Quilter TCFD Report 2023

Contents

Introduction

We are committed to using our resources, expertise, and influence to address climate-related risks and opportunities in the way we act, invest, and operate.

Steven Levin
Chief Executive Officer

A message from our Chief Executive Officer

It is clear that climate change is having an increasingly damaging impact on our planet. Transition to a net zero economy is critical if we are to mitigate these impacts. At Quilter, we believe we have an important role to play in the transition to a net zero world and in proactively supporting actions to combat climate change. We are committed to using our resources, expertise, and influence to address climate-related risks and opportunities in the way we act, invest, and operate.

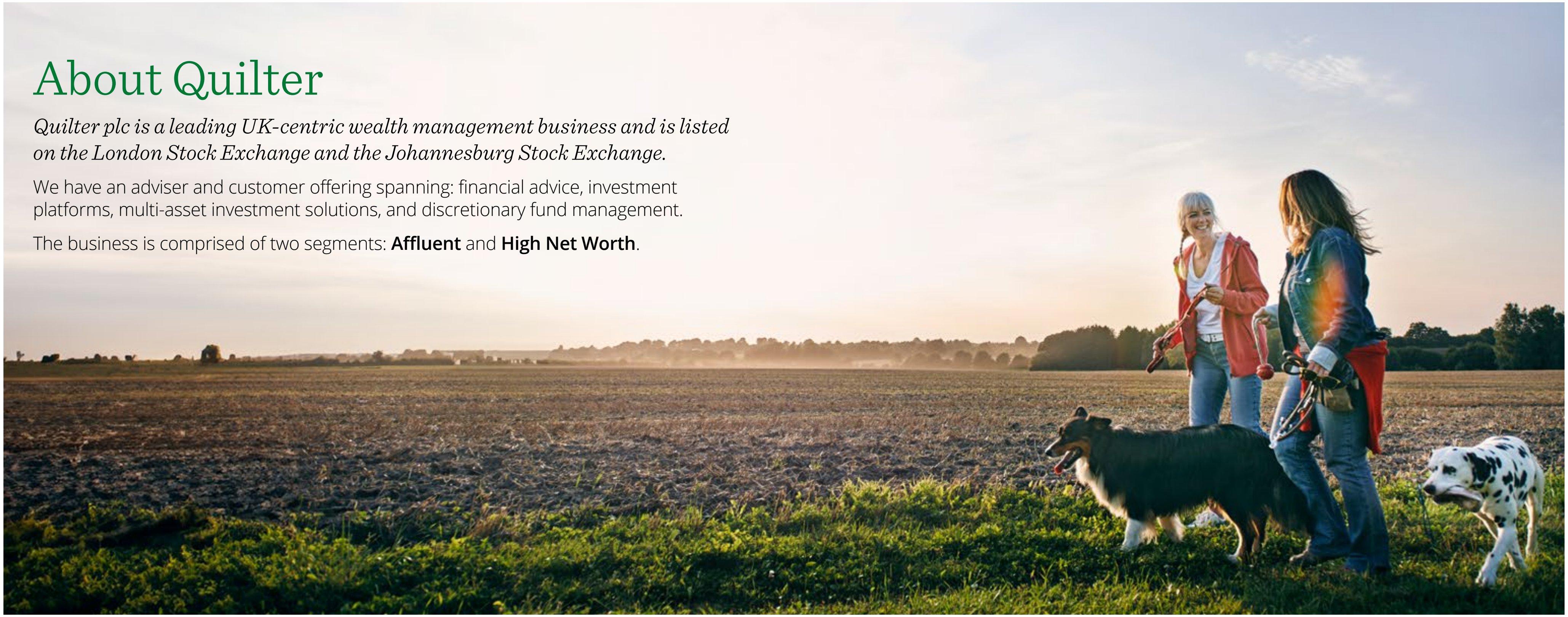
During 2023 we made the following progress:

1. Our Direct Impact: We made further progress toward our target of reducing our operational emissions by 80% by 2030, from a 2020 baseline - our 2023 Scope 1 and 2 emissions for 2023 were 60.1% lower than the 2020 baseline. We continued to develop our strategy and targets for emissions related to purchased goods and services.
2. Data Quality: We continued to enhance our data and systems to helps us to set realistic targets for our investments, to evidence and measure our progress.
3. Transparency and reporting: We disclosed our climate-related practices in line with relevant frameworks, such as the Task Force on Climate-related Financial Disclosures ("TCFD").
4. Risk Management: We further incorporated the assessment and management of climate-related risks into our risk management framework.
5. Investments: We continued to provide a range of products with specific responsible or sustainable investment related mandates, monitoring our investment solutions to ensure they remain aligned to our mandates and customer preferences.
6. Engagement and Collaboration: We engaged with our fund managers and companies to promote awareness and understanding of climate risks and opportunities. At the same time we collaborated with industry peers, regulators, and policymakers to advocate for climate-related policies and standards.

By aligning our financial activities with climate risks and opportunities, we aim to contribute positively to the environment and society while delivering long-term value to our stakeholders.

This report describes the actions that we are taking to deliver these important commitments in line with the TCFD framework.

See the glossary for an explanation of key terms used in this report.



About Quilter

Quilter plc is a leading UK-centric wealth management business and is listed on the London Stock Exchange and the Johannesburg Stock Exchange.

We have an adviser and customer offering spanning: financial advice, investment platforms, multi-asset investment solutions, and discretionary fund management.

The business is comprised of two segments: **Affluent** and **High Net Worth**.

Affluent segment

Quilter Financial Planning

Supports over 1,500 restricted financial planners in the UK. Advisers within our network partner with us to help them run and grow their business. Our national advice business, Quilter Financial Advisers, helps customers across the UK with all their financial planning needs.

Quilter Investors

Our fund management business provides advisers and their customers with multi-asset investment solutions to meet their needs.

Quilter Investment 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.

High Net Worth segment

Quilter Cheviot Financial Planning

Specialises in helping customers with complex financial needs.

Quilter Cheviot

Our discretionary investment manager which offers bespoke portfolio management services to over 35,000 households.

Our approach and why managing climate-related risks and opportunities is important

This report sets out Quilter plc's ("the Group") approach and activities in relation to climate-related risks and opportunities for 2023 as required by the TCFD. In 2023, Quilter Life & Pensions Limited ("QLPL") produced its first entity and product reports for 2022. In 2024 Quilter Cheviot Limited and Quilter Investors Limited will also produce these reports for 2023. These entity reports for our investment management businesses will provide more detail on how we consider climate-related risks and opportunities within our investment activities.

Quilter Life and Pensions Limited TCFD Report 2022 | Quilter

In producing the report, we have taken into account the following guidance:

- The Financial Conduct Authority's ESG Sourcebook.
- TCFD all sector guidance as well as the additional guidance for asset managers.
- The Financial Reporting Council's review of TCFD reporting.

This disclosure is consistent with the 11 recommendations set by the TCFD. We have indicated within our disclosure summary the extent to which we have met the recommendations and progress we have made in 2023. Whilst we have made good progress in being consistent with the TCFD recommendations, we are not yet able to disclose the full Scope 3 (category 15) emissions for the Group which relate to the investments we manage on behalf of our customers. A significant proportion of our investments are held in third-party funds, and not all asset classes have relevant available data, leading to gaps in the data that we need to produce accurate Scope 3 emissions, therefore, the disclosures are partially consistent with the TCFD Recommendations and Recommended Disclosures. We are working on a long-term solution to produce better quality Scope 3 (category 15) emissions data for the Group.

Within this report, we disclose the relevant metrics for our centrally monitored direct equities held within Quilter Cheviot Limited. Our product reports disclose the required metrics in line with the ESG Sourcebook and for 2023 these will be published by 30 June 2024. Quilter does not engage in all the activities linked to the categories as defined under Scope 3 as outlined in the Greenhouse Gas Protocol, and has reported figures for all relevant and applicable categories excluding emissions from investments.

Considering climate-related risks and opportunities is important to us because:

- It helps us meet our customers' evolving requirements and expectations.
- We recognise that climate risk is an investment risk.
- It is a regulatory requirement.

What are we doing?

As a business we broadly have the following emissions which we explain in more detail in our strategy section:

- The Group has set operational emissions' targets (covering Scope 1 & 2 emissions) and these form part of the long-term incentive plan ("LTIP") for our Executive Directors.
- 2.5% of the LTIP is linked to the emissions for the Group operations.
- Work is in progress in assessing the emissions relating to Purchased Goods & Services.
- In 2024 we will launch our Climate Action Plans for investments. Targets for investments will be set as a result of these plans.

Please refer to the glossary for an explanation of key terms used in this report.

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.

Progress key: ↑ Improved, ↗ Slight improvement, → Same.

Theme	Description	TCFD recommended disclosure	Progress	Our disclosure	Pages
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.	↑ Development of TCFD steering committee and working group	The Board, Audit and Risk committees review, challenge and approve the TCFD report. The TCFD Working Group is responsible for the identification and assessment of climate-related risks and opportunities. The group comprises representatives from Responsible Investment, Risk, Finance and Corporate Sustainability. The TCFD Steering Committee meets regularly to monitor and approve progress. During 2023, Andrew McGlone (Chief Executive Officer at Quilter Cheviot and Quilter Cheviot Financial Planning) extended his remit to be the executive sponsor for Corporate Sustainability and Responsible Investment across Quilter, and Mark Satchel (Chief Financial Officer) was appointed the Senior Management Function ("SMF") for the oversight of the management of financial risks arising from climate change.	10-14

Progress key: ↑ Improved, ↗ Slight improvement, → Same.

Theme	Description	TCFD recommended disclosure	Progress	Our disclosure	Pages
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.	↗ Greater integration of climate-related risks and opportunities across the business	We have disclosed how climate-related risks and opportunities are now incorporated as part of the business / strategic planning process. We have created a new working group and we have reviewed our approach and have reconfigured this into three categories which represent our business: operations, investments, and advice & distribution. This now includes the impact of climate-related risks and opportunities within our advice and distribution business.	27 11 & 14
		Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.		To assess climate-related risks and opportunities we have considered four factors. 1) Timeframe: given the long-term trajectory of how we approach climate-related risks and opportunities we set these timeframes to reflect this. Short term is 0-5 years, medium term 5-15 years, long term 15 years+. 2) Type of climate risk: transitional risk relates to the global transition to a lower carbon economy and physical risk is associated with the physical impacts of climate change. 3) Risk / opportunity type: idiosyncratic risk refers to implicit risks exclusive to a company. Systemic risk refers to broader trends that could impact the overall market or sector. Opportunity: efforts to mitigate and adapt to climate change also produce opportunities for organisations, for example, through resource efficiency and cost savings, the adoption of low-emission energy sources, the development of new products and services, access to new markets, and building resilience along the supply chain. Climate-related opportunities will vary depending on the region, market, and industry in which an organisation operates. 4) Business area: Operations, Investments and Advice and Distribution. Climate-related risks and opportunities are considered at a Group and subsidiary level to inform our management of these.	18
		Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.		We have undertaken and disclosed a quantitative investment climate-related scenario analysis based on four different scenarios. This is based on actual holdings and will be undertaken on an annual basis. The qualitative operational climate-related scenario analysis included within this report is a long-term scenario and therefore conclusions of these three scenarios are not expected to change significantly from year to year, unless there is a significant change in the business or the external environment. For this reason, long-term scenarios will be considered periodically, or following a significant change in the business or external environment. Climate-related risks and opportunities are considered at a Group and subsidiary level to inform our management of these.	30-31 28-29 19-27

Please refer to the glossary for an explanation of key terms used in this report.

Progress key: ↑ Improved, ↗ Slight improvement, → Same.

Theme	Description	TCFD recommended disclosure	Progress	Our disclosure	Pages
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.	→ Redefined the risk appetite	We have described how climate-related risks have been integrated into our Risk Management Framework, with responsible investment and corporate sustainability incorporated into a refreshed risk taxonomy. Disclosure on how we manage climate-related risks and opportunities for our investments will be detailed in the entity reports for Quilter Life & Pensions Limited, Quilter Cheviot Limited and Quilter Investors Limited. In considering the impact of these climate-related risks we believe that these are currently immaterial to the Group. However, the risks relating to financed emissions (investments) may increase over time, hence we are working on Climate Action Plans for our investments.	33-34
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. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas ("GHG") emissions, and the related risks. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	↗ Additional disclosure with systems and data improvements	With regard to our operational activities, we: – use greenhouse gas emission metrics to assess, monitor, and manage our exposure to climate-related reputational risks; – have disclosed our Scope 1 and Scope 2 greenhouse gas emissions; and – have estimated our Scope 3 greenhouse gas emissions (excluding investments); and – have a target to reduce our Scope 1 and Scope 2 greenhouse gas emissions by 80% by 2030, from a 2020 baseline. From an investment perspective we have included the emissions relating to the direct equity holdings within Quilter Cheviot's centrally monitored universe. In 2024 we will be publishing Climate Action Plans for Investments which will include metrics and targets.	36-38
Further information will be provided in the product and entity reports published by Quilter Life & Pensions Limited, Quilter Cheviot Limited and Quilter Investors Limited by 30 June 2024.					

Please refer to the glossary for an explanation of key terms used in this report.

Governance

Our governance approach for climate-related risks and opportunities.

Our Governance

Accountability for the oversight and management of climate-related risks and opportunities is held by a number of senior leaders and facilitated through a clear management and Board governance framework.

Quilter plc Board

Chair: Ruth Markland
Chair of the Board

Board Remuneration Committee

Chair: Tim Breedon CBE
Senior Independent Director

Board Corporate Governance and Nominations Committee

Chair: Ruth Markland
Chair of the Board

Board Risk Committee

Chair: Neeta Atkar MBE
Independent Non-executive Director

Board Audit Committee

Chair: George Reid
Independent Non-executive Director

Executive Committee

Chair: Steven Levin
Chief Executive Officer

Responsible Wealth Management Executive Steering Committee

Chair: Andy McGlone
Chief Executive Officer of Quilter Cheviot and Quilter Cheviot Financial Planning

Quilter Group Executive Risk Management Committee

Chair: Priti Verma
Chief Risk Officer

Please refer to the glossary for an explanation of key terms used in this report.

The TCFD Group Report Working Group is responsible for the production and delivery of the report. This group meets regularly and will do so on an ongoing basis in 2024. The group comprises representatives from: Responsible Investment, Risk, Finance and Corporate Sustainability.

The TCFD Steering Committee meets regularly to monitor progress of the overall TCFD project work and includes representatives from the Affluent and High Net Worth Segments and is chaired by Andy McGlone as the Executive Sponsor.

Board and management provide challenge and guidance on an ongoing basis

TCFD Group Report Working Group
Production and delivery of the report

TCFD Steering Committee
Review and approval

Quilter plc Executive Committee
Review, challenge and recommend for approval

Quilter plc Board Audit Committee Board Risk Committee
Review and recommend to the Board for approval

Quilter plc Board
Review and approve

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

Board Committee	Climate-related responsibilities	Activity in 2023
Quilter plc Board	The 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 investment. The Board actively discusses and considers climate-related risks and opportunities as part of discharging its responsibilities. The Board has strengthened its focus on Responsible Investment and Corporate Sustainability.	– Approved the approach to oversight and reporting, as well as the oversight of Responsible Investment and Corporate Sustainability. – Confirmed the Group's strategy, including the ambition to be a responsible investor. The Board received an update on progress on the delivery of the strategy during 2023.
Board Risk Committee	Oversees the management of climate related risks associated with environmental, social and governance ("ESG") risks, reviewing management's risk recommendations and providing challenge and guidance on the structure and implementation of the Group's Risk Management Framework.	– Received updates on long-term climate related risks over extended time horizons within emerging risk updates.
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 including TCFD disclosures.	– Considered and challenged the Group's TCFD-aligned disclosures and the verification process in order to support the disclosures made.
Board Corporate Governance and Nominations Committee	Oversees the governance reporting requirements on behalf of the Board.	– Considered the reporting to the Board to ensure appropriate engagement with the Corporate Sustainability agenda.
Board Remuneration Committee	Sets the over-arching objectives, principles and parameters of remuneration policy across the Group including consideration of ESG related metrics and targets, which form part of the executive scorecard for reward purposes.	– The Committee reviewed the environmental measures within the Company's long-term incentive plan. The Committee continues to monitor market practice developments and expects the nature and weighting of climate-related measures within the Group's executive incentive plans to evolve over the coming years.

Management's role regarding climate-related risks and opportunities

Management body	Climate-related responsibilities	Activity in 2023
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 as well as providing oversight of investment performance.	– Members of the Executive Committee are members of the Group Executive Risk Management Committee and have significant representation on the Responsible Wealth Management Executive Steering Committee. – Executive Committee reviewed and approved the Group TCFD Report and received an update on responsible investment and corporate sustainability.
Responsible Wealth Management Executive Steering Committee	Provides executive oversight and direction on our Responsible Wealth Management agenda, incorporating both corporate sustainability and responsible investment.	Met four times over the course of 2023. – Agreed engagement-based framework for Scope 3 emissions for Purchased Goods and Services. – Reviewed and agreed the Group's response to the Sustainability Disclosure Requirements. – Received an update on the wider ESG and climate-related regulatory landscape. – Received an overview of the component parts of a net zero investment plan in regard to the Group.
Quilter Group Executive Risk Management Committee	Assists the Chief Risk Officer in the monitoring and management of material risks, including those related to climate change. Reviewing the Group's risk profile for both current and potential future risks, including climate-related risks over the short, medium and long term and overseeing the mitigation of those risks.	– Met six times in 2023 to review, manage and monitor all aspects of risk management. – Received updates in relation to climate-related (physical and transitional) risks. – Received an update on climate-related risk appetite and key indicators.

Please refer to the glossary for an explanation of key terms used in this report.

Our people

Executive leaders

Mark Satchel
Chief Financial Officer

Responsible for the oversight of the management of financial risks arising from climate change, ensuring risks are appropriately identified and managed, including incorporation within the Group's Own Risk and Solvency Assessment ("ORSA"), and that of the Group.

Andrew McGlone
Chief Executive Officer of Quilter Cheviot and Quilter Cheviot Financial Planning

Executive Sponsor for the Responsible Investment and Corporate Sustainability strategy for Quilter, ensuring an appropriate strategy is in place and driving delivery across the Group.

Key colleagues

Marketa Dunn	Adrian Fisher	Elizabeth Giles	David Hatton	Marisol Hernandez	Louise Williams	Gemma Woodward
Head of Group Financial Reporting	Head of Prudential Risk	Sustainability Analyst	Head of Risk Monitoring & Oversight (Affluent)	Head of Responsible Investment (Affluent)	Group Finance Director	Head of Responsible Investment (High Net Worth)

Resourcing enhancements

Affluent: Within Quilter Investors we appointed one responsible investment analyst and one quantitative analyst (data scientist) to support the development and implementation of data processes and systems, increasing the team to five.

High Net Worth: Within Quilter Cheviot we appointed a climate specialist within the responsible investment team to further enhance our engagement with our underlying investments be they third-party funds or direct holdings, increasing the team to six.

Strategy

The climate-related risks and opportunities we are exposed to and the impact of climate-related issues on our business and strategy.

Our timeline

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

2017

Quilter Cheviot attained Tier 1 signatory status for the 2012 UK Stewardship Code

2018

2019

Quilter became a signatory to the United Nations-backed Principles for Responsible Investment

Responsible investment representation on the Quilter Cheviot Investment Oversight Committee

2020

Responsible investment representation on the Quilter Investors Investment Oversight Committee

2021

Quilter became a signatory to the 2020 UK Stewardship Code

Quilter joined the Institutional Investors Group on Climate Change ("IIGCC")

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

Quilter published a statement supporting the goals of the Paris Agreement

Quilter set Scope 1 and 2 targets relating to its operational emissions target

2022

Quilter retained its status as a signatory of the UK Stewardship Code

Quilter published its first disclosures aligned to TCFD for 2021

Responsible investment preferences incorporated within the advice and suitability processes across the Group.

Expanded the WealthSelect range to include responsible and sustainable investment options (Quilter Investors)

Climate Assets Growth Fund was launched, 12 years after the Balanced fund (Quilter Cheviot)

Quilter Cheviot and Quilter Investors participation in the CDP campaigns focused on encouraging target companies to disclose climate and other related data and to join the Science Based Targets Initiative ("SBTi")

2023

Quilter retained its status as a signatory of the UK Stewardship Code

Quilter published its second disclosures aligned to TCFD for 2022

Quilter Cheviot participation in the IIGCC Net Zero Engagement Initiative, Climate Action 100+ and Nature Action 100

Quilter Cheviot and Quilter Investors participation in the CDP campaigns focused on encouraging target companies to disclose climate and other related data and to join the Science Based Targets Initiative ("SBTi")

2024

Quilter Cheviot and Quilter Investors to deliver Climate Action Plans for the investments managed on behalf of our customers

Green represents specific climate-related actions.

Please refer to the glossary for an explanation of key terms used in this report.

Our emissions

As a business we have emissions within the following categories

Our operations and how we conduct our business:

- **Scope 1** – emissions from sources that are owned or controlled by Quilter.
- **Scope 2** – emissions from the energy we purchase.
- **Scope 3** – the goods and services we buy in order to be able to run our business.
- **Scope 3** – the waste generated as a result of our operations.
- **Scope 3** – the travel colleagues undertake to and from work as well as to see our customers and attend work related activities.

Investments

- **Scope 3** – the emissions relating to the investments we manage on behalf of our customers.

What are we doing?

- Quilter has set operational emissions' targets (covering Scope 1 & 2 emissions) and these form part of the LTIP for our Executive Directors. 2.5% of the LTIP is linked to the Scope 1 & 2 emissions for Quilter's operations.
- Work is in progress in assessing the emissions relating to Purchased Goods and Services. We are developing an understanding of the impact and influence we have over these emissions with a view to setting a target in this category.
- For the investments Quilter manages on behalf of our customers, no targets have been set as we are working on enhancing data quality and systems to launch our Climate Action Plans for investments (for Quilter Cheviot and Quilter Investors) in 2024.

Climate-related risks and opportunities

We have refreshed the way we consider the risks and opportunities that we face and have placed more emphasis on the short, medium, or long-term nature of these as well as delineating between operations, investment, and advice & distribution to make this process more transparent.

We brought together our responsible investment, corporate sustainability, finance and risk functions to develop this process. We have considered the following:

Factor	Descriptors	Explanation
Timeframe	Short term 0-5 years Medium term 5-15 years Long term 15+ years	– Given the long-term trajectory of how we approach climate-related risks and opportunities we set these timeframes to reflect this.
Type of climate risk	Transitional Physical	– Transitional risk relates to the global transition to a lower carbon economy. – Physical risk is associated with the physical impacts of climate change.
Risk / opportunity type	Idiosyncratic risk Systemic risk Opportunity	– Idiosyncratic risk refers to implicit risks exclusive to a company. – Systemic risk refers to broader trends that could impact the overall market or sector. – Opportunity[1]: efforts to mitigate and adapt to climate change also produce opportunities for organisations, for example, through resource efficiency and cost savings, the adoption of low-emission energy sources, the development of new products and services, access to new markets, and building resilience along the supply chain. Climate-related opportunities will vary depending on the region, market, and industry in which an organisation operates.
Business area	Operations Investments Advice and Distribution	– As each of these business areas face different risks and opportunities the report focuses on each area in turn. Whilst there are some common risks, the risk mitigation will be very different depending on the business area the risk relates to. – We split Investments and Advice & Distribution as the latter is not exposed to the same risks and opportunities and by taking this approach, conclusions will be more explicit.

In considering the impact of these climate-related risks we believe that these are currently immaterial to the Group. However, the risks relating to financed emissions (investments) may increase over time, hence we are working on Climate Action Plans for our investments.

[1]*E06 - Climate related risks and opportunities.pdf (tcfdhub.org)*

Operations' risks and opportunities

Scope 1 and 2 – we have set a target to reduce these GHG emissions by 80% by 2030, from a 2020 baseline.

Scope 3 – we have assessed our emissions and are now developing our strategy and targets for our Purchased Goods and Services.

Theme	Type of climate risk	Risk / opportunity type	Emissions	Impact of the risk	Time frame	Risk management
The UK government's decarbonisation target is not achieved. The specific target is "Take action so that by 2035, all our electricity will come from low carbon sources, subject to security of supply, bringing forward the government's commitment to a fully decarbonised power system by 15 years."	Transitional risk	Systemic risk	Scope 1&2	– We have publicly committed to an 80% reduction of our scope 1 and 2 emissions by 2030 from a 2020 baseline (these relate to gas heating, refrigerants, electricity, and geothermal heating). As of 31 December 2023, we have achieved a 60.1% reduction in these emissions which, to date, has been largely achieved by workspace optimisation. We continue to look for opportunities to reduce our footprint further and improve energy efficiencies in the office though there is a risk that, should the government fail to meet its decarbonisation target which is dependent on electricity coming from low carbon sources, there is likely to be a follow through to businesses in turn falling short in this area.	M For our target (2030)	Continue with our workplace strategy activities whilst establishing further opportunities where possible to exceed the target set, reducing our reliance on governmental activity.
Insufficient resources being expended on building maintenance.	Transitional risk Physical risk	Idiosyncratic risk	Scope 1&2	– We need to be conscious that many of our energy efficiencies, and building maintenance require adequate resources and capital. Without this, increased carbon emissions from our office operations may hinder the progress towards our Scope 1 & 2 target.	M For our target (2030)	Facilities management team regularly review the priority status of building maintenance activities, including the carbon impact of these, and allocate budget as required. Where extraordinary or emergency maintenance requirements arise, extra resource is requested and evaluated on a case-by-case basis; the applications for these include commentary on the carbon emissions implications of the project.
Workplace strategy – our target is linked to optimising our office space.	Transitional risk	Idiosyncratic risk	Scope 1&2 Scope 3	– Our workplace strategy focuses on optimising our workspaces in line with colleagues needs. This includes rightsizing spaces, leading to a reduction in carbon emissions. As our progression towards our Scope 1 & 2 target relies on this activity, any disruption to this work could lead to a failure in meeting this target.	M For our target(2030)	The workplace strategy, and continual workspace management programme, provides the opportunity for energy and cost efficiencies, which aligns to the wider strategy of the business ensuring the appropriate resource and focus is allocated for its success.

Time Period Key: S Short term 0-5 years; M Medium term 5-15 years; L Long term 15+ years.

Please refer to the glossary for an explanation of key terms used in this report.

Theme	Type of climate risk	Risk / opportunity type	Emissions	Impact of the risk	Time frame	Risk management
Buildings, infrastructure and supply chain are impacted by extreme weather caused by climate change.	Physical risk	Systemic risk	Scope 1&2 Scope 3	– The locations of our offices, the infrastructure around these and our supply chain are impacted by the changes in weather patterns. This could lead to inaccessible offices, reduced resources and energy outages.	L	Through evaluation of our office locations, we do not have any properties which will be directly impacted by floods by 2050. When considering new locations at lease breaks and end, climate change risk and resilience is evaluated. Following the Covid-19 pandemic, we have developed a hybrid working policy which allows for resilience in the event of office closure because of climate change. Whilst this does not completely mitigate the risk, it ensures a level of business continuity.
Our Scope 3 emissions strategy for Purchased Goods and Services (PGS) is likely to be linked to suppliers being SBTi (or similar) aligned. Therefore, there is a dependency on this being achieved.	Transitional risk	Idiosyncratic risk	Scope 3	– Our supply chain strategy is reliant on alignment to SBTi, and our suppliers being focused on reducing their own environmental impact. As this is beyond our direct control, there is a risk that we will not progress the strategy, nor have as much influence, if there is a lack of engagement, or a pervasive apathy, from our suppliers.	S	On a quarterly basis, we monitor the top 75% of our spend alignment to SBTi, and highlight the suppliers where inactivity poses a risk to the strategy. These findings are progressed through internal governance and are considered in contract renewals where relevant.

Theme	Type of climate risk	Risk / opportunity type	Emissions	Impact of the opportunity	Time frame
Allocation of expenditure to suppliers with more sustainable credentials.	Transitional risk	Opportunity	Scope 3	– There is an opportunity to influence our spend by including sustainability into our criteria base in the procurement process, even if this is a lower priority.	S
Colleague engagement to change behaviour.	Physical risk Transitional risk	Opportunity	Scope 1&2 Scope 3	– By implementing small changes and increased education around sustainability, we can influence colleague habits to lead to measurable changes in their, and subsequently, Quilter's carbon footprint. These include sustainable commuting schemes (Cycle to Work Scheme, car sharing), resource management (recycling, re-using, food waste re-allocation) and energy efficiency awareness.	S
Upgrading facilities to be more energy efficient and use renewable energy where feasible.	Physical risk Transitional risk	Opportunity	Scope 1&2	– We are continually looking for and implementing opportunities to upgrade any infrastructure to be more energy efficient. This includes upgrading lighting in offices to LED, evaluating and upgrading HVAC systems and installing energy efficient technology where possible.	M

Time Period Key: S Short term 0-5 years; M Medium term 5-15 years; L Long term 15+ years.

Please refer to the glossary for an explanation of key terms used in this report.

Purchased Goods and Services

In 2022, we enlisted third-party consultants to support with understanding and calculating our emissions from Purchased Goods and Services, a category we had previously not calculated emissions for. In 2023, we took this work further by expanding our understanding of our spend base, the carbon impact of this, and the opportunity for creating change through our spend. We created and delivered an in-house training session for colleagues within the Procurement Function, ensuring they understood why action in this area is vital, and were equipped to have meaningful conversations with suppliers in annual reviews. With the help of our Procurement Function, we have been able to strategically scope suppliers based on criticality and materiality of spend; we are looking to build the relationship with these suppliers to understand their sustainability journeys with a view to influencing sustainable development through the allocation of our capital. To track the progress of this engagement, and to project the emissions reductions going forward, we evaluate our spend with suppliers and their alignment with SBTi on a quarterly basis. The culmination of this project will be the formation of a target in 2024 outlining our ambition to engage with more sustainability focused suppliers.

Sustainability Survey 2023

In October 2023, we ran our second Quilter sustainability survey. This survey was designed to analyse the change in colleague habits from the first survey, delivered in June 2022, and provide an opportunity for colleagues to share their views on how we can act more sustainably. The results allowed us to update our office specific emissions for Scope 3 emissions (Employee Commuting) and to produce accurate carbon emissions figures in this area for the second year in a row. In the 2023 survey, we modified the question set to be able to analyse small habitual changes colleagues had made to their behaviours by allowing colleagues to select multiple commuting methods and the relevant weighting of these to their commute. This highlighted where colleagues had made incremental changes to their journeys, and will help us understand the impact going forward.

As a result of the colleague feedback, we were able to make considered adaptations of the office environment to make sustainable behaviours easier; for example, recycling guidance and education was created for all offices and placed at every bin, and engagement was made with local councils to improve active and public transport options. The feedback also helped create a focused plan of action for the year ahead. We currently intend to repeat this survey to track the impact of our improvements and reflect on engagement.

Investment risks and opportunities

Theme	Type of climate risk	Risk / opportunity type	Emissions	Impact of the risk	Time frame	Risk management
Policy makers not enforcing decarbonisation targets for the assets we invest in.	Transitional risk	Systemic risk	Scope 3	– Without global government regulation and support it will be difficult to engage for change with the assets we invest in on behalf of our customers.	M	The Group and its underlying businesses are members of various trade associations. Below we detail which pertinent organisations we are members of: – The Investing and Savings Alliance (Quilter). – UK Sustainable Investment and Finance Forum (Quilter). – Institutional Investors Group on Climate Change (Quilter). – The Investor Forum (Quilter). – Personal Investment Management & Financial Advice Association (Quilter Cheviot). – CDP (Quilter Cheviot and Quilter Investors – investor member). – Investment Association (Quilter Investors).
Misleading claims regarding the climate-related outcomes or credentials related to a strategy, product or responsible investment related activity (greenwashing).	Transitional risk	Idiosyncratic risk	Scope 3	– This will negatively impact our customers and our reputation as well as potentially lead to fines and action by our regulator(s). – Training across the Group on responsible investment and anti-greenwashing on an ongoing basis. – Governance forums for product and strategies to ensure that we are meeting our customers' outcomes.	S	Ongoing training across all areas of the business. Governance framework of committees within Quilter Cheviot and Quilter Investors.
Misrepresenting outcomes or attributes in literature (internal and external) – includes policies, sales aids, brochures, adverts (greenwashing).	Transitional risk	Idiosyncratic risk	Scope 3	– This will negatively impact our customers and our reputation as well as potentially lead to fines and action by the regulator(s). – Marketing processes and procedures including oversight controls.	S	Marketing processes and procedures including controls and oversight. We use the CLEAR principles aligned to Consumer Duty. The CLEAR toolkit was designed using behavioural science principles to help us improve communications with our customers.

Time Period Key: S Short term 0-5 years; M Medium term 5-15 years; L Long term 15+ years.

Please refer to the glossary for an explanation of key terms used in this report.

Theme	Type of climate risk	Risk / opportunity type	Emissions	Impact of the risk	Time frame	Risk management
Ensuring we develop products and strategies to meet our customers' climate-related requirements and expectations.	Transitional risk Physical risk	Idiosyncratic risk Opportunity	Scope 3	– If we do not do this it will negatively impact our customers and our reputation as well as potentially lead to fines and action by the regulator(s). – Capture of customers' preferences through the advice and suitability processes. – Adviser and customer surveys.	S M	Collection of customers' responsible investment preferences. Customer and adviser surveys.
Investing in assets that do not have robust climate transition plans and those that may become stranded assets.	Transitional risk Physical risk	Idiosyncratic risk	Scope 3	– In order to meet our customers' expectations and to meet our responsibilities as an asset manager. – If we do not do this, it will negatively impact our customers and our reputation as well as potentially lead to fines and action by the regulator(s). – Development of Climate Action Plan in 2024.	M L	Development of Climate Action Plan in 2024.

Theme	Type of climate risk	Risk / opportunity type	Emissions	Impact of the opportunity	Time frame
Investing in assets that are supporting the transition.	Transitional risk Physical risk	Opportunity	Scope 3	– In order to meet our customers' expectations and to meet our responsibilities as an asset manager. – Development of Climate Action Plan in 2024.	M L

Time Period Key: S Short term 0-5 years; M Medium term 5-15 years; L Long term 15+ years.

Please refer to the glossary for an explanation of key terms used in this report.

Our Scope 3 investment related emissions

We have not disclosed the total Scope 3 emissions relating to the investments we manage on behalf of our customers as there are challenges regarding the data. In 2023, Quilter Life & Pensions Limited ("QLPL") produced its first entity and product reports for 2022. In 2024 Quilter Cheviot Limited and Quilter Investors Limited will also produce these reports for 2023.

The challenge of measuring Scope 3 emissions for investments:

- For multi-asset investments, there is a challenge in measuring the Scope 3 emissions as we have a dependency on the underlying investments which may use different data providers and calculations.
- For certain asset classes, particularly for alternatives, private investments and non-corporate bonds, the data are often not available.

Identifying customers' responsible investment preferences

In 2022 across Quilter, we introduced responsible investment preferences within the advice and discretionary investment management businesses. Quilter advisers and the investment managers within Quilter Cheviot integrate a client's responsible investment preferences within the advice and suitability processes that they follow, enabling our customers to consider these preferences alongside risk and desired investment returns. This enables our customers to invest in line with their values and needs. Every customer has their own requirements around risk appetite, ability to bear loss, income requirements as well as the investment time horizon. These are the key areas that will determine what is the right investment approach for the customer.

Assets under management with specific responsible or sustainable investment related mandates

Through the advice and suitability processes referred to above we are beginning to formally identify customers' responsible investment preferences which we are able to track through the allocation of capital to our products and strategies designed to have responsible or sustainable investment related mandates, as outlined below:

Strategy/product	Mandate	AUM £m as at 31/12/2023
Discretionary Portfolio Service ("DPS") Focused	The strategies harness Quilter Cheviot's research and responsible investment processes, as well as data from external providers, to implement ESG factor screening on a positive and negative basis to ensure more emphasis is placed on ESG risks beyond the firmwide approach to active ownership and ESG integration. The strategies invest directly in UK, US and European equities. The strategies avoid any direct exposure to fossil fuel producers.	30
Positive Change	A pragmatic approach that combines funds that invest with a sustainability focus or for impact, with funds managed by leading responsible investment practitioners. Meaningful engagement by fund houses with company management is prioritised over formal exclusions on the basis that engagement can encourage change where it is needed most.	45
Climate Assets Funds	Investing in the growth markets of sustainability and environmental technologies, with a strong underpinning of ethical values. The strategy is fossil fuel-free and invests in global equities, fixed interest and alternative investments. Five positive investment themes are at the heart of the stock selection: low carbon energy, food, health, resource management and water.	469
WealthSelect Responsible	The WealthSelect Responsible Portfolios (active, passive and blend) aim to achieve capital growth while managing environmental, social and governance risk of the portfolio, and maintain a smaller carbon footprint than the Reference Index. The portfolios have exposure to a diversified range of investments in the UK and globally by investing in funds that we identify as leaders in the integration and management of ESG factors. In addition to meeting these criteria, at least 50% of the portfolios' assets will be in funds that pursue explicit environmental and/or social targets, or characteristics as part of their investment process.	296

Strategy/product	Mandate	AUM £m as at 31/12/2023
WealthSelect Sustainable	The Sustainable Portfolios (active) aim to achieve capital growth, whilst seeking to support sustainable solutions to environmental and social challenges, that help to achieve the objectives of the UN Sustainable Development Goals. The ESG risks of the portfolios will be managed, and exposure to unsustainable activities minimised while maintaining a smaller carbon footprint than the Reference Index. The portfolios will have exposure to a diversified range of investments in the UK and globally and will invest a substantial portion of its assets in funds that target a broad range of sustainable outcomes, and which are leaders in the integration and management of ESG factors, with exceptions where necessary to achieve an appropriately diversified portfolio. In addition, the portfolios will exclude companies with exposure to the: – Manufacture or sale of controversial weapons. – Manufacture of tobacco products. As well as those that: – Derive more than 5% of their revenue from Thermal Coal extraction. – Derive more than 5% of their revenue from unconventional Oil & Gas extraction (Arctic oil & gas exploration, oil sands, shale energy).	144
Quilter Investors Timber Equity Fund	The QI Timber Equity fund adopts a thematic strategy accompanied with a layer of ESG exclusions applied to the fund. The Fund invests in sustainable forestry companies that produce wood-based materials, or companies in the timber value chain that provide biodegradable alternatives to plastics, concrete, or steel. The focus will be on ensuring trees are replanted, forests are nurtured and re-grown, and carbon is captured as part of an overarching mandate to maintain biodiversity. The fund applies an exclusion policy relating to companies that have exposure above a certain threshold to activities that result in negative impacts on the environment or society – this includes not committing capital in countries lacking strong forest legislation, or where legislation is not enforced.	130
Quilter Investors Ethical Equity Fund	The QI Ethical Equity fund invests at least 80% of the value of its property in shares of companies located in developed and emerging markets anywhere in the world. Ethical considerations are integral to the Fund's investment objective. This entails the explicit and systematic inclusion of ethical factors in investment analysis and decisions, to better manage risks and improve returns. The Fund operates two screening processes: (i) a negative screen to ensure that the Fund does not invest in companies that do not meet its ethical criteria; and (ii) a positive screen to focus investment into companies and sectors which the Investment Adviser believes make a positive contribution to society by exhibiting ethical practices. To be considered for inclusion in the Fund, in addition to passing the negative screen, companies must offer solutions to the global and emerging challenges of delivering 'more with less' for a rapidly growing population with a finite supply of resources and within a carbon constrained environment. As such, the Fund holds shares in companies that the Investment Adviser considers enable a cleaner and more efficient economy, underpinned by the following investment themes: energy, food, water, and resource efficiently.	160

Advice and distribution risks and opportunities

Theme	Type of climate risk	Risk / opportunity type	Emissions	Impact of the risk	Time frame	Risk management
Misleading claims regarding the climate-related outcomes or credentials related to a strategy, product or responsible investment related activity (greenwashing).	Transitional risk	Idiosyncratic risk	Scope 3	This will negatively impact our customers and our reputation as well as potentially lead to fines and action by the regulator(s). Training across the Group on responsible investment and anti-greenwashing on an ongoing basis. Governance forums for product and strategies to ensure that we are meeting our customers' outcomes.	S	Ongoing training across all areas of the business. Specific marketing training and processes.
Misrepresenting outcomes or attributes in literature (internal and external) – includes policies, sales aids, brochures, adverts (greenwashing).	Transitional risk	Idiosyncratic risk	Scope 3	This will negatively impact our customers and our reputation as well as potentially lead to fines and action by the regulator(s). Marketing processes and procedures including oversight controls.	S	Marketing processes and procedures including controls and oversight. We use the CLEAR principles aligned to Consumer Duty. The CLEAR toolkit was designed using behavioural science principles to help us improve communications with our customers.
Ensuring our advice and suitability processes identify customers' climate-related requirements and expectations.	Transitional risk Physical risk	Idiosyncratic risk	Scope 3	If we do not do this, it will negatively impact our customers and our reputation as well as potentially lead to fines and action by our regulator(s). Capture of customers' preferences through the advice and suitability processes.	S	Collection of customers' responsible investment preferences. Customer and adviser surveys.

Theme	Type of climate risk	Risk / opportunity type	Emissions	Impact of the opportunity	Time frame
Ensuring our advice and suitability processes identify customers' climate-related requirements and expectations.	Transitional risk	Opportunity	Scope 3	Developing products and strategies in line with our customers' preferences.	S

Time Period Key: S Short term 0-5 years; M Medium term 5-15 years; L Long term 15+ years.

Please refer to the glossary for an explanation of key terms used in this report.

What else do we think about?

In our last TCFD report we highlighted how different functions within the business consider climate-related risks and opportunities. We have provided more detail on some of these areas.

Financial reporting

Climate-related risks and opportunities identified are factored into the preparation of the Group, Parent Company and subsidiary financial statements. The Group's three-year Business Plan is used as the basis for going concern assessments and goodwill impairment reviews and to assess the recoverability of deferred tax assets and takes account of responsible business considerations including the Quilter Group's approach to the management of financial risks from climate change.

Treasury management

Treasury incorporate developing metrics used for assessing counterparties' climate related risks within regular reporting.

This includes monitoring Moody's ESG Credit Impact Score (CIS) to indicate the extent, if any, to which ESG factors impact the credit rating of a banking counterparty against its peers and a market wide classification, to assess and compare the ESG credentials of money market funds.

Liquidity risk assessment

Climate considerations were incorporated into the Quilter Life & Pensions Limited Liquidity Risk Assessment in October 2023.

Internal audit

Climate-related risks are incorporated into the Internal Audit Methodology for both the development of the annual audit plan as well as the planning and scoping of individual audits in the following way:

1) risks inform the audit plan; and

2) Group Internal Audit ("GIA") monitor emerging climate-related risks to assess whether the audit plan should be adapted on an ongoing basis.

As audit activities are conducted through the year, Internal Audit consider where climate-related risks are relevant for a given topic, such as consideration in investment research activities, sustainability related practices around physical assets such as Quilter's buildings and premises, asset disposal practices in relation to technology hardware, and include sustainability and climate-risks within the scope of assurance testing. Observations arising from these audits are reported to the Quilter Audit Committee and are tracked to closure by management. Following the closure of actions agreed to address risks, Assurance testing is performed by the audit function on a sample basis to ensure that they have been addressed satisfactorily by management.

Climate scenario analysis – at the Group level

Scenario analysis is performed in order to test the potential outcomes of a range of stresses to the Group. This includes risks arising from climate change and actions to transition to a net zero economy.

Long-term scenario analysis

Three qualitative scenarios have been tested to explore our resilience to a range of long-term climate outcomes. These explore both transition and physical risks to different extents. The objective and outcome of the exercise was to consider and identify potential management actions to support and inform our strategy.

These are long-term scenarios and so the conclusions of these are not expected to change significantly from year to year, unless there is a significant change in the business or the external environment. For this reason, long-term scenarios will be considered periodically, or following a significant change in the business or external environment.

The three scenarios used were based on standard industry scenarios which were defined by the Network for Greening the Financial System ("NGFS").

Scenario	Scenario description	Assumed global temperature rise
Orderly transition	There is an orderly transition to a net zero economy by 2050.	1.8°C rise above pre-industrial level by 2050.
Disorderly transition	There is a disorderly transition to a net zero economy by 2050.	1.8°C rise above pre-industrial level by 2050.
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 analysis was performed largely on a qualitative basis and considers the potential impacts on market sectors within the UK economy under each scenario.

Since we do not have comprehensive data on climate exposures within underlying customer assets, a number of assumptions were made over the exposure to individual market sectors.

The scenarios concluded that:

- 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, stranded assets and inflation caused by demand to replace stranded assets. A greater permanent impact to the global economy would be expected due to higher overall costs of transition in this scenario.
- A 'hot-house world', caused by 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 risks and impacts would be expected to worsen in a non-linear way over time, and so global economic headwinds would be expected to become more severe beyond 2050.

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 which were largely outside 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.

Short-term scenario analysis

Short-term stress and scenario testing is performed on an annual basis to inform our risk exposures, assess capital and liquidity requirements, assess the effectiveness of management actions, and assess the resilience of the business.

The financial risks from climate change would lead to outcomes which could also be driven by other causes, which are not linked to climate change. A holistic approach is taken to short term analysis to consider the potential harms from a range of root causes and risks. In most cases, climate change is not the key driver of risks. Scenarios are developed by identifying a range of plausible but severe adverse events. Where climate change is not selected as the principal driver, the scenario may implicitly cover relevant climate risks.

Examples of short-term scenarios tested in 2023 which explicitly or implicitly cover the financial risks from climate change are as follows:

- **Economic downturn scenario:** This considers the impacts of a severe economic downturn over the next three years. This implicitly covers the risk of reduction in equity values due to transition and physical risks from climate change.
- **Climate-related disclosure:** This considers the risk of our sustainable fund ranges inadvertently investing in assets which are excluded from fund mandates, leading to customer compensation and related costs.
- **Third-party risk scenario:** This considers the potential impact of failure of an outsourced service provider. This implicitly covers the risk of failure of a third-party due to lack of resilience to physical or transitional climate risks.
- **Advice risk:** This considers the potential impact of misrepresentation or lack of appropriate assessments of suitability of advice. This implicitly covers the risk of advice not adequately considering customers' preferences in relation to sustainable investments, leading to customer compensation and related costs.

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

Scenarios are not predictions and are not equally likely to occur. Analysis is limited by a number of factors including data limitations. We see scenario analysis as useful management information which can be used to help inform decisions, along with other management information.

Climate scenario analysis – investments

The Assets under Management ("AuM") within the Affluent Managed Solutions is £27.6[1] billion and the AuM within Quilter Cheviot is £27 billion; £54.6 billion[2] in total.

In 2023, QLPL published the TCFD product reports for 56 WealthSelect portfolios which included Climate Value at Risk metrics. This represented £6.5 billion.

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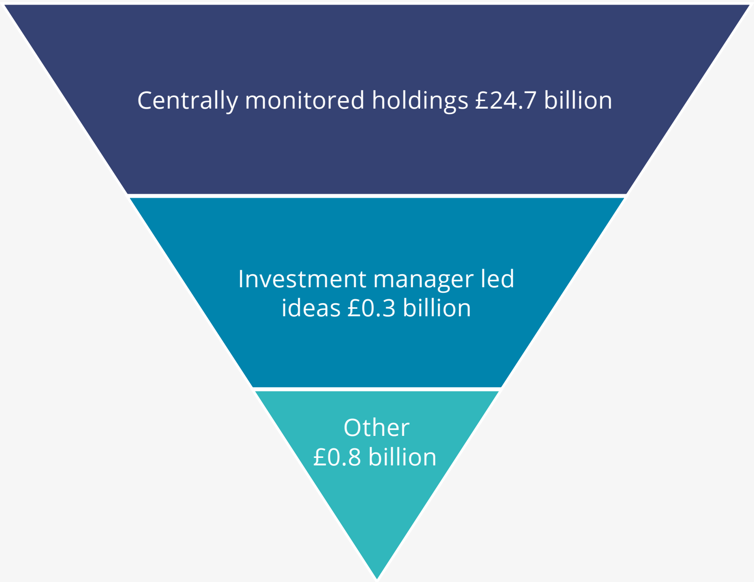


Quilter Cheviot: as a discretionary fund manager we have three categories of holdings split between direct and indirect (third-party funds)[3]:

- **Centrally monitored holdings:** form the majority of Quilter Cheviot's holdings; these are investment ideas generated by the in-house research teams. Engagement, voting and ESG integration activities are focused primarily on these investments.
- **Investment manager led ideas:** are investments that are researched and monitored by investment managers. Quilter Cheviot will only engage or vote with these holdings where more than £2 million or 0.2% of a UK listed company is owned.
- **Other:** a long tail of legacy holdings, which is a consequence of the nature of the client base. In some cases, the position will only be held by one client.

We have undertaken climate scenario analysis for the centrally monitored direct equity holdings within Quilter Cheviot, this represents £8.3 billion (30.7%) of Quilter Cheviot's AuM; and 15.2% of the Group's AuM.

[1]Total Affluent managed AuM of £27.6 billion includes Affluent core business of £25.5 billion and non-core business of £2.1 billion managed by Quilter Investors.

[2]Inter-segment dual assets of £0.3 million reflect funds managed by Quilter Cheviot and administered by Quilter Investors and the Quilter Cheviot managed portfolio service solutions available to advisers on the Quilter Investment Platform. This is excluded from Quilter's total reported AuM of £54.3 billion to ensure no double count takes place.

[3]The data exclude client cash held across multiple currencies in client portfolios and does not include external platform managed assets which are not replicated on our in-house systems (£1.2 billion of the overall AuM).

Please refer to the glossary for an explanation of key terms used in this report.

Climate Value at Risk ("CVaR")

This aims to estimate the potential financial loss or gain from the underlying investments as a result of climate change. It measures the potential impact of; climate policy (new regulations at national and international level impacting carbon activities), technology opportunities (increased demand for energy-efficient, lower-carbon products and services that disrupt existing markets); and physical risks (such as temperature increase, sea level rise, and associated business interruption and damage across operations and supply chains).

The centrally monitored direct equities were evaluated for CVaR using the MSCI One platform under these four quantitative climate scenarios.

1. An orderly transition scenario that assumes climate policies are introduced early and become gradually more stringent, limiting the global temperature increase to 1.5°C by 2100.

2. A disorderly transition scenario that assumes climate policies being delayed or divergent across countries and sectors but still limits the increase to 1.5°C by 2100.

3. An orderly transition scenario that limits the increase to 2°C by 2100.

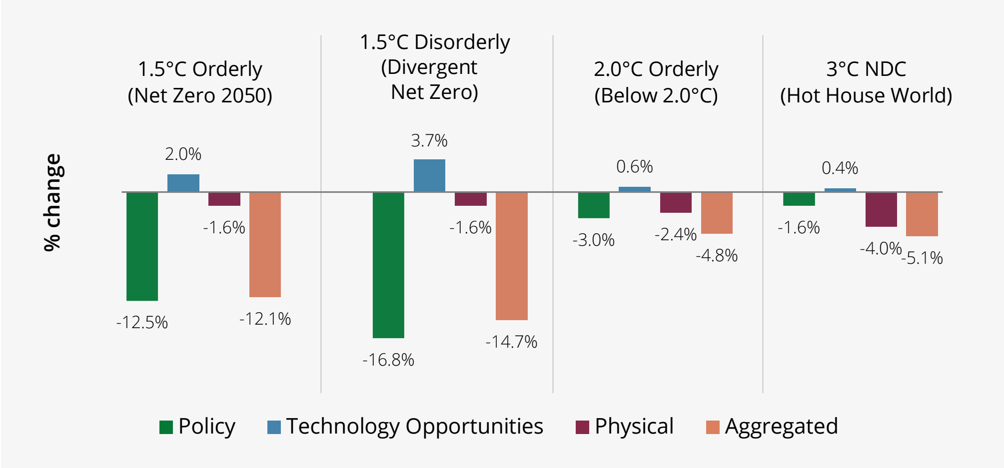
4. A 'hot house world' scenario that assumes that climate policies are implemented in some jurisdictions, but global efforts are insufficient to halt significant global warming and the global temperature increases to 3°C by 2100.

These scenarios were created by the Network for Greening the Financial System ("NGFS"). Each scenario makes different assumptions about how climate policy, physical climate events and the development of climate-related technology will impact the economy and therefore the value of our holdings. CVaR is presented as the percentage change in our holdings' value, for each individual category (policy, technology, physical impacts) and in aggregate.

CVaR for our holdings

The 1.5°C scenarios would impact the value of the holdings more significantly than the other scenarios, where there is more limited economic change. To mitigate the potential impact our focus is on engagement with the companies we invest in through different avenues:

- Collaborative engagements such as Climate Action 100+, Institutional Investors Group on Climate Change's Net Zero Engagement Initiative as well as the CDP Science Based Targets and Non-Disclosure Campaigns.
- Engagement programmes focused on the highest emitting companies within our centrally monitored universe as well as with the third-party managers that we invest with.



Source: Quilter Cheviot holdings data as of 31 December 2023. MSCI One data as of 1 March 2024.

The data used to inform these values was sourced from MSCI One. We understand that due to MSCI's data refresh cycle, some of the emissions data (specifically Scope 1 and 2) may date from FY2021.

Climate Metric	CVaR – Policy	CVaR – Technology Opportunities	CVaR – Physical
Data Coverage	99.9%	99.9%	98.5%

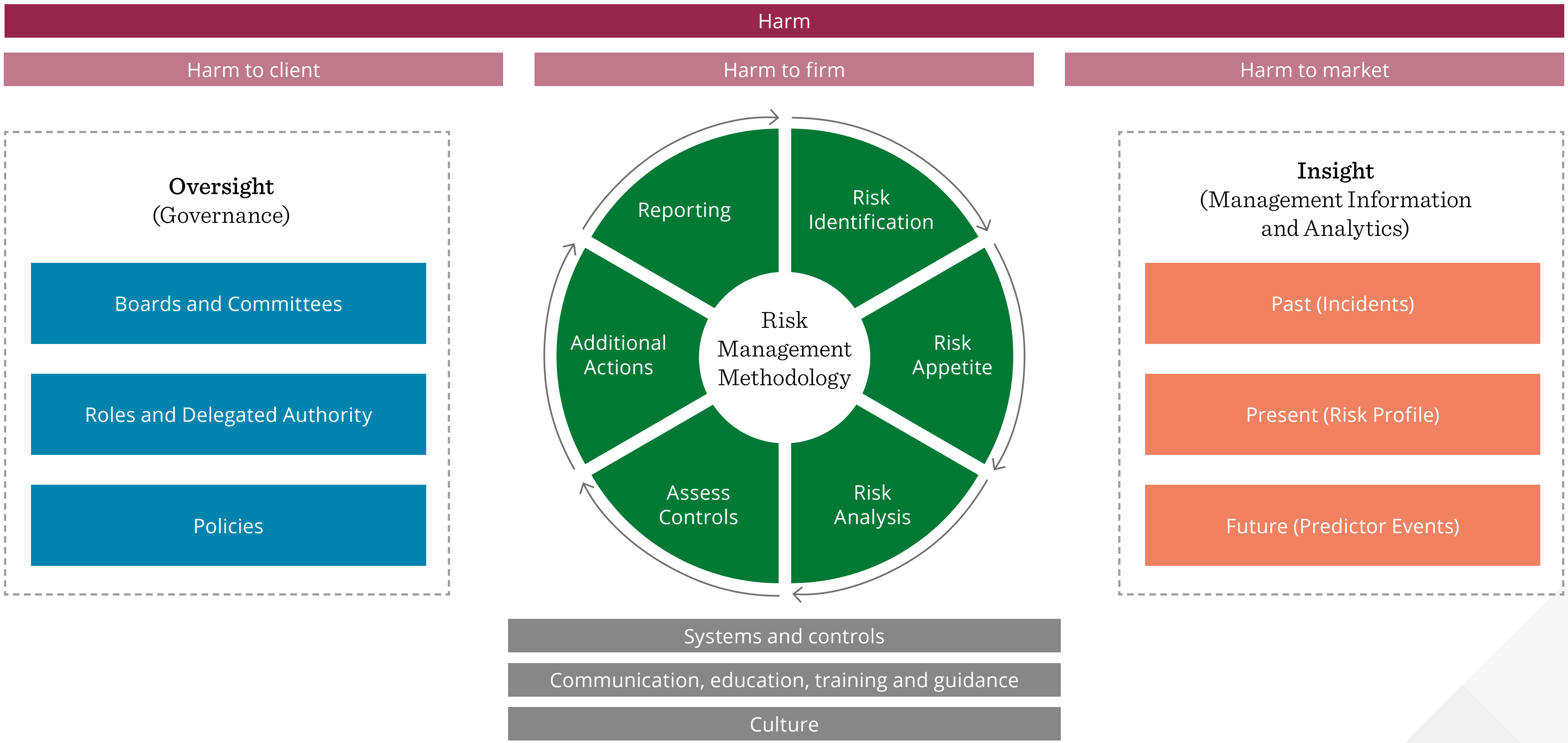
Risk management

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

Climate-related risks and our risk management framework

During 2023, we evolved the Risk Management Framework, tailoring it further towards business needs and creating more efficiencies in its operation.

Underpinning our Risk Management Framework is a simplified risk categorisation taxonomy, which facilitates the setting of risk appetite and risk reporting. Within this simplified risk taxonomy, a stand-alone Responsible Investment and Corporate Sustainability risk category captures the risks associated with the Group's actions as a responsible investor and its behaviour in relation to corporate sustainability.



We have refreshed our approach to the way we consider the specific climate-related risks and opportunities that we face. We have placed more emphasis on the short, medium, or long-term nature of these risks and opportunities, as well as delineating between their applicability to our operations, investment, and advice & distribution functions. This approach considers both transitional and physical risks, as well as identifying whether risks are idiosyncratic or systemic in nature and the associated management required for each.

Climate-related regulatory requirements

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

Progress in 2023

In 2023, the following was completed to embed consideration of climate-related risks within our Risk Management Framework:

– an updated Responsible Business Conduct Policy went live on 1 January 2023 and reflects a changing external industry and regulatory environment;

– the consideration of climate-related risks was further embedded across the three lines of defence to help ensure that there is clear and effective accountability for these unique risks across the business. During 2023, Andrew McGlone (Chief Executive Officer at Quilter Cheviot and Quilter Cheviot Financial Planning) extended his remit to be the executive sponsor for Corporate Sustainability and Responsible Investment across Quilter, and Mark Satchel (Chief Financial Officer) was appointed the Senior Management Function ("SMF") for the oversight of the management of financial risks arising from climate change;

– climate-related risks included in our emerging risk register were updated, with the inclusion of a new risk relating to the 'Integration of Responsible and Sustainable Investment related regulation'; and

– material exposures to the financial risks from climate change were considered in our internal ORSA and ICARA (Internal Capital Adequacy and Risk Assessment) processes, with the inclusion of a climate-related disclosure scenario within our operational risk scenario testing.

Metrics and targets

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

Overview of emissions

The GHG protocol categorises emissions according to 'Scope', as follows:	In Quilter, the main contributors are...	Leading to the following emissions:
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.	Gas Heating Refrigerants	2020: 273 *Baseline* 2022: 438 2023: 307
Scope 2 (Energy - Indirect GHG) These are emissions from the consumption of purchased energy generated upstream from the organisation. For purchased electricity, organisations are required to report Scope 2 emissions according to the below categories: **Location Based:** This reflects the average emissions intensity of grids. **Market Based:** This reflects emissions from electricity that organisations have purposefully chosen, e.g. renewable energy contracts.`	Electricity Geothermal Heating	2020: 2,446 *Baseline* 2022: 906 2023: 778
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).	Purchased Goods and Services Business Travel Investments* Employee Commuting including Work from Home ("WFH")	2021: 67,912 *Baseline* 2022: 34,760 2023: 21,684

**See the metrics section for more information on investments.*

Moving forward, we anticipate a continuation of incremental reductions year on year towards our target through the realisation of energy efficiency opportunities and workspace optimisation. We have shown 2023 and 2022 emissions against the relevant baseline year.

Quilter's operational greenhouse gas emissions

Our operational greenhouse gas emissions and energy use data (tCO_2e)

Greenhouse gas emissions – 31 December		2023	2022	Baseline
Scope 1 emissions[1]	Global	307	438	
	UK	302	432	
Scope 2 (location-based) emissions[2]	Global	778	906	
	UK	729	858	
Scope 2 (market-based) emissions	Global	474	562	
	UK	399	477	
Total Scope 1 & 2 emissions[3]	**Global**	**1,085**	**1,344**	**2,720**
(Baseline: 2020)	**UK**	**1,031**	**1,290**	**2,573**
Scope 3 emissions (excluding Investments)[4]	**Global**	**21,684**	**34,760**	**67,912**
(Baseline: 2021)[5]	**UK**	**21,667**	**34,753**	**67,898**
Total operational emissions	**Global**	**22,769**	**36,104**	
	UK	**22,699**	**36,043**	
Operational carbon intensity (tCO_2e per Full Time Equivalent (FTE))[6]	Global	7.71	12.31	
	UK	7.77	12.41	

Streamlined Energy and Carbon Reporting (SECR)[2]	**2023**	**2023**
Global energy usage (kWh)	6,352,309	7,868,644
UK energy usage (kWh)	6,168,555	7,684,909

All figures presented have been calculated in line with the Greenhouse Gas ("GHG") Protocol standards. Global emissions and energy usage are inclusive of UK and offshore figures. Due to an update in our estimation methodology, there may be slight difference from previously published figures.

[1] *Our data collection methodology is reliant on third parties supplying accurate data regarding our leased office space activity. In 2023, we were able to gain better visibility of data regarding movements of refrigerants in our regional offices, leading to an increase of 51.4 tCO_2e in 2022.*

[2] *We are continually seeking opportunities to source accurate data to avoid the need for estimations. This can lead to restatements where data becomes available at a later date. In 2023, we were able to source a higher percentage of actual data from our leased offices, enabling us to replace data estimated from previous years with accurate data supplied by landlords, thus causing a restatement of emission and energy figures.*

[3] *This is calculated as the total of Scope 1 and Scope 2 (location based) emissions.*

[4] *Our disclosed Scope 3 emission metrics (excluding investments) contain some estimates and reliance on externally provided data. Following refinements in methodologies and boundaries for accuracy in representation, we have restated our Purchased Goods and Services figures for 2021 onwards, and our Employee Commuting emissions figures from 2020 onwards.*

[5] *Our baseline year for Scope 3 has been set at 2021 due to insufficient granularity in data from our value chain in previous years.*

[6] *Calculated as total operational emissions divided by the average number of FTE employees as at year-end. This metric is provided as a comparison against other organisations.*

Greenhouse gas emissions

Our 2023 Scope 1 and 2 emissions were 60.1% lower than the 2020 baseline indicating good progress towards our reduction target of 80% by 2030. The primary driver of this was the continued consideration of our office footprint in relation to changing workspace demands. Moving forwards, we anticipate a continuation of incremental reductions year on year towards our target. In 2023, we evaluated our methodologies for calculating Scope 3 emissions for Purchased Goods and Services and Employee Commuting, implementing opportunities for granularity; as such, we have restated figures below.

Breakdown of Scope 3 (excluding Investments) emissions

The figures below represent the breakdown of our Scope 3 (excluding Investment) emissions at a global level.

Greenhouse gas emissions as at 31 December	2023	2022	2021
Total Scope 3 (excluding investments) emissions	**21,684**	**34,760**	**67,912**
1. Purchased goods and services[4]	18,667	31,903	65,019
3. Fuel- and energy-related emissions	61	72	114
5. Waste	4	5	8
6. Business travel	892	570	253
7. Employee commuting (including working from home)[4]	1,868	1,995	2,299
8. Upstream Leased Assets	192	215	219

All emissions data calculated according to the Greenhouse Gas ("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, heat and 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).*

Due to data availability, Quilter's calculations do not take into account the emissions generated by self-employed advisers who use our platform or asset management services. Our Scope 3 disclosures do not include data for the impact generated by our investments. There were no notable energy efficiency measures undertaken in 2023.

Please refer to the glossary for an explanation of key terms used in this report.

Emissions in our investments

For the 2023 financial year, there will be additional reporting for Quilter Cheviot and Quilter Investors (Quilter Life & Pensions already produces these reports) focused on the business (entity reporting) and its core products (product reporting).

These reports will be published by 30 June 2024 and will include specific detail on how the businesses approach the four pillars of TCFD as well as metrics specific to the business and its investment solutions.

Quilter

TCFD reports |

Quilter Cheviot

TCFD reports |

The centrally monitored direct equity holdings had a value of £8.3 billion as at 31 December 2023 which represents 15.2% of the Group's AuM.

Investment Greenhouse Gas Emissions	As at 31/12/2023	Unit
Scope 1 and 2 Greenhouse Gas Emissions	509,408	tCO_2e
Scope 3 Greenhouse Gas Emissions	5,885,836.7	tCO_2e
Total carbon footprint (Scope 1 and 2 only)	48.0	tCO_2e/\$m invested
Weighted Average Carbon Intensity ("WACI") (Scope 1 & 2)	91.4	tCO_2e/\$m revenue
Weighted Average Carbon Intensity (Scopes 1, 2, and 3)	1,225.5	tCO_2e/\$m revenue

Source: Quilter Cheviot holdings data as of 31 December 2023. MSCI One data as of 29 February 2024.

The data used to inform these values was sourced from MSCI One. We understand that due to MSCI's data refresh cycle, some of the emissions data (specifically Scope 1 and 2) may date from FY2021. We have not shown a benchmark comparison as the holdings within the centrally monitored direct equity universe have a significantly different composition to the MSCI All Country World Index.

For Scope 3 emissions, we have used company-reported values which reflects a smaller proportion of the overall holdings; however, we have greater confidence in these numbers than estimated values. Data coverage for all metrics is summarised in the table below.

Climate Metric	Emissions (Scope 1 & 2)	Emissions (Scope 3)	WACI (Scope 1 & 2)	WACI (Scope 1, 2, and 3)
Data Coverage	99.4%	84.0%	98.8%	91.7%

As stated previously, to mitigate the potential impact our focus is on engagement with the companies we invest in through different avenues:

- Collaborative engagements such as Climate Action 100+, Institutional Investors Group on Climate Change's Net Zero Engagement Initiative as well as the CDP Science Based Targets and Non-Disclosure Campaigns.
- Engagement programmes focused on the highest emitting companies within our centrally monitored universe as well as with the third-party managers that we invest with.

Glossary

Glossary

Term	Definition
AuM	Assets under management, which unless stated otherwise, reflects gross AuM before intra-group eliminations.
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.
ESG	Environmental, Social and Governance.
ESG integration	ESG integration at Quilter is the explicit and systematic inclusion of ESG factors, including climate-related issues, in our investment analysis and decisions to better manage risks and improve returns.
FCA	Financial Conduct Authority.
FRC	Financial Reporting Council.
GHG	Greenhouse gas.
Greenhouse Gas Reporting Protocol	The GHG Protocol supplies the world's most widely used greenhouse gas accounting standards.
Greenwashing	Making misleading or unsubstantiated claims about environmental performance.
The Group	Quilter plc and its subsidiaries.
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.
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. The NGFS is an industry group of central banks and supervisors which develops climate-related risk management resources for the finance sector. It worked in collaboration with a global academic consortium to develop a range of future scenarios that can be used to appropriately assess climate risks to economic and financial systems.
NZAM	The Net Zero Asset Manager's Initiative. The NZAM is an international group of asset managers committed to supporting the goal of net zero greenhouse gas emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5°C; and to supporting investing aligned with net zero emissions by 2050 or sooner.
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 Group under Solvency II requirements.
PRI	The Principles for Responsible Investment. The PRI is a UN-supported network of investors, working to promote sustainable investments.

Glossary (continued)

Term	Definition
SBT	Science Based Targets.
SBTi	The 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).
Sustainability	Whilst there is no single definition of 'sustainability', we use this term to refer to environmental, social or governance factors or concerns. Environmental concerns include climate and broader environmental issues, like biodiversity. Social factors range from modern slavery to international development. Governance refers to the way that companies are controlled and directed.
Stewardship	Stewardship is the responsible allocation, management, and oversight of capital to create long-term value for customers and beneficiaries leading to sustainable benefits for the economy, the environment and society.
TCFD	The Task Force on Climate-related Financial Disclosures. The Financial Stability Board created the TCFD to improve and increase reporting of climate-related information.
tCO_2e	Tonnes of CO2e.
The Three Lines of Defence	An organisational model aimed at providing a structured framework for managing risk and exercising control within an organisation. Within the model, the first line has primary responsibility for managing organisational risks. The second line comprises the Risk Management and Compliance functions to help build and monitor the first line of defence's controls. The third line provides independent risk assurance.
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 customers and beneficiaries leading to sustainable benefits for the economy, the environment, and society.
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.

Past performance is not a guide to future performance and may not be repeated. Investment involves risk. The value of investments and the income from them may go down as well as up and investors may not get back the amount originally invested. Because of this, an investor is not certain to make a profit on an investment and may lose money. Exchange rates may cause the value of overseas investments to rise or fall.

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