

**Building  
an Impact  
Economy**

# Welcome

## Welcome to Social Investment Scotland's latest Impact Report.

In this report we review our progress towards Building an Impact Economy.

We start by looking back over the first two years of the 10-year strategy, April 2020 to March 2021, measuring our impact progress through recognised impact frameworks and approaches. We then look in detail at the latest 12-month annual impact reporting period, April 2021 to March 2022.

The annual impact report is presented through Social Investment Scotland's (SIS) impact economy strategic themes: working with **Communities**, providing **Market-Building** activities, and catalysing the growing network of responsible lenders through our **Access to Finance** funds. Throughout the report we bring together impact data, analysis,

and stories from across SIS, including information about wholly-owned SIS subsidiary and impact investor SIS Ventures. We are proud to showcase some of the inspirational organisations that we work with, bringing their impact to life through case studies.

SIS continues to reach social enterprises in all 32 regions of Scotland: through our customers our impact has national and international reach, creating a network of organisations and people working toward impact-aligned goals.

At SIS we believe all enterprises can and should proactively maximise their positive and minimise their negative impacts, both through what they do and how they do it. In this year's report we highlight SIS's ongoing Responsible Business Practice journey, with the aim of helping others progress their own plans.

Over the last 21 years, SIS has grown to a position where our customers touch the lives of at least 4.3 million people each year. It is this social impact which inspires and drives our team to work with existing and new partners in existing and new ways to make a real difference to the lives of the people our customers serve.

We thank all of our partners for their commitment and support, alongside our customers and peers, and look forward to continuing to build the kind of world where positive impact for people and planet comes first.

We hope you enjoy discovering more about our work, and the progress that we've made since 2020.

*With warmest wishes  
from the team at SIS*

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# Strategic Impact Progress Review

## In April 2020, SIS launched a 10-year strategy – Building An Impact Economy.

To focus actions within the strategy, we created shorter action plan periods, the first of these running from April 2020 to March 2022.

In this first section of the report, Strategic Impact Progress Review, we look at the advances made during the first two years of the strategy and set out key learning points and future activities.

The remainder of the report, from page 7 onwards, focuses on SIS's activities and outcomes over the annual period April 2021 to March 2022.

## Review Methodology

To understand the difference we are making, we have considered SIS's activities through different impact frameworks and stakeholder perspectives. These are explored over the following pages, drawing particularly on the Impact Management Project's Five Dimensions of Impact, SIS's 10 year strategic vision, and related spotlight targets and outcomes.

We have drawn on our performance figures and goals, and conducted surveys and interviews with customers, stakeholders, investors, partner organisations and the SIS team. This has been supplemented with desk research. You can read more about our review methodology on page 26 of this report.

## Strategic Mission and Vision

SIS's mission is to connect capital to communities making a real, measurable, and sustainable difference to people's lives.

We achieve this by progressing six features of impact economy.

## 10-Year Strategic Vision 2020-2030

Building the six features of an Impact Economy



STRATEGIC IMPACT PROGRESS REVIEW

# Measuring Outcomes and Spotlight Indicators

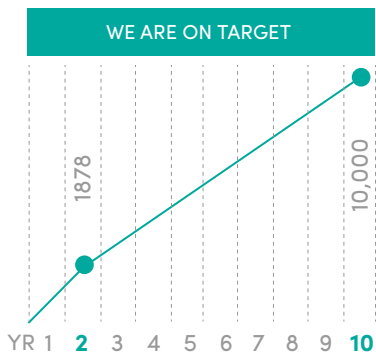
SIS measures strategic progress through movement towards spotlight targets and primary outcomes.

We also collect qualitative and quantitative data from customers, stakeholders, and investors, and use case studies, testimonials, and bespoke research pieces to add greater depth to our understanding.

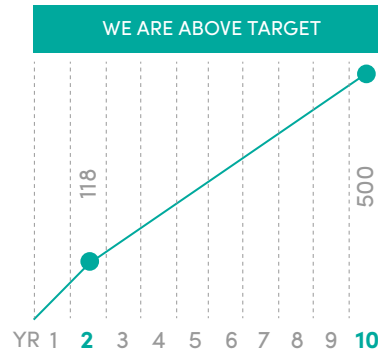
More detail about how we gather data and interpret it for the report is provided on page 26.

## Spotlight Indicators

Our target is to provide **10,000** social enterprises and entrepreneurs with the tools, support, and inspiration to create greater social impact.



Our target is to provide **500** social enterprises, impact-led businesses, and third sector organisations with mission-aligned investment and support.



## Impact Economy Outcomes

We have assessed progress of each outcome using data from the sources explained on page 26. We are pleased that all outcomes are progressing in line with plans.



OUTCOMES	PROGRESS YEAR 2
Stakeholders have a better understanding of social investment	The majority of our loan and market-building customers have better understanding of social investment. We will improve data gathering to understand this outcome better in relation to more of our audiences.
Stakeholders are better connected with others who can help achieve impact ambitions	We perform well on this indicator across our programmes, with external stakeholders, loan customers, and SIS Ventures investees.
Social enterprises have more confident leaders	100% of those who attended our Ambitions programme said that they felt more confident to run their social enterprise/business. Other customers tell us they are more confident and we will measure this more in the future.
Social enterprises have improved business practice to achieve growth aspirations	95% of participants on our Ambitions programme said that the programme helped them to develop or achieve their growth goals. Through the investment process we have helped customers update governance arrangements and financial management.
More social enterprise products are available to consumers, retailers, and other buyers	We are applying a long-term focus to achieving this outcome and will measure progress through Retail Academy alumni in 2024-25.
Enterprises understand more about responsible business practices (RBP)	We have provided new training resources on circular economy practices and connected others to environmental support bodies, like Zero Waste Scotland. We visibly share information about our approaches and learning, including blogs and other materials.
Enterprises implement responsible business practices	This will be a focus for the next stage of the 10-year strategy. We created and deploy the Social Enterprise Net Zero Transition Fund.
Social enterprises secure social investment	Funds have been developed and deployed as expected. A number of Covid-19 resilience and recovery funds have been launched and managed, together with the Net Zero Transition Fund.
More investors use social investment for social and financial return	In the period, we began working with two new corporate funders.
More £ is invested for social and financial return	We have worked with private individuals and institutional investors to increase the value committed to funds for social and financial return by £30million.

# Five Dimensions of Impact

## SIS talks about impact across the Impact Management

### Project's Five Dimensions of Impact

#### 1 - What

Our activities connect capital with communities to create greater positive impact for people and planet.

We also support customers to adopt responsible business practices, maximising impact through every business action.

#### 2 - Who

We work with social enterprises, impact-led businesses who are committed to creating social impact, and like-minded stakeholders to increase investment capital.

We focus on reaching underserved and underrepresented groups, founders, and people.

We work with social enterprises based in Scotland, and, where our expertise adds impact value, we partner with enterprises and other like-minded organisations further afield.

#### 3 - How Much

Our goal over 10 years from 2020 is to provide 10,000 social enterprises and entrepreneurs with the tools, inspiration, and support to create greater social impact.

The depth of impact ranges from outcomes of one-off, light-touch interventions to outcomes from relationship-based programmes of support lasting more than 10 years.

#### 4 - Contribution

SIS operates as part of a healthy and active business support eco-system and seeks to work in partnership with others.

We ask those we interact with if their plans would have taken place without SIS involvement, and begin reporting on these findings in this report.

We increase the flow of financial capital from investors familiar, and new to, social and impact investing.

#### 5 - Risk

SIS was established in response to market failure, where capital was not reaching the communities which needed it most.

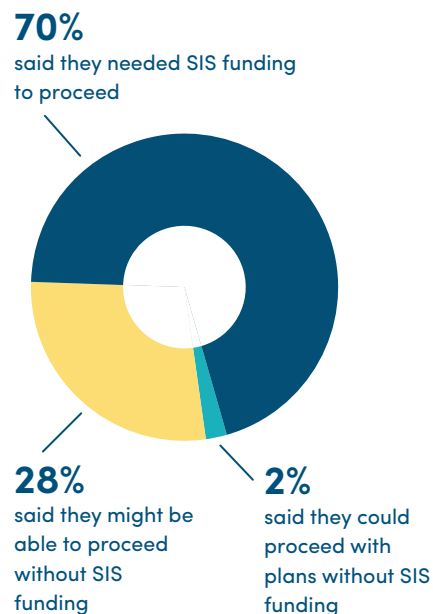
Some customers tell us that without SIS, they would not exist, their own customers would face greater risks, or their initiative would not progress. This includes supported businesses and those working on behalf of vulnerable stakeholders.

## Our Contribution

We spoke to thirteen of SIS's key investors and stakeholders to understand more about SIS's specific contribution towards Building an Impact Economy. We also gathered direct information from customers through online surveys and interviews. As a result, we have analysed data from over 250 people.

## Customers

We asked customers if they could proceed with their impact plans without funding from SIS:



## Stakeholders

SIS's role in providing financial education to the sector is important, and something stakeholders would like to see us do more of.

There is clear evidence from stakeholders that SIS has contributed to building an impact economy in Scotland and that our role is significant.

SIS is seen as an influencer within Scotland, and well positioned to lead others in developing their activities. It is noted for its work, particularly in bringing greater investor capital to support impact growth. SIS needs to continue facilitating and advocating for more integrated approaches to achieving social impact alongside financial return.

Stakeholders tell us of the importance of SIS raising and deploying capital in line with social needs; and on advancing financial and governance expertise within the sector.

We should also facilitate more ways for social enterprises to achieve positive outcomes for the environment, and support the sector to increase diversity of thought and voices at all levels.

STRATEGIC IMPACT PROGRESS REVIEW

# Review Findings

We are progressing as expected towards all our impact economy outcomes, and with greater focus on some of them over the next few years, we will make stronger progress.

SIS is one part of a larger network of agencies, intermediaries, investors, social entrepreneurs, third sector leaders, and other like-minded peers, and working in partnership is key to achieve our aims.

In the eyes of stakeholders and customers who already know us, SIS plays a significant and leading role in progressing the features of an impact economy: we have a strong and influential voice with Scottish Government, investors, and the social enterprise sector.

It is important for SIS to continue to focus on core business activities: connecting capital to communities and growing financial capabilities and strong governance within the sector.

SIS's success in attracting and managing investment to answer key social and environmental challenges is recognised as a strength and something we should continue to focus on.

Creation of impact-investing subsidiary SIS Ventures is recognised as a progressive model well-placed to support the growth in impact-led businesses in Scotland, placing strong impact governance alongside financial returns.

SIS has a deep understanding of social impact, and a growing reputation for expertise in responsible business practices that we can and should share with others.

We should use our expertise to help others develop their practices around Fair Work, Net Zero and Diversity, Equality and Inclusion.

SIS benefits from a national context where progressive attitudes and socially aware and fair attitudes are valued. The aspirations of The Purpose Commission for Scotland add momentum to the growth of social enterprise and the impact economy. This momentum, combined with the integrity and expertise of the enterprises and charities we work alongside, provides real opportunity for continuing progress towards our vision for 2030.

## STAKEHOLDER QUOTES

**“There is no doubt that in a practical way – right across the board from Shetland to Dumfries – there are organisations that can now do things to build an Impact Economy because of what SIS has done.”**

Cyrenians

**“On a systemic level, through articulation and emphasis on building an Impact Economy, SIS provides leadership within the entrepreneurial support ecosystem.”**

Converge

**“SIS has a unique credibility and a trusted way to channel money into communities in Scotland that are creating impact.”**

Big Society Capital

**“SIS is influential and can help the social sector take greater steps towards Fair Work and Net Zero outcomes.”**

Scottish Government

## ANNUAL IMPACT REPORT

## Impact Insights

April 2021 to March 2022

## Statistics

**£40,988,596**

active loans and investments in 201 social enterprises

**1,083**

attendances at SIS training events by social entrepreneurs, leaders, and other supporters

33% of SIS loan customers secured loans under **£50K****4.3M** people benefited from SIS customers' activities this year

Based on data provided by customers in surveys between April 2021 and March 2022 and secondary data from customer reports and websites.

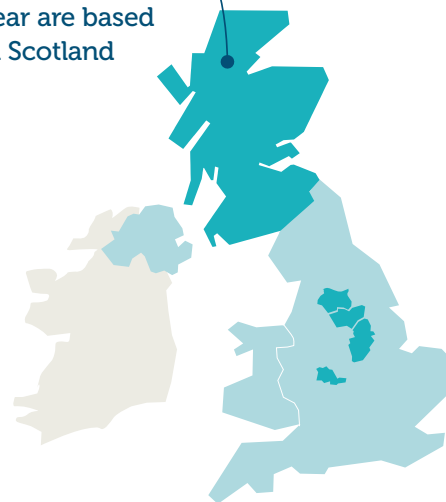
## Reflect and Learn

This year our customers' impacts have reached at least 4.3M people across Scotland, the UK and globally. This is a significant increase on the previous year (1.9M) and largely down to SIS investments through the Resilience and Recovery Fund which focused on larger charities and social enterprises.

## Reach of Activities

SIS activities reach enterprises, people, and communities in all **32** of **Scotland's** local authority areas**98%**

of SIS's loan customers this year are based in Scotland



Some of the enterprises we work with improve the lives and circumstances of people and communities internationally.

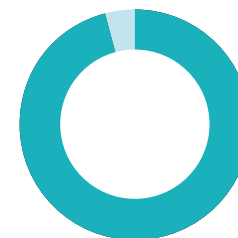
## How Others See Us



Average customer satisfaction rating (4.4/5)

**Top 5 words** or phrases used by customers to describe SIS:

- 1 Friendly
- 2 Approachable
- 3 Supportive  
generally and in times of difficulty
- 4 Professional
- 5 Helpful

**94%**

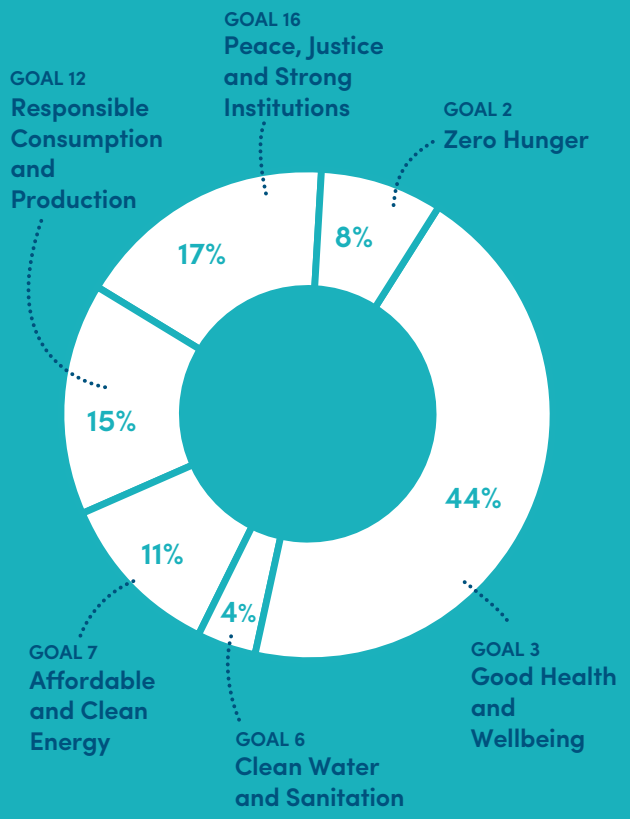
of customers would recommend SIS to other social or impact-led enterprises

ANNUAL IMPACT REPORT

# Impact Insights

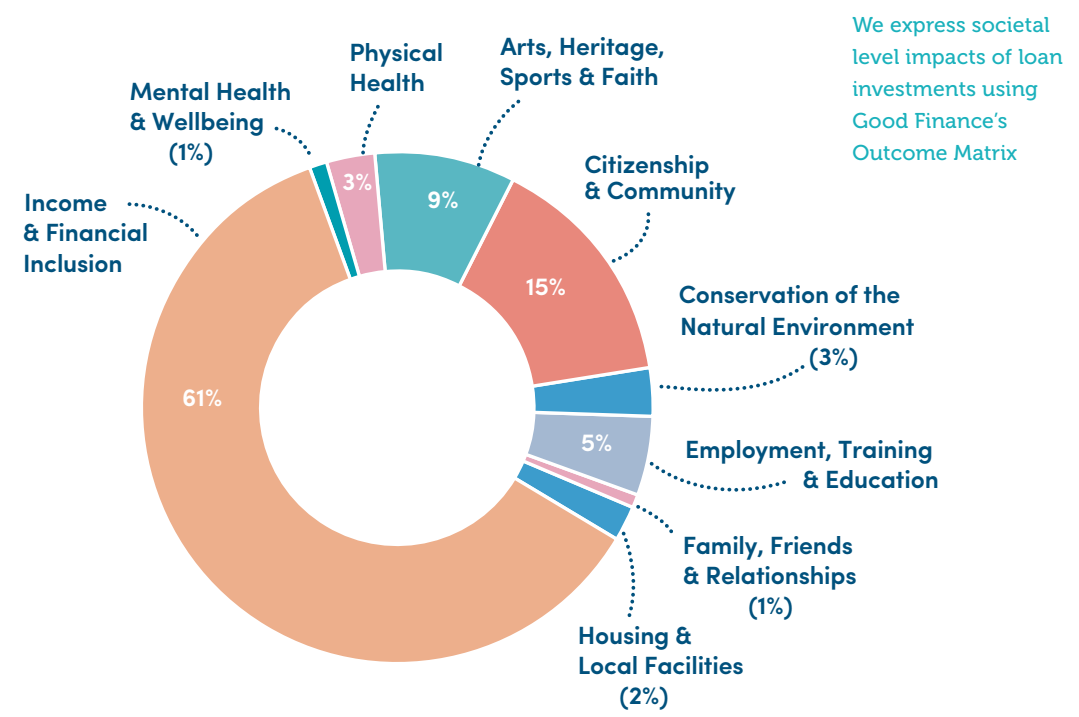
April 2021 to March 2022

## Percentage of Active SIS Ventures Investments by Sustainable Development Goal



We express societal level impacts of SIS Ventures investments in terms of the United Nations Sustainable Development Goals.

## Percentage of Active SIS Loans by Outcome Area



We express societal level impacts of loan investments using Good Finance's Outcome Matrix

### Reflect and Learn

SIS Ventures is SIS's wholly-owned, impact-investing subsidiary investing in high-growth, high-impact potential enterprises. Portfolio companies are progressing impact towards six of the United Nations Sustainable Development Goals. SIS is led by the needs of our sector, and wider society, attracting and deploying financial capital in line with needs. We expect to see an increase in investments supporting conservation of the natural environment, and other climate-related and Just Transition outcomes, in the next few years.



# Communities

## Loans and support for Scotland's social enterprises.

The Communities Team provides tailored financial solutions and support so that social enterprises can achieve their impact aims. Through a relationship-based approach, Investment Managers work closely with social enterprises to develop plans and funding proposals, advising where and how business practices can be developed to ensure plans succeed. The team also works alongside other funders and support providers to make sure customers have maximum support from those who can provide it.

## £12,412,767

combined loan and equity funding drawn

## £9,152,530

of new investments approved

## 33%

of SIS loan customers secured loans under £50,000

**“SIS provides a supportive and in-depth approach to opportunities, which will allow us to expand and grow to make our local community a better place to live.”**

The Spartans Community Football Academy.

### Reflect and Learn

We have seen growing positivity from customers, despite their continuing navigation of obstacles resulting from the pandemic. Larger charities and social enterprises have had access to finance and support to help build their reserves levels, and through a programme of Growth Challenges we have stimulated and supported growth ambitions across the sector. It is important to note that one third of all our customers secured loans for under £50,000. Smaller loans are a focal point for SIS, allowing us to support community-based and younger social enterprises in creating impact for the people and places they serve.



Angela Iver,  
Founder of Unity  
Grill, in front of  
their Ayr store

## CASE STUDY

# Jambo! Radio

www.jamboradio.co.uk

**Jambo! Radio is the only dedicated radio station for people of African and Caribbean heritage in Scotland.**

Its mission is to use broadcast media and its tools to build and develop the digital and employability skills, capacity, and confidence of people of African and Caribbean heritage in Scotland.

Jambo! Radio participated in our partnership programme with the Council of Ethnic Minority Voluntary Sector Organisations (CEMVO Scotland) & CEMVO Enterprises CIC. Working together with social entrepreneurs, CEMVO and SIS co-designed a social investment programme specifically for social enterprises led by, and reaching, people from across Scotland's ethnically diverse communities. Workshops introduced the concept of social investment loans and the opportunity to apply for a grant of £1,000 to £5,000 through a pilot funding stream.

Jambo! Radio successfully applied for a blended grant and loan funding package of £5,000, which helped them pay for a two-year annual subscription to Digital Audio Broadcasting (DAB) digital radio. DAB is an innovative technology which provides a low-cost



way for local commercial, community, and specialist music services to take to the digital airwaves. The switch to digital has helped the station reach more audiences, enabling them to attract more advertisers and revenue. The funding also enabled Jambo! Radio to deliver more employability and digital skills training to underrepresented groups.

**“By working in partnership, we were able to introduce new social entrepreneurs to social investment. More importantly, the enterprises were able to reach more people that social investment hadn't reached before.”**

Lindsay Wake, Head of Impact at Social Investment Scotland



**“Without the funding we wouldn't have been able to pay for our DAB annual subscriptions for two years. This helped us to extend our audience reach and attract more advertising.”**

George Tah, Director of Strategies and Project Coordinator at Jambo! Radio



CASE STUDY

# Tomintoul & Glenlivet Development Trust

www.tgdt.org.uk

**The Tomintoul & Glenlivet Development Trust (TGDT) was established in May 2012 with the aim of addressing economic downturn in the local economy by developing, inspiring, and embracing a sustainable and vibrant future for the Tomintoul and Glenlivet area.**

TGDT is focused on providing opportunities for employment, enterprise, and cultural regeneration through the delivery of development projects and ongoing initiatives - with emphasis on the importance of involving the community in the decision-making process.

In October 2021, TGDT received a tailored financial package as part of the SIS Growth Challenge. The SIS Growth Challenge was created for social enterprises with growth aspirations which required funding of £100,000 or more. TGDT received funding of £507,000, including a £157,250 grant.

This funding has been used to support the development of 12 new homes in the Tomintoul area - a targeted approach to improving the local housing market. The lack of affordable housing was highlighted by 82% of those asked in the community as a high or very high priority area to address. These results also highlighted some of the issues surrounding short-term holiday lets preventing a healthy local housing market, and the resulting lack of affordable homes.



**“Securing the latest funding package represents an important step in our wider regeneration plan, contributing to our broader ambition to create a thriving, sustainable community that will attract future generations to live and work here.”**

Tilly Smith, Chair of The Tomintoul & Glenlivet Development Trust



Tomintoul & Glenlivet  
Development Trust

# SIS Ventures

**SIS Ventures is an impact investor and wholly-owned subsidiary of SIS. SIS Ventures invests in impact-led businesses to help address society's greatest challenges and needs.**

As lead impact investor, we work alongside founding teams to understand their impact goals and to develop Impact, Environmental, Social, and Governance practices, ensuring impact is embedded throughout core business activity and how the business operates.

This year, SIS Ventures achieved the global, impact investment standard Operating Principles for Impact Management - the first investor in Scotland to achieve this mark.

## £1,894,267

equity funding drawn

Portfolio companies contribute solutions towards  
United Nations Sustainable Development Goals



Signatory to:



Operating Principles for  
Impact Management



## SIS VENTURES - CASE STUDY

**SOLASTA Bio**

www.solastabio.com

**The global market for insecticides has been under intense scrutiny for many years, with growing demands on food production requiring greater levels of crop protection, counterbalanced by heightened concerns for society's environmental challenges.**

University of Glasgow research spin-out SOLASTA Bio aims to bring to market the next generation of green insecticides. Its groundbreaking technology enables it to develop small protein-based products that effectively target pest species, while leaving beneficial insects and vertebrates unharmed in an environmentally friendly and sustainable manner. The company's innovative solution can target any pest of interest to meet a worldwide need for effective crop protection products and to maintain stable ecosystems.

The company aims to bring its first green

bioinsecticides to market by 2027, which is around half the time traditionally taken by synthetic pest control manufacturers. A £1.3 million investment from The Yield Lab Europe, SIS Ventures, Scottish Enterprise, UKi2S, and Cambridge Agritech has made this aim more achievable as it allows SOLASTA Bio to extend the platform and take its research out of its Glasgow laboratory into real-world settings.

**“The support for our mission from our investors, especially SIS Ventures, allows us to accelerate our research and development plans, build our team, and meet our target launch date of 2027.”**

Professor Shireen Davies, SOLASTA Bio CEO


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*The company's CEO is the award-winning scientist and entrepreneur Professor Shireen Davies.*



# Market Building

Connecting social enterprises with expertise and opportunities.

SIS's market-building activity provides projects, programmes, and support to help communities and social enterprises develop capacity, confidence, and resilience. We help enterprises maximise opportunities and navigate challenges along the way, with a particular emphasis on expert content, and cohort and peer support.

Made possible through a mix of funders, all of our market-building events were delivered online, maximising accessibility and fostering a safer environment as we emerge from the Covid-19 pandemic.

## 1,033

attendances at SIS training events by social entrepreneurs, leaders, and other supporters

## 74

workshops, webinars, and masterclasses delivered

## 11

support initiatives designed and managed

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## Reflect and Learn

Feedback from entrepreneurs on our scale programmes, Ambitions and Retail Academy 2.0, shows participants placing specific importance on the support that the programmes have given them as leaders and teaching them the skills they need to develop business operations. One standout feature of the Ambitions Programmes is peer support, giving the cohort much-needed space to speak freely with other leaders in a 'safe' space and focus their approach to leading teams through change.

Looking to the future, we have early indications that entrepreneurs are concerned about the cost-of-living crisis, the rising costs of running a business, and the choices that customers may be making in relation to their spending. Supporting entrepreneurs to navigate these concerns will be a focus of our programmes in the next year.

*Adaptive Bicycles,  
The Speyside Trust,  
Aviemore*

# Programme Feature: Ambitions Programme

This year, we welcomed 21 leaders to our Ambitions Programme, joining two cohorts – Scale-up and Step-up – to provide tailored support for social enterprises of all sizes. The programme featured weekly guest speakers, specialist masterclasses, and ongoing peer support.

The 16-week-long Ambitions Programme provided a regular space for leaders to upskill, build capacity, and expand their knowledge. A unique focus on peer support allowed leaders to

exchange ideas and network with social entrepreneurs facing similar challenges and opportunities. We know that leaders often juggle their time between dealing with the day-to-day operations of their businesses and spending time leading and growing the business. The key aim of the Ambitions Programme was to challenge this: changing mindsets and allowing leaders to create space, step back, and focus on their role as leader.

This meant planning their strategic intent to achieve sustainability and growth of their business.

Feedback highlighted the programme helped participants become more confident leaders, with 100% of participants saying that they would recommend the programme to others. The online format also made attending more accessible and flexible for leaders.

### SCALE-UP:

**“Ambitions has given me the confidence to have candid discussions around the direction of travel for the business. It made me realise that our scale needs to go deep first before moving up.”**

Alex Fleming, 4 The Benefit of All

# 21

social entrepreneurs participated

# £35,000

grant funding awarded by Baillie Gifford to support business growth

# 100%

of participants felt more confident in business practices as a result of taking part in Ambitions

# 100%

of participants said they would recommend Ambitions to others



Amanda Stark & Trish Papworth, co-founders of Stitch the Gap

### STEP-UP:

**“Ambitions helped me focus on my story and how best to tell it. The programme gives you a business toolkit to assess why you made a business decision, reflect on where that takes you, and if it’s a direction you want to go in. We are a more resilient and robust organisation as a result of the library of knowledge you gave us access to during the Ambitions Programme.”**

Trish Papworth, Stitch the Gap CIC

## AMBITIONS: STEP-UP - CASE STUDY

# Wild & Kind

[www.wildandkind.com](http://www.wildandkind.com)

**Wild & Kind is a sustainable embroidery, garment, and risograph print company which works with 100% organic, recycled materials sourced from ethical suppliers – from hoodies to accessories.**

All profits are invested back into supporting its community and fostering positive social change in Scotland. Originally set up to tackle isolation and loneliness for marginalised gender identities, Wild & Kind also offers free workshops, which provide an inclusive space for people to connect, flourish, and grow – with emphasis on providing a safe space for alternative gender groups.

Trudi Donahue, founding director of Wild & Kind, joined the 2021 Ambition Cohort in the Step-up group, with the aim of developing her leadership skills so that she could better understand how to maximise growth and business development.

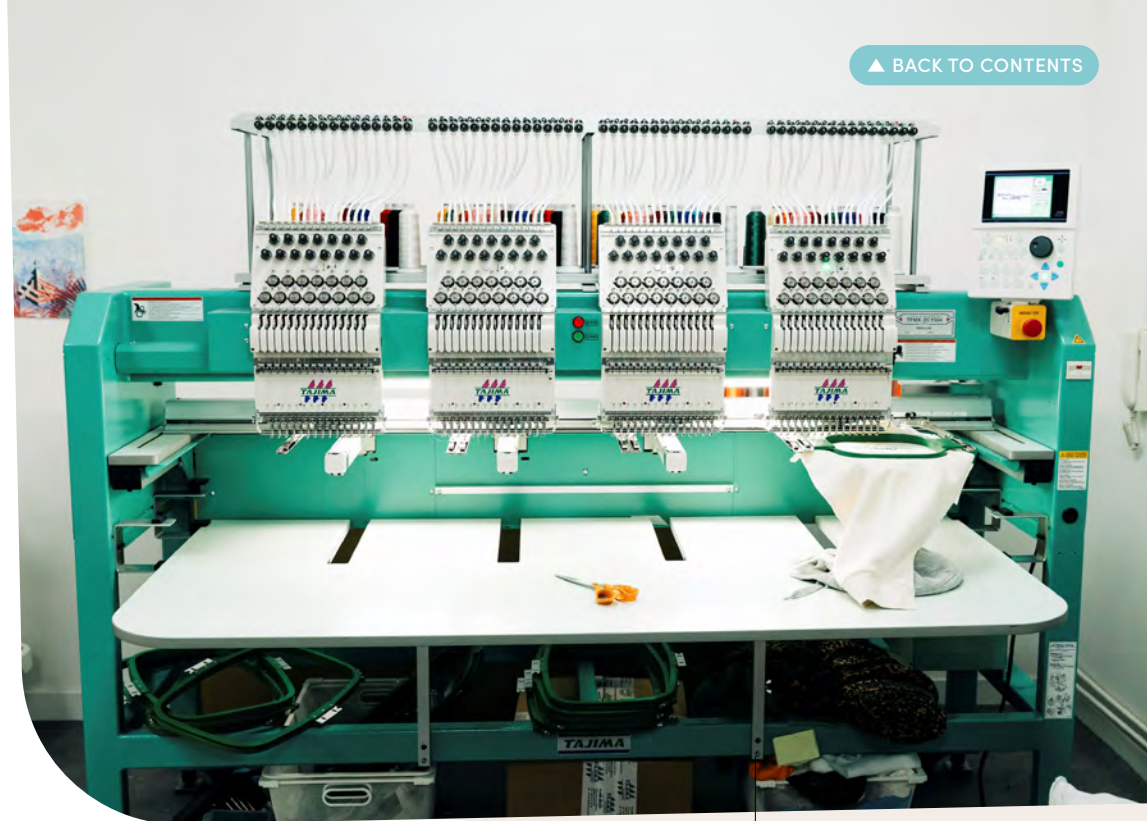
Trudi also wanted to learn how to delegate more and free up time to problem-solve and focus on the bigger picture. She highlighted the importance of peer-to-peer support as an integral element of the Ambitions Programme as it allowed her to connect with other mission-aligned businesses. It also provided a unique opportunity for networking and exchanging knowledge and experience.

**STEP-UP:**

**“Wild & Kind has recently gone through a period of rapid growth, and I felt there was a holistic improvement in my learning, confidence, and ability as a leader, managing a team, and with my overall business skills as part of being on the Ambitions Programme.”**

Trudi Donahue, Founding Director of Wild & Kind

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*Specialist equipment used by social enterprise Wild & Kind.*





AMBITIONS: SCALE-UP - CASE STUDY

# The Apprentice Store

www.theapprenticestore.co.uk

**Founded in 2016, The Apprentice Store is an IT services business based in Inverness.**

It works with small and micro-businesses across the UK, providing remote IT support, web development, and cyber security advice. The Apprentice Store is unique in the IT space. It operates as a social enterprise to create sustainable employment for young people within the Highlands and Islands, with all profits invested back to support young people.

In 2021, David Massey, The Apprentice Store's Managing and Founding Director, attended and completed our Ambitions: Supporting Leaders, Building Growth programme. The Apprentice Store transitioned between Step-up and Scale-up cohorts, allowing David to learn and engage with entrepreneurs at different stages and with a similar mindset.

The programme also gave David clarity on how to tell the story of The Apprentice Store - the reason why it exists and the services it delivers, whilst being true to its purpose.

**“There are many things that make the Ambitions Programme stand out - one of which is the fact that it has two programmes running together that are specifically aimed at the stage and size of the businesses.”**

David Massey, Managing and Founding Director of The Apprentice Store



# More About Market Building

**We work with funders and partners to support growth across the social enterprise sector:**

## Just Enterprise

As part of the Scottish Government's nationally funded Just Enterprise programme, SIS co-designed and delivered the Preparing for Social Investment workshops, helping others understand more about social investment.

## Retail Academy 2.0

This year, we delivered two separate Retail Academies, with the aim of supporting existing organisations that are ready to scale up their operations to take their enterprise to the next level. The programme helped leaders think globally and develop practical steps to expand and grow their venture.

## Understanding Investment

A series of themed sessions focused on bringing to life organisations that use investment in different sectors, including Tourism & Leisure and Outdoor Learning.

## Talking Heads/Retail For Change

A short series of retail and product-focused interview sessions looked at how social enterprises and mission-driven businesses continue to make a measurable contribution to the economy. Each session featured a social entrepreneur who founded and grew their business in a competitive and busy marketplace, aiming to share experiences and provide insights into their strategic journey, operational challenges, and opportunities along the way.

## Associate Business Support Programme

SIS Associates offered flexible business support to progress organisational growth and development. This was an opportunity for social enterprise leaders and their boards to access practical support to improve operations, systems, strategies, and/or financial projections for growth.



## Thinking Sustainably

A series of workshops illustrated recent case studies of charities and social enterprises that have used investment to make changes to how they operate, helping them become more sustainable.

*Toothbuckle founders Alison Rogers and Rosaline Scott attended Retail Academy 2.0.*

## Trustee Sessions

A series of sessions was designed to bring to life investment opportunities, risk, and governance skills while highlighting the specific responsibilities of the trustees and board members.



# Access To Finance

**Bolstering the growing sector of responsible lenders across the UK.**

SIS acts as a fund manager, mobilising and deploying funds into other responsible finance providers who, in turn, offer finance to enterprises and individuals who are unable to secure them from mainstream financial lenders. Those who benefit are usually people excluded from traditional bank and credit services, and small businesses supporting local social and economic impact, often based within communities experiencing multiple challenges or disadvantages.

**£6,790,000**  
funding drawn

**3**  
funds managed

**Community Enterprise Investment Facility**

**Affordable Credit Fund**

**Scottish Community Lenders Investment Fund**  
(previously Credit Union Resilience Fund)

## Reflect and Learn

SIS has experienced significant growth in our Access to Finance activity through creation of the new Scottish Community Lenders Investment Fund and managing existing funds. We anticipate this will only continue as the cost-of-living crisis places more demands on providers of affordable finance. There are deep and devastating impacts for people and businesses who access inappropriate and irresponsible credit options, and SIS will continue to create solutions for responsible lenders and the Community Development Finance Initiative sector.



*Prakash Mistry, Managing Director of Universal Supply Chain and Solutions, beneficiaries of the Community Enterprise Investment Facility*

# Fund Feature – Community Investment Enterprise Facility (CIEF)

Many micro and small businesses (MSMEs) across the UK are unable to access mainstream finance and face barriers to growth.

While they can sometimes access finance from socially motivated lenders, such as Community Development Finance Institutions (CDFIs), the CDFIs themselves face barriers to achieving long-term sustainability and securing significant capital at scale to meet the demand of small businesses.

The Community Investment Enterprise Facility (CIEF) was established in 2018 to provide CDFIs with the capital they need to meet demand; to help increase understanding of the financial and social impact of CDFI lending; and to attract other mission-driven investors to help achieve long-term stability.

Working with cornerstone funder Big Society Capital and four CDFIs, SIS has deployed £27.2million of CIEF funding, providing growth capital to MSMEs who are unable to access mainstream

funding. This is matched by £30million of funding committed by Triodos Bank and Unity Trust Bank.

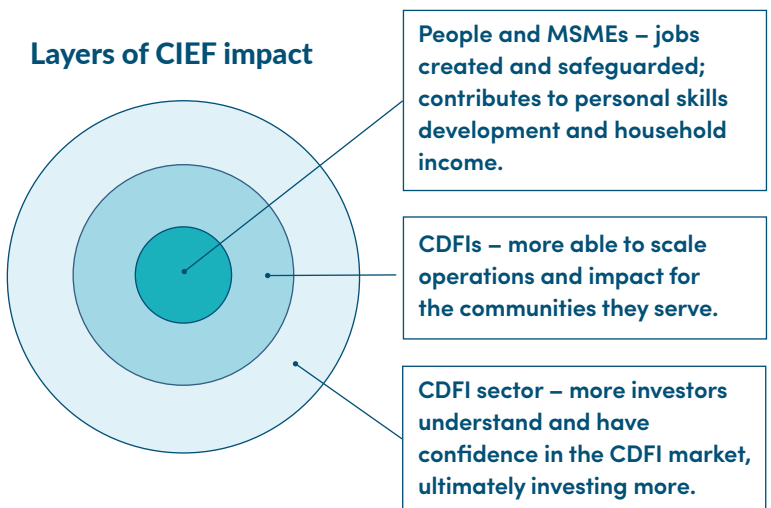
The four participating CDFIs are BCRS Business Loans, Business Enterprise Fund, Finance for Enterprise, and First Enterprise.

## Fund outcomes

The Centre for Regional Economic and Social Research is conducting a longitudinal study into the outcomes and impact of the CIEF.

Through this it is clear that the CDFIs deploying CIEF are able to find and provide business funding to MSMEs with diverse founders and leaders, and/ or based in, or serving, some of England’s most deprived communities.

Three in-depth CIEF evaluations have been produced, including one looking specifically at the role of CDFIs during the Covid-19 pandemic.



## FIRST ENTREPRISE - CASE STUDY

# Enterprise Loans

[www.first-enterprise.co.uk](http://www.first-enterprise.co.uk)

**Committed to supporting the communities in which they work and levelling up accessibility to finance for people of colour and female entrepreneurs, First Enterprise – Enterprise Loans is dedicated to providing government-backed finance to small businesses throughout the East and South East Midlands.**

Working with funding partners Social Investment Scotland and British Business Bank, it ensures businesses can access the advice and finance they need to succeed.

Over the past two years, First Enterprise – Enterprise Loans has played an important role in supporting businesses during the pandemic by providing loans through the Coronavirus Business Interruption Loan Schemes and the subsequent Recovery Loan Schemes. This support has helped businesses to sustain staffing, diversify, and even grow in difficult times. Between April 2020 and July 2021, the team has supported 710 organisations,

lending £19,889,690 and creating over 500 jobs. Over 50% of the funding has been distributed to businesses located in the top 35% deprived Local Super Output Areas (LSOAs) or in the Top 50 deprived local authorities based on measures of deprivation.



**“As the pandemic impacted businesses across the country, there was a need for a personal approach from organisations such as First Enterprise – Enterprise Loans to believe in businesses when traditional lenders didn’t. We exist to support the economic wellbeing of the communities we operate in, and provide brave, inspirational, and determined entrepreneurs with the funding they need. These businesses are the backbone of the country and it’s been a privilege to be part of their journey as they add real value to the economy.”**

Daniel Carrico, Executive Director of First Enterprise – Enterprise Loans

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*Paul Geary, Managing Director of Aqsortion. Aqsortion secured investment from First Enterprise – Enterprise Loans via the CIEF*

# Responsible Business Practices

**SIS is on a journey. We strive to establish ethical business practices, delivering strong Environmental, Social and Governance across SIS's activities.**

There is always more to do, so this year we established a Responsible Business Practices (RBP) Working Group – led by, and made up of, 80% of the SIS staff team.

With over 20 years of direct experience and working closely with our social enterprise customers and partners, and, more recently, focusing on environmental and diversity practices, we have expertise in this area to share. We also recognise we have more to learn, and take guidance from other experts, including B Corp UK, Zero Waste Scotland, Radiant and Brighter CIC, Black Professionals Scotland, and Changing the Chemistry CIC.

By highlighting some of our actions here, we hope to inspire and showcase to others how impact can be achieved by living these practices every day.

## Spotlight Activities

Inaugural affiliate member of Changing the Chemistry CIC

Signatory to Women in Finance Charter

Signatory to the Diversity Forum Manifesto 2.0

Climate action statement published and actioned

Through signatory of charters and initiatives, we are committed to publishing key data which can be viewed here.



**“At SIS, we believe all enterprises should proactively maximise their positive impact, through what they do and how they do it. Through our actions, the Responsible Business Practices group aims to support others to define and progress their plans in these important areas.”**

Nicola Boyle, Communications Manager and Chair of the SIS RBP Group

**CHANGING THE CHEMISTRY**  
IMPROVING BOARD EFFECTIVENESS



## Responsible Business Practices Cont'd

### Environment

It is beyond question that the biggest challenge for humanity, now and in the future, is ongoing environmental damage and the need for urgent action to fight climate change.

We share a common global responsibility to ensure Earth can support, nurture, and provide joy for the next generation and generations to come: able to sustain life on land, in the seas and in the air.

We are committed to ensuring fair and equitable access to finance for all. SIS's mission is to connect capital with communities to make a lasting difference to people's lives. This ambition is thwarted, at a fundamental level, if communities do not have a healthy environment to live in, with reliable access to food, water, and adequate shelter.

By raising and deploying capital to those contributing solutions that sustain life on Earth, SIS plays its part. We have been busy progressing earth-friendly actions, with more to come. Full details can be found in our Climate Action Statement.

### Strong Governance

At SIS, strong governance is fundamental to our success. It enables and supports our compliance with the law and relevant regulations, helps drive strategic direction, and promotes a culture where all our activities are focused on fulfilling SIS's vision.

The SIS team is supported by a skilled and committed board and a range of sub-committees, bringing breadth of knowledge, experience, and strategic vision from a variety of sectors.

We frequently advise customers on developing strong governance structures, and ran a series of events this year for boards and trustees.

Read more about our [Responsible Business Practices](#) here.



Alastair Davis, SIS Chief Executive Officer, was named SCVO Director of the Year - Third Sector at the Institute of Directors Scotland Awards 2022.



# Responsible Business Practices Cont'd

## Social Impact

Social impact is woven across all our activities and delivered daily by the enterprises we fund and support. Through our daily operations and interactions with others we consider how we can increase social impact, based on best practice, continually seeking out new and better ways of working.

### Our Team

SIS supports Scotland's Fair Work Framework and works with the SIS team to develop policies and practices that are fair and inclusive.

We recognise the role that Living Wage employers play in tackling in-work poverty and pay all employees at least Scotland's Real Living Wage.

## Diversity, Equity and Inclusion (DEI)

SIS publishes a detailed Diversity Statement where you can read about our approach and practice.

We work with expert partners to ensure we encourage and benefit from diversity of thought and voices across our activities.

SIS's CEO chairs the Scottish Government's Social Enterprise Action Plan DEI sub-group.

## Spotlight Activities

Formally moved to hybrid working arrangements

Co-designed a social investment programme for black and ethnic minority founders and leaders.

Awarded One to Watch status at Flexible Working Awards 2021

Provided six work placements and internships to support emerging talent and broaden views brought to the SIS team



**“I value the learnings I gain from working with a diverse group of colleagues and, in an investment capacity, I believe it’s essential to have diversity among the key decision-makers.”**

Siobhan Moore, SIS Ventures Investment Manager



**“Working with the SIS family has sparked my interest in using investment as a driver for positive growth and change in society. I am thankful for the opportunity, as this is my first truly immersive experience in the world of investment in Scotland.”**

Gabriela Tamakloe, SIS Ventures Intern 2021



## Responsible Business Practices Cont'd

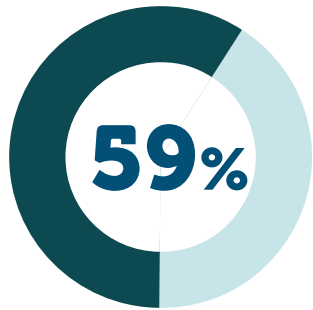
### Supply Chain

We always seek to buy from social, local, and/or fairtrade suppliers. This year 59% of our suppliers were social enterprises or local businesses.

Prioritising these businesses within our supply chains means we must settle payments quickly to support cashflow. On average, we pay invoices within 17 days of receipt.

Importantly, prioritising these businesses means we contribute to greater social impact through everyday business transactions.

This year we are working a supplier screening process that will help us understand more about our suppliers' environmental and people practices.



of our suppliers are social enterprises or local businesses

### Spotlight Supply Chain Impacts

By purchasing from social enterprises, our spending power contributes to social and environmental impacts. Our purchases this year have helped:

Provide work experience for disabled adults and young people

Create other employability opportunities without barriers

Support not-for-profit equality and diversity training

Contribute towards community grants programmes



**“I’m excited to see how, working as a team, we can bring even greater social and environmental impact through our supply chain and business operations.”**

Oliver Pollard, Finance and Operations Manager

# Review Methodology

The following notes explain the sources and application of information and findings set out during the report.

## Data Sources

- Customer Baseline Impact Survey - conducted as part of all impact due diligence for every SIS investment.
- Customer Satisfaction Survey - all Communities, Market Building, SIS Ventures, and Access to Finance customers.
- Customer Feedback Forms - following all market-building programmes.
- SIS Ventures investee impact monitoring reviews - conducted between October 2021 and March 2022.
- Building an Impact Economy 1st Action Plan Review - a combination of face-to-face interviews and surveys with external stakeholders, including the Scottish Government, Black Professionals Scotland, Scottish EDGE, Converge, Scotland Can B, Firstport, Big Society Capital, SIS Customers, SIS team, board and committees.
- Other internal data sources.

## Impact Systems and Frameworks

- **Outcomes Matrix** - We consider primary and secondary outcomes for SIS loans using Good Finance's Outcomes Matrix.
- **United Nations Sustainable Development Goals** - Societal level outcomes of SIS Ventures investments are expressed in terms of the UN SDGs. We use the SDG Compass and IRIS+ systems to confirm appropriate primary and secondary SDGs.
- **Impact Management Project (IMP)** - SIS and SIS Ventures use the Impact Management Project's Five Dimensions of Impact to understand the current and potential impacts of an investment. We also consider impact in terms of IMP's investment classification.



**“I’m pleased with the level of direct input from customers and stakeholders to our impact progress review. In the future I’d like to learn more from others less familiar with our work: that way we can find new ways to increase our impact.”**

Lindsay Wake, Head of Impact

# Funds Overview

Since 2001, SIS has invested over £116 million in 494 social enterprises.

As we continue to grow and develop the range of funds, products, and support that SIS offers, our focus remains constant: providing excellent service and tailored solutions to our customers.

Lending from just £10,000, we help organisations of all sizes sustain, grow, and develop their social and economic impact.

98% of SIS customers are based in Scotland.

## Open Funds

We create tailored funding packages to suit individual customers, accessing finance from a range of active funds:

- **Scottish Social Growth Fund**

Phase 2 of SGF, this is a £17 million partnership between the Scottish Government, Big Society Capital, and Edinburgh University, providing loans from £100,000 to £1.7 million.

- **SIS Community Finance**

Our core loan fund provides a range of flexible loans from £10,000 to £250,000, including our bridging loan product.

- **SIS Ventures**

Launched in 2018, SIS Ventures invests in impactful enterprises to help address society's greatest challenges and needs. See more [here](#).

- **Net Zero Transition Fund**

Designed in partnership with Zero Waste Scotland to support social sector organisations in their journey to become carbon natural, and to develop a circular economy. This fund provides loans from £10,000 with the potential for grant awards.

- **Resilience and Recovery Fund**

Launched to provide support to organisations whose reserves have been severely reduced and who would benefit from a flexible loan to bolster their reserves, provide more stability, or innovate their recovery plans.

## Closed or fully invested funds

We manage ongoing repayments and servicing of the following funds:

- **Affordable Credit Fund**

With investment from Carnegie UK Trust and the Scottish Government, this £2 million fund helps not-for-profit lenders provide affordable credit to low-income borrowers.

- **Asda Community Capital**

This fund was designed to support early-stage social enterprises looking to access social investment for the first time.

- **Community Investment Enterprise Facility**

Funded by Big Society Capital, this £30 million facility invests in social lenders (Community Development Financial Institutions) across the UK to help small and micro businesses create positive impact.

- **Scottish Community Lenders Investment Fund**

Aimed at supporting affordable credit providers (Credit Unions and Community Development Finance Institutions) across Scotland by making grants available to support with the availability of credit and strengthen the balance sheet of these organisations.

- **Scottish Investment Fund**

This Scottish-Government-backed, £31.8 million fund has invested in 67 organisations in a range of sectors across Scotland.

- **SIS Community Capital**

This innovative fund (using social investment tax relief) benefitted social enterprises looking to scale.

- **Social Growth Fund**

A £16 million partnership between the Scottish Government and Big Society Capital, SGF provided loans from £100,000 to £1.7 million.

- **Third Sector Resilience Fund**

Launched in response to implications of Covid-19, this Scottish-Government-backed fund provided loans to third sector organisations and social enterprises to respond to pandemic-related challenges. In a second phase of TSRF, this fund also provided Adapt and Thrive loans.

# Turning Up the Volume

**SIS's mission is to connect capital with communities to make a real, measurable, and sustainable impact upon people's lives.**

The capital we connect is not just financial via investment funds: it is also human, social, and intellectual capital that we convene and share with charities, social enterprises, and businesses who have a social mission at their heart.

In the Scottish Government's new [National Strategy for Economic Transformation](#), social enterprise, alongside other alternative business models, is highlighted as an area of opportunity. To capitalize on this, social enterprises need champions that will be able to support them to step up and scale up; invest in their sustainability; create opportunities for increased trading; and help others, including governments and their agencies, understand how they might support and invest in this transformational business model. SIS aims to be one of these champions.

SIS believes that Scotland should be playing a full role, in a global context, to build an Impact Economy that is aligned with the objectives of inclusive economic growth.

In the last two years there has been a focus on resilience and recovery during the Covid-19 pandemic, addressing challenges and capitalizing on opportunities. Now entering our second action plan, **Turning up the Volume** we aim to be bolder and more confident in the articulation and pursuance of our Impact Economy vision. Our new action plan details several key actions: revising market-building activities based on participant feedback; focusing on mentoring 'leadership exchange' as well as practical business support; making investment continually available from funding programmes between £10k and £1.5m; and expanding support for other responsible lenders who are providing access to finance where others don't.

We are also not under-estimating future challenges and our role in supporting customers, and the wider sector, as the impacts of the cost-of-living crisis become increasingly felt.

Now is the time for SIS to step up our efforts and continue momentum towards an Impact Economy. By doing this we will support our expert and inspirational sector to be well-positioned for new opportunities, and to respond to the impacts of the cost-of-living crisis.

If you would like to learn more about the support you could receive, or just talk to us more about any SIS activities, then please do get in touch.

*With very best wishes from the team at SIS*

**SIS believes that Scotland should be playing a full role, in a global context, to build an Impact Economy that is aligned with the objectives of inclusive economic growth.**

*Talla na Mara, Arts and Entertainment Centre, Isle of Harris.*

Photo ©Margaret Soraya



## A Charity and Social Enterprise

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[socialinvestmentscotland.com](https://socialinvestmentscotland.com)



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