



Hogan
Lovells

A shared value approach

Social Catalyst: The Social Enterprise
and Social Finance Practice

Summary Impact Report | 2015

A hand is shown holding a long, thin wooden plank against a bright, sunlit sky. The sun is visible in the upper right, creating a lens flare effect. The background is a soft, hazy blue and yellow. The hand is positioned in the lower right corner, gripping the plank. The plank is held horizontally, extending from the right side towards the center. The overall mood is positive and hopeful.

“

The firm’s social enterprise practice is a significant and very successful part of the firm’s engagement with our communities. For us, it aligns the strengths of the firm’s commercial practice with a real demonstration of our corporate responsibility in a very practical sense. Being able to engage with some of the firm’s commercial clients is also an important aspect in delivering value to our communities

David Hudd, Deputy CEO

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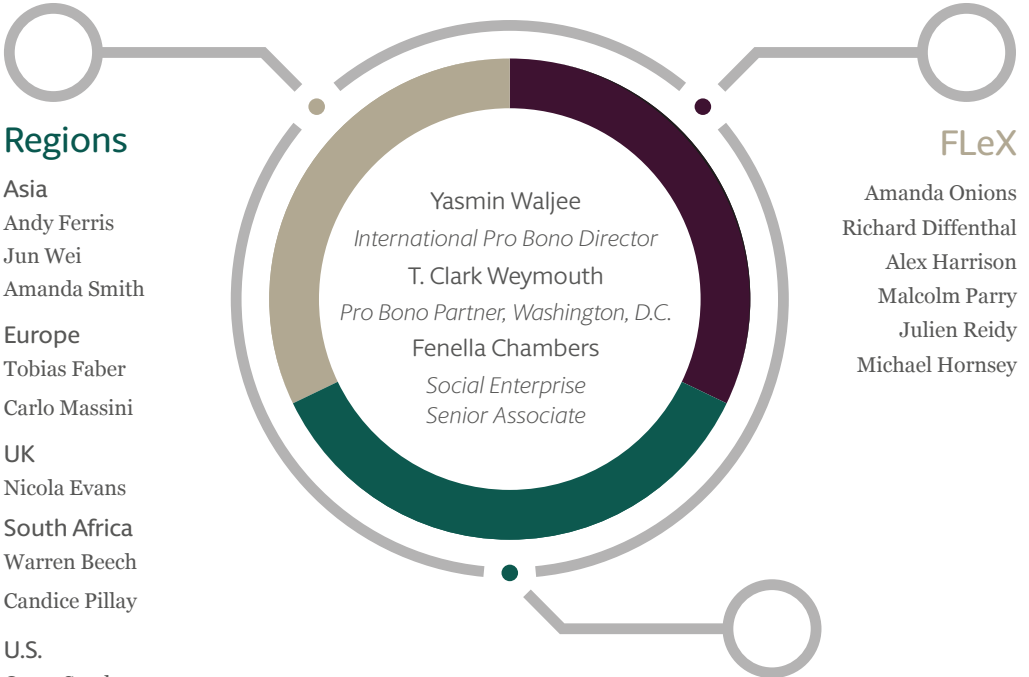


Introduction

Social Catalyst harnesses the strength of a global, full-service law firm to support entrepreneurs to scale their social impact. This international practice is an integral part of a philosophy that recognises an alignment between our commercial practice and our engagement with the communities in which we work.

Social Catalyst has been working with social enterprises on a global basis across the spectrum of our legal expertise for over eight years. We place great value in our relationship with the entrepreneurs we support and recognise that both sides benefit when we work together towards a shared purpose. The launch of HL BaSE is the next step in our shared value approach.

HL BaSE is an innovative global Business and Social Enterprise hub. The HL BaSE school is an MBA style training programme which sits at the heart of BaSE, aimed at delivering a sound understanding of business and the importance of social impact to the way our clients do business. The programme is attended by new lawyers as they join the firm. As well as learning about business fundamentals, hearing from inspirational business leaders and embedding the ideals of social entrepreneurship into the way they think about business, delegates put their knowledge and skills to the test in support of social enterprise clients.



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U.S.
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Tax
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 Matthias Koch
 Sahira Khwaja
 Henry Wheare

Employment
 Luis Enrique de la Villa

Social Finance and Funds
 James Harris
 Russell DaSilva
 Nick Holman
 Julian Craughan
 Roger Tym
 Allan Wardrop

Litigation
 Julianne Hughes-Jennett
 Dennis Tracey

Impact of our work

Over the past four years:

- more than 316 Hogan Lovells staff have been engaged in our social enterprise and finance practice
- more than 179 social organisations have been supported.

We work with a number of social enterprise partners around the world, for example UnLtd in Spain, the UK and Hong Kong and Ashoka, the US headquartered global social enterprise and changemaker organisation, on a global basis. We aim to create programmes of support that have a measurable impact on social entrepreneurship in the countries in which we operate and beyond.

For example, through UnLtd's Big Venture Challenge programme and our ongoing support for social enterprises introduced to us through this programme, we have:

- provided wide-ranging legal advice to over 40 social enterprises over 4 years
- directly enabled £4.1m of investment into those social businesses over 4 years and the creation of 84 jobs
- established a unique networking and advisory opportunity for our social

enterprise clients by establishing legal workshops with our lawyers and in-house counsel from our corporate clients, whose participation has increased by 10% in the last year

- leveraged the support of in-house counsel from 5 major corporate clients to advise our social enterprise clients through legal workshops
- supported a growth in turnover of 46% in the Big Venture Challenge enterprises with which we worked compared to only 22% for those that were not part of our programme.

We have continued to develop programmes which enable our corporate clients to join us in supporting social entrepreneurs. By working together we are able to maximise and diversify the help that we offer to the social enterprises that we work with, at the same time strengthening our relationship with our clients.

“The Hogan Lovells support is by far and away the most successful external support programme that our entrepreneurs receive. The quality of the legal support, the insightfulness of the advice, the speed of turnaround – these are all factors that make our entrepreneurs love working with you and your lawyers”



Social Enterprise Case Study: **Capaxia**

Who?

Capaxia is a social business launched in Mexico by Gina Badenoch, founder of charity 'Ojos que Sienten'. Capaxia advises corporations on how they can reform their HR and hiring practices to create a more diversified and inclusive workforce. Capaxia's unique methodology, based on Gina's insights from helping blind people into employment, helps companies adapt their hiring processes to overcome inherent unconscious biases that work against hiring blind, disabled and other minority groups that suffer from stigma and prejudice. Clients, including Unilever and Microsoft, have reported significant increases in workforce morale and team integration as a result of working with Capaxia. Capaxia also advises recruitment agencies such as Manpower in how to help disabled people find employment and engage with employers on a more equal basis.

What?

Constitutional advice on a sustainable corporate structure that was attractive to investors.

"In our current stage of starting up the company, the impact is very important, legal business structure and model are key to starting with the right foot. We strongly see the quality of the HL social enterprise service, and the value in bringing together both UK and Mexico requirements working with both teams."

*Florian Paugam,
Director General, Capaxia, Mexico*

Social Enterprise Case Study: **MAC-UK**

Who?

1 in 3 young people who offend have an unmet mental health need at the time of offence. MAC-UK was founded to radically change the way in which mental health and wellbeing services are delivered to our most excluded young people, spinning the delivery on its head by taking interventions out of the clinic and onto the street. We developed an innovative, evidence-based model which encapsulates this ethos and which benefits deprived young people aged 16-25 who are involved in highly anti-social behaviour and/or gang related activity and for whom seeking help is an inconceivable task. The model, called INTEGRATE, grew from the ground up working alongside those it sought to help. MAC-UK works to address the fact that serious youth violence is a public health issue as much as a justice one.

What?

Hogan Lovells has supported MAC-UK for a number of years providing legal advice on a range of matters. Recent projects include creating a legal document that captures the collaborative nature of the partnerships at MAC-UK's INTEGRATE pilot sites, as well as review of the organisation's VAT position and ensuring that lease agreements do not expose MAC-UK to avoidable risk.

Impact?

“The team at Hogan Lovells made a huge contribution to the continuing growth of MAC UK. Their specialists give much more than high level advice. I worked closely with the VAT team as they helped us through the challenges of a growing, fast-changing organisation. They made a huge effort to fully understand how MAC UK works on the ground and what we're trying to achieve. They got stuck in to the practical issues that we face and were hands on in helping us find and implement solutions. Throughout a long process they remained committed, professional and enthusiastic.”

Rob Murphy, Treasurer, MAC-UK



Social Enterprise Case Study: **Plant your Future**

Who?

It is estimated that over 7.9 million hectares of the Peruvian Amazon Rainforest has been deforested to date, equalling approximately an area around the size of Scotland. Plant your Future aims to improve the livelihoods of smallholder farmers living in the Peruvian Amazon rainforest through the promotion of sustainable agriculture and the commercialisation of forest products and ecosystem services. Their goal is to reduce poverty for farming communities whilst also mitigating climate change and protecting high conservation value forest by reducing deforestation and restoring ecosystems. This innovative climate-smart agroforestry model diversifies income streams from the sale of high value short-term crops, timber and carbon offsets as well as enhancing smallholder farmers' technical and business capacity.

What?

Environmental and commercial advice on the first ever programmatic project certified under both the Climate, Community & Biodiversity (CCB) Standards and the VCS for Plant your Future who have created a scalable model that enables smallholder farmers to access carbon finance by reforesting deforested lands using a sustainable agroforestry system in the Peruvian Amazon.

Impact?

“The team have been incredibly helpful to Plant your Future, and very understanding of the complexities of consultation and working with partners and a donor in Peru. The Madrid team have been incredibly patient and detail focused in their assistance to us.”



Social Enterprise Case Study: **Bite The Ballot**

Who?

Bite The Ballot is a party-neutral youth democracy movement, focusing on democracy in mature and emerging markets. With less than 45% of those aged 18-25 registered to vote in the UK, politicians have little incentive to consider the needs of young people when framing policies, creating a vicious cycle of further disenfranchisement. Bite The Ballot puts the challenge of addressing this issue into the hands of young people who work to empower their peers to realise their power in their communities and through a network of digital media channels. Over 500,000 people have already registered to vote with Bite The Ballot. They are set up as a Community Interest Company and rely on support from grant-making organisations but also fund their campaigns through specially-commissioned work.

What?

Hogan Lovells established a unique programme of pro bono advice and engagement in partnership with social enterprise Bite The Ballot resulting in policy and manifesto pledges to engage young people in the democratic process and providing an on-going legal advice service to the All Parliamentary Group on Voter Registration. We provided the corporate and commercial legal work necessary to establish a new social enterprise which created a unique social media channel on twitter, Bite News, which hosted an online debate with all but one of the party political leaders, and all of the commercial IP advice to allow for the creation of Verto the only voter matching

registration app which had 330,000 users. A team of 45 lawyers provided over 770 hours of pro bono policy and legal advice at a value of over £402,000.

Impact?

Bite The Ballot inspired 441,696 registration applications over the week of National Voter Registration Drive 2015, including 156,369 on 5 February alone (of which 33% were from 16-24s). #NVRD 2015 holds the record for the largest registration drive, per capita, of any Western democracy.

Verto, the UK's first voter advice app. (VAA) for young citizens, was played 462,192 times in advance of polling day with 46% of users aged 18-34 and women making up 54% of users.

With over 20,000 hashtags and 65,000 comments, Bite The Ballot pioneered digital democracy in action with Leaders Live: a political first for YouTube which live-streamed Q&As between the UK party leaders, audiences of idols/influencers and online audiences of young people. Leaders Live saw 3 of the 5 political parties make youth manifesto pledges, demonstrating the power young people and how 16-24s can influence political decision-making.

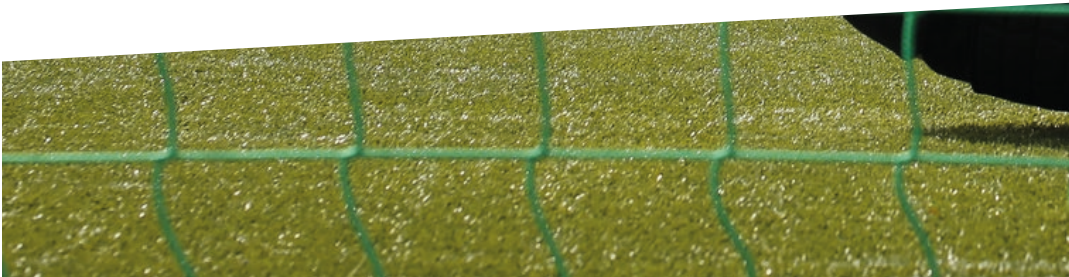
Social Finance Case Study: **Homeless World Cup**

Who?

The Homeless World Cup (HWC) uses football to engage homeless people and integrate them into support programmes. The HWC is active in 74 countries, and the local activities culminate into an annual, international football tournament. The event is hosted by a major city each year, where selected homeless people proudly represent their country. Over the years, the HWC has created a committed global community of supporters. Through launching a commercial media arm, Homeless World Cup Supporters' Club (HWCSC), it seeks to build on these accomplishments by digitally connecting players, fans, and NGO partners. The HWCSC harnesses the energy of the week-long tournament into a year-round involvement.

What?

Hogan Lovells advised on investment into the HWCSC, an online 'virtual stadium' that will become a forum for brand support and sponsorship. This digital platform connects more stakeholders to the issue of homelessness and accelerates impact through facilitating year round engagement. Revenue generated by the virtual stadium, through seat sales, sponsorship, and retail/merchandising will provide an income for the Homeless World Cup Foundation. The aim is to eventually secure the Foundation financially and broadening the engagement to enhance the overall impact.



Impact?

Diversifying income streams for the Foundation provides increased financial sustainability, relieving fundraising efforts, and entry into countries where the need is the highest. The platform has the power to build capacity to increase supporter engagement as well as corporate connections and partnerships. Ultimately, the Foundation will be able to reach more homeless people; the goal is to eradicate homelessness worldwide.

“It has been invaluable to have such a powerful law firm as Hogan Lovells advise the investment proposition. The excitement from the Hogan Lovells team about the work and impact made it a truly enjoyable experience; while the investors felt comfortable knowing such a powerful brand has supported the Homeless World Cup Supporters’ Club”

Mel Young, Founder, Homeless World Cup.



Social Finance Case Study: **BasicNeeds**

Who?

450 million people in the world suffer from mental disorders and about 80% of those are unable to access treatment. BasicNeeds was founded by Ashoka Fellow Chris Underhill in 2000 to enable people with mental illness or epilepsy and their families to live and work successfully in their communities, and address the vast treatment gap. It provides access to appropriate medical diagnosis and medication, as well as community support and re-entry of individuals with mental health issues back into productive work. Its programmes have improved the lives of over 653,300 people living with mental illness and/or epilepsy, and it has led the way in developing comprehensive field based research and national and global advocacy.

What?

We have provided BasicNeeds with IP, corporate and investment legal support as they move towards a sustainable model. This has included: advice on creating a new social franchise, sub grant, secondment, IP and other operating agreements for use with overseas partners and negotiations with a key donor on investment options.

Impact?

“Over the last two years, the Hogan Lovells team have supported BasicNeeds to establish a new social franchise system from scratch, and develop other areas of our business to enable us to improve the lives of many more people living with mental illness and epilepsy in low and middle income countries. In 2015 alone, BasicNeeds reached 37,387 people with mental illness and/or epilepsy in Africa and Asia.”

“The team is unfailingly polite and professional, and I have always felt that BasicNeeds is treated with great respect as an important client.”

Chris Underhill MBE, Founder President



Empact, Singapore

Who?

Founded in 2012, Empact is a Singapore based social enterprise providing a range of intermediary and consulting services to not-for-profit organisations and social enterprises (collectively referred to as social organisations) through the utilisation of pro-bono volunteers, as well as providing advisory services to grantmakers and corporations. To date, more than 50 social organisations have benefitted from Empact's services.

What?

Hogan Lovells has partnered with Empact since 2012 and now provides pro bono legal assistance to Empact and to a number of Empact's partner social organisations in Singapore, most recently Care Corner Singapore Ltd – a multiservice social service organisation that supports those in need and the less privileged, reaching more than 50,000 beneficiaries each year.

We have advised Empact on its equity fundraising, shareholder arrangements and employment agreements as well as providing general legal support as the organisation has developed into one of Singapore's leading social enterprises, particularly in the field of skills-based volunteering.

Impact?

“We received legal advice in critical stages of our development. This allowed us to better manage potential risks and provided us with peace of mind. Furthermore, the partnership enabled Empact to channel such critical legal advice to more social organisations. We appreciate the Hogan Lovells support and applaud the commitment to the social service sector.”

Peter Yang, Founder and Executive Director, Empact

HL BaSE

HL BaSE is an innovative global business and social enterprise hub. The HL BaSE school is a business and finance focused programme that has been developed in response to client demand for commercially astute lawyers.

Working with our partners UnLtd and Ashoka, our junior lawyers undergo an intensive education in financial performance against the backdrop of a social enterprise case study. As part of the HL BaSE programme delegates are introduced to their own, new social enterprise client, who they will advise as the business seeks to grow to the next phase. This allows our junior layers to see first-hand how financial performance and social impact can go hand in hand.

The programme has been awarded shortlisted status for the Asda Enterprise Growth Award as part of Business in the Community's Responsible Business Awards (2015), the Ethical Corporation Responsible Business Awards (2015), an Innovation Award as part of the Better Society Awards (2016) and the Guardian Sustainable Business Awards in the Social Impact category (2016).

“Throwing us in the deep end by allowing us to conduct our own client meetings, at such an early stage in our development, was a really rewarding and useful experience.”

HL BaSE delegate



“I enjoyed the opportunity to meet with social entrepreneurs and build up a network of clients at the very start of my career. This is an opportunity which no other commercial law firm is providing, and so sets Hogan Lovells at the forefront of training commercial lawyers. Having the chance to understand the clients’ business and be able to offer direct preliminary advice was a very exciting opportunity.”

HL BaSE delegate



Working together to support social entrepreneurs

We have developed a programme of support that enables our commercial clients to become involved in our support for social entrepreneurs. Social entrepreneurs attend workshop sessions in which teams of Hogan Lovells and client lawyers advise on their legal issues.

Client feedback

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“We were in agreement that it was a wonderful opportunity to use legal and business skills that we have acquired sometimes almost unwittingly throughout our careers and we cannot overstate what a pleasure it was to participate.”

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“I found it quite inspiring to be with all these young entrepreneurs.”

“

“Very stimulating and interesting. I am glad that the social enterprises’ feedback was positive...I found it a very enjoyable afternoon.”

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“It was a very interesting and uplifting event.”

Mexico

Hogan Lovells BSTL is running a series of workshops with 3M in Mexico City, focusing on the fulfilment of the legal requirements NGOs, social entrepreneurs, and social enterprises have to comply with in Mexico.



Germany

Hogan Lovells and Ford lawyers advise a social entrepreneur at a Düsseldorf workshop



Education Exchange

Education Exchange is a collaboration between UnLtd, Ashoka and Hogan Lovells to bring together the most pioneering educators and creators from both inside and outside the classroom.

It grew out of the Everyone a Changemaker Programme which started in the US and has since gone global. Moving away from the transactional relationships that often typify the early stages of interaction between social ventures and the schools they sell into the event enabled educators to jump straight to the next level where the interesting discussions and collaborations happen – a stage that is often not reached until the social ventures and schools have been working together for a sustained period. Not only

does this allow the social entrepreneurs to tweak their models to better suit the needs of their customer base, but also allows forward thinking education practitioners to help mould both the content and way in which subjects are taught to their pupils.

The ambition and appetite of educators and entrepreneurs to work collaboratively as influencers to other schools, organizations and at a policy level to improve education was inspiring.



“EdExchange was an invaluable opportunity to take a step back and truly think outside the box”

Nathate Richards, EduKit

Growing the market

Supply chain

We have introduced social enterprise partners and suppliers into our professional training, business development, catering and employee benefits programmes. We aim to match the particular strengths of our social enterprise clients with the business needs of the firm as part of a shared value approach and work to support the growth of the social enterprise market by working together. By buying goods and services from social enterprises we are able to direct our resources towards organisations that are having a social impact in a sustainable way. We are working with organisations including Harry Specters Chocolates, Dr Nip Nip bike repair service, Shoe Shine Crew and Latimer who produced the launch film for our Clinton Global Initiative to empower women and girls and Ashoka.

Policy and thought leadership

We are involved in a wide range of policy initiatives aimed at ensuring the best policy and legislative frameworks are in place to support the social enterprise and social finance sector globally. Our work in this area includes:

- assessment of the available methods for protecting the social mission of businesses as they scale, in particular the ‘golden share’
- consulting on research project to make social enterprise policy recommendations to the Hong Kong government
- supporting Ashoka’s social finance work
- actively participating in consultations to optimise a range of legislation in such areas as social investment tax relief
- supporting the World Economic Forum’s policy initiatives, working through our membership of the Social Innovation Council.

Notes

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