Quilter

Quilter TCFD Report 2021

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CEO introduction

For Quilter, Climate Action is an integral part of our responsible wealth manager strategy and we have an important role to play in climate transition, not just through our operations, but crucially through our investment and advice processes.

Paul Feeney,
Chief Executive Officer

The financial services industry is in a unique position to help ensure we address the key issues facing our society today. We have a duty to invest the money we are trusted with responsibly and to ensure we act responsibly as a business.

At Quilter, our purpose is to create prosperity for the generations of today and tomorrow. It's this which drives our ambition to be a responsible wealth manager, an ambition which sits as one of the four pillars of our strategy. Our purpose is a symbol of our commitment to invest in a way that gives the customers we serve peace of mind. Ultimately, we are committed to providing our customers with the information, choice, and confidence to invest for a sustainable future. We believe we are well positioned to do this as a full-service wealth manager which offers investments, advice and platform services.

Climate change is one of the most pressing challenges facing humanity today. The scientific consensus is clear: human activity is driving global warming and urgent action is needed to avoid catastrophic changes to the Earth's climate system.

2021 was the year of COP26 and the world's scrutiny turned to Glasgow. For Quilter, Climate Action is an integral part of our responsible wealth manager strategy and we have an important role to play in climate transition, not just through our operations, but crucially through our investment and advice processes.

In 2021, we improved our understanding and management of the climate-related risks and opportunities which could impact our business and our customers. We are embarking on our journey towards net zero so we can continue to create prosperity for both the generations of today and tomorrow. We have made good progress and know what we need to do to improve further. I am delighted to present you with our first Task Force on Climate-related Financial Disclosures (TCFD) report.

About Quilter

Quilter is a modern, UK-focused full-service wealth manager providing advice-led investment solutions and investment platform services.

We provide financial advice, investment solutions, and wealth management to customers in the UK and selected international markets. We give customers and financial advisers choice and flexibility over how they access our solutions and services and, most importantly, we put good customer outcomes first.

Our purpose

Our purpose is to help create prosperity for the generations of today and tomorrow. We strive to do this through supporting long-term advice-based relationships, delivering good investment management performance while maintaining consistently high-quality customer service.

Three years post-Listing and after restructuring the business, Quilter is at an inflection point. Quilter is now a simpler, modern, full-service wealth manager. Having built strong foundations, we are well positioned for our next phase, which is resolutely focused on delivering growth and driving efficiency.

Our services

We give customers and financial advisers choice and flexibility in how they choose to access our solutions and services. We are a leading provider of advice, investments, and wealth management in the UK.

Financial Advice

Quilter Financial Advisers

helps clients across the UK with all their financial planning needs.

Quilter Private Client Advisers

specialises in helping clients with complex financial matters.

Quilter Financial Planning

supports over 1,300 appointed firms in the UK. Advisers partner with us to help them run and grow their business.

Investments

Quilter Cheviot

our discretionary investment manager which offers bespoke portfolio management services to just under 40,000 clients.

Quilter Investors

our fund management business which provides advisers and their clients with multi-asset investment solutions.

Platform

enables financial advisers to deliver the very best service to customers and their families, to help them achieve their financial goals. We offer a comprehensive range of products and investments through our award-winning online investment platform.

Being a responsible wealth manager

A wide range of factors influence long-term value creation. Increasingly, the investment community recognises the relevance of sustainability-related factors, covering environmental, social and governance (ESG) topics, including those related to the climate. We believe that growing awareness amongst investors, customers, advisers, and other stakeholders will lead to a fundamental shift in how capital is allocated in future.

One of our four strategic priorities is to become a leader in Responsible Wealth Management. This means acting and investing responsibly for our customers, colleagues, communities, and the environment. This is underpinned by four pillars of activity: Financial Wellbeing, Inclusive Growth, Social Impact, and Climate Action.

We believe the world is in a transitional state as a result of climate change, and our business is committed to adapting and responding to meet the challenges and opportunities presented. In 2021, we have focused our efforts on developing a comprehensive approach to Climate Action aligned with sector best practice. Our activities are focused on reducing our impact and advancing sustainable investment to support the transition to a low carbon economy.

We have partnered with Good Business who are working with us to develop our plans, initially focusing on making Science Based Targets Initiative (SBTi) compliant carbon reduction commitments. In order to do this, we are reviewing our emissions data and reduction activities to date, including emissions resulting from our own corporate activity, within our value chain and from our investment activities.

Timeline

Over a number of years we have evolved our approach to being a responsible wealth manager.

2015

Quilter Cheviot appointed first Director of Responsible Investment

Quilter appointed its first Director of Responsible Business

2016

2017

Quilter Cheviot became a Tier 1 signatory to the UK Stewardship Code (2012)

2018

First voluntary carbon disclosure submission to CDP (formerly Carbon Disclosure Project)

2019

First submission to the United Nations-backed Principles of Responsible Investment

Responsible investment representation on the Quilter Cheviot Investment Oversight Committee

2020

Quilter Investors appointed first Head of Responsible Investment

Responsible investment representation on the Quilter Investors' Investment Oversight Committee

2021

Quilter became a signatory to the 2020 UK Stewardship Code

New responsible investment governance structure introduced across Quilter

Climate Action pillar added to the Responsible Wealth Manager framework

Member of the Institutional Investors Group on Climate Change (IIGCC)

Inclusion of climate metrics within the investment research process

Quilter signs the Investor Agenda's Global Investor Statement on the Climate Crisis

Quilter published a statement supporting the goals of the Paris Agreement

2022

Our approach to TCFD

The following items should be considered whilst reading this TCFD report

- **Report purpose:** The purpose of this report is to provide information on our exposure to and management of climate-related risks and opportunities for our customers, prospective customers, shareholders, financial advisers, employees, and other stakeholders. This report is designed to provide disclosures aligned with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), which are structured around the themes of governance, strategy, risk management, and metrics and targets. Listed companies, such as Quilter plc, are required by the UK Government to disclose in line with these recommendations, on a comply or explain basis, for reporting periods commencing 1 January 2021. This TCFD report supplements our 2021 Annual Report and Accounts.
- **Report approach:** This is our first TCFD-aligned report and we have made progress in understanding and measuring our exposure to climate-related risks and opportunities, but we are still at an early stage. An industry-wide alignment on climate-related items such as metrics, calculation methodologies, and the development and use of climate-related scenarios is still nascent. Given these limitations, we have produced information covering the TCFD's recommendations 'as far as we are able to'. By this we mean that we have sought to take an approach that is reasonable and proportionate to these circumstances. We expect to build on and develop these disclosures in future years.
- **Approach to climate-related data:** We use climate-related data to monitor our exposure to climate-related risks and some climate-related metrics are presented in this report. Climate-related data is supplied to us by a range of third-party providers, and reliance has been placed on the accuracy and consistency of the data provided. Our investment solutions cover a large range of asset classes and geographies. Gaining access to reliable, consistent, and comparable climate-related data covering all the assets in our investment solutions is currently challenging, and we have gaps in the coverage of climate-related data and information for some of our asset types. In this report, where appropriate, we have presented climate-related metrics with a coverage percentage. We expect the scale of these data gaps and limitations to reduce over time.

Disclosure summary

The TCFD's recommendations, first launched in 2017, are structured around the four themes of governance, strategy, risk management, and metrics and targets. Within these themes, there are 11 recommendations to support effective disclosure for all organisations. Additionally, there are five supplemental recommendations for asset managers, which are of relevance to our investment activities within Quilter. We have sought to provide information on all 16 recommendations within these four themes, as far as we are able to.

Theme	Description	TCFD recommended disclosure	Our disclosure
Governance	Disclose the organisation's governance around climate-related risks and opportunities.	Describe the Board's oversight of climate-related risks and opportunities. Describe management's role in assessing and managing climate-related risks and opportunities.	– We have presented the governance structure for Board oversight and management of climate-related risks and opportunities. – We have described recent relevant activities performed by the Board and senior management.
Strategy	Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning, where such information is material.	Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C° or lower scenario. Describe how climate-related risks and opportunities are factored into relevant products or investment strategies, and how these might be affected by a transition to a lower-carbon economy[1].	– The climate-related risks we have identified are market, reputational and legal, policy and regulatory, and physical risks such as extreme weather events. – Our climate-related opportunities include increased demand for sustainable products and services. – We have described how the identified risks have informed our strategy, business activities and services. – Our first Quilter-wide climate-related scenario analysis exercise, which explored our long-term resilience to three potential climate scenarios, is described. – Climate-related risks and opportunities are factored into our investment strategies primarily through our ESG[2] integration and stewardship activities.
Risk management	Disclose how the organisation identifies, assesses, and manages climate-related risks.	Describe the organisation's processes for identifying and assessing climate-related risks. Describe the organisation's processes for managing climate-related risks. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management. Describe how material climate-related risks and opportunities are identified, assessed, and managed for each product or investment strategy.[1] Describe, where appropriate, engagement activity with investee companies to encourage better disclosure and practices related to climate-related risks in order to improve data availability and managers' ability to assess climate-related risks.[1]	– We have described how climate-related risks have been integrated into our overall risk management framework, including information on how climate-related risks are determined in relation to other identified risks. – Our approach to managing climate-related risks within our investments is described in more detail, covering our approach to ESG integration, stewardship activities and engagement.
Metrics and targets	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process. Describe metrics used to assess climate-related risks and opportunities in each product or investment strategy.[1] Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks. Provide the weighted average carbon intensity, where data are available or reasonably estimated, for each product or investment strategy.[1] Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	– We use greenhouse gas emission metrics to assess, monitor, and manage our exposure to reputational climate-related risks. – We have disclosed our Scope 1 and Scope 2 greenhouse gas emissions and estimated our Scope 3 (excluding investments) greenhouse gas emissions. – We use weighted average carbon intensity metrics to monitor our exposure to market climate-related risk in our investments. – We have disclosed information about the weighted average carbon intensity of our investments, to the extent that data is available and reasonably credible. – We have a target to reduce our Scope 1 and Scope 2 greenhouse gas emissions by 80% by 2030, from a 2020 baseline. – We are working with an external partner, Good Business, to develop Science Based Targets for emissions reductions in our wider value chain and investments.

[1]A recommendation included in the Supplemental Guidance for Asset Managers. [2] See the glossary for an explanation of key terms used in this report.

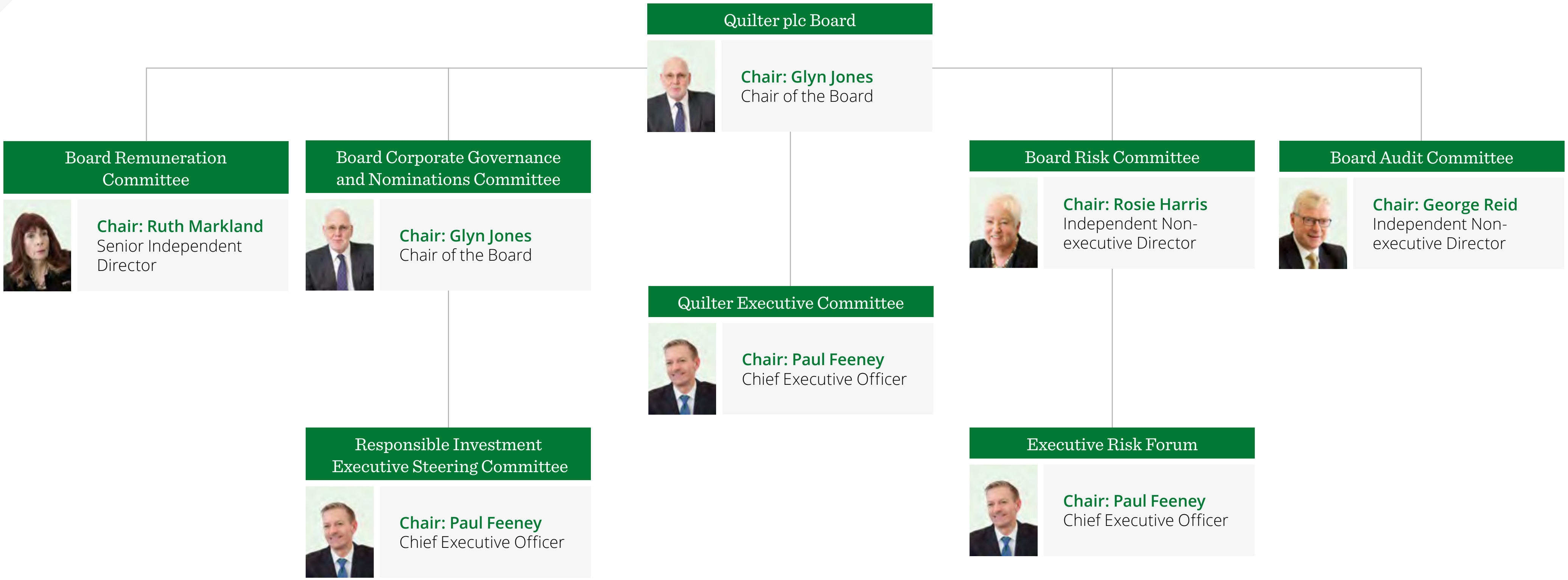
Governance

Our governance approach for climate-related risks and opportunities.

Our governance

Given the increasing importance of climate-related issues, we have defined a clear governance framework aimed at ensuring appropriate assessment, management, and control of our exposure to climate-related risks and opportunities within our risk appetite.

Accountability for the oversight and management of climate-related risks and opportunities is held by various senior leaders and facilitated via multiple governance forums and committees at Board and Executive level.



The Board's oversight of climate-related risks and opportunities

Board Committee	Climate-related responsibilities	Activity in 2021
Quilter plc Board	The Quilter Board is accountable for the long-term success of the Group. The Board sets the Group's strategic priorities, including those in relation to responsible wealth management. The Board actively discusses and considers climate-related risks and opportunities as part of discharging its responsibilities.	– Approved Quilter's strategy, including the strategic objective to 'be the responsible wealth manager', which includes a pillar of activity related to Climate Action. – All members of the Board received a briefing on climate change and the recommendations of the TCFD.
Board Risk Committee	Assists the Board in its oversight of risks, including climate-related risks, by reviewing management's recommendations on risk, in particular in relation to the structure and implementation of Quilter's risk framework.	– Reviewed and approved Quilter's climate change risk appetite statement and underlying measures. – Reviewed and discussed Quilter's first climate-related scenario analysis exercise. – Received and reviewed an update on progress against the recommendations of the TCFD in November 2021. – Reviewed and approved Quilter's first TCFD-aligned disclosures in March 2022.
Board Audit Committee	Oversees the principles, policies, and practices adopted in the preparation of the financial statements of the Group and assesses whether annual financial statements comply with statutory requirements.	– Reviewed and approved Quilter's 2021 TCFD-aligned disclosures in March 2022, alongside the Board Risk Committee.
Board Corporate Governance & Nominations Committee	Ensures the Board has strong and responsible leadership and an appropriate range of skills, knowledge, and experience. Oversees the Responsible Wealth Manager strategy.	– Approved Quilter's Responsible Wealth Manager strategy, of which Climate Action is a key pillar. – Provided guidance on Quilter's evolving responsible business performance metrics, which included climate-related key performance indicators.
Board Remuneration Committee	Assists the Board in its oversight of remuneration, including consideration of ESG-related metrics and targets, which form part of the executive scorecard for reward purposes.	– During 2021, the Committee discussed in detail how the Group's executives should be incentivised to drive forward its Responsible Wealth Manager strategy and the metrics that would be used to assess the progress made.

Management's role regarding climate-related risks and opportunities

Management body	Climate-related responsibilities	Activity in 2021 and early 2022
Executive Committee	Supports the Chief Executive Officer in discharging his responsibilities for the management of the Group, including the management of climate-related risks and opportunities. Facilitates the execution of our Responsible Wealth Manager strategy.	– Approved our Scope 1 and Scope 2 greenhouse gas emission reduction target.
Responsible Investment Executive Steering Committee	Provides executive oversight and direction on our Responsible Investment strategy.	– Met every 6-8 weeks throughout 2021 to provide executive oversight over the delivery of our Responsible Investment strategy. – This committee authorised the engagement of a third party, Good Business, to analyse the carbon impact of our operations, value chain and investments and develop a considered and credible response to Quilter's transition to net zero, guided by the scope of the UK Government's Green Finance Strategy and the expectations of investment firms in developing their sustainable investment strategies. – The scope of this committee is due to be expanded in 2022 to encompass our full Responsible Wealth Manager agenda and its name adjusted accordingly.
Executive Risk Forum	Assists the CEO in the oversight, challenge, and monitoring of material risks, including those related to the climate. Has responsibility for the identification and management of climate-related risks within the Enterprise Risk Management Framework, and for the TCFD-aligned climate disclosures.	– Met eight times in 2021 to review, manage and monitor all aspects of risk management. Climate-related risks were noted and discussed at five of those meetings. – Appointed a Sub-Committee with responsibility for the implementation of climate-related risk management and co-ordination of the TCFD report. – Assigned responsibility for the oversight of the management of financial risks from climate change to Andy Tuddenham, Group Risk and Actuarial Director. – Reviewed the identification and assessment of Quilter's exposure to climate-related risks. – Embedded material climate-related risks in our Enterprise Risk Management Framework. – Oversaw the embedding of the management of climate-related risks and opportunities into key processes. – Approved and recommended the Group-wide climate-related scenario analysis exercise and risk appetite statement to the Board Risk Committee.

Strategy

Our Climate Action plan, and the climate-related risks and opportunities we are exposed to.

Our Climate Action plan

At Quilter, we are guided by our fundamental purpose, which is to help create prosperity for the generations of today and tomorrow. We recognise that climate change is one of the most significant global challenges that we, our customers, and our future customers face both today, and in the decades to come. The scientific consensus is clear: human activity is driving climate change and immediate action is required. To avoid the worst impacts of climate change, the Intergovernmental Panel on Climate Change has identified the need to keep global temperature increases well below 2°C above pre-industrial levels, with a focus on 1.5°C. The UK Government has responded to the climate emergency by setting a legally binding target for the UK to reach net zero greenhouse gas emissions by 2050.

Climate Action is a key pillar of activity within our ambition to become a leader in Responsible Wealth Management, which means acting and investing responsibly for our customers, colleagues, communities, and the environment. We are developing a Climate Action plan, which will outline how we align our operations, value chain and investments across Quilter with Science Based Targets. We are following guidance for financial institutions from the SBTi published in April 2021 and the Investor Agenda to shape our strategy, as well as identifying other opportunities where we can influence positive change.

Operations and value chain

Accordingly, we will continue to dedicate resource to reducing our impact on the climate from our business operations and value chain. We have a target to reduce our Scope 1 and Scope 2 greenhouse gas emissions by 80% by 2030, from a 2020 baseline. We have also commenced the measuring and monitoring of emissions in our wider supply chain, related to hosting our platform, business travel, and our employees' commuting and working arrangements.

See pages 32 and 33 for more information on our corporate carbon footprint and emission reduction target.

Investments

The SBTi provides detailed guidance and requirements around setting compliant climate impact reduction targets for investments and our Climate Action plan will put us on a new trajectory to align our investments with these requirements. We have already incorporated Environmental, Social and Governance (ESG) factors, including those related to climate change, into our investment decision making processes and stewardship activities. Our Climate Action plan will detail our current status regarding SBTi Coverage and Temperature Ratings of in-scope investments, our near-term goals to enhance this in line with SBTi requirements, and the action we will take to do so.

We are assessing how we can align our investment strategies and products to drive a reduction in emissions across the real economy and reviewing our policies to ensure our practices align with these. As an industry, we still have some challenges to overcome, and we are identifying collaborative opportunities across sector-led initiatives to ensure we are part of a unified approach to reach global net zero.

Net zero

Achieving net zero emissions by 2050 will represent another powerful commitment to the goals of the Paris Agreement and we will closely follow the development of the SBTi Net Zero standard for financial institutions through 2022. The SBTi are due to publish this guidance for the financial sector in early 2023 and, once released, we will review our strategy and assess how we can strengthen our activities to align with their recommendations.

Our strategy to manage climate-related risks and opportunities – an overview

Existing activities to manage climate-related risks and opportunities

In addition to developing our Climate Action plan, we are also taking steps to manage our exposure to climate-related risks and opportunities across our services, to monitor our impact on the environment, and to strengthen our resilience to future climate change. To date, the focus of this activity has been on managing climate-related risks and opportunities within our investment activities. This work is described in more detail on page 19 and also within the risk management section, from page 25.

	Advice	Investment	Platform
Our services	**Customer profiling** Helping advised customers explore their ESG preferences, including in relation to climate issues. **Categorisation** Showing independent ESG ratings for the 65 portfolio solutions on our matrix used by restricted financial planners.	**ESG integration** Incorporating ESG factors, including climate-related considerations, into our investment processes. **Investment Stewardship** Engaging, voting, and advocating on climate-related issues. **Sustainable Investment Solutions** Expanding our offerings of sustainable investment products.	**Customer information** Making ESG relative risk ratings available to our customers. **Sustainable Investment Solutions** Enabling investment in sustainable solutions provided by Quilter and third-party managers on our platform.
Our impact	**Corporate emissions** Measuring and monitoring our emissions from our direct operations and value chain. **Portfolio emissions** Calculating emission profiles across our portfolios, where possible.		
Our resilience	We are embedding the management of climate-related risks and opportunities into the activities carried out by many of our functions to strengthen our resilience to potential climate-related issues and events. We have conducted our first long-term climate-related scenario analysis exercise designed to explore the potential outcomes of climate change on our business and our customers.		

Examples of how climate-related risks and opportunities are considered within our functions

Financial Reporting

Considering the impact of climate-related risks within our financial statements.

Capital & Treasury

Monitoring and managing the accumulation of climate-related risks within our held assets.

Investment

Embedding climate-related considerations into our investment processes and stewardship activities.

Actuarial Risk

Developing our approaches to our ORSA and ICARA[4] processes and co-ordinating our climate-related scenario analysis exercises.

Business Planning

Determining the business plan in line with our climate-related risk appetite and ensuring resourcing for delivering climate-related activities.

Product

Considering climate-related risks and opportunities in our product development.

Operations

Monitoring and managing our buildings' and employees' exposure to climate-related risks.

Compliance

Ensuring we meet our climate-related standards and regulatory obligations.

Procurement and Supply Management

Considering climate-related risks and opportunities across Quilter's material and critically important suppliers.

Internal Audit

Evaluating the design adequacy and effectiveness of our management of climate-related risks.

Responsible Business

Determining the Climate Action plan. Ensuring our emissions are reducing in line with targets and producing our climate-related disclosures.

Enterprise Risk Management

Embedding climate-related risks into our risk management framework, and developing our climate-related risk appetite.

[4] *See glossary for an explanation of key terms*

Climate-related risks and opportunities

At Quilter, we recognise that having a comprehensive understanding of climate-related risks and opportunities is of growing importance to us and our customers. When identifying climate-related risks, we consider both the risks posed to Quilter by climate-related issues as well as the risks posed to the climate by Quilter's operational and investment activities. We also consider the potential impact of climate-related risks on our customers, and how climate-related issues could affect our intention to deliver good customer outcomes and avoid the risk of customer harm.

We have assessed Quilter's exposure to a range of climate-related risks and opportunities. Our identified climate-related risks describe both physical risks associated with the physical impacts of climate change, and transitional risks, which relate to the global transition to a lower-carbon economy. Physical and transitional climate risks are related. For example, a failure to transition early enough to a low carbon economy could lead to more severe physical risks in the long term.

Risk	Market risk		
Risk type	Transitional		
Definition	Shifts in the supply and demand for certain commodities, products or services as climate-related information is increasingly understood could affect our revenue streams.		
Quilter relevance	A transition to a lower-carbon economy could lead to investment performance risk within our managed investment solutions, potentially impacting customer returns.	Assets with exposure to climate-related market risks available on our platform may suffer poor performance during a transition to a lower-carbon economy, which could potentially affect customer returns.	Assets within shareholder funds managed by the Group Treasury function are potentially exposed to climate-related market risk.
Likelihood	**Likely**	**Likely**	**Unlikely**
Relative significance	**High**	**Medium**	**Low**
Time period[5]	S M	S M	M
Potential financial impact	Reduced revenue as a result of asset value drops and reduced demand for services.	Reduced revenue as a result of asset value drops.	Loss of shareholder funds. Reductions in capital and liquidity levels.
Management response	– We have integrated ESG factors, including the consideration of climate-related risks, into our investment decision making processes. – Our approach to ESG integration is underpinned by a consistent approach to stewardship, and climate change is a key thematic focus for our engagement activities.	– We are working to provide customers and advisers with sustainability information so they can make choices consistent with their values on our platform. – We offer customers the ability to diversify their investments over a wide range of sectors, asset classes and geographies, with the help of their advisers.	– The assets held are diversified to avoid excessive accumulation of risk. – The majority of these assets are held in bank accounts and money market funds with no over-exposure to any geographical or industrial sector.

[5] *Time Period Key: S Short-term, 0-5 years; M Medium-term, around 10 years; L Long-term, 30 + years.*

Risk	Reputational and legal	Policy and regulatory	Extreme weather events and shifts in long-term climate patterns
Risk type	Transitional	Transitional	Physical
Definition	The risk that customers or stakeholders perceive that our response to the climate challenge is inadequate or that we are failing to suitably reduce our impact on the climate. This risk could also arise if we unintentionally convey misleading information about our environmental soundness, or about the environmental soundness of our sustainable investment solutions.	In future, we could need to respond to an increasing level of policy actions or regulatory requirements in response to the climate crisis.	There is a risk of increased severity or frequency of extreme weather events such as storms, as well as chronic changes such as rising mean temperatures and sea levels.
Likelihood	**Possible**	**Likely**	**Likely**
Relative significance	**Medium**	**Low**	**Medium**
Time period[5]	S M L	S M	M L
Potential financial impact	Could result in reduced market share and revenues or the potential for litigation action.	Could increase our expense base.	Could cause disruptions to business operations and / or increased expenses.
Management response	– Our Climate Action plan forms a key pillar of our Responsible Wealth Manager strategy. – We are signatories to the UK Stewardship Code and the United Nation's Principles for Responsible Investment. – We measure and monitor our emissions from our direct operations and value chain, and across our portfolios, where possible. – We ensure that all climate-related disclosures, strategy-setting activities, and activities relating to our sustainable investment solutions go through appropriate internal governance and oversight.	– We take our regulatory obligations seriously and are complying with all applicable climate-related regulatory requirements. – We consider emerging climate-related regulatory requirements in the jurisdictions in which we operate.	– We assess and monitor our exposure to physical climate risks in our operational activities, considering the potential impact on buildings, data centres, and colleague productivity. – Analysis of exposure to physical climate-related risks informs our business continuity procedures. – We are strengthening the management of climate-related risks in our third-party management processes.

[5] *Time Period Key: S Short-term, 0-5 years; M Medium-term, around 10 years; L Long-term, 30 + years.*

<table>
<tr><th>Opportunity</th><th colspan="3">Products and services</th></tr>
<tr><td>Definition</td><td colspan="3">The opportunity to capitalise on shifting customer preferences by innovating, developing, and offering low-emission products and services.</td></tr>
<tr><td>Likelihood</td><td colspan="3">Likely</td></tr>
<tr><td>Significance</td><td colspan="3">High</td></tr>
<tr><td>Time period[5]</td><td colspan="3">S M L</td></tr>
<tr><td>Potential financial impact</td><td colspan="3">Increased revenues and market share, and improved reputation.</td></tr>
<tr><td>Management response</td><td>In our financial advice processes:
– We have introduced independent third-party ESG ratings for all 65 portfolio solutions on our matrix used by restricted financial planners. These ratings are supplied by Square Mile.
– We have redesigned our advice process around three broad customers categories:
– ESG aware
– ESG focused
– ESG dedicated
– We have developed a new customer profiling tool which includes psychometric questions around customer ESG preferences, including preferences relating to the environment and climate change.</td><td>In our investment solutions:
– We have embedded the consideration of ESG factors, including climate-related opportunities, into our investment processes and in all our investment strategies.
– Stewardship activities are a core part of our investment approach and action on climate change is a key part of this.
– For many years, clients of Quilter Cheviot have been able to exclude specific sectors and activities including fossil fuels.
– We offer products and solutions which explicitly target responsible and sustainable objectives, including those related to climate change. In March 2022, we launched further solutions that broadly support the transition to a low carbon economy.</td><td>On our Platform:
– In response to changing customer preferences, we proactively add funds that have sustainability goals to our platform.
– In addition, customer choice has recently been enhanced by the addition of the Responsible and Sustainable Managed Portfolios to our platform, launched in March 2022.
– We also plan to offer new tools and services to help our customers navigate our wider range of investments.</td></tr>
</table>

[5] *Time Period Key: S Short-term, 0-5 years; M Medium-term, around 10 years; L Long-term, 30 + years.*

Our investment activities

In our investment activity, our strategy for managing climate-related risks and opportunities centres around the integration of environmental considerations in our investment processes, alongside other ESG-related factors, and our consistent approach to stewardship. We also provide, and are in the process of expanding, sustainable investment solutions intended to help our customers invest in line with their values.

ESG integration

We are committed to investing responsibly, to help create prosperity for the generations of today and tomorrow. We believe that Environmental, Social and Governance (ESG) issues, which include both climate change and a transition to a lower-carbon economy, can have significant implications for the entire investment landscape. While many of our strategies do not have explicit responsible or sustainable objectives, we believe that ESG factors are of relevance to these strategies and therefore our approach to ESG integration applies across our investment solutions.

In 2021, we undertook a programme of work to enhance how we integrate ESG factors, including climate-related considerations, within the investment processes of our two investment management businesses, Quilter Cheviot and Quilter Investors. Our preference is not to automatically exclude companies or funds in the first instance, but to evaluate their approach to ESG issues, including those related to the climate.

The integration of ESG and climate-related factors is informed by qualitative and quantitative data and information, and we work with a number of third-party ESG data providers to inform our analysis and approach to ESG-related, and climate-related, risks. Our approach to ESG integration is underpinned by a consistent approach to stewardship.

Stewardship

Stewardship is the responsible allocation, management, and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment, and society.

Quilter is a signatory of the UK Stewardship Code 2020, which sets out the expectations of how investors manage money on behalf of customers and sets out 12 'comply or explain' principles for asset managers. Quilter recognises stewardship as a fundamental component of sound investment management and fully supports the UK Stewardship Code 2020, which applies to both of our investment management businesses, Quilter Cheviot and Quilter Investors.

We established three thematic priorities to guide our engagement activity in 2021, one of which is climate change. Therefore, we engage on climate-related issues with both companies and funds, where appropriate. Our engagement activities are backed up by our approach to voting, where we may use our voting rights to push for enhanced disclosure are improvements around how climate-related issues are managed.

Stewardship plays an important role in supporting our approach to managing climate-related risks and opportunities responsibly. We believe that, for the majority of our strategies, an approach of engagement rather than divestment is the most appropriate initial action to take. An approach of simply divesting from holdings with a higher carbon intensity could result in these subsequently being held by investors who do not place any importance on transitioning to a lower-carbon economy. In such a scenario, those investments will not have an incentive to change their behaviour, and this could impede a transition to a lower-carbon economy. Additionally, there is the paradox that some companies that have high carbon intensity are focused on developing solutions for a lower-carbon world.

We use our voting rights as an escalation tool within our stewardship process to manage climate risk by voting against management where we feel that policies, disclosure, or governance practices are lacking.

More detailed information on our approaches to both ESG integration and stewardship can be found in the risk management section of this report.

Sustainable investment solutions

Quilter Cheviot	Quilter Investors and our Platform
For many years, clients of Quilter Cheviot have been able to exclude direct investment in specific sectors and activities including fossil fuels. Our Quilter Cheviot Climate Assets fund was launched over ten years ago. This excludes fossil fuels and invests on a sustainable thematic basis. Building on this and in response to both the changing requirements of our clients and climate transition, we launched the Positive Change strategy in 2020. This strategy, amongst other considerations, excludes exposure to pure coal companies. We continue to develop our client offering and expect to launch a new strategy in early 2022 which will exclude fossil fuels as well as those companies which have poor environmental records.	In March 2022, we launched two new sets of managed portfolios, to supplement our existing managed portfolio services. These are run by Quilter Investors and are available to customers on our platform: – Our 'Responsible' range of managed portfolios invests with managers that we identify as leaders in ESG integration and the management of ESG factors, including climate-related risks and opportunities. At least 50% of the portfolios' assets are in funds that pursue explicit environmental and/or social targets or characteristics. – Our 'Sustainable' range of portfolios invests a substantial portion of its assets in funds that target a broad range of sustainable outcomes, including climate-related outcomes.

Climate scenario analysis

We have performed scenario testing in order to test the potential outcomes of climate change for us and our customers.

Three scenarios were chosen to explore our resilience to a range of long-term climate outcomes. All three scenarios explore both transition and physical risks, to a different degree.

The scenarios tested are as follows. The three scenarios used were based on standard industry scenarios defined by the Network for Greening the Financial System (NGFS) and used by the Bank of England.

Scenario	Scenario description	Assumed global temperature rise
Early policy action scenario (orderly transition)	There is an orderly transition to a net zero economy from 2020 to 2050.	1.8°C rise above pre-industrial level by 2050.
Late policy action scenario (disorderly transition)	There is a disorderly transition to a net zero economy from 2030 to 2050.	1.8°C rise above pre-industrial level by 2050.
No additional policy action scenario ('hot house world')	There is not a successful transition to a net zero economy.	3.3°C rise above pre-industrial level by 2050.

The scenario analysis was performed largely on a qualitative basis. The approach taken to perform scenario analysis was as follows:

- The scenario specification was provided by the Bank of England for the 'Climate Biennial Exploratory Scenario' (CBES) exercise. We did not formally participate in the CBES exercise but used the CBES scenario specification to determine the impacts of the three scenarios on the external business environment over a 30-year timeframe. The CBES specification included financial impacts to individual market sectors within the UK economy under each scenario.
- The scenarios tested include some key simplifications. For instance, the 'no additional policy action' scenario includes physical impacts which have been accelerated in order to come into the 30-year timeframe. This scenario also does not include social impacts which could be significant, such as mass migration and war.
- Since we do not yet have comprehensive data on climate exposures within all underlying customer assets, a number of simplifying assumptions were made over the exposure to individual sectors.
- The impacts of the three scenarios on profitability, at five-year intervals, were estimated. The impacts were broadly assessed as those which could potentially be managed, through appropriate management actions, and those impacts which were largely outside of our control, such as systemic impacts on the economy and household wealth which would act as headwinds to our business performance. The financial impacts were estimated for the purpose of comparing the relative consequences of the three scenarios.
- Impacts on our business's risk profile, under the three scenarios, were broadly assessed by considering the potential change in the level of risk under a range of risk categories.
- Due to data limitations, it was not possible to perform any significant analysis of customer impacts. A broad commentary on customer impacts was performed, based on the wider economic impacts of the three scenarios.

The scenario analysis highlighted and confirmed that our best interests and those of our customers lie in early policy action and an orderly transition to a net zero economy. This finding was driven by the following observations under the scenarios tested. The scenarios would be expected to impact customers, for instance, through potential lower performance or more volatile return on investments, and Quilter, through headwinds to future profitability.

- An orderly transition to a net zero economy would be expected to lead to a temporary impact on household wealth and corporate profits. This is largely due to rising energy costs. A permanent impact on the global economy would also be expected due to the cost of transition.
- A disorderly transition to a net zero economy would be expected to lead to a larger temporary impact due to greater economic impacts, such as rising energy costs, rising unemployment, significant stranded assets, and inflation caused by demand to replace stranded assets. A greater permanent impact to the global economy would be expected due to the higher overall cost of transition in this scenario.
- Failure to transition to a net zero economy would be expected to lead to greater impacts in the longer term, as the global environment becomes more hazardous and unpredictable. Under this scenario, many of the impacts from physical risks would be expected to crystallise or become more severe in a non-linear way over time, and so headwinds for the economy would be expected to become more severe beyond 2050. This scenario led to the greatest impact on the global economy, and to our profitability, by 2050.

An objective of scenario testing was to identify potential management actions to support our strategy. The scenario testing exercise highlighted a range of key management actions aligned to the effective management and mitigation of climate-related financial risks. Management actions which have commenced or are being considered include the following:

- Implementation of investment propositions, with defined targets for carbon exposures.
- Provision of ESG tools and information to platform advisers and customers.
- Development of the advice process to incorporate climate and the broader ESG considerations.
- Investment stewardship objectives have been developed in order to provide influence on emissions plans to firms which our funds and portfolios invest in.
- Engagement in government climate change policy in order to support an early transition to net zero.
- Review of the carbon emissions commitments made by third-party providers in order to review third-party relationships.
- Continue to review physical resilience in light of increasing physical risks.

We have a strong and resilient balance sheet and sufficient capital and liquidity to withstand all three of the scenarios tested.

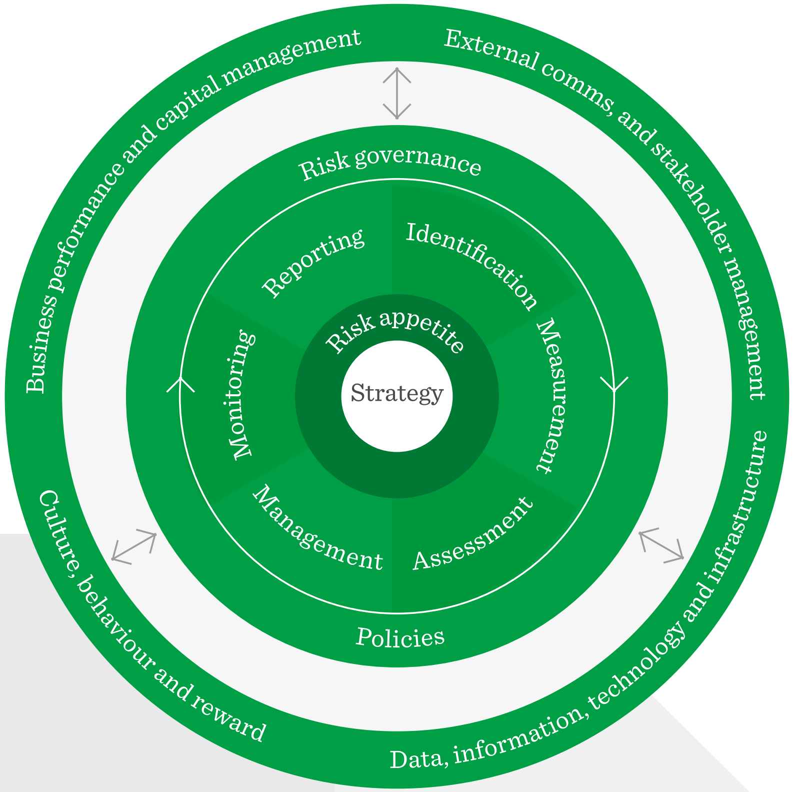
It should be noted that scenarios are not predictions and are not equally likely to occur. We have undertaken climate-related scenario analysis for the first time and have begun to incorporate this into our overall risk management processes. Scenario analysis is currently limited by a number of factors, most notably data limitations which impact on our ability to accurately parameterise scenarios and assess full impacts and so a range of simplifications are required. Therefore, scenario analysis is early in its development and given the uncertainty in forward looking measures and other inputs, we see this scenario analysis as a useful input rather than a strong predictive tool at this point.

Risk Management

How we identify, assess, and manage climate-related risks, particularly within our investment activities.

Climate-related risks and our risk management framework

Effective risk management is embedded across our business through our Enterprise Risk Management (ERM) Framework. This framework sets out how we identify, measure, assess, manage, monitor, and report on the risks to which our business is, or could be, exposed. In 2021, we explicitly embedded the consideration of climate-related risks into our ERM Framework, to ensure that climate-related risks are sufficiently understood and continually managed within Quilter's risk appetite.



Our processes for identifying, assessing, and managing climate-related risks

Within our climate-related risk identification process, we treat climate-related risks as a cross-cutting risk type. This means that we recognise that climate-related risks have the potential to manifest through a number of the existing principal risk types that exist within our ERM Framework. For example, we consider the potential impact of climate-related risks on our operational, market, liquidity, strategic, and legal and regulatory risk profiles. Treating climate-related risks as a cross-cutting risk type helps us to separately identify, understand, and manage the potential for climate-related risks in all our businesses, services, and functions and across different potential timescales. In 2021, climate-related risks assessed as material (over a range of timeframes) have been defined within our internal risk taxonomy so that they can be managed by specified risk owners within our framework.

Within our risk management framework, identified climate-related risks are assessed for materiality. This materiality assessment is informed by a number of indicators, both qualitative and quantitative, which we intend to strengthen and develop over time. The assessment of climate-related risks is also made with regard to relevant subject matter expertise and climate-related scenario analysis findings. The identification and assessment of climate-related risks is reviewed and discussed by the Executive Risk Forum.

Where climate-related risks are assessed to be material, management and monitoring strategies are implemented, to ensure our exposure to climate-related risks remains within our stated risk appetite.

We consider emerging climate-related regulatory requirements in the jurisdictions in which we operate. Our operations and business activities are focused primarily in the UK, where the Government has legislated for net zero emissions by 2050. We regularly review proposals to change climate-related requirements, or introduce new ones, to ensure that we remain compliant.

Embedding climate-related risks in our risk management framework – our progress in 2021

In 2021, the following actions were completed to embed the consideration of climate-related risks within our risk management framework:

- A climate-related risk appetite statement, which defines the level of climate-related risk that can be taken in pursuit of our strategy, was approved by the Board Risk Committee, on behalf of the Board.
- In 2021, the Board received a briefing on climate-related risks and opportunities, aimed at ensuring Board members understand their climate-related responsibilities, how these risks have been embedded into our ERM Framework, and enabling them to oversee climate-related risks appropriately.
- The consideration of climate-related risks has been embedded across all 'three lines of defence' within Quilter, including the Internal Audit and Risk and Compliance Functions, to help ensure that clear and effective accountability for these unique risks is established throughout the business.
- Our internal emerging risk process has been updated to include scanning for new or emerging manifestations of climate-related risks.
- Our Responsible Business Conduct policy has been updated to more explicitly ensure that the consideration of climate and climate impacts is maintained within our responsible business plan.
- The consideration of material exposures to the financial risks from climate change was added to our internal ORSA and ICAAP[6] processes.
- Our approach to managing climate-related risks in the medium- to long-term is supplemented by our climate-related scenario analysis exercises. In 2021, this exercise was used to identify available management actions across a range of potential future climate scenarios.

Forward looking plans

We recognise that work is required in future years to further embed climate-related risk measurement and management. In particular, we will work to address existing limitations in the metrics, tools, and processes we use to measure, monitor, and manage our exposure to climate-related risks. For example, limitations exist due to climate-related data gaps in some of our investments. Additionally, there is uncertainty in forming accurate assumptions over extended time horizons in our scenario analysis exercises. We expect quantitative information reported through our governance arrangements to strengthen over time.

The explicit consideration of climate-related risks in all relevant policies within our Enterprise Risk Management Policy Suite is planned for our 2022 annual policy review process. This will further embed the consideration of climate-related risks and opportunities holistically and consistently within all our functions and activities.

[6] *Please see our glossary for definitions of key terms used in this report.*

Managing climate-related risks within our investment activities

We, and our customers, are exposed to the potential for transitional market risk in our investment solutions. We also face investment-related reputational risk if we unintentionally convey misleading information about the environmental soundness of our investments, including our sustainable investment solutions.

Our strategy for managing climate-related risks within our investment activity centres around the integration of environmental considerations in our investment processes, alongside other ESG-related considerations, and our consistent approach to stewardship.

At Quilter, we have two investment businesses that invest assets on behalf of our customers: Quilter Cheviot and Quilter Investors. These businesses share a common approach to the management of climate-related risks and opportunities within their investment activities. Quilter Cheviot and Quilter Investors work collaboratively and closely together but have distinct investment processes, reflecting differences between the businesses in investment activities and underlying assets.

Investments	
Quilter Cheviot Our discretionary investment management business offers bespoke portfolio management services to just under 40,000 clients.	**Quilter Investors** Our fund management business provides advisers and their clients with multi-asset investment solutions.
– Quilter Cheviot offers discretionary fund management services for clients via third-party funds, direct equities, fixed income, and other asset classes. – Quilter Cheviot manages a number of funds, including funds with a direct climate focus.	– Within Quilter Investors, our multi-asset investment solutions invest predominantly in funds. – We also have around 40 direct equity and fixed income strategies where day-to-day management is delegated to external sub-advisers. These sub-advised mandates may also be held within our multi-asset solutions alongside third-party funds.

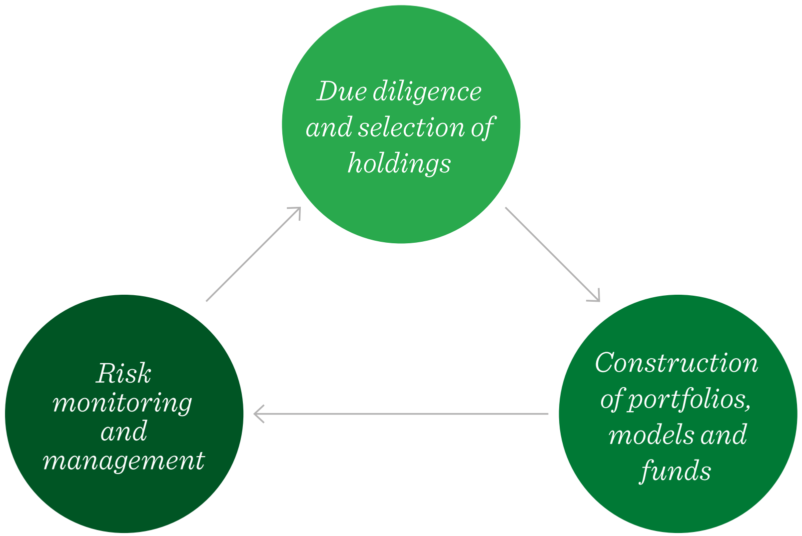
ESG integration

We have integrated ESG factors, including climate-related considerations, within all stages of our investment processes, starting with our due diligence and selection of holdings processes, where nuanced approaches are applied for different asset classes. ESG-considerations have also been integrated into our portfolio, model, and fund construction processes and within our ongoing investment risk monitoring and management. Our preference is not to automatically exclude companies or funds in the first instance, but to evaluate their approach to ESG issues, including those related to the climate.

In all stages of our investment processes, the integration of ESG-related, including climate-related, factors is informed by qualitative and quantitative ESG-related data, which we obtain from a number of third-party ESG data providers.

We have added specialist capabilities and resources to our responsible investment teams, in view of the importance of this area for us. Looking forward, we will further build out our resources in responsible investment in 2022. Furthermore, within our Climate Action plan, we are assessing how we can further align our investments, strategies, and products to drive a reduction in emissions across the real economy.

ESG factors, including the consideration of climate-related risks, are integrated within our investment processes and across our investment strategies



Supplemented by qualitative and quantitative ESG-related, including climate-related, data and information

Due diligence and selection of holdings

Although a large part of the assets managed by Quilter are held in third-party funds (almost all for Quilter Investors), our discretionary fund manager, Quilter Cheviot, invests a significant proportion of assets directly across different asset classes too. Within our due diligence and selection of holdings processes, we apply nuanced approaches to funds and direct holdings.

Funds:

- We undertake in-depth assessment of a fund's climate-related risks and exposures. This includes understanding policies and threshold limits to particular key climate risk areas such as deforestation, thermal coal, and other fossil fuel exposure.
- We also assess how climate and other environmental and ESG-related risks are incorporated and managed in each fund strategy alongside whether the managers are modelling for the impacts of a transition to a low carbon economy and various temperature scenarios.

Direct holdings:

- We perform a qualitative assessment of any material climate-related challenges and opportunities. For example, within the utilities sector we assess any national decarbonisation targets and for energy companies, we assess their climate transition goals, as well as identifying and evaluating decarbonisation plans.
- Our qualitative assessment is supplemented by a quantitative data overlay. Our proprietary dashboards incorporate data from multiple sources. For example, these can include carbon emissions, carbon intensity, and information on net zero commitments.

Construction of portfolios, models, and funds

We have developed a number of tools that enable the incorporation of ESG-related, including climate-related, risks in the construction of our models, portfolios, and funds. Our ESG dashboards allow us to incorporate a range of climate-related factors into the construction of our portfolios and models. We use this information to monitor and track our exposure to climate-related risk in our investments.

From an opportunities perspective, we may make appropriate allocations to investments that are explicitly focused on ESG and sustainable investment, climate solutions and the transition to a low carbon economy. This is applicable to our strategies that have explicit climate objectives as well as our broader suite of products and strategies, where appropriate.

Risk monitoring and management

Our ESG dashboards are also used to inform our risk monitoring and ongoing risk management processes within our portfolios, models, and funds. We understand that our strategies may be affected by a transition to a lower-carbon economy, and we use the information in our ESG dashboards to monitor and track our exposure to the potential for climate-related market risk arising from a transition to a lower-carbon economy.

Where possible and applicable, we also consider our investments' exposure to physical climate-related risk and stranded assets exposure. Our ESG dashboards are starting to include associated portfolio temperature rise metrics, where possible. This more granular modelling is something we will continue to develop and roll out across our strategies in the future.

Additionally, it is important that we adequately manage the risk of unintentionally conveying misleading information about the environmental soundness of our investments, and particularly our sustainable investment solutions. This risk is sometimes referred to as 'greenwashing'. This risk is of particular relevance to our Climate Assets fund, managed within Quilter Cheviot, which excludes investments in fossil fuels and invests on a sustainable thematic basis. This risk is also relevant to our two new sets of managed portfolios, launched in March 2022, which pursue explicit environmental or sustainable outcomes.

To help avoid greenwashing risk, we seek a consistent approach across the business and have contributed to the work that The Investing and Savings Alliance (TISA) has undertaken in this area through representation on their Responsible and Sustainable Investment Committee.

Internally, we have undertaken work in creating client categories within our approach to defining customers' responsible investment preferences and are now working at mapping our solutions and services to these categories. This particular risk is further managed by ensuring that all relevant activities and disclosures are overseen by an appropriate level of internal governance.

Our approach to ESG and climate-related data and information

As described above, our investment processes are supplemented by qualitative and quantitative ESG-related information, including information and data related to the climate. Our ESG dashboards incorporate data and information from a number of third-party ESG data providers including Sustainalytics, Morningstar, ISS, and Ethical Screening.

Our dashboards include sector-specific climate-related information and metrics such as Scope 1, Scope 2, and Scope 3 greenhouse gas emissions, carbon footprint metrics, Weighted Average Carbon Intensity (WACI) metrics, science-based targets, exposure to fossil fuels, and information on net zero commitments.

We are reliant on the accuracy of the climate data provided to us by external providers. In recognition of the nascency of climate-related data, the existence of data gaps, and other limitations that are currently experienced across the industry, we supplement climate-related data and metrics with a range of qualitative information.

In addition to the data sources opposite, we also use publicly available third-party information from sources such as the Transition Pathway Initiative (TPI) and Climate Action 100+.

External data provider	Purpose
ISS Climate & Impact Data	These two data sets are focused on climate-related data and alignment to the UN Sustainable Development Goals. These are data inputs into our ESG dashboards (for equities, models, funds) and for our third-party fund research.
Sustainalytics	Sustainalytics data is used for analysis of ESG risk ratings, exposures and management scores, product involvement (including thermal coal and controversial weapons), carbon risk and footprint, UN Global Compact status at security, fund holding and portfolio aggregated level and for Strategic Asset Allocations.
ISS Proxy Exchange	ISS Proxy Exchange is used for our voting activity. ISS provides recommendations based on our agreed policy, We then make our own decision based on this information as well as our own engagement activity.
Style Analytics	Data from Sustainalytics and other external providers feeds into the Style Analytics tool to provide our research team with more granular detail regarding ESG factors and our underlying holdings.
Morningstar	Morningstar is used for underlying fund data provided for fund research and analysis and also provides Sustainalytics carbon emissions and risk ratings at fund and portfolio level.
Ethical Screening	Ethical Screening is used to screen on a negative and positive basis in line with a client policy. They are also an additional ESG data source and are employed at a portfolio level to help our research teams identify areas of exclusion, as well as positive screening within Quilter Cheviot.

Climate-related risks and stewardship activities

Stewardship is the responsible allocation, management, and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment, and society.

Quilter is a signatory to the UK Stewardship Code 2020. We are active members of the United Nation’s Principles for Responsible Investment (UN PRI), The Investing and Saving Alliance (TISA), and the Investment Association (IA). In 2021, we joined the Institutional Investors Group on Climate Change (IIGCC) and signed the Global Investor Statement to Governments on the Climate Change Crisis.

Climate change forms a key pillar of our approach to stewardship, and we engage on climate-related issues with both companies and funds where appropriate. Our engagement approach focuses on disclosure and strong practices around the management of climate-related risks. Our engagement activities are backed up by our approach to voting, where we may use our voting rights to push for enhanced disclosure and improvements around how climate-related issues are managed.

Engagement

We established three thematic priorities to guide our engagement activity in 2021, one of which is climate change. This thematic pillar can include a focus on clean energy and technology (and conversely looking at high carbon emitters such as companies exposed to thermal coal and fossil fuels) as well as reforestation/deforestation (including palm oil and palm plantations) and emerging natural climate solutions. This focus also includes understanding companies' net zero ambitions as well as decarbonisation plans.

Our approach to engagement involves:

- identifying the highest emitters within our investment universe in order to manage the risks that these present; and
- an ongoing due diligence process where our teams monitor information on areas such as carbon emissions, carbon risk, decarbonisation strategies and performance.

This information is used to engage further with the company or fund manager to understand the risk mitigation strategy and flag poor performers. In certain cases it also supports proactive dialogue, on specific climate-related themes which is something we are looking to build out more in 2022.

Our engagement activity is driven by our responsible investment specialists and nuanced approaches are taken for different asset classes and strategies.

Engagement approach for third-party funds

We engage closely with our managers on areas such as carbon intensity and high carbon risk holdings as well as exposure to sectors which are particularly important to transition, such as fossil fuels for example. Disclosure, policies, and strong management practices are all key factors here. In addition, we scrutinise how effectively our managers engage on our behalf. When concerns or material issues arise, we engage directly with our managers as our first and preferred course of action. We believe it can be more effective to address climate-related issues as an engaged investor than to take an automatic divestment or exclusionary approach.

Engagement approach for sub-advised strategies

For our sub-advised strategies, we require managers to report to us on a quarterly basis on areas such as carbon intensity and other climate-related risks so that we understand fully our exposure and how it is being managed. We also ask for reporting on environmentally-focused engagements carried out on our behalf. As per our engagement with third-party managers, we will also be prioritising understanding our exposure to companies without transition plans in place and working with our managers to engage with companies on this, including looking at opportunities for co-engagement where appropriate.

Engagement approach for direct equities

Our direct equities are predominantly held within Quilter Cheviot. Here, our engagement activity falls into three buckets:

- Reactive: where we will initiate engagements in reaction to a controversy or to an AGM / SGM resolution.
- Proactive: where we have conducted analysis on a specific topic and look to engage with the worst performers. This may include thematic engagement on climate change issues.
- Monitored: where no immediate concerns are identified but engagement is part of a regular catch-up process.

In the final quarter of 2021, we launched a proactive engagement on climate change commitments and disclosures. We are using various metrics to identify the companies that present the most significant carbon risk, including net zero commitments, interim targets, and carbon intensity. Success will be tracked over time and for those companies where we feel sufficient progress is not being made, we will push for change through our engagement and voting processes. Any outcomes as well as further engagement details are disclosed quarterly on the Quilter Cheviot website.

Voting

Voting approach for sub-advised strategies and third-party funds

In respect of our sub-advised strategies, we expect our managers to vote on our behalf and share how they voted in the quarterly reporting.

Regarding our third-party managers, we also generally expect our managers to exercise the right to vote at shareholder meetings on our behalf (proxy voting) as investors in their funds. Managers have discretion on how to vote but, as a minimum standard, we expect our managers to execute proxy votes on non-standard issues whenever they can. In some jurisdictions we understand that there may be practicalities that make it difficult to execute a proxy vote.

Voting is a key component of our process for engaging with closed-end funds. We vote on all resolutions at all Annual General Meetings (AGM) and General Meetings globally (unless we are restricted from doing so, for example, in share-blocked jurisdictions). Our investment team reviews all resolutions ahead of shareholder meetings and we only decide how to vote after due consideration and discussion. As a rule, we aim to discuss and resolve any concerns with management before deciding to abstain or vote against a resolution. Where there are shareholder actions on voting for climate-related issues, we will prioritise these and support where appropriate, though due to the nature of these investments, there are not a significant number of these.

Voting approach for direct equities

The following provides a guide to how we typically vote in relation to specific climate-related topics after a period of unsuccessful engagement:

- **Climate Capability:** We expect boards to be able to demonstrate capability in communications with investors and executive oversight. Where we feel the skill set is lacking, we may vote against the Chair of the Nominations Committee or the Chair of the Board.
- **Climate Change Disclosures:** We support the Task Force on Climate-Related Financial Disclosures (TCFD) and see climate risk as an important consideration in our long-term valuation of a company. We may not support the report and accounts of companies or election of directors with sustainability responsibilities (Chair of Board or Chair of Sustainability Committee or equivalent) which operate in highly carbon emitting sectors that have not made sufficient progress in providing investors with relevant climate disclosures (including publishing net zero commitments and interim reduction targets).
- **Climate Lobbying:** We may not support the report and accounts of companies or election of directors with sustainability responsibilities (Chair of Board or Chair of Sustainability Committee or equivalent) with relationships to industry associations that oppose efforts to transition to a low carbon economy – where they are not recognised and engaged upon.
- **Biodiversity:** We will generally support any resolutions for better company-level disclosure on biodiversity matters and efforts to disclose adverse impacts on natural capital.
- **Climate shareholders resolutions:** We will generally support shareholder resolutions for better company-level disclosure and more detailed interim target reporting on climate metrics, especially if in line with the Paris Climate Agreement.
- **ESG metrics in executive remuneration:** We strongly support remuneration policies with the inclusion of relevant ESG metrics linked to variable pay (most notably carbon reduction targets). We may not support remuneration policies that have not made sufficient progress in this area.

Examples of recent climate-related engagements

Issuer	BHP Group plc	Barclays plc	QI Global Equity Value Fund
Objective	Ongoing engagement regarding climate lobbying activities.	To understand the company's position against a shareholder climate change resolution.	To better understand consideration of climate, carbon and transition risk and any action taken.
Activity	Despite making several climate positive commitments including to reduce carbon emissions, the company is a member of some of the most influentially oppositional industry associations on climate policy. We have concerns that these industry associations may be undermining the company's climate-related strategy and have encouraged them to use their influence to bring the two into alignment.	The resolution required the company to improve climate commitments and reporting. This would also require the company to set more detailed interim targets to phase out financing of fossil fuels in line with the Paris Climate Agreement (by 2050). It also directed the company to report annually on progress and the methodology used to measure this. Barclays has set out a high-level strategy to be a net zero company (including Scope 3, which in the case of a bank is primarily focused on what it is financing) by 2050 and has ambitions to bring that strategy in line with the Paris Agreement as soon as possible. Barclays has established several positive mechanisms, including a climate committee, that reviews all fossil fuel financing deals. However, Barclays is still the biggest financer of fossil fuels in Europe and the fifth largest lender in the world to the coal industry over the past two years.	We requested more detail as to what extent the manager considers the overall carbon risk profile of the fund and how company carbon emissions influence their investment decision making. Additionally, we asked for information on how the climate scenario alignment for the portfolio is considered and how climate transition risks are managed, particularly in relation to the fund's oil and gas holdings. We also requested further detail on how they consider holdings that are contributors to carbon emissions, thermal coal, and stranded asset risk.
Outcome	Based on multiple engagements with numerous shareholders, the company has now published a review of key industry association memberships, highlighting where climate policies are not aligned. The company has begun an engagement process with those associations identified as laggards. We will monitor progress moving forward.	We believe Barclays needs to accelerate its progress and therefore supported the shareholder resolution to encourage stronger commitments. 14% of shareholders agreed with our position, with a further 12% abstaining. We will continue to monitor Barclays' progress.	Exposures within the portfolio were discussed, along with the associated levels of revenue risk and stranded asset risk. The holdings' contribution to overall portfolio emissions was outlined and rationale provided in relation to the role they play in being part of the solution rather than a permanent disruptor.

Metrics and Targets

The metrics and targets we use to measure, monitor, and manage our exposure to climate-related risks and opportunities.

Overview

We use a range of metrics to measure, monitor, and manage our exposure to climate-related risks and opportunities. In this section, we describe the metrics we use to measure the direct and indirect impact we have as a business on the environment through our operational activities, including our supply chain, and through our investments.

We measure:

	Metric	Targets
Operational activities: the direct and indirect impact we have on the environment through our operations and supply chain.	We measure our Scope 1 and Scope 2 emissions in line with the GHG Reporting Protocol. We have estimated our Scope 3 emissions (excluding investments).	– We have a target to reduce our Scope 1 and Scope 2 (locations-based) emissions by 80% by 2030, from a 2020 baseline.
Investment activities: the indirect impact we have through our investment activities.	We measure the weighted average carbon intensity of our investment strategies and portfolios, to the extent that data is available and reasonably credible.	– The SBTi provides detailed guidance and requirements around setting compliant climate impact reduction targets for investments and our Climate Action plan will put us on a new trajectory to align our investments with these requirements. – The Climate Action plan will provide detail around our current status regarding SBTi Coverage and Temperature Ratings of in-scope investments, our near-term goals to enhance this in line with SBTi requirements, and the action we will take to do so.

The impact of our operational activity

Our existing workplace strategy has and will continue to drive down the majority of our Scope 1 and Scope 2 emissions in line with our near-term targets. This considers our office footprint, renewable energy transition and enhanced energy efficiency within our buildings.

Our estimated Scope 3 emissions from purchased goods and services account for most of our operational emissions and are outside of our direct control. In 2022, we will develop plans to engage with our suppliers to enhance data quality and use our influence to encourage emission reductions aligned with a science-based trajectory.

Scope 3 emissions from employee commuting and working from home are also a key consideration. In 2022, we will create plans to engage colleagues on our emissions reduction journey, which will consider information on reducing their personal carbon footprint and aligned benefits, such as electric vehicle (EV) lease schemes.

In order to monitor the impact our operational activities have on the environment, we measure our Scope 1, Scope 2 greenhouse gas emissions, and have estimated our Scope 3 (excluding investments) greenhouse gas emissions.

All operational emissions data are calculated according to the GHG Reporting Protocol – Corporate Standard. The GHG protocol categorises emissions according to 'Scope', as follows:

- **Scope 1 (Direct GHG):** These are emissions from sources that are owned or controlled by an organisation. This includes fuel combustion on site e.g., gas boilers, fleet vehicles and air-conditioning leaks.
- **Scope 2 (Energy – Indirect GHG):** These are emissions from the consumption of purchased electricity, steam, or other sources of energy (e.g., chilled water) generated upstream from the organisation. For purchased electricity, organisations are required to report Scope 2 emissions according to a 'location based' method and a 'market-based' method (see below):
  - **Scope 2 – Location Based:** This reflects the average emissions intensity of grids on which energy consumption occurs (using mostly grid-average emission factor data).
  - **Scope 2 – Market Based:** This reflects emissions from electricity that organisations have purposefully chosen and therefore includes where they may have renewable energy contracts in place or generate their own energy.
- **Scope 3 (value chain – indirect):** These are all indirect emissions (not included in Scope 2) that occur in a company's value chain, including both upstream and downstream emissions (e.g., business travel, waste).

Monitoring our greenhouse gas emissions enables us to ensure that our exposure to climate-related reputational risk remains within appetite.

Greenhouse gas emissions – 31 December 2021	tCO_2e 2021	tCO_2e 2020
Scope 1 emissions	898[7]	307
Scope 2 (location-based) emissions	1,622	2,410
Scope 2 (market-based) emissions	1,120	1,819
Total Scope 1 & 2 emissions[8]	**2,520**	**2,717**
Scope 3 (excluding investments) emissions[9]	25,513	23,904
Total Scope 1, 2 & 3 operational emissions	**28,034**	**26,621**
Operational carbon intensity[10]	**7.38**	**6.08**

[7]Including a significant leak of refrigerants from air conditioning units.

[8]Calculated as the sum of Scope 1 and Scope 2 (locations-based) emissions.

[9]Our disclosed Scope 3 emission metrics (excluding investments) contain some estimations and reliance on externally provided data.

[10]Calculated as total operational emissions divided by the average number of full-time equivalent employees.

In 2021, we enhanced our ability to estimate our operational Scope 3 emissions (excluding investments) which cover the impact of our purchased goods and services, employee commuting and the estimated energy use of employees working from home. Accordingly, there is a degree of estimation in these metrics, and some reliance placed on externally provided data.

Due to the impact of including associated emissions from our purchased goods and services (which are calculated based on the Scope 1 and 2 emissions of our suppliers), Scope 3 emissions are significantly higher than Scope 1 and Scope 2 emissions and represent 91% of our total operational emissions. Our Scope 3 emissions increased by 7% in 2021 in comparison with 2020, driven mainly by an increase in spend on purchased goods and services.

Our total Scope 1 and Scope 2 emissions have continued to follow the downward trend of recent years, falling 7% in 2021 compared to 2020. The decrease in emissions was driven mainly by reduced energy use and energy efficiency in our offices. However, the reduction is more subdued than anticipated due to a significant increase in Scope 1 emissions, driven by a refrigerant leak associated with the air conditioning units at our largest office, accounting for 509 tonnes of CO_2e. As part of our Workplace Strategy, these air conditioning units will be replaced in 2022, which we expect will significantly reduce the risk and impact of future refrigerant leaks going forward.

Since 2018, we have prioritised the procurement of energy for all our offices from renewable sources. All of the buildings we control now run on renewable energy tariffs. This, including properties where we do not have control of the energy contract, means that 61% of our employee base work in an office sourced with renewable electricity.

The impact of our investment activities

We use Weighted Average Carbon Intensity (WACI) metrics to measure the impacts of our portfolios and strategies on the climate, within both Quilter Investors and Quilter Cheviot.

The WACI is the key metric recommended for disclosure by the TCFD. The metric represents a strategy's or portfolio's exposure to carbon-intensive companies. It provides information on the level of Scope 1 and Scope 2 carbon emissions within an investment portfolio (or model) against the revenue produced by the portfolio (or model) and is expressed in tonnes of CO_2e per $ million of revenue[11].

This metric, alongside other metrics and qualitative information used within our ESG dashboards, is also used to monitor our exposure to climate-related market risk within the portfolios that we manage.

For the purposes of monitoring our exposure to climate-related market risk, the WACI metric has limitations, the most significant of which are as follows:

- Certain asset classes are excluded from this calculation. Most significantly, these include government bonds, asset-backed securities, cash, foreign currencies, and derivatives.
- The WACI metric covers Scope 1 and Scope 2 emissions but does not cover Scope 3 emissions.
- WACI does not take into account the difference in carbon characteristics among different sectors.

We therefore recognise that the use of these WACI metrics needs to be supplemented by a wider range of qualitative climate-related information about the underlying assets within our portfolios.

Access to reliable, consistent, and comparable ESG and climate-related data fully covering a broad universe of holdings across multiple asset classes is a challenge that is faced by the industry currently. Most of our assets under management are invested via funds, which brings an added layer of complexity and means the universe of underlying holdings that we have exposure to is vast, covering a range of asset classes and geographies.

While every effort has been made to source and utilise accurate data as far as we are able, for some of our solutions there are currently significant data gaps due to lack of appropriate available data (particularly for asset classes such as alternatives). For this reason, we have included a coverage percentage for each portfolio, representing the percentage of underlying assets for which we have sourced all the required data.

In the calculation of these figures, we have placed reliance on the accuracy of our third-party ESG data providers – Sustainalytics and ISS – as well as our underlying holdings providers where we analyse our mutual funds' exposure. Given our majority funds-based approach to investment, it is difficult for us to undertake widescale independent verification of data.

Quilter Investors

We utilise data from Sustainalytics to enable the monitoring of Scope 1 and Scope 2 GHG emissions, carbon intensity, and WACI and aim to use this information to help monitor climate-related risks across our portfolios and strategies going forward.

For reporting the WACI of our Multi-Asset Solutions we have used Morningstar Direct, which uses both the underlying holdings and the required carbon intensity values at an asset level, to produce a WACI figure across each portfolio. Currently, it is only strategies with a high exposure to equities, for which we can source sufficient data for reporting purposes. As such, for our unitised portfolios, we have provided WACI figures for the risk profiles with the highest proportion of equities only. This is something that we hope to expand in future years, as coverage and data availability for other asset classes improves.

For reporting across our 'Sub-advised' funds we have aggregated our holdings to create a representative Sub-advised Equity Portfolio. This indicates the carbon intensity across our sub-advised equity holdings as available. To do so we have taken holdings positions as at 31st December 2021 and applied Sustainalytics carbon intensity values across the portfolio on an asset weighted basis in order to calculate fund level WACI value.

[11] *Please see our glossary for an explanation of the key terms used in this report.*

Portfolios' Weighted Average Carbon Intensities (Tonnes CO_2e per $m Sales Revenue) as at 31 December 2021

Strategy/Portfolio	WACI	Benchmark WACI	Coverage %	Benchmark Coverage %	Benchmark
Multi-Asset Solution					
Quilter Investors Cirilium Adventurous Portfolio	137	174	77%	99%	MSCI ACWI
Quilter Investors Cirilium Adventurous Blend Portfolio	146	174	95%	99%	MSCI ACWI
Quilter Investors Cirilium Adventurous Passive Portfolio	185	174	99%	99%	MSCI ACWI
Quilter Investors Creation Adventurous Portfolio	141	174	96%	99%	MSCI ACWI
Quilter Investors Monthly Income and Growth Portfolio	143	174	76%	99%	MSCI ACWI
Quilter Investors Compass 5 Portfolio	143	174	88%	99%	MSCI ACWI
Sub-Advised Mandates					
Representative Sub-advised Equity Portfolio	155	174	98%	99%	MSCI ACWI

Details on the MSCI ACWI benchmark can be found here [MSCI ACWI Index - MSCI]

Quilter Cheviot

We utilise data from ISS to enable the monitoring of Scope 1, Scope 2 (and Scope 3 where available) GHG emissions, carbon intensity, and WACI and aim to use this information to help monitor climate-related risks across our portfolios and strategies going forward.

When viewing Quilter Cheviot's published WACI metrics, the following limitations should be considered:

- As a multi-asset manager, we invest in a range of equities, bonds, and alternative assets. The majority of our assets under management are invested in equities. However, for other asset types there are some carbon-related data gaps, particularly for alternative asset classes. Therefore, we have included a coverage percentage with our WACI metrics.
- As a discretionary fund manager, we have nearly 40,000 clients with individual segregated portfolios managed in line with the underlying client's specific requirements. Each portfolio is assigned a 'house' strategic asset allocation/model containing our security recommendations for a mix of equities, bonds, and other assets. There will be minor tactical variation in the live client portfolio in both asset allocation and security selection. Therefore, it is impractical to provide statistics for each and every portfolio. For that reason, we have produced WACI metrics for our core model portfolios as representing the bulk of our assets under management.
- We manage a few publicly available funds. The numbers we have shown below relate to the model for the two funds we manage which have other portfolios managed against them (i.e., Climate Assets and Quilter Cheviot Global Income and Growth Fund for Charities) and these have minimal variation to the respective fund. Unlike all other portfolios (which are reported on a model or wider strategy basis) Libero Balanced is reported as the publicly available fund vehicle holdings.

Each core strategy, model, client portfolio, and fund has a benchmark. For example, our balanced mandates are usually measured against the MSCI PIMFA Private Investor Balanced Index.

We excluded from our disclosure the following:

- Our Defensive and Conservative strategies as these have less than 50% invested in equities and therefore the overall data coverage was very low.
- Our AIM Portfolio Service as there is a lack of directly reported data for smaller companies, and so the coverage is low.

We have used data sourced from ISS based on the holdings data that we have uploaded onto the ISS DataDesk. For the Climate Assets and Charity CAIF model these includes direct holdings in fixed income as well as equities. For all other models, strategies, and funds it is solely equity data that is available. All figures in the tables below are from the ISS DataDesk based on our holdings data.

The models, funds, and strategies shown in the next two tables represent 75% of our assets under management (AuM). In the case of models the AuM represents portfolios which are managed in line with those models. The median coverage of the models, funds and strategies is 68.4% and the median benchmark coverage is 62.5%.

Models' Weighted Average Carbon Intensities (Tonnes CO_2e per \$m Sales Revenue) as at 31 December 2021

Strategy/Portfolio	WACI	Benchmark WACI	Coverage %	Benchmark Coverage %	Benchmark
Onshore Balanced Model	116	148	68%	62%	MSCI PIMFA Private Investor Balanced Index
Onshore Balanced Collectives Model	117	148	66%	62%	MSCI PIMFA Private Investor Balanced Index
Offshore Sterling Balanced Model	127	148	67%	62%	QC Sterling Private Client Balanced Index
Onshore Income Model	117	147	52%	50%	MSCI PIMFA Private Investor Income Index
Onshore Collectives Income Model	113	147	51%	50%	MSCI PIMFA Private Investor Income Index
Offshore Sterling Income Model	118	147	52%	50%	QC Sterling Private Client Income Index
Onshore Growth Model	116	149	80%	78%	MSCI PIMFA Private Investor Growth Index
Onshore Growth Collectives Model	113	149	80%	78%	MSCI PIMFA Private Investor Growth Index
Offshore Sterling Growth Model	128	149	82%	78%	QC Sterling Private Client Growth Index
Charity CAIF Model	97	152	68%	70%	Charity model benchmark
Onshore Strategic Model	117	145	50%	50%	QC Sterling Private Client Strategic Index
Onshore Collective Strategic Model	114	145	49%	50%	QC Sterling Private Client Strategic Index
Onshore UK Equity Model	124	142	99%	100%	MSCI UK IMI
Ireland Equities Model	109	149	83%	78%	QC Ireland Private Client Equity Index
Ireland Balanced Model	108	148	68%	62%	QC Ireland Private Client Balanced Index
Ireland Growth Model	108	149	83%	78%	QC Ireland Private Client Growth Index
Positive Change 3	114	154	54%	63%	MSCI PIMFA Private Investor Income Index
Positive Change 4	111	148	68%	62%	MSCI PIMFA Private Investor Balanced Index
Climate Assets strategy	116	148	81%	62%	MSCI PIMFA Private Investor Balanced Index
MPS (Managed Portfolio Service) Balanced	125	148	65%	62%	MSCI PIMFA Private Investor Balanced Index
Libero Balanced	82	148	68%	62%	MSCI PIMFA Private Investor Balanced Index

Details on the MSCI PIMFA benchmarks may be found here PIMFA Private Investor Index Series – MSCI
The other benchmarks are composites of indices:
QC Sterling Private Client Balanced Index – 62.5% equities / 25% cash and fixed income / 12.5% alternatives
QC Sterling Private Client Income Index – 50% equities / 32.5% cash and fixed income / 17.5% alternatives
QC Sterling Private Client Growth Index – 77.5% equities / 10% cash and fixed income / 12.5% alternatives
Charity model benchmark – 70% equities / 20% cash and fixed income / 10% alternatives
QC Sterling Private Client Strategic Index – 50% equities / 25% cash and fixed income / 25% Alternatives
QC Ireland Private Client Equity Index – 95% equities / 5% cash
QC Ireland Private Client Balanced Index – 62.5% equities / 25% cash and fixed income / 12.5% alternatives
QC Ireland Private Client Growth Index – 77.5% equities / 10% cash and fixed income / 12.5% alternatives

Appendix

Appendix – Glossary

Term	Definition
CBES	The Climate Biennial Exploratory Scenario. Every two years the Bank of England puts out a Biennial Exploratory Scenario. For 2021, the focus of the exercise is climate change. Through CBES, the Bank of England will assess the impact of climate-related risks on the UK financial system.
CO_2e	Stands for CO_2 equivalent. The emission of different GHGs warm the earth at different intensities. For example, releasing 1 tonne of methane into the atmosphere has a greater warming potential than releasing 1 tonne of CO_2. This metric is used to express the impact of each different GHG in terms of the amount of CO_2 that would create the same amount of warming so that the impacts of the different GHGs can be compared.
COP 26	The 26th United Nations Climate Change conference of the Parties was hosted in Glasgow in 2021.
ERM Framework	Our Enterprise Risk Management Framework sets out how we identify, measure, assess, manage, monitor, and report on the risks to which our business is, or could be, exposed.
ESG	Environmental, Social and Governance.
GHG	Greenhouse gas.
ICARA (formerly ICAAP)	The Internal Capital Adequacy and Risk Assessment process. The set of underlying risk and capital management processes which are performed through an annual cycle, or whenever there is a material change in the risk profile or business strategy, in order to manage the risk and capital profile of the investment and advice businesses within the Group and to support strategic decisions. The ICARA is performed for the subset of investment and advice businesses within the Group under the Investment Firms Prudential Regime.
IIGCC	Institutional Investors Group on Climate Change.
IPCC	Intergovernmental Panel on Climate Change.
Net zero	Net zero refers to a state in which the greenhouse gases going into the atmosphere are balanced by removal out of the atmosphere.
NGFS	The Network of Central Banks and Supervisors for Greening the Financial System.
ORSA	The Own Risk and Solvency Assessment. The set of underlying risk and capital management processes which are performed through an annual cycle, or whenever there is a material change in the risk profile or business strategy, in order to manage the risk and capital profile of the Group and to support strategic decisions. The ORSA is performed for the full Quilter Group under Solvency II requirements.
Paris Agreement	The Paris Agreement is a legally binding international treaty on climate change. It was adopted by 196 Parties at COP21 in Paris, on 12 December 2015. Its goal is to limit global warming to well below 2°C, preferably to 1.5°C, compared to pre-industrial levels.
PRI	The Principles for Responsible Investment. The PRI is a UN-supported network of investors, working to promote sustainable investments.
Quilter Group	The group of companies that are ultimately owned by Quilter plc.

Appendix – Glossary (continued)

Term	Definition
SBTi	Science Based Targets initiative. The SBTi is a partnership between CDP, the United Nations Global Compact, World Resources Institute and the World Wide Fund for Nature. The SBTi drives ambitious climate action in the private sector by enabling companies to set science-based emissions reductions targets.
Scope 1 Emissions	The direct greenhouse gas (GHG) emissions from sources that are owned or controlled by the company. Scope 1 emissions result from a company's internal operations, including on-site energy production, vehicle fleets, manufacturing operations, and waste. The values represent metric tonnes of CO_2 equivalent.
Scope 2 Emissions	The indirect greenhouse gas (GHG) emissions attributable to operations that are owned or controlled by the company. Scope 2 emissions result from the emissions generated in the production of energy (electricity, steam, heat, and cooling) that is purchased by a company generated upstream from the organisation. For purchased electricity, organisations are required to report Scope 2 emissions according to a 'location based' and a 'market based' method.
Scope 3 Emissions	These are all indirect emissions (not included in Scope 2) that occur in a company's value chain, including both upstream and downstream emissions (e.g., business travel, waste).
SDG	UN Sustainable Development Goals.
TCFD	Task Force on Climate-Related Financial Disclosures. The Financial Stability Board created the TCFD to improve and increase reporting of climate-related information.
TISA	The Investing and Saving Alliance.
UK Stewardship Code	The UK Stewardship Code 2020 sets high stewardship standards for those investing money on behalf of UK savers and pensioners, and those that support them. Stewardship is the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment, and society.
UN PRI	The United Nation's Principles for Responsible Investment.
Weighted Average Carbon Intensity (WACI)	A portfolio's exposure to carbon-intensive companies, expressed in tonnes CO_2e/\$m revenue. This metric is recommended by the TCFD. Certain asset classes are excluded from the WACI calculation. Most significantly, these include government bonds, asset-backed securities, cash, foreign currencies, and derivatives.

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