

THE
GOOD
ECONOMY

Greater Manchester Pension Fund: Place-based Impact Reporting

Progress Report
24 March, 2023



About The Good Economy

Leading independent impact advisory firm dedicated to promoting a Good Economy that works for everyone

Impact Services Consultancy

- Help clients **integrate impact considerations into decision-making** and measure, manage and report their impact with integrity and confidence
- 60+ investors with £10+ billion AUM invested in **real economy sectors**, particularly social/affordable housing, commercial real estate and SMEs
- Focus on the "S" in ESG and the contribution of investment to **positive outcomes for people and places.**

Cross-Sector Collaborations and Research

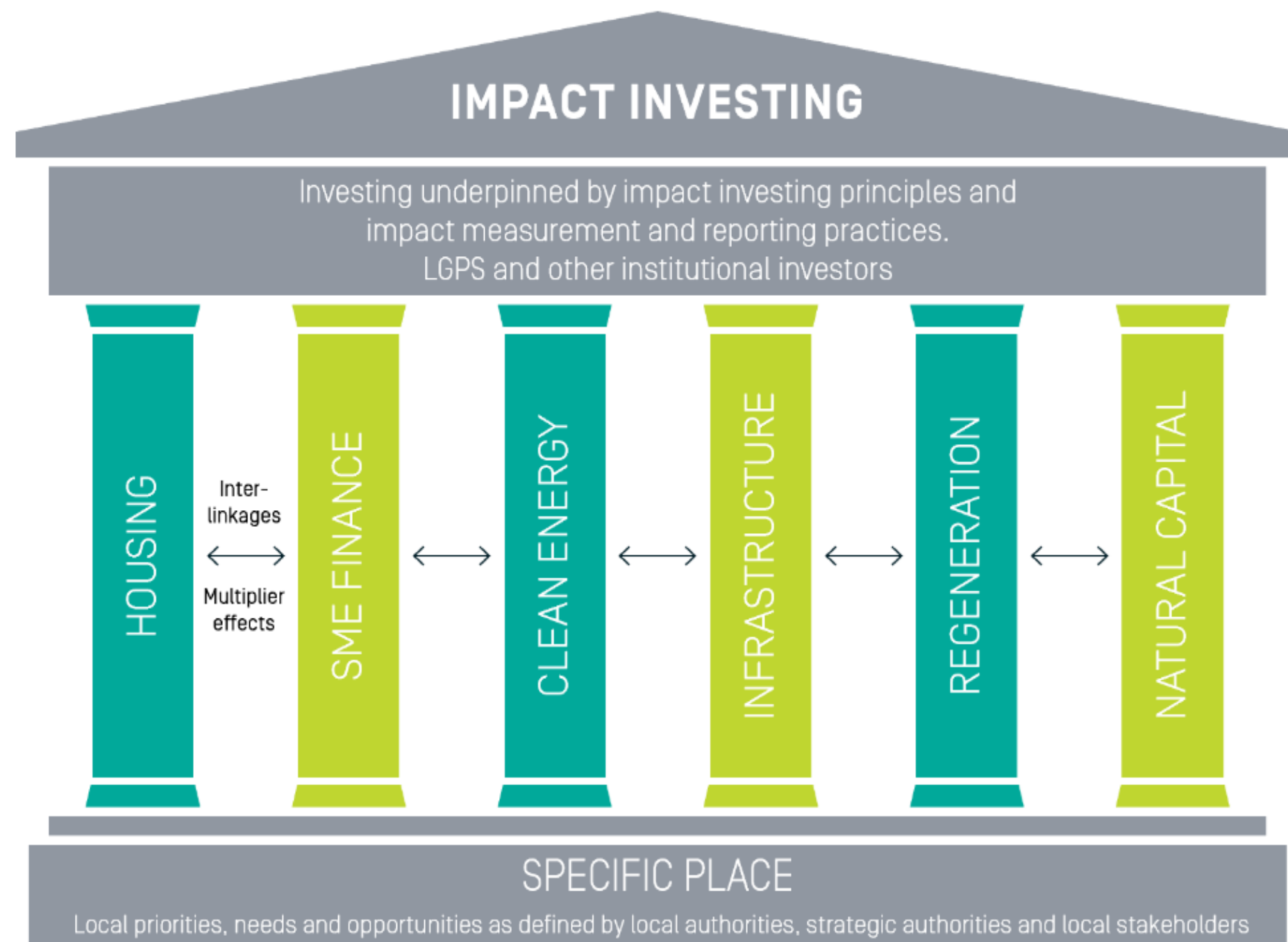
- Place-Based Impact Investing - PBII Labs and PBII Network
- Sustainability Reporting Standard for Social Housing
- Role of SME Finance in Regional Development with Mercia Technologies [Enterprise Ventures]



Our clients



Place-based Impact Investing - for thriving local economies and communities



Source: The Good Economy

PBII delivers:

- Appropriate risk-adjusted returns with
- Positive local impact in specific places

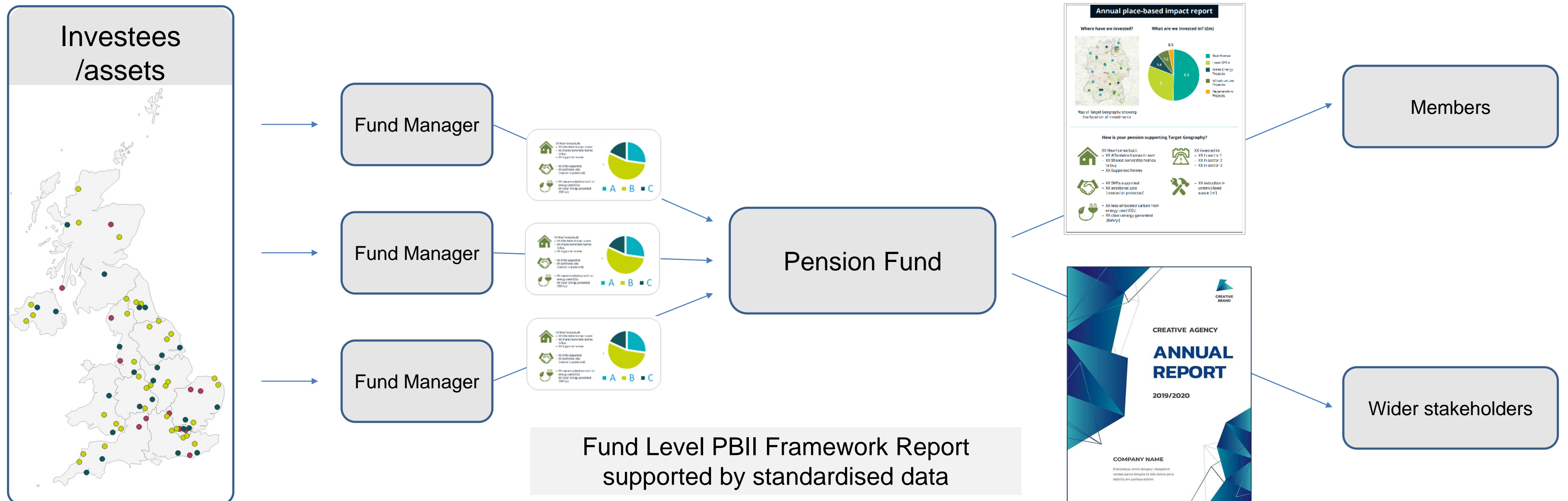
It responds to demand for distinct and diversified return streams that are aligned with



There is both commercial opportunity and societal opportunity.

PBII Reporting Framework - an industry-led reporting approach

Designed to enable pension funds and fund managers to report on their place-based impact performance in a transparent, consistent and comparable manner. GMPF was a core working group member and is now a first user.



Project: Scope of Work

What are we helping GMPF to achieve?

We’re working with GMPF to independently report on the Impact of GMPF’s Place-based investments - helping provide transparency on how investments are creating meaningful change for Greater Manchester & the North West. Focus on GMPF’s two mandates with intentional local investment exposures accounting for 5% of asset allocation.



“Impact Portfolio”
2% Target Allocation



Greater Manchester Property Venture Portfolio
3% Target Allocation

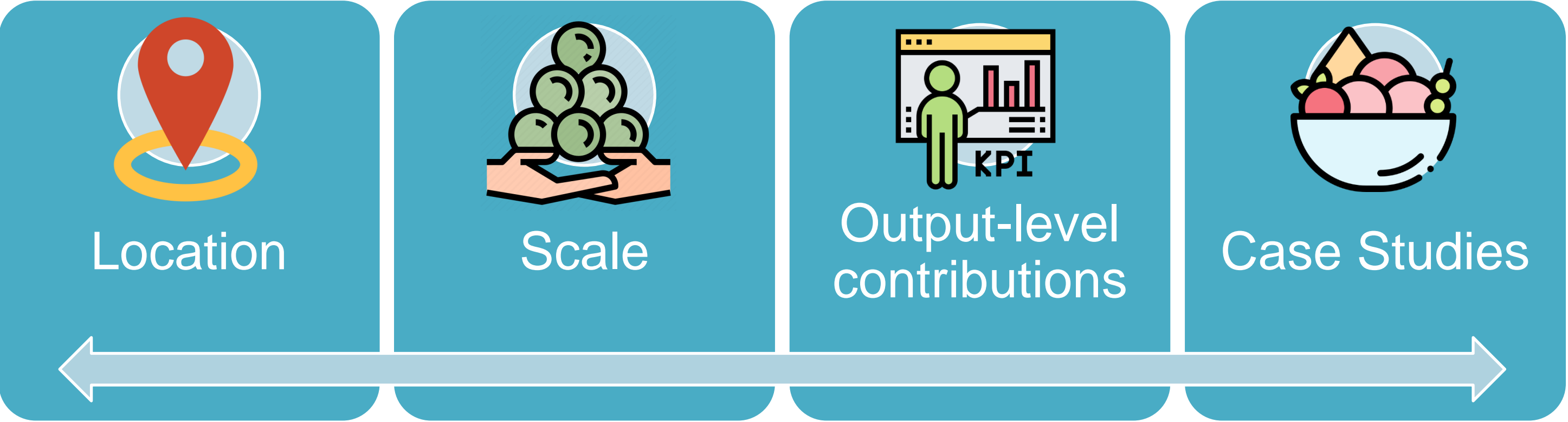
Impact Themes	Target Range
Jobs	25%-75%
Loans to SMEs	
Equity Investment in Underserved Markets	
Investment in technology jobs	
Place	25%-75%
Renewable Energy Infrastructure	
Social Investment	
Social Infrastructure	
Housing	

Impact Themes	Target Range
Generate employment	Greater Manchester [70% Core] N.W. / Northern Pool Area [30% Core]
Improve long term employment prospects	
Contribute to the overall economic development	

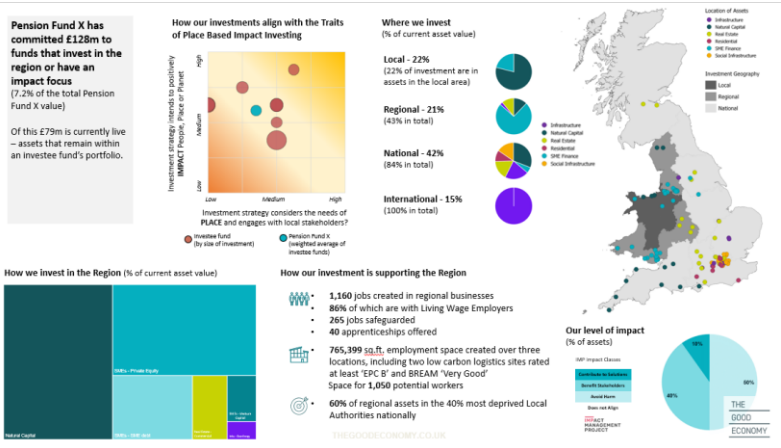
Geographic scope: Greater Manchester & North West Region

Assessment Methodology

We will report on GMPF's contributions to inclusive and sustainable development with respect to:



The report will describe how GMPF is creating meaningful change in a concise, evidence-based and visually engaging.



Summary factsheet



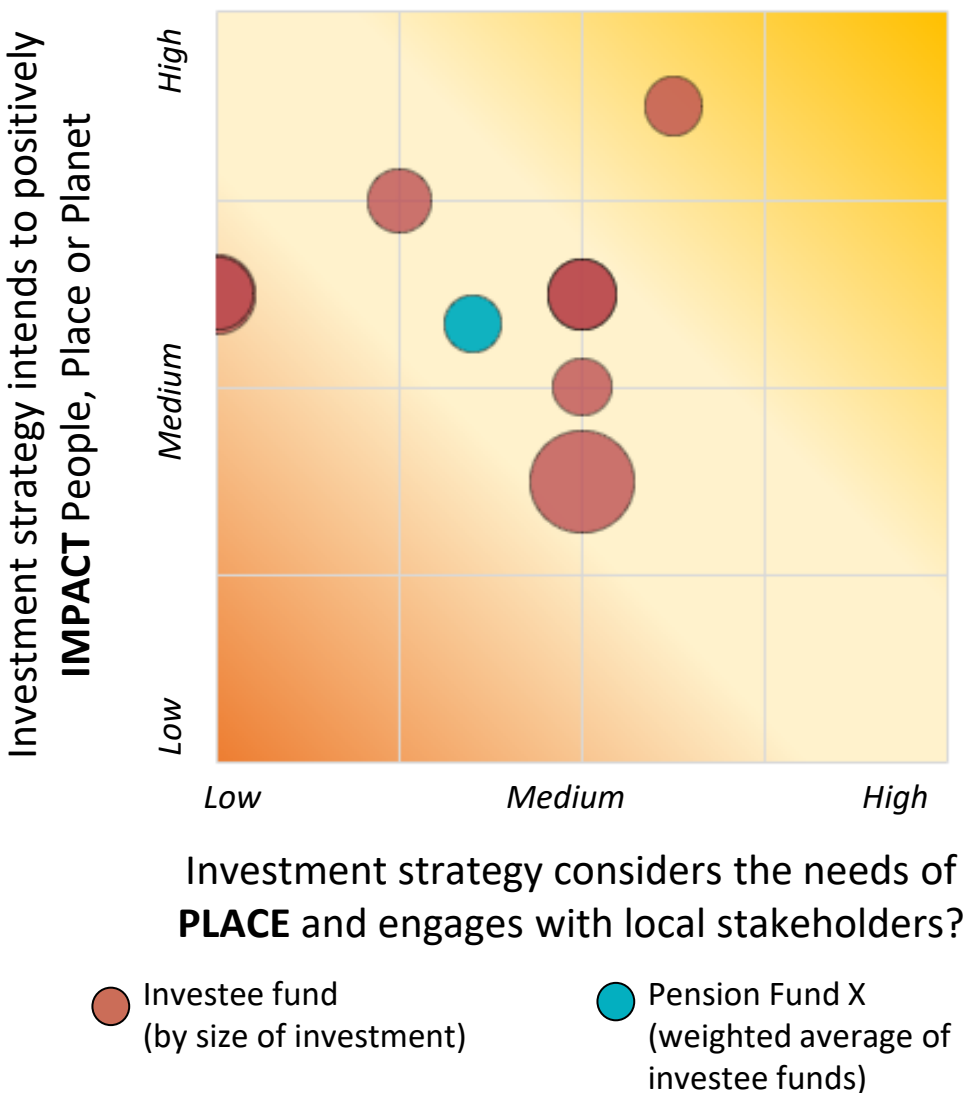
Long-form report (including 3x Case Studies & Verification)



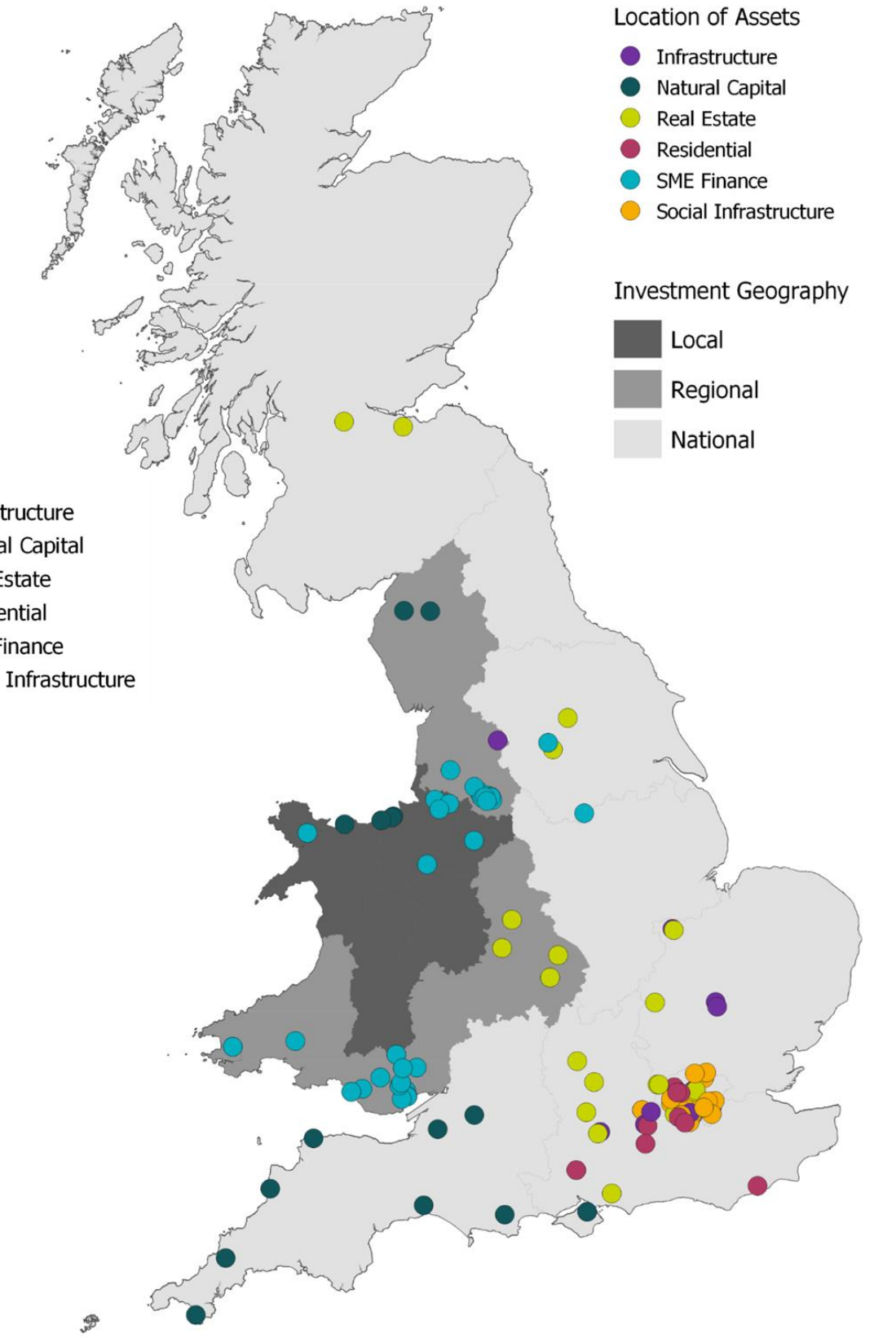
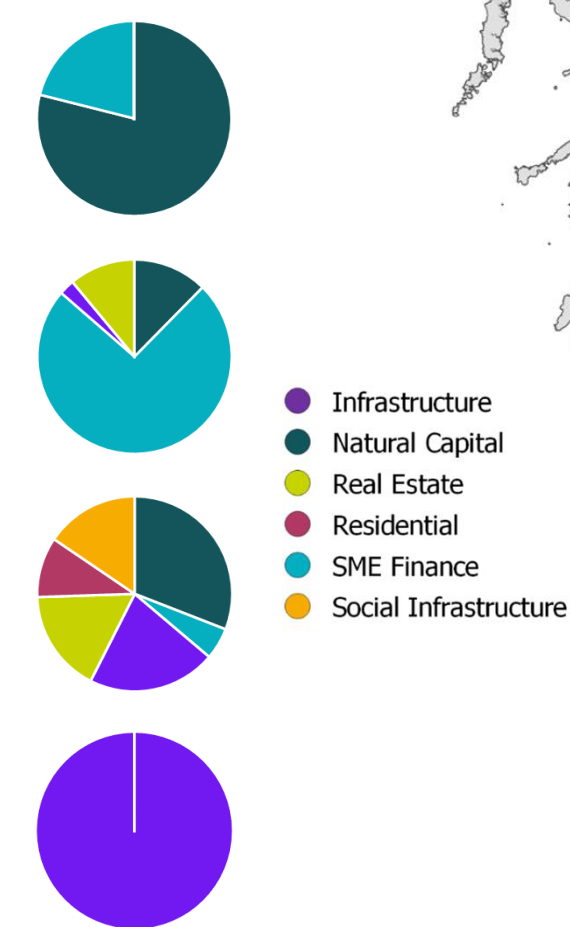
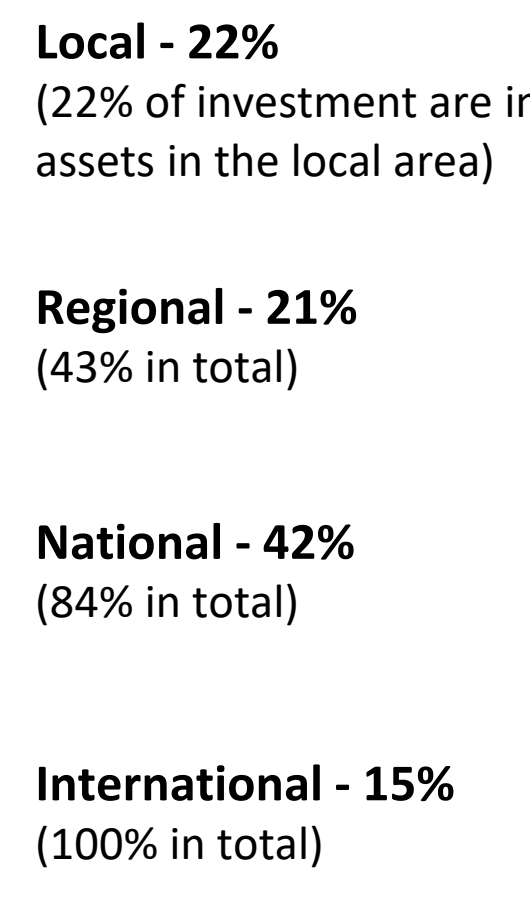
Pension Fund X has committed £128m to funds that invest in the region or have an impact focus
(7.2% of the total Pension Fund X value)

Of this £79m is currently live – assets that remain within an investee fund’s portfolio.

How our investments align with the Traits of Place Based Impact Investing



Where we invest
(% of current asset value)



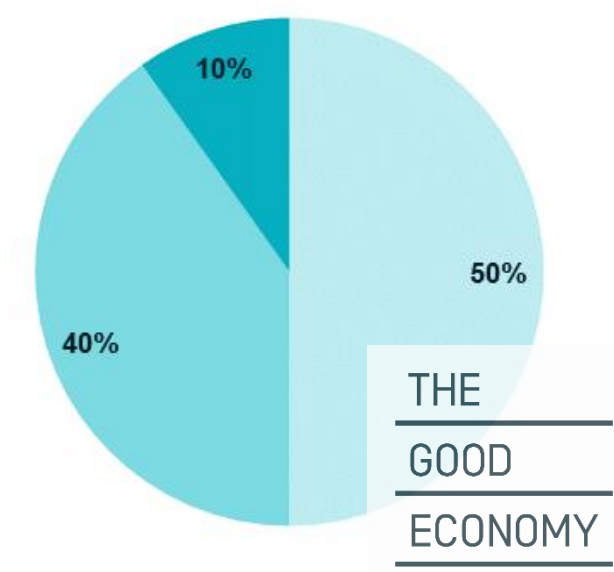
How we invest in the Region (% of current asset value)



How our investment is supporting the Region

- **1,160** jobs created in regional businesses
- **86%** of which are with Living Wage Employers
- **265** jobs safeguarded
- **40** apprenticeships offered
- **765,399** sq.ft. employment space created over three locations, including two low carbon logistics sites rated at least 'EPC B' and BREAM 'Very Good' Space for **1,050** potential workers
- **60%** of regional assets in the 40% most deprived Local Authorities nationally

Our level of impact
(% of assets)



Case studies to evidence real world outcomes



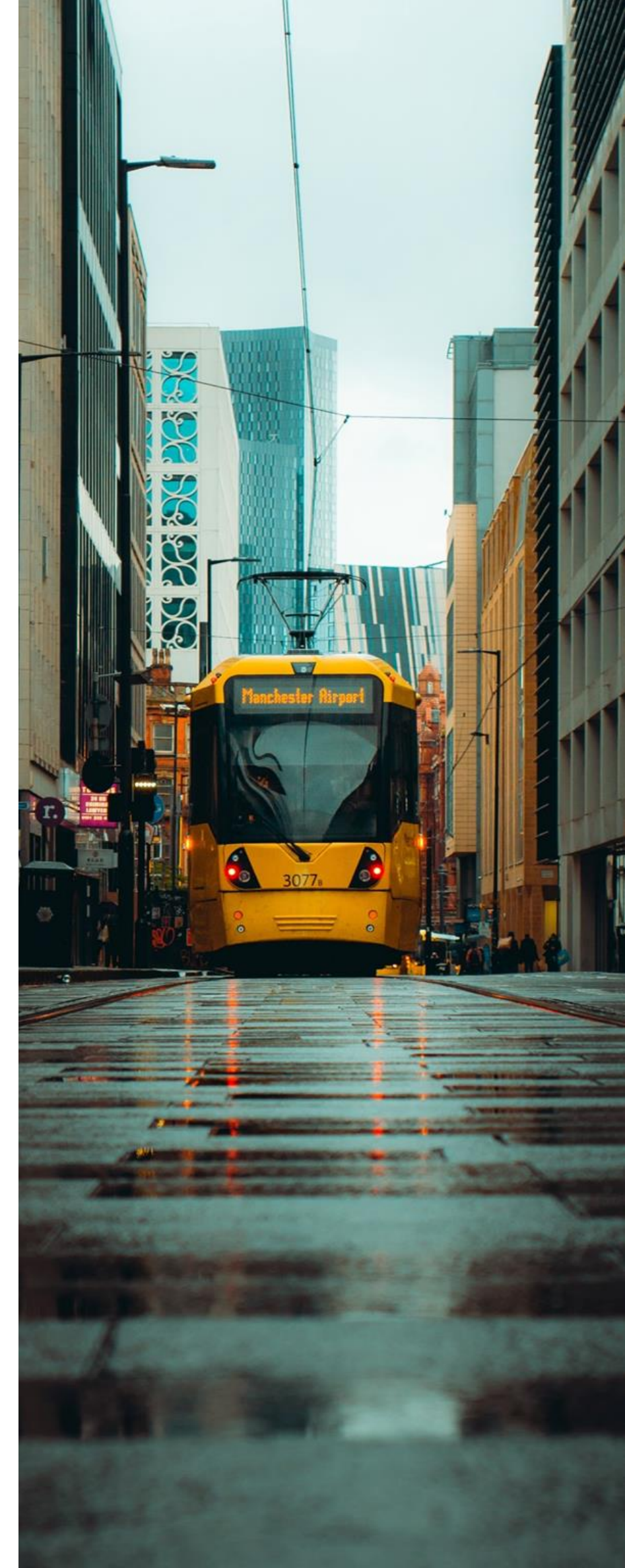
Impact dimension	Impact questions each dimension seeks to answer
<input type="checkbox"/> What	<ul style="list-style-type: none"> • What outcome is occurring in the period? • Is the outcome positive or negative? • How important is the outcome to the people (or planet) experiencing them?
<input type="radio"/> Who	<ul style="list-style-type: none"> • Who experiences the outcome? • How underserved are the affected stakeholders in relation to the outcome?
<input type="checkbox"/> How Much	<ul style="list-style-type: none"> • How much of the outcome is occurring - across scale, depth and duration?
<input type="checkbox"/> Contribution	<ul style="list-style-type: none"> • Would this change likely have happened anyway?
<input type="checkbox"/> Risk	<ul style="list-style-type: none"> • What is the risk to people and planet that impact does not occur as expected?

Case studies of investees and the outcomes they are working towards

- 3 unique fund strategies per year comprising 2 case studies per fund
- Stakeholder interviews / site visits / independent evidence gathering
- Focus on how GMPF investments are contributing to local social, economic and environmental changes which benefit Manchester and the North West Region

Annual Impact Verification (3rd party opinion on adherence to good impact practice)

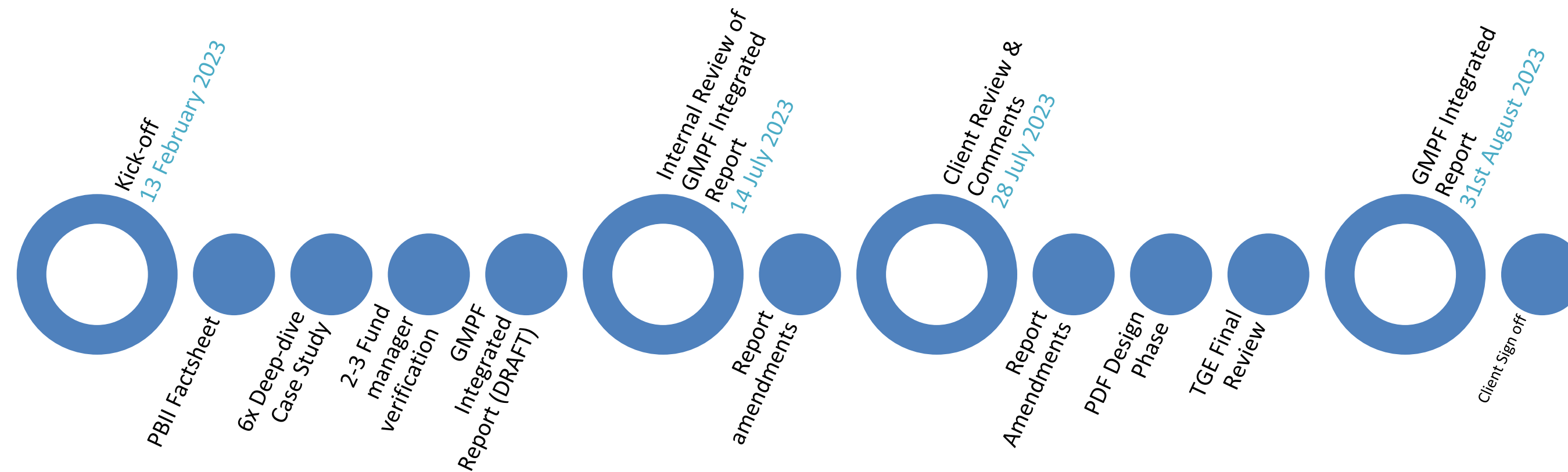
- Verification of 2-3 strategies per year in relation to place-based Impact good practice
- Expand credibility & confidence in the place-based impacts being generated, greater trust and transparency.
- Aligned with Impact Reporting Standards including IMP and AA1000.
- Insights and recommendations to transform impact performance over time



Project Plan & Progress to date



Portfolio Analysis and Factsheet



Progress on Factsheet

- **Fund selection** – Reviewed and establish list of funds to be included (including direct holdings where relevant) within assessment ✓
- **Introductions** – Introduction by GMPF to each of the asset managers to be included in the report. ✓
- **Information gathering** – Request the asset manager completes a PBI Reporting Framework template detailing each of the investee holdings and their underlying assets. ✓
- **Guidance** – Provide guidance to the asset manager on how to complete the template ✓
- **Data Check** – Clean, sense check and follow up to address any data queries that may arise.
- **Data Analysis** – Aggregate and interpret the portfolio-wide data
- **Mapping** – Mapping of investments in relation to local needs



Case study research

Progress on Case Studies – 1st Case Study in Progress

- **Case study selection** – Select a sample of funds & associated impact claims to review, including case study investees ✓
- **Document review** – Inspection of key documents relating to fund managers' Impact Measurement & Management (IMM) practices, disclosures & reports ✓
- **Interviews** – Meetings with fund managers to assess fund impact performance and potential outcomes ✓
- **Data collection** – Site visits with focus on Greater Manchester and interviews with investees and relevant local stakeholders to understand people and place-centred outcomes and provide case study write-ups for the Impact Report
- **Conclusions** – Write-up findings in Long form PBI Report

Case study selections



Foresight Regional Investment Fund

Rationale ~9% of Impact Portfolio, North West & Manchester focused, deployed capital in SME space



ABL Health Ltd (Bolton-based Healthcare services)

Rationale Proposed by Foresight to be representative example of investments in North West.



Argyle N.W Construction Ltd (Manchester-based construction company)

Rationale Recent investment by Foresight Regional Investment fund III.



Any Questions?

