

Connected's Impact Report

2021/22

connected 

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01 Our mission, beliefs and values



— Our mission

Connecting return-seeking capital with impact-driving opportunities.

Connected aims to provide scalable impact investment opportunities to global pension schemes and institutional investors.

Our beliefs

Connected is committed to bridging the gap between institutional capital and impact investment opportunities.

Our solutions connect impact managers with asset allocators seeking to create impact through their investments.

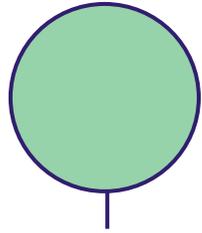
This generates new sources of alpha for investors (including pension scheme members) and new sources of capital for impact managers.

We believe that:

- It is no longer acceptable to ignore how investment returns are generated nor the societal impact that process might have.
- As a certified B Corp, our business can be a force for good. By considering all stakeholders, we can ensure return-seeking capital connects to impact-driving opportunities.
- We will achieve our mission by assembling a specialist team with industry knowledge and impact pedigree to deliver financial return and positive impact.

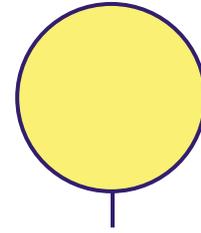


Our values



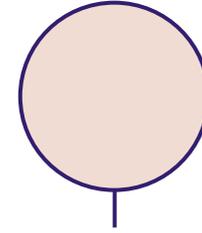
Leading with integrity

We are dedicated to using business as a force for good. Our clients' assets will not be subject to 'green washing' or 'impact washing'.



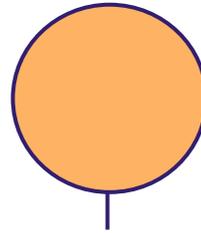
Purpose-driven

Action driven by purpose is what creates positive impact. We believe purpose and focus are key to controlling style drift as managers scale.



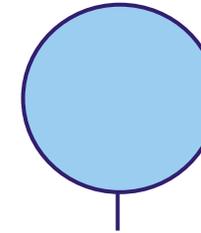
Solution-oriented

We think in solutions, not problems. Where there's a will there's a way.



Clear and transparent

Impact needs to be transparent and clearly defined from the outset.



Responsible and accountable

Impact needs to be deliberately monitored, measured, and reported.



02 A message from our CEO



The growth in sustainable investing has been exponential. It is forecast that by 2024 more than 50% of professionally managed assets will be ESG (environmental, social and governance) mandated¹. Impact investing, as a subset strategy, is already following suit.

Being a Certified B Corp is integral to our journey to deliver catalytic scale to impact investing. Our dedication to building a business that considers all stakeholders, balances profit with purpose, and delivers transformational change to the finance industry is embedded in everything that we do.

I'm immensely proud of the positive impact Connected has delivered and that this impact report details but we still have work to do. Once our investment products launch we will measure and report our financed emissions and deliver a comprehensive net zero strategy across our business lines. We will also continue to invest in our employees, building on the work we have done on diversity and inclusion and how, as employees, we support our communities through volunteering initiatives.

There's lots to be done but I have every confidence that over the next year Connected will continue to build on the positive impact that we have delivered so far.

Darren Agombar
CEO and Founder

¹. [Deloitte Insights](#)



03 Impact summary



— In this report we look at



Our impact on the environment

What is our carbon footprint and what are we doing to reduce it?



Our impact through our investments

What is our investment philosophy and how do we measure impact?



Our impact on our clients

How have we supported our clients?



Impact on our employees

How do we empower and value our employees?



Impact on our communities

What communities are we part of and how have we engaged?



04 Our impact on the environment



The climate emergency

We know that human activities are changing the natural environment in unprecedented and potentially irreversible ways. Tackling the climate emergency requires action at every level: from individuals, businesses and policymakers alike.

As the impacts of climate change worsen and the timeframe we have to address it shortens, it is vital we take action immediately. At Connected we know there's a long road ahead, but we've started our journey by committing to taking meaningful action today to drive the change that is so urgently needed.

We will be transparent and hold ourselves accountable for our own climate impact. In doing so we hope to show others that you can create a sustainable company that can give back to the planet and protect it for future generations.

Rachel Neill

Chief Sustainability Officer and Connected Board Member



— Our journey to net zero

01 Take action

Measure, monitor and reduce our emissions across our business operations and activities including our investments.

02 Invest in solutions

Maximise our contribution to the just transition by designing portfolios that minimise negative impacts on the environment and invest in energy transition technology and infrastructure.

03 Join the movement

Collaborate with others and encourage members of the finance community to join us on our journey to net zero.

Definition of net zero: a company is net zero when it has brought its emissions as close to zero as possible across the entire supply chain, i.e. the activities within the value chain of an organisation result in no net greenhouse gas emissions (Scope 1, 2 and 3). This is achieved by setting, pursuing and reaching ambitious 1.5C aligned science-based reduction targets and then compensating (offsetting) for any remaining hard to decarbonise emissions using certified carbon credits. Net zero can only be achieved once the company has reach its long term targets.

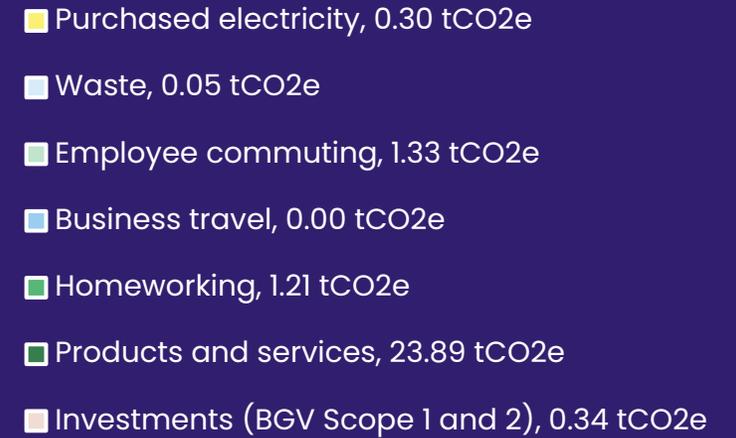
01 Take action

Understanding our carbon footprint across our investments and our operations is the first step in reducing our impact on the climate. Connected is currently finalising our investment proposition and as such had no funds under management in 2021. In future years, we will report on the carbon footprint of our investments and more detail on this is in the next section.

At the start of 2022 we worked with Inhabit (a carbon accounting specialist) to produce our first operational carbon report, found on our website. It shows that in 2021 we emitted approximately 27 tonnes of CO₂e through our operations*.

We continue to make steps towards reducing our carbon footprint and already have an Environmental Purchasing Policy as well as switched our energy supply over to a renewable tariff. But we have a long way to go. As our team expands, and people return to the office we expect our footprint to increase over the next year. We will be monitoring this closely and will draw out these potential impacts in our next report. Over the next year we will be setting out our climate strategy for our operations with an aim of being operationally net zero by 2030.

Until we can reach net zero, we will commit to being carbon neutral and will use accredited carbon removals and avoidance projects to offset our emissions. Details of our 2021 offset projects can be found in our carbon report. As we approach our net zero target, we will increase the amount of removals relative to avoidance, until 100% of offsets are through permanent removals.



*This calculation includes the Scope 1 and 2 emissions from Bethnal Green Ventures, a Connected subsidiary during the year.

02 Invest in solutions

The investment sector, of which we are a part, has an important role to play in the transition to a zero-carbon economy, through our ability to influence our investee companies to tackle climate change.

We aim to allocate to climate solutions through our investments and will be reporting on the impact all our future investments have on the environment in our next impact report. This will include the carbon footprint of future investments and, in time, reporting in line with the Task Force for Climate Related Disclosure recommendations. Once we have calculated the carbon footprint of these investments, we will set a net zero target.

03 Joining the movement

Over the next year we will be engaging with all investees on their climate reporting and strategy. Our aim is to have 100% of our investments publicly reporting scope 1, 2 and 3 emissions and to have a net zero strategy by 2025. We will be monitoring all investees against those targets. We recognise that reporting on the full scope of emissions is easier for some investees than others. We will therefore be engaging with our investees on this over the coming year.



05 Our impact through our investments





Our impact through our investments

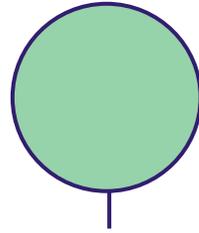
We believe that financial markets have a critical role to play in solving society's most challenging problems.

We take a multi-impact, multi-asset approach with our investments. This enables us to meet our financial and impact goals in a market with varied opportunities, constraints and sometimes limited product availability.

In all our fund investments we seek to signal that impact matters, engage actively, grow new or undersupplied capital markets and provide patient flexible capital.

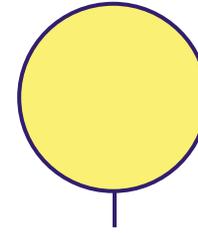


Our investment philosophy



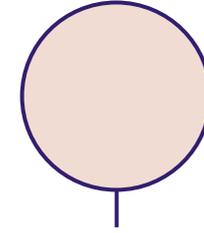
Impact and financial return can go hand in hand

Financial investments can be a force for good, providing a sustainable return while also helping to create a better world.



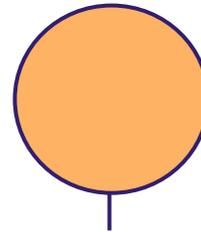
Sustainability risks are financially material

Risks such as climate change and social inequality affect the value of financial instruments, now and increasingly over the long term.



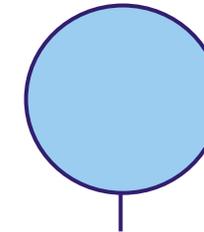
Impact investments provide diversification

Investable impact solutions provide sources of alternative alpha and are less correlated with traditional markets.



Understanding the nuances of impact investing is key

Using the right financial analysis tools alongside the right impact measurement frameworks helps to uncover investable opportunities that are scalable and fit for long term investment.



Impact must be intentional and measurable

For investments to change the world, positive outcomes must be identified, and success measured to effectively deploy capital where impact is greatest.



Our impact measurement framework

Each investment is assessed and scored against the impact outcome intended at three levels.

Our framework captures outcomes across the investment cycle by looking at portfolio level impact, fund manager level impact (impact management), and underlying fund impact (impact objectives).



- The intended outcomes are linked to UN Sustainable Development Goals.
- The investability of the solution is assessed along with any geographical boundaries that may affect the investment pool.
- Impact metrics agreed in each impact segment.
- All end beneficiaries assessed (including the environment) and objectives scored.
- Underlying fund manager impact philosophy assessed.
- Impact measurement and reporting process analysed.
- Engagement approach evaluated.



06 Our impact on our clients



Our impact on our clients



We believe that we will enable catalytic scale in impact investing by combining robust ESG risk management with direct contribution to solutions.

Through our impact consulting we guided delivery of a **76% allocation** to sustainable funds in the default fund of a major pension provider.



Our fund of funds multi-impact strategy has been designed for institutional investors. It provides a one-stop-shop for impact investing. The impact integrity will be protected alongside delivery of financial return.

We supported a pension scheme trustee board to approve a **6% allocation** to impact investing in the fund's default offering.



Particularly key for our pension clients is provision of an investment product that provides value for money for pension savers. Our fund of funds strategy has been designed to provide this while also communicating rich investment case studies, demonstrating how pension savings can truly positively impact the world.



Through our industry networks, we constantly advocate for our clients and are transparent about the challenges the industry faces when bringing impact investment from niche to mainstream.



07 Our impact on our employees



Our impact on our employees

Our employees are incredibly important to us at Connected and we are very proud that we were recognised as one of the **Best for the World B Corps** in 2021 (and 2022) in the Workers category for 1-10 Employees.

Since our Certification we have continued to build on our policies to encourage an open and inclusive environment that enables our employees to flourish. Our **flexible work policies** allow our team to achieve a work-life balance without compromise. As an example we operate using core hours of 10am – 3pm allowing for flexibility within the work day and have maintained a hybrid work week.

We also ensure fair, open and accessible career development through our yearly training and development budget. This means our employees can choose the courses, materials or events that will help them achieve their career goals. As an example, two of our team are studying towards the CFA's ESG Certificate.

But the biggest change for us was the introduction of the EMI scheme, where our employees are rewarded with **shares in the company**. Employee ownership is something our founder Darren has wanted to introduce from the start and reflects our belief that our employees make Connected what it is today.

We believe that our work place policies and procedures, like the ones highlighted above, create a positive work environment for all our team and we have found this reflected in **our annual employee survey**. Both our 2021 and 2022 surveys showed that 100% of our team:

- Thought that tasks assigned to them helped them grow professionally;
- “Felt supported and valued by [their] manager and team at work”;
- Thought that their “work is valued and important” and that their “opinions matter to their co-workers”; and
- Would recommend Connected as a place to work.

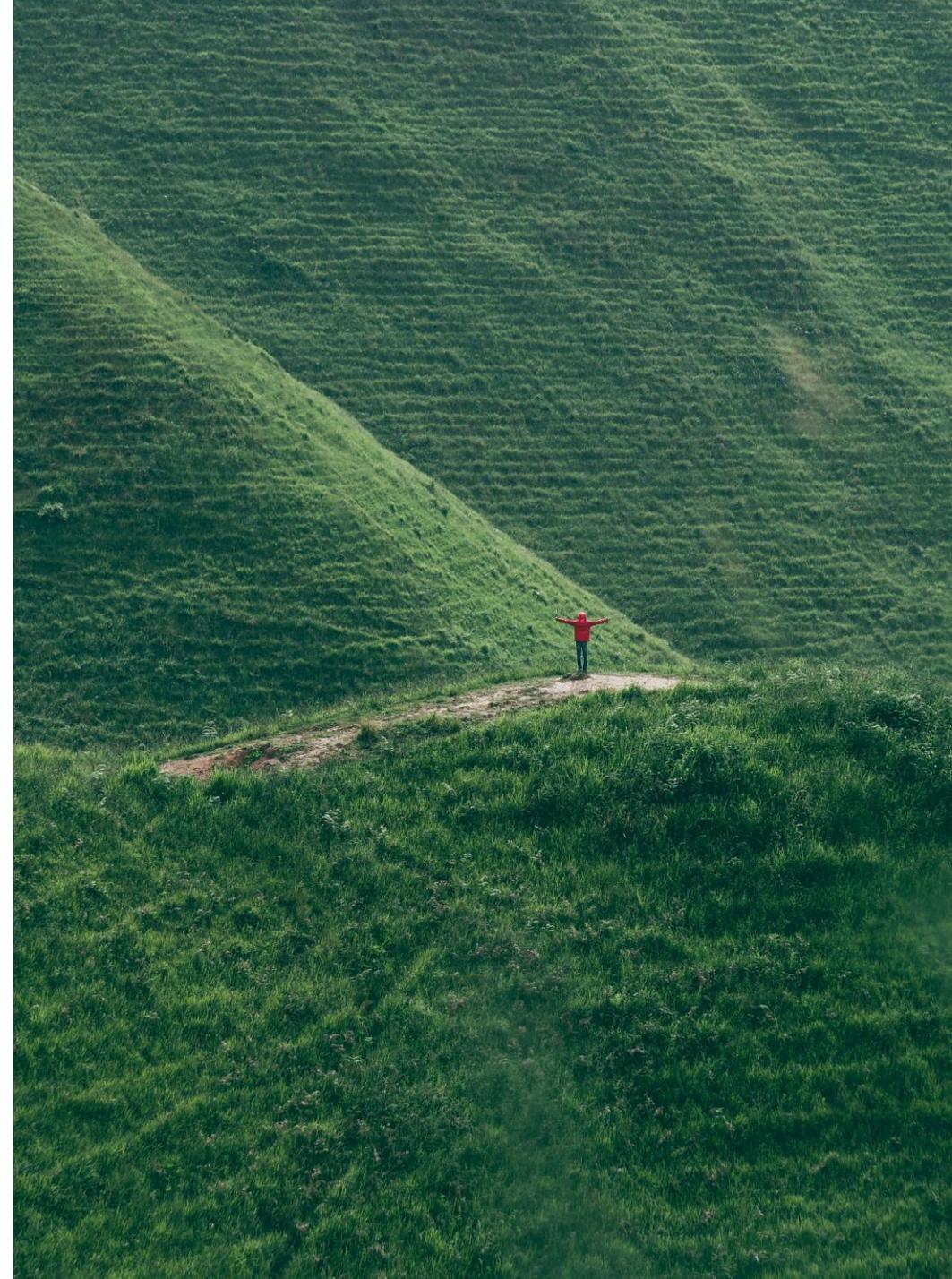


Whilst we believe that so far, we have created a great place to work, we know that we aren't perfect and that there's still plenty of room for improvement.

We strongly believe that diverse and inclusive companies achieve the best results, but we know that the investment sector lags and is still a principally male-dominated industry. As a company we want to make sure we champion diversity, including but not limited to, gender, ethnicity, age, and sexuality, both internally and within the investment community.

In the next year we will be working on a number of diversity initiatives which include:

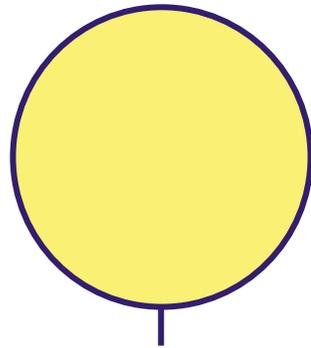
- Reviewing our hiring processes to ensure they are free of bias, fair, open and accessible;
- Creating an internal mentorship programme focussed on supporting female members of the team; and
- Working towards becoming a Disability Confident Employer.



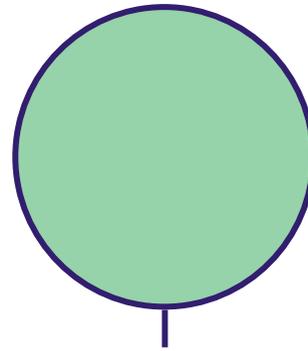
08 Our impact on our community



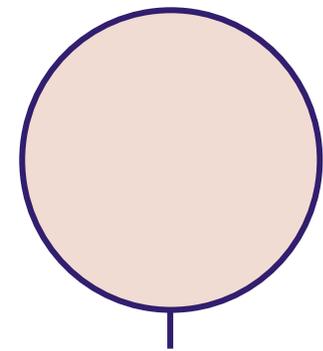
Making a positive difference to the societies and communities within which Connected operates is central to our sustainability approach. We are part of many communities, but there are three that are core to us:



01 B Corp



02 Local



03 Investment



01 The B Corp Community

We are incredibly proud of our B Corp Certification and we've learnt a lot from the accreditation process, B Lab and our peers.

We are continuing to grow our network within the community and recently joined the **B Corp UK Finance and Investment Working Group**. The mission of the Group is to share best practice, insights and challenges and it serves as an open forum for members to share ideas on how we can lead the broader finance community to deliver systemic change.

Last year we also joined over 1,000 other companies in support of the **Better Business Act**, a campaign to amend Section 172 of the Companies Act so that businesses are legally responsible for benefiting workers, customers, communities and the environment while delivering profit. If you would like to join the campaign and make sure that every business plays its part in creating a cleaner, greener, fairer future for all then click [here](#).

In the coming year we look forward to exploring how we can get more involved in the B Corp community.

02 Our local community

We see our local community as the community our office is based in, that's London and then more broadly the UK. Since we started, Connected has offered four additional days of volunteering leave to our employees. So far these have been used by employees for individually led volunteer opportunities such as supporting the Covid 19 vaccine roll-out through volunteering as vaccine steward and carer, and a sponsored cycling from Lands End to John O'Groats in nine days in aid of Alzheimer's Society.

But we want to go further with our volunteering and work on projects as a team with our local community. That's why at our first Sustainability Committee meeting we approved a budget for corporate volunteering. Through this we aim to take part in community missions that our local area need and want. This might be anything from planting trees at a local park to supporting a local foodbank. Over the coming months we will be working to decide which initiatives to support and will be reporting on what we get up to next year.





03 The investment community

Connected has been involved in several different initiatives across the investment industry over the past year. Our Chief Sustainability Officer is a member of the CFA UK's Pension Expert Panel and an active volunteer at the Society where she mentors other members. Our Chief Investment Officer is an active member of the Institute and Faculty of Actuaries where he also provides mentoring and working group leadership.

We have taken part in several consultations to support progress within the investment and pension industry. This includes the Department for Work and Pensions consultation on ['climate and investment reporting: setting expectations and empowering savers'](#) and the FCA's consultation on ['Sustainability Disclosure Requirements and investment labels'](#).

We are also an influencer member of [Pension for Purpose](#) and signatory of the [UN Principles for Responsible Investment](#). Over the next year we look forward to taking part in more industry events and initiatives, continuing to push the investment industry forward.



— Our plans for the next year

01 Climate strategy

Finalising and publishing our net zero strategy.

02 Investments

Launch our first impact investment product.

03 Footprint of our investments

Calculate the carbon footprint of our investments and create a reduction plan.

04 Diversity and inclusion

Review our hiring practices, establish our mentorship programme, and become a Disability Confident Employer.

05 Volunteering

Organise our first corporate volunteering day and encourage employees to support their own communities.





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