

A set of principles to guide recovery and resolution plans for Big Society Capital's intermediary organisations

Big Society Capital, along with the intermediaries in its investment portfolio, has designed a set of principles to apply in a situation when an intermediary needs a recovery and resolution plan enacted.

While we recognise that every situation is likely to be different, we believe that a number of principles can and should be co-developed between BSC and the intermediaries in its portfolio that can guide behaviour and actions.

The Principles

The following principles will apply when deciding the best course of action:

Definitions

Recovery Plan - sets out the overall recovery capacity of the firm (in an individual recovery plan) or (in a group recovery plan) the overall capability of the group to restore its financial position following a significant deterioration.

Resolution Plan - a plan by which a regulator or resolution authority could implement to wind-up (or otherwise "resolve") the institution.

1. Prevention is always the preference. Honest and trusting relationships between all interested stakeholders is crucial to ensuring situations can be remedied before it's too late. Notification/reporting requirements will be detailed in legal agreements, while good informal relationships between the two parties are crucial.
2. As a priority, all parties will actively seek to protect beneficiaries from any sudden loss of service or support, while recognising that intermediaries may be bound by fiducial duties that limit options available to them.
3. Consistent with Big Society Capital approach to all investment decisions, during a recovery and resolution situation it will look to balance social impact, market development and financial return considerations, while recognising that financial stability is important in achieving future social impact.
4. Prompt and open communication channels are vital during the recovery and resolution situation.
5. Both parties will endeavour to be transparent in their actions and decisions, and reasons for them, with the intention that important lessons can be learnt for the future.
6. The intermediary will ensure its board and key stakeholders are kept informed at all key stages in the process, wherever possible.
7. Big Society Capital will work with any other co-investors, while recognising that they may have different objectives and it may have limited rights and influence.
8. Big Society Capital will consider what governance roles it has and will manage any conflicts of interest accordingly.
9. All parties will act professionally at all times, and consider introducing corporate restructuring experts, if and when appropriate.
10. All parties will agree any public statements (to the extent possible).