform active ownership

Describe

In our property funds, we have developed user guides for our residents with regards to how to occupy their homes under different climate seasons and scenarios.

Other

**SG 13.5  
CC**

Indicate who uses this analysis.

- Board members, trustees, C-level roles, Investment Committee
- Portfolio managers
- Dedicated responsible investment staff
- External managers
- Investment consultants/actuaries
- Other

specify

Building occupants

**SG 13.6  
CC**

Indicate whether your organisation has evaluated the potential impact of climate-related risks, beyond the investment time horizon, on its investment strategy.

Yes

Describe

Yes, Bridges considers climate change material risks beyond the investment time-horizon, as described above in case of flooding, structural stability, CO2 emissions reduction, overheating, etc.

No

**SG 13.7  
CC**

Indicate whether a range of climate scenarios is used.

- Analysis based on a 2°C or lower scenario
- Analysis based on an abrupt transition, consistent with the Inevitable Policy Response
- Analysis based on a 4°C or higher scenario
- No, a range is not used

**SG 13.8  
CC**

Indicate the climate scenarios your organisation uses.

Provider	Scenario used	
IEA	<input type="checkbox"/> Beyond 2 Degrees Scenario (B2DS)	
IEA	<input type="checkbox"/> Energy Technology Perspectives (ETP) 2 Degrees scenario	
IEA	<input type="checkbox"/> Sustainable Development Scenario (SDS)	
IEA	<input type="checkbox"/> New Policy Scenario (NPS)	
IEA	<input type="checkbox"/> Current Policy Scenario (CPS)	
IRENA	<input type="checkbox"/> RE Map	
Greenpeace	<input type="checkbox"/> Advanced Energy [R]evolution	
Institute for Sustainable Development	<input type="checkbox"/> Deep Decarbonisation Pathway Project (DDPP)	
Bloomberg	<input type="checkbox"/> BNEF reference scenario	
IPCC	<input type="checkbox"/> Representative Concentration Pathway (RCP) 8.5	
IPCC	<input type="checkbox"/> RPC 6	
IPCC	<input type="checkbox"/> RPC 4.5	
IPCC	<input type="checkbox"/> RPC 2.6	
Other	<input checked="" type="checkbox"/> Other (1)	<div style="background-color: #0070C0; color: white; padding: 2px;">Other (1) please specify:</div> Met Office UK Climate Projections
Other	<input type="checkbox"/> Other (2)	
Other	<input type="checkbox"/> Other (3)	

SG 14	Mandatory to Report Voluntary to Disclose	Public	Additional Assessed	PRI 1
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**SG 14.1**

Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following are considered.

- Changing demographics
- Climate change
- Resource scarcity
- Technological developments
- Other, specify(1)

other description (1)

Bridges' impact-driven approach focuses on four impact themes - Healthier Lives, Future Skills, Sustainable Planet and Stronger Communities.

- Other, specify(2)
- None of the above

**SG 14.2**

Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity

- Established a climate change sensitive or climate change integrated asset allocation strategy
- Targeted low carbon or climate resilient investments

Specify the AUM invested in low carbon and climate resilient portfolios, funds, strategies or asset classes.

	trillions	billions	millions	thousands	hundreds
Total AUM			297	311	433
Currency	GBP				
Assets in USD			384	064	700

Specify the framework or taxonomy used.

Within our Sustainable Planet theme, we invest in the transition to a lower-carbon economy. Most Western countries need to take drastic action in order to meet their carbon emissions reduction targets. Across our funds, our Sustainable Planet investments are helping to accelerate this transition by diverting waste from landfill, promoting a more sustainable approach to food and farming, refurbishing buildings to make them more energy-efficient, promoting more efficient use of natural resources, and more.

Total low carbon and climate-resilient AuM is £297,311,433.0 including PE and property.

- Phase out your investments in your fossil fuel holdings
- Reduced portfolio exposure to emissions intensive or fossil fuel holdings
- Used emissions data or analysis to inform investment decision making
- Sought climate change integration by companies
- Sought climate supportive policy from governments
- Other, specify
- None of the above

**SG 14.3**

Indicate which of the following tools the organisation uses to manage climate-related risks and opportunities.

- Scenario analysis
- Disclosures on emissions risks to clients/trustees/management/beneficiaries
- Climate-related targets
- Encouraging internal and/or external portfolio managers to monitor emissions risks
- Emissions-risk monitoring and reporting are formalised into contracts when appointing managers
- Weighted average carbon intensity
- Carbon footprint (scope 1 and 2)
- Portfolio carbon footprint
- Total carbon emissions
- Carbon intensity
- Exposure to carbon-related assets
- Other emissions metrics
- Other, specify

other description

We supported our portfolio companies to comply with the Energy Savings Opportunity Scheme and with the Streamlined Energy and Carbon Reporting.

- None of the above

**SG 14.5**

## Additional information [Optional]

Over the last few years Bridges has actively supported the development of a common ESG measurement and benchmarking standard by working closely with the non-profit B Lab in developing the B Impact Assessment - the questionnaire that powers the B Corp certification. A partner from Bridges is an active member of the B Lab UK Standards Advisory Council, ensuring this US-founded benchmark is accurately applied in a UK context. The use of the tool has now been incorporated into our assessment of ESG issues.

The benefits of B Impact Assessment are two-fold.

- First, it helps us identify and monitor the most material risks and opportunities. KPIs used to track progress against these areas are aggregated into 'Impact Scorecards', and are regularly reviewed at company board meetings and our own internal portfolio review meetings.
- Second, it helps us drive deeper engagement across the four key stakeholder areas (workers, community, environment & governance). Management teams are able to use the 'Improve your score' resources to better understand how to get top marks in each ESG area. As such, management teams feel greater ownership of the ESG process - while the recommendations are more likely to become real objectives during the initial 100-day plan and subsequent investment period.

Based on the B Impact Assessment results and our own analysis, during due diligence we work with management to develop Key Performance Indicators ("KPIs") e.g. around the carbon footprint that tell us whether the company is achieving impact through what it sells or where it is located (outcome KPIs), as well as through how it is operating (ESG factors that signal risks as well as opportunities to create additional value).

Also, Bridges has introduced an environmental reporting tool to capture a more complete set of data on the environmental impact of our portfolio companies. We believe there is a clear business case and we are providing free access to the tool to accurately track key environmental indicators including Carbon Footprint, waste efficiency and water usage. We have also supported portfolio companies with meeting the ESOS requirement; the energy-savings recommendations we received from the auditors are now being assessed by the boards of directors.

<b>SG 14.6 CC</b>	Provide further details on the key metric(s) used to assess climate-related risks and opportunities.
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<b>Metric Type</b>	<b>Coverage</b>	<b>Purpose</b>	<b>Metric Unit</b>	<b>Metric Methodology</b>
<b>Climate-related targets</b>	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Carbon emissions reductions in our new property developments	% over the baseline (standard new built property)	KgCO2/yr / Building simulation
<b>Carbon footprint (scope 1 and 2)</b>	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Minimise carbon dioxide emissions to atmosphere and find opportunities for improvement	KgCO2 emissions or tonnes of CO2	Energy audits
<b>Portfolio carbon footprint</b>	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Understand our overall impact	KgCO2 emissions or tonnes of CO2	Mix, mostly energy audits and internal assessment
<b>Carbon intensity</b>	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Understand energy efficient assets	tonne of CO2 per sqm	(tCO2e) from energy-related floor area (m2) from energy audits

<b>SG 14.7 CC</b>	Describe in further detail the key targets.
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Targettype	Baseline year	Target year	Description	Attachments
<input checked="" type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target	Year		% CO2 improvement of new developments versus standard new construction	
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target				
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target				
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target				
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target				

**SG 14.8  
CC**

Indicate whether climate-related risks are integrated into overall risk management and explain the risk management processes used for identifying, assessing and managing climate-related risks.

- Processes for climate-related risks are integrated into overall risk management

Please describe

Prior to making an investment, we consider the positive and negative effects across different stakeholders. To identify ESG risks and opportunities Bridges uses the B Impact Assessment - the questionnaire that powers the B Corp certification.

Based on the B Impact Assessment results and our own analysis, during due diligence, we work with management to develop Key Performance Indicators ("KPIs") e.g. around the carbon footprint that tell us whether the company is achieving impact through what it sells or where it is located (outcome KPIs), as well as through how it is operating (ESG factors that signal risks as well as opportunities to create additional value).

As example of climate change transition risks in the property funds we require EPC rating of B, as a minimum, in all our new developments. This is well above the current minimum requirement now of EPC rating of E.

- Processes for climate-related risks are not integrated into overall risk management

**SG 15**

**Mandatory to Report Voluntary to Disclose**

**Public**

**Descriptive**

**PRI 1**



**SG 15.1**

Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.

Yes

**SG 15.2**

Indicate the percentage of your total AUM invested in environmental and social themed areas.

%

100

**SG 15.3**

Specify which thematic area(s) you invest in, indicate the percentage of your AUM in the particular asset class and provide a brief description.

Area

Energy efficiency / Clean technology

Asset class invested

Private equity

Percentage of AUM (+/-5%) per asset class invested in the area

19

Property

Percentage of AUM (+/-5%) per asset class invested in the area

95

Other (1)

Brief description and measures of investment

One of our four impact themes is Sustainable Planet. Across our funds, we seek investment opportunities that promote the transition to a lower-carbon economy. Within this theme in November 2019 Bridges Evergreen Holdings, our specialist long-term capital vehicle, invested in **AgilityEco ("AE") a leader in fuel poverty, energy efficiency, and low carbon services across the UK, helping to tackle the challenge of fuel poverty primarily via two Government-backed schemes**. Firstly, AE helps energy providers to meet their obligations under the ECO scheme by arranging the installation of energy-efficiency measures such as better insulation and efficient boilers. Secondly, AE works closely with over 150 Local Authorities to identify households eligible for the Warm Home Discount, a separate Government scheme for those in particular need. It has designed and operates a number of community-based programmes to provide fuel poverty and energy efficiency solutions to these households. Since its launch in 2013, AE has grown rapidly, supporting nearly 40,000 UK households in 2019 alone.

Renewable energy

Asset class invested

Private equity

Percentage of AUM (+/-5%) per asset class invested in the area

3

- Property
- Other (1)

Brief description and measures of investment

The Bridges Sustainable Growth Funds invest in growth companies that are helping to create a more inclusive and sustainable future. In July 2019 the fund acquired GEV Wind Power which supports the transition to sustainable energy. **GEV provides high-value blade repair and maintenance services to wind farm manufacturers and operators in the UK, Europe, and the US, operating both onshore and in complex offshore environments.** Wind turbine blades are susceptible to erosion and weather damage, which affects aerodynamic efficiency and reduces their energy production (and can sometimes stop the turbine operating altogether). GEV specialises in providing expert technicians to repair blades, reducing downtime and maximising production. It has repaired over 3,000 turbines to date - and with turbines increasing in size and rotating faster, making them more prone to damage.

- Green buildings

Asset class invested

- Private equity
- Property

Percentage of AUM (+/-5%) per asset class invested in the area

95

- Other (1)

Brief description and measures of investment

**In our Property Funds, we partner closely with both the developer and operator, agreeing upfront on the 'win-win' strategy of creating commercial and societal value.** For example, by partnering closely with Hub a specialist residential developer, we are delivering 1,500 lower-cost mixed-used developments we are delivering over 35% CO2 emissions savings relative to the standard new properties - which results in direct cost savings to occupants. For example in the Old Vinyl Factory in Hayes, we have saved embodied carbon, cost and time / programme by building the boiler house out of Cross Laminated Timber, which has saved 1,600 tonnes of CO2, equivalent to operate the development as carbon neutral for the first 30 years in operation and achieved a 52% COe emissions reductions against standard new built construction, moreover, the scheme has achieved Code for Sustainable Homes Level 4 and BREEAM Very good certification.

- Sustainable forestry
- Sustainable agriculture
- Microfinance
- SME financing

Asset class invested

- Private equity

Percentage of AUM (+/-5%) per asset class invested in the area

100

Property

Percentage of AUM (+/-5%) per asset class invested in the area

33

Other (1)

Brief description and measures of investment

SMEs contribute disproportionately to job creation, accounting for 60% of private-sector employment and nearly half of private-sector turnover. Yet small companies struggle to innovate and grow without access to skills and support. In addition to all investments in our Sustainable Growth Funds being SMEs, Bridges has long supported hubs of enterprises that encourage ideas sharing, collaboration and competition, all of which promote productivity.

**In our Property Fund we have invested in strategic niche sectors (SME workspace) and value situations (industrial parks, secondary offices and business parks) and are supporting circa 3,000 SMEs through our investments in Flexspace, Middlemarch and Beeston Business Parks and other commercial developments and provide workspace for over 25,000 jobs.** Flexspace has incorporated/installed several energy-efficient technologies and has reduced the CO2 emissions by 50% in comparison with the portfolio at purchase. Moreover, the energy intensity of the portfolio is c.60kWh/m2/yr which is nearly the energy intensity target expected by the Royal Institute of British Architects for 2030 for new and retrofitted non-domestic buildings. In recognition of the environmental initiatives and performance the portfolio was eligible for a green loan.

Social enterprise / community investing

Asset class invested

Private equity

Percentage of AUM (+/-5%) per asset class invested in the area

100

Property

Percentage of AUM (+/-5%) per asset class invested in the area

83

Other (1)

Brief description and measures of investment

Based on the PRI's definition of social enterprise/ community investing, 100% of our funds are invested for positive social and environmental change.

- In our **Growth Funds** we look to invest in ambitious, profitable organisations that have a strong social purpose, a clear competitive advantage and high growth potential
- Through our **property funds** we enable lower-cost housing and regeneration of disadvantaged areas.
- In 2016 we launched the **Bridges Evergreen Holdings Fund** that provides patient capital and operational support to businesses with a social purpose

- **TheBridges' Social Outcome Contracts (SOC) Fund** was the first of its kind worldwide. It provides working capital and support to charities and social enterprises delivering services to the public sector, on a payment by results basis. With outcomes contracts, providers are paid for the results they achieve, not the services they deliver. This gives them more freedom to innovate and improve their service as they go along, while also providing a clear incentive to over-deliver. At the same time, these contracts encourage closer collaboration and better alignment between commissioners, delivery organisations and funders, which reduces risk and improves contract management. And through their strong focus on data, they can also help to inform future policy

Affordable housing

Asset class invested

- Private equity

Percentage of AUM (+/-5%) per asset class invested in the area

9

- Property

Percentage of AUM (+/-5%) per asset class invested in the area

12

- Other (1)

Brief description and measures of investment

**Seven of our investments across the Social Sector Funds (9%) provide subsidised housing for vulnerable young adults and families at risk of becoming homeless.** These organisations also provide a range of other support services to help young people into education, training or employment, reducing the risk of homelessness.

By way of example, **The Ethical Housing Company (TECH)**, a portfolio company of Bridges Evergreen Holdings, **intends to boost the supply of decent affordable rented accommodation in Teesside.** TEHC will acquire suitable 1-3-bedroom properties, and - through its partner The Ethical Lettings Agency (TELA) - rent out this accommodation out to people in housing need (including those on benefits). TELA will always make sure that potential tenants can afford their bills, and then through its management services, support the tenant to ensure they can sustain their tenancy for as long as they need. By building and sustaining a portfolio of well-maintained houses with stable tenancies, the TEHC and TELA partnership will also help to support vulnerable individuals, local communities and protect value in the local housing market.

**In our property funds, all residential investments during the year have an allocated proportion of affordable homes as part of the development.**

Education

Asset class invested

- Private equity

Percentage of AUM (+/-5%) per asset class invested in the area

9

Property

Percentage of AUM (+/-5%) per asset class invested in the area

0

Other (1)

Brief description and measures of investment

An investment in our Social Entrepreneur fund, **London Early Years Foundation ("LEYF") is a charitable social enterprise that provides early years education through nurseries in London.** Its mission is to build a better future for London's children, families and local communities through a commitment to excellence in early years education, training, and research. LEYF operates in some of the most disadvantaged areas in London, where there is typically an under-supply of high-quality nurseries. It operates an innovative 'balanced portfolio' business model which enables it to provide a consistently high quality of nursery education in all the areas in which it operates.

Through the SOC funds, **we have been supporting West London Zone, a tailored programme of mentoring and support for disadvantaged young people in West London schools.** The area around Harrow Road in West London is one of the most unequal in the country. West London Zone is a charity created to focus local community resources to work with schools in this area, bringing together resources from local authorities, philanthropists, central Government, and the schools themselves to improve life chances for the 20% of children most at risk of poor outcomes in this geographical area.

Global health

Asset class invested

Private equity

Percentage of AUM (+/-5%) per asset class invested in the area

58

Property

Percentage of AUM (+/-5%) per asset class invested in the area

17

Other (1)

Brief description and measures of investment

Bridges has a number of health-driven investments. Two examples from our Sustainable Growth and Evergreen Holdings below:

- **Alina, a domiciliary care business** backed by the Sustainable Growth Funds - where there is a strong emphasis on establishing a comprehensive staff recognition, reward and training programme. Staff receives refresher training, group and individual supervision, as well as tailored specialist training, all with set minimum hours. These go well beyond the industry norm, where the tendency is to provide refresher training only to the extent that is required by regulation.
- **Shaw healthcare** was the second investment of our Evergreen Holdings vehicle. Shaw healthcare, **an employee-owned care provider is one of the UK's leading providers of residential and nursing care for the elderly**, helping to address the urgent under-supply of

quality provision by providing high-quality, affordable residential and nursing care to the elderly.

Water

Other area, specify

No