holden and partners

Impact Report 2020 - 2021

Members of the Holden & Partners team setting a new World Record in a pedalo to support our charity partners

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Holden & Partners and B Corp

Holden & Partners are one of only a few independent financial adviser firms to have achieved Chartered status and B Corporation (B Corp) accreditation.

We provide high quality, bespoke financial planning, and investment management advice whilst encouraging clients to invest ethically and responsibly. We believe in creating a positive impact on our wider society and the planet. As well as being highly qualified, our advisers and firm deliver a first-class, bespoke service to our clients, building enduring partnerships and trust.

What is a B Corp?

A growing community of 3,720 companies across 74 countries.

Much like a Fairtrade certification for companies, certified B Corp businesses balance purpose and profit. They are legally required to consider the impact of their decisions on their workers, customers, suppliers, community, and the environment. This is a powerful community of leaders, driving a global movement of people using businesses as a force for good.

Certified B Corporation

A word from Steven Pyne, our Managing Partner

When we formed Holden & Partners back in 2003 we took a pioneering path by focusing on ethical and sustainable investments at a time when there were very few options open to investors. For us, to offer our clients the opportunity to invest in areas such as clean energy, water efficiency and recycling, made perfect sense. Since then the sector has grown and thrived with increasing interest from investors wanting to balance purpose with the potential for profit.

With more choice in our industry we were keen to become a B Corp company because we value the scrutiny that they bring to business, and how they help consumers make confident choices towards a more sustainable future. In our first twelve months as a B Corp we have taken the opportunity to look at the ethical and sustainable performance of our business and investments, celebrating our achievements so far and deciding on new areas to tackle to increase our positive impact.

We are ambitious for the future, seeking to become even more closely aligned to B Corp values and lead the way in sustainable investment. As we publish our first B Corp Impact Report we'd like to thank our clients and community for joining us on this journey, as we grow and evolve as a business, and plan for a sustainable future together.

Our B Corp journey so far

Certified B Corporation

Headline Results: a year of progress

Becoming B Corp certified in 2020.

Supporting charities with volunteering days, payroll giving and raising £4,000 for charity.

Being awarded the Diamond Payroll Giving Quality Mark.

Developing metrics to measure the environmental impact of our work.

Implementing a careful and detailed screening system for sustainable fund selection.

Achieving £181.4m (or 43%) of assets in environmental, social and governance (ESG) or sustainable funds. All our sustainable model portfolios generating revenue from the 12 investable UN Sustainable Development Goals [1].

Reducing our electricity usage, printing and waste.

Providing eleven risk-rated sustainable model portfolios to meet our clients' varied needs.

Being shortlisted for six prestigious awards.

Partnering with Worthstone, an independent social impact investment resource for financial advisers, to measure the environmental and societal impact of our portfolios against key criteria, such as creating positive solutions and avoidance of harm.

Footnotes

1. Worthstone deem 5 of the 17 UN SDGs are un-investable, therefore map against the remaining 12 investable SDGs.

Community Engagement

Like businesses, charities were also hit by Covid-19. The combination of individuals cutting back on expenditure and donating less, coupled with the inability for charities to hold events due to lockdown measures meant charities struggled to generate funds.

In August 2019, 39% of charities had furloughed staff (compared to 33% of private employers) and 83% of charities forecast a decline in income over the next 12 months [2].

To support charities, we ensured that...

How staff have used their two volunteer or fundraising days

I really enjoy having the time to spend giving something back to our community. It is fun to get involved in something totally different, like our charity pedalo mission on the Thames, and to spend time with other members of the team outside of the office

DOMINIC CLARK, ADVISER SUPPORT

Our charity days

With each staff member having two designated days for a charitable focus, this means that Holden & Partners provides the opportunity for nearly 60 days of volunteering or fundraising per year. A large proportion of the office has previously volunteered at Richard House to help with the general maintenance of the grounds, and as soon as Covid-19 guidelines permit we plan on helping out again.

01

Every staff member has two days a year which can be used to volunteer or fundraise for charity.

02

We introduced a payroll giving facility in 2019, providing a tax effective way for staff members to donate to their charity of choice each month. In 2021 we were awarded the Diamond Quality Mark which means at least 30% of staff utilised the facility.

03

In 2018, we partnered with Richard House children's hospice as our charity of choice, organising an annual fund-raising event.

04

During the Covid outbreak, we organised a weekly quiz held over Zoom, raising over £750 for Richard House.

05

In 2019 we had two teams in the London Triathlon raising money for Richard House.

06

Last year, four members of staff broke the Guinness World Record for pedalo-ing the Thames, in aid of Age UK. We raised £2,263.

2. https://demos.co.uk/wp-content/uploads/2021/01/Covid-19-impact-on-the-charitable-sector.pdf

Awards

During 2020, we were proud to have either been shortlisted for or won a range of awards, which include:

money marketing AWARDS 2020 FINALIST
ADVICE FIRM OF THE YEAR

Advice firm of the year

money marketing AWARDS 2020 FINALIST
NEXT GENERATION ADVICE FIRM OF THE YEAR

Best ESG Adviser

FINALIST
Professional Adviser AWARDS 2021

Adviser Firm of the Year

thewealthnet
Top Financial Planning Companies 2020

50 Top Financial Planning Companies 2020

nma TOP 100

NMA Top 100

Holden & Partners’ impact on the environment

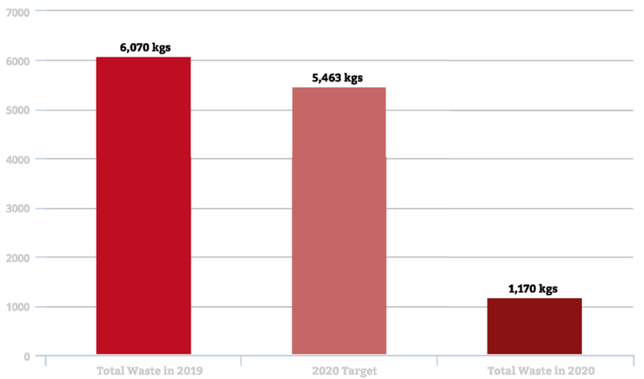
Holden & Partners' impact on the environment

As a B Corp, we have made a commitment to assess and reduce the impact our business has on the environment. We have identified three metrics which we can accurately measure, keep track of and aim to reduce. These are:

- Waste produced
- Pages printed
- Electricity used

For 2020, we had a target to reduce all three of the metrics compared to 2019 levels by 10% absolutely. Beating the targets will come as no surprise as the office activities were significantly reduced for large parts of 2020, but we are confident a reduction would have been achieved regardless.

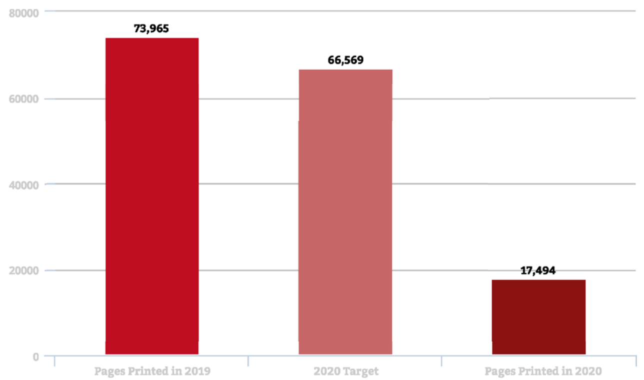
Waste produced:



Total waste in 2019	2020 Target	Total waste in 2020
6,070 kgs	< 5,463 kgs	1,170 kgs

We have a 100% recycle rate (excluding food waste), with paper as the majority of the rubbish. We utilise the services of a circular recycling company, whereby our wastepaper is separated, broken down into fibres, cleaned, screened, de-inked, dried and pressed to form new paper.

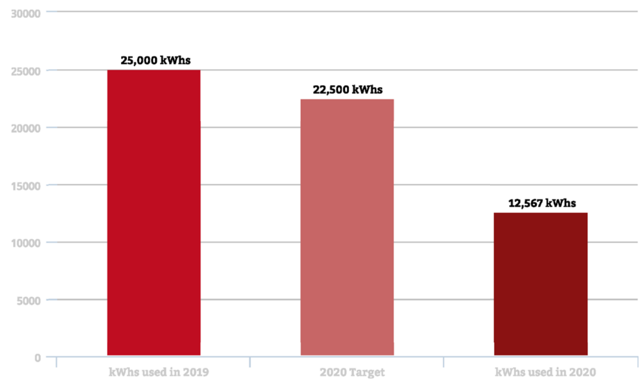
Pages printed:



Pages printed in 2019	2020 target	Pages printed in 2020
73,965	< 66,569	17,494

Printing is a key driver for waste production in an office-based company such as ours. This includes application forms, client valuations and so on. We always encourage people to 'think before you print' and in team meetings, we now use our laptops instead of a printed task list. When we do have to print, we use only 100% recycled paper.

Electricity used:



kWhs used in 2019	2020 target	kWh's used in 2020
25,000 kWhs	< 22,500 kWhs	12,597 kWhs

Our electricity is generated through renewable sources, but we still seek to minimise our consumption. Before the pandemic hit, we introduced measures to try and reduce electricity usage. These included:

- Reconfiguring all the wiring to desks, removing a large number of extension leads.
- Installing smart plugs for desks and other office equipment (such as the printer) to track high power use.
- Putting equipment such as the printer on a timer to ensure it is off at night, weekends and annual holidays.

We plan to introduce further metrics as we develop as a B Corp, such as our carbon footprint.
Any metric assessed must be able to be measured accurately.

Our approach to sustainable investing

We are passionate about sustainable investing; it's at the very heart of our purpose, beliefs, and ambition. We seek investments that support sustainable development opportunities, which means aiming to meet the needs of the present without compromising the ability of future generations to meet their own needs.

Our Sustainability performance in numbers

43%

£181.4m (43%) of assets under management are invested in ESG or sustainable funds.

12

All our sustainable model portfolios generate revenue from the 12 investable UN Sustainable Development Goals (SDGs). [3]

51.7%

51.7% of the H&P Sustainable Balanced model portfolio market value is exposed to companies that generate impactful goods and services.

41.2%

41.2% of the revenues generated by the holdings in the H&P Sustainable Balanced model portfolio can be mapped to the 12 investable SDGs. [4]

We've always believed in sustainable and ethical funds to the extent that even our conventional portfolios include exposure to these type of funds. These figures are compared to our conventional Balanced model portfolio which has a 24.15% market value exposure to companies that generate impactful goods and services and 34.9% of revenue generated by the holdings can be mapped to the 12 investable SDGs.

3. Worthstone deem 5 of the 17 UN SDGs are un-investable, therefore map against the remaining 12 investable SDGs.
4. Our analysis is carried out on all Sustainable model portfolios but for illustrative purposes our most popular model portfolio has been used.

Measuring our impact

To find the true social and environmental impact of our portfolios, we have partnered with Worthstone, a company that conducts focused impact research on sustainable and impact funds.

Worthstone believe that 12 of the UN's 17 Sustainable Development Goals (SDGs) are investable, and all of our sustainable model portfolios generate revenue from these 12 SDGs. (The uninvestable SDGs are greyed out below).

11

Our eleven risk-rated sustainable model portfolios (discretionary, in conjunction with AJ Bell, and advisory) ensure our clients' financial needs can be properly addressed whilst still maintaining a strong sustainable approach.

Many investment funds claim to offer solutions for responsible investors.

To identify opportunities that have investment processes aligned with our interpretation of sustainable development, we analyse funds using comprehensive quantitative and qualitative fund reviews.

Our Fund Selection Process Involves:

- Using investment fund data to apply an initial screen of funds, narrowing through a multitude of quantitative factors. Once we have narrowed down the options through a scoring process, we work with the best scoring funds to carry out an initial assessment of their process and people.
- Following a successful initial meeting, fund managers complete our **Due Diligence Questionnaire**, giving us a high level of detail on the fund's sustainable offering.
- We arrange a follow-up meeting with the fund manager to resolve any outstanding queries.
- Finally, after collating all the information, we complete our proprietary scoring process and a decision can be made on whether the fund meets our requirements both from a sustainable and financial perspective.

Ongoing scrutiny

We are in regular contact with fund managers and frequently update the due diligence questionnaires to ensure that all decisions related to sustainability are reviewed regularly.

Asking the right questions

Our due diligence questionnaire is designed to assess four areas of a sustainable investment framework:

1. We evaluate the aims of the fund to ensure that the sustainability approach is clearly outlined and is a key part of the investment philosophy.
2. We examine how these aims are incorporated into stock selection: funds should offer extensive positive integration of ESG factors into the fundamental analysis or aim to create a positive social and environmental impact.
3. We analyse the approach to stewardship and engagement, ensuring that the fund manager is using their position as a stakeholder to advocate for better business practices.
4. We assess the sustainability credentials of fund providers, favouring fund houses that seek to achieve best sustainability practice across the whole company.

A Case Study: H&P Sustainable Balanced Portfolio of Investments

A Case Study: H&P Sustainable Balanced

One of the best ways to demonstrate our approach is to look at a case study.

Revenues

No Revenue | 0 - 2.5% Revenues | 2.5 - 10% Revenues | >10% Revenues

The H&P Sustainable Balanced model portfolio is our most popular model portfolio.

Worthstone's Impact Portal data covers 65% of our H&P Sustainable Balanced portfolio and therefore it is important to note we can only provide an approximation of the whole portfolio [5].

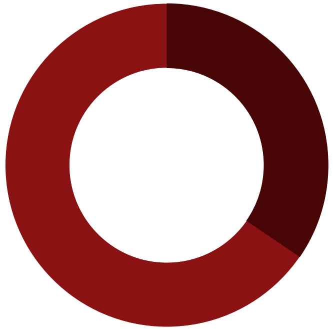
How does it perform against the 12 investable SDGs?

This chart illustrates the percentage of revenues generated from the underlying holdings in the portfolio that align with each SDG, helping us visualise the positive impact towards societal and environmental targets.

It shows that SDG 9, Industry, Innovation and Infrastructure, has the most aligned revenue generation from the underlying holdings, compared to the other SDGs in this case. For example, FP WHEB, one of the underlying holdings, invests heavily in companies providing energy efficiency products to reduce resource use.

Impact solutions alignment analyses the percentage of this portfolio's market value exposed to holdings that generate revenue from Worthstone's own list of impact solutions.
We can see that this portfolio's market value is most exposed to environmental solutions.

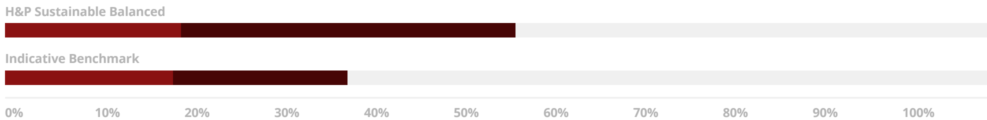
Impact Solutions Alignment



Social	17.9%	Environmental	33.8%
Healthcare	5.4%	Energy Efficiency	20.2%
SME Finance	5.0%	Alternative Energy	14.3%
Sanitation	3.2%	Sustainable Water	7.4%
Nutrition	2.5%	Pollution Prevention	6.8%
Affordable Housing	2.3%	Green Buildings	2.4%
Connectivity	0.8%	Sustainable Agriculture	0.1%
Education	0.6%		

To contextualise these figures, the above percentages have been compared against a bespoke indicative benchmark, built by Worthstone, to allow us to make meaningful comparisons against a more conventional portfolio of investments (i.e. a portfolio which does not have an ESG screen). The indicative portfolio is designed to mirror our Sustainable Balanced portfolio with respect to its asset and geographical allocation. As shown below, this portfolio's market value shows a significantly higher exposure to environmental solutions compared to the indicative benchmark.

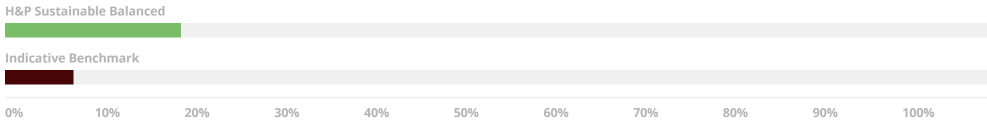
Holdings mapped to impact solutions (%)



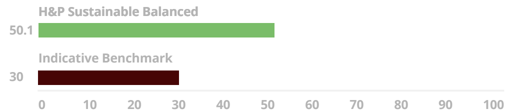
Impact solutions revenues

The impact solutions revenue graph shows the percentage of revenues generated by the list of social and environmental solutions. This portfolio generates almost twice as much revenue from impact solutions compared to the indicative benchmark.

Impact solutions (%)



Taking a 360 approach



When selecting active, ethically focused fund houses, we look for those that promote a more sustainable future outside of asset selection. This includes the internal policies and processes implemented by the fund houses, such as philanthropic activities.

Our clients' sustainable investments provide fund managers with the power to challenge companies over ESG issues, either through conversation or using their voting power to support sustainable and impactful proposals at a strategic level.

This graph represents a score attributed to the holistic efforts of the underlying holdings of this portfolio to drive positive change for ESG factors and performance and it shows how our portfolio outperforms the indicative benchmark.

5. All figures reported are based only on funds that Worthstone have comprehensive impact data on (65% of the whole portfolio) therefore these figures might not be accurately reflecting the true social and environmental impact our portfolio is creating and should be taken only as an approximation.

Environmental, Social and Governance (ESG) rating

The ESG rating is an important measure combining the following factors:

Environmental

Environmental factors include ecological stewardship, including waste, pollution, resource or biodiversity depletion, greenhouse gas emissions, and climate change.

Social

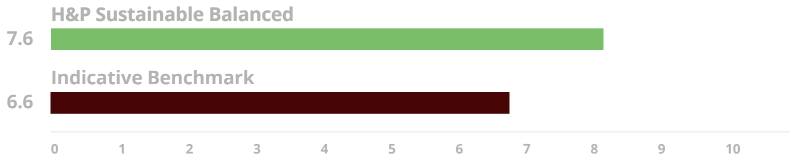
Social factors consider the relations between the company and people, both inside and outside of the organisation, this can range from modern slavery within the supply chain to diversity and gender pay disparities.

Governance

Governance has long been a focus for asset managers, and it focuses on the alignment of shareholder interests with management decisions. This directly impacts the ability of shareholders to promote change within a company and therefore has always been a fundamental aspect of corporate analysis.

What does this mean in practice?

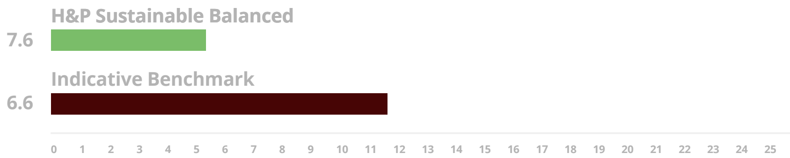
For example, a company that produces renewable energy would score highly on an environmental basis, however ongoing labour disputes or inadequate workplace safety could lead to a poor social score, whilst a narrow board structure with low levels of diversity could also flag significant governance issues.



This score focuses on the ESG practices and opportunities associated with this portfolio's underlying holdings, providing insight into the companies' resilience to long-term, financially material ESG risks.

Carbon risk

The carbon risk score ranks the material financial risk associated with a portfolio. It considers carbon emissions, but also the risk associated with projected environmental policies and climate change.



The bar chart illustrates H&P Sustainable Balanced's weighted average carbon risk score against that of the indicative benchmark, where higher scores represent greater financial risk.

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We are proud of how far we have come in the most unusual of years. We are already looking ahead, identifying new areas to tackle in order that we can align ever more closely to B Corp priorities.

holden and partners

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BCIR 072021 V2.