

# Section 172 (1) statement

## *Delivering for our stakeholders: Section 172 (1) statement*

The Companies Act 2006 (the “Act”) and the UK Corporate Governance Code 2018 require the Annual Report to provide information that enables our stakeholders to assess how the Directors of Quilter have performed their duties under section 172 of the Act. The Act provides that Quilter Directors must act in a way that they consider in good faith, would be most likely to promote the success of Quilter for the benefit of shareholders as a whole. In doing so, Quilter Directors must have regard, amongst other things, to the factors set out below:

- the likely consequences of any decision in the long term;
- the interests of Quilter’s colleagues;
- the need to foster the Company’s business relationships;
- the impact of Quilter’s operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly for all our members.

### **Building Quilter to deliver long-term success for all our stakeholders**

The Board is clear that engaging, consulting and making decisions balancing the needs, interests and expectations of our key stakeholders is critical to Quilter achieving its purpose of helping create prosperity for the generations of today and tomorrow. On occasions these competing stakeholder views can be contradictory and it is the Board’s role to navigate these complexities to achieve long-term success. The Board has a comprehensive stakeholder engagement programme and seeks to act in the best interests of the Group, and to be fair and balanced in its approach. In addition to direct engagement with our stakeholders, papers submitted to our Boards and Board Committees across the Group identify for their consideration where stakeholders could be impacted by the proposals. At all times, the Boards remain focused on ensuring good customer outcomes. Some of the ways the Quilter Board engages with our stakeholders, including some examples of how our Board has considered stakeholders when it made key strategic decisions in 2021, can be read on page 85.

The Board has identified six key stakeholder groups whose interests and needs it regularly considers.

### **Quilter’s stakeholders**

<b>Advisers</b>	The advisers who provide advice under the Quilter brand, the third-party advice firms who operate within our regulatory framework, and third-party independent advisers who use our products and our investment platform.
<b>Colleagues</b>	All of our 3,056 full-time, part-time and contract staff who work to support Quilter’s customers and advisers.
<b>Communities</b>	The societies in which we operate and where our products and services are taken up.
<b>Customers</b>	Those who use our products and services to meet their long-term financial needs.
<b>Investors</b>	Those who have invested in Quilter shares and those who recommend investment in Quilter and its peers, including equity and debt investors, analysts and rating agencies.
<b>Regulators</b>	Our core UK regulators, the Prudential Regulation Authority and the Financial Conduct Authority, and various international regulators such as the Central Bank of Ireland.

## Advisers

### Advisers expect Quilter to:

- Have an investment platform that facilitates the provision of a high-quality service to advisers and their customers and a wide range of investment products to meet customers' needs.
- Have compelling investment propositions that meet the needs and expectations of customers.
- Provide a high-quality control environment that enables Advisers to be productive within a framework of effective controls and tools that support their business.
- Support them in providing high-quality, trusted advice to their customers in compliance with all regulatory and best practice standards of conduct.

### How does the Board engage with advisers?

- The Chief Executive Officer regularly briefs the Quilter Board on key issues impacting all advisers.
- The Customer Reports scrutinised by the Quilter Board and the Board Risk Committee provide key insights on how effectively and safely Quilter is supporting advisers in serving customers.
- Paul Matthews, who serves on the Quilter Financial Planning Board, engages regularly with advisers to understand their perspectives and priorities and reports to the Board on his interactions.
- The Board Risk Committee and the Board regularly receive updates on the quality of the service provided to advisers following the implementation of the Group's new investment platform.
- During 2021, at the Board's request, management started a programme of communications and interactions with Quilter Financial Planning's advisers to deepen the cultural alignment between Quilter and Quilter Financial Planning's advisers. The data and feedback from these initiatives will continue to be reported to the Board.

### What was the result of that engagement?

- Given the challenges of implementing a new investment platform during the pandemic, the Board encouraged management to prioritise the maintenance of a good quality service to existing advisers over the desire to introduce new advisers to the new investment platform.
- As a result of the feedback on adviser sentiment provided to the Board from the Chief Executive, the Board endorsed management's proposed programme of activities to deepen further the Group's relationships with its own advisers, including making it easier for advisers to do business with Quilter.

## Colleagues

### Our colleagues expect Quilter to:

- Create a values-led culture that is open, welcoming and inclusive.
- Invest in the development of its people and its technology so that its people can deliver great service to its customers.
- Offer an attractive reward structure and a compelling colleague proposition.
- Listen to ideas, suggestions and concerns, and take action as appropriate.

### How does the Board engage with colleagues?

- By designating Tazim Essani as an additional Non-executive Director, alongside Paul Matthews, with responsibility for ensuring the views of our workforce are conveyed to the Board.
- By the designated Non-executive Directors for workforce engagement attending meetings of the Quilter Employee Forum and other informal meetings with employees and the broader workforce and reporting to the Quilter Board on the insights they gain from those interactions.
- Meeting regularly with individuals identified as future senior leaders.
- Receiving regular reports from the HR Director on the Group's People and Culture.
- Executive Directors engaging directly with colleagues across the business.

### What was the result of this engagement?

- Following the People and Culture presentation to the Board in May 2021, the Board noted that there had been a small decline in employee engagement, as measured by the regular colleague Peakon surveys. This was a result of the significant volume of change in the business and the challenges created by an extended period of remote working. As a result, the Board requested that management share its plans for reinvigorating employee engagement. The Board was briefed on the "We Rise" employee communications programme, designed to support employees through a period of significant change by ensuring colleagues fully understand what the Quilter strategy means for them and how they contribute to Quilter's success.
- The Board fully supports management's plans to improve the diversity and inclusion of the organisation, and the launch of an Action Plan built on five strategic pillars.
- In January 2022 the Board received a briefing from an external speaker on diversity and inclusion to ensure it is able to effectively oversee the Group's efforts to drive its diversity and inclusion agenda.
- Further details of employee engagement can be found on pages 88 and 89.

## Communities

### Our communities and suppliers expect Quilter to:

- Contribute to the communities in which Quilter is located and where our products and services are used.
- Seek to mitigate the environmental impact of its operations and to create products and services which facilitate our customers' desire to invest responsibly.
- Treat suppliers fairly and professionally.

### How does the Board engage with its communities?

- By providing oversight of the Quilter Responsible Business agenda, which affects customers, communities and the environment. This responsibility is delegated to the Board Corporate Governance and Nominations Committee who receive regular updates on progress.
- By endorsing and providing regular oversight of Quilter's strategy to become the responsible wealth manager.

### What was the result of this engagement?

- Colleagues contributed to community volunteering and raised £100,000 to support the work of the Quilter Foundation. This included financial literacy, our young carers campaign and a Local Community Fund.
- Eight charities benefited from grants, enabling support for 12,606 young people.
- Supported the Disaster Emergencies Committee (DEC) Afghanistan Crisis Appeal.
- Published a climate change statement that formally supports the objectives of the Paris Agreement, whilst committing to formalise climate targets in 2022.

### How does the Board engage with its suppliers?

- Building on the positive feedback from 2020, we held our second supplier summit in September 2021. The summit provided a great opportunity for a number of our critical and important suppliers to hear direct from our executive team on the Quilter strategy, for which they play an important part in its success, our values and our priorities, including our ambitions in relation to ESG and responsible investing. Climate change and emissions reduction is an area we will engage with our suppliers on during 2022.

### What was the result of this engagement?

- Ongoing dialogue has helped ensure the supply chain has remained resilient, with no attributable degradation in service to our customers observed.

12,606

young people supported

8

charities benefiting  
from grants made

## Customers

### Customers expect Quilter to:

- Provide excellent customer service and access to products and services that meet their needs and expectations, within their risk appetite and with the flexibility to reflect their ESG preferences.
- Provide personalised customer propositions.

### How does the Board engage with customers?

- The Board receives a regular Customer Report which includes feedback on the perceived quality of Quilter products and services to ensure the business is continually learning from the feedback received from customers and their advisers.
- All Board papers include, where appropriate, analysis of the impact on customers of business proposals.
- The Board and the Board Risk Committee receive regular updates from the Chief Risk Officer on the progress of customer remediation in relation to historic advice on DB to DC pension transfers to ensure affected customers are receiving fair recompense.
- The Board Remuneration Committee receives reports on how well the business has served its customers as part of the executive score card that drives the remuneration of our senior executive team.

### What was the result of that engagement?

- The impact on customers was specifically relevant to the following major Board decisions:
  - to reorganise the business into two customer focused business segments;
  - to prioritise maintaining the quality of service provided by our new investment platform to customers over the acquisition of new customers;
  - the approach taken to the provision of compensation to customers impacted by historic DB to DC pension transfer advice; and
  - the sale of Quilter International. Further details on the sale of Quilter International can be found on pages 86 and 87.



## Investors

### Our investors expect Quilter to:

- Adopt and deliver a strategy that creates long-term shareholder value, delivering sustainable and growing capital returns to shareholders.
- Have a resilient business model that generates long-term sustainable returns for shareholders and reliable returns for debt investors.
- Maintain a robust corporate governance framework.
- Maintain financial strength.
- Balance the need to manage its environmental and societal impact.

### How does the Board engage with its investors:

- Maintaining regular and constructive dialogue with investors.
- Providing updates on the Group's trading and financial performance and conducting 186 meetings with shareholders, debt holders and prospective investors.
- Holding a Capital Markets Day in November 2021.
- Ensuring private shareholders receive excellent support from our registrars.
- Holding an Annual General Meeting that is as accessible as possible.
- Consulting with our shareholders on their preferred route for the distribution of the proceeds of the sale of Quilter International.
- Extensively consulting with major shareholders on the proposed new Directors' Remuneration Policy.

### What was the result of this engagement?

- As set out at its 2021 Capital Markets Day, Quilter's strategy, organisational structure and financial targets are all focused on delivering growth and efficiency.
- Following the completion of the sale of the Quilter International business on 30 November 2021, the Board is recommending a capital return of £328 million to shareholders and will retain £90 million to fund the Group's Simplification programme.
- Further details of the sale of the Quilter International business can be found in the governance case study on pages 86 and 87.

£328m

proposed return of capital  
to shareholders in 2022

£90m

funding for the Group's  
Simplification programme and  
selected revenue investments

## Regulators

### Our regulators expect Quilter and its subsidiaries to:

- Run Quilter's operations in a prudent manner, being appropriately capitalised and with sufficient liquidity to enable it to discharge its obligations.
- Manage its conduct risks and internal controls.
- Operate in the best interests of its customers and meet the expected outcomes of customers.
- Operate in an open and transparent manner with its regulators, its customers and the financial markets both as an investment manager and a listed company in its own right.

### How does the Board engage with the Group's regulators?

- Transparent and open regulatory relationships are fundamentally important and Quilter engages regularly with its main regulators to ensure business is conducted in line with their expectations and the evolving regulatory framework.
- The Board Risk Committee receives quarterly reports on the status of material regulatory relationships and matters under discussion.
- Routinely shares Board and relevant Committee meeting papers with our main regulators.
- There is a programme of meetings between our main UK regulators and the Chief Executive Officer, Chief Financial Officer, Chief Risk Officer, Group Chair and Chairs of our Board Committees. Key matters discussed in 2021 include future strategy and plans for the Group, customer outcomes, diversity, governance and operational resilience, including the Group's continued response to COVID-19.

### What was the result of this engagement?

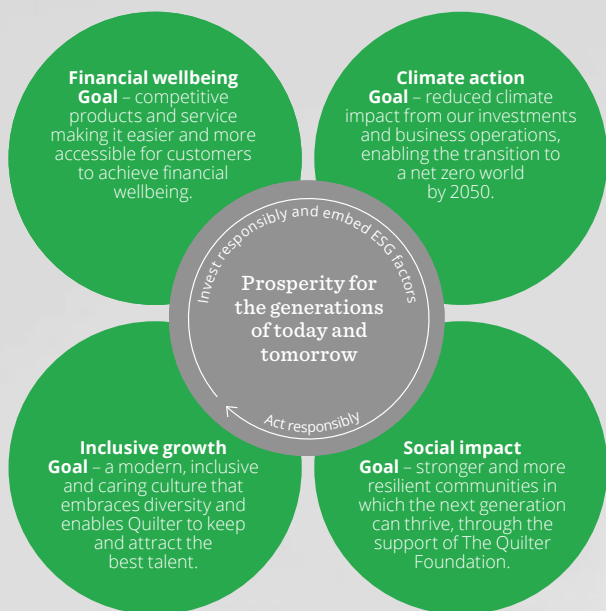
- Consideration of the views and expectations of our regulators were core to the Board's decision making during 2021, specifically in relation to:
  - the sale of Quilter International and the return of the net proceeds to shareholders; and
  - the implementation of the Group's new investment platform to ensure customers continue to receive a high-quality service despite the transition.
- The Board Corporate Governance and Nominations Committee carefully considered the discussion paper issued by the FCA, the PRA and the Bank of England in relation to diversity and inclusion in the financial services sector and endorsed the Group's efforts to gather a broader range of data on the diversity of the Group's workforce, executive and Board so future activities to enhance diversity are based on robust information.
- Quilter worked closely with its regulators in relation to the conduct of past business reviews and the provision of compensation to customers who received unsuitable advice which led to them sustaining losses in relation to DB to DC pension transfers from Lighthouse advisers prior to Lighthouse transitioning to Quilter's systems and controls after its acquisition by Quilter.

## Investing for the generations of tomorrow





## Becoming the responsible wealth manager



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 business strategy. Our purpose is a symbol of our commitment to act and invest responsibly, for our customers, colleagues and society more broadly.

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.

### Acting and investing responsibly

Acting and investing responsibly are fundamental to how we deliver value for our customers, colleagues and society more broadly.

- Acting responsibly refers to the way we operate and do business. It is about our culture, values, business conduct and how we manage our relationships with our stakeholders.
- Investing responsibly refers specifically to our products and services. It is about how we integrate responsible investment considerations throughout our financial advice, investment platform and investment management.

We refer to these terms through this section of the report to highlight both contribute to delivering value for our stakeholders.

### Our evolving responsible wealth manager framework

Building on our first responsible business strategy introduced in 2018 (the Shared Prosperity Plan) we evolved our approach in 2021 by introducing the Responsible Wealth Manager framework. Our framework outlines four priorities:

1. Enable customers to experience financial wellbeing.
2. Drive inclusive growth for our colleagues.
3. Take climate action for our environment.
4. Create positive social impact in our communities.

Outlined on the next page are the key performance indicators for 2021. In 2022 we will review key performance indicators and targets for each of the priority areas, including how we will align our business operations and investments with the Paris Agreement and efforts to reach global net zero greenhouse gas emissions by 2050.

## Governance

Ultimate responsibility for environmental and social matters – captured in the responsible wealth manager framework – resides with the Quilter plc Board, who have delegated oversight to the Board Corporate Governance and Nominations Committee.

Responsibility for the responsible wealth manager strategy is delegated to the Quilter CEO, who is supported by the Executive Committee in discharging his responsibilities. The CEO and Executive Committee are supported by the Responsible Investment Steering Group, which provides executive oversight,

direction and monitoring of the responsible wealth manager strategy and is chaired by the CEO. Day-to-day responsibility for the development and delivery of the responsible wealth manager strategy is delegated to the Responsible Wealth Manager Working Group.

Review of our responsible wealth manager strategy and performance is conducted at least annually by the Quilter Executive Committee, and regularly throughout the year by the Responsible Investment Steering Committee.

## Key performance indicators

To measure our responsible wealth manager performance, we consider a range of non-financial metrics most relevant for our stakeholders. Outlined below are the key performance indicators for 2021, which are under review and due to be updated in 2022.

Further reporting and performance data relevant to our responsible wealth manager strategy and our stakeholders can be found on pages 42 to 54.

Advisers

Customers

Customer asset retention (%)

2021	93%
2020	91%
2019	88%
2018	91%

Number of restricted financial planners (“RFPs”)

2021	1,623
2020	1,842
2019	1,799
2018	1,621

Responsible wealth manager pillar



Colleagues

Female representation in Senior Leadership Community (%)

2021	36%
2020	35%
2019	32%
2018	33%

Ethnic minority group representation in Senior Leadership Community (%)

2021	5%
2020	2%

Responsible wealth manager pillar



Communities

Environment

Scope 1 and 2 greenhouse gas emissions (tCO<sub>2</sub>e)

2021	2,520
2020	2,705
2019	4,042
2018	3,672

Total number of young people supported by the Quilter Foundation

2021	12,606
2020	11,496
2019	13,098
2018	6,529

Responsible wealth manager pillar



## Advisers

## Customers

Responsible wealth  
manager pillar  
Financial wellbeing



### Key performance indicators

#### Customer asset retention

93%

(2020: 92%)

#### Number of restricted financial planners ("RFPs")

1,623

(2020: 1,842)

We aim to help customers achieve their goals and experience financial wellbeing, now and in the future. We will achieve this by providing competitive products and service that makes financial advice and investing easier and more accessible.

#### Highlights 2021

Concluded safe migration of customer assets to our new platform

Improved processes in recording, monitoring and evaluation of customers in vulnerable circumstances

Commenced integration of responsible investment considerations into the financial advice process for customers

Launched 'Positive Change' investment strategy with ESG considerations as a key driver of investment decisions

### Acting responsibly

#### Customer service and engagement

Through the extended pandemic customer service teams have continued to work in a hybrid/remote manner, ensuring service continuity and support for customers and their advisers. Quilter Investment Platform's platform migration concluded in the first quarter, providing significant enhancements to customers in terms of increased platform functionality, flexibility and choice. The business invested heavily in the design and testing of its communications to ensure that customers felt fully informed and reassured during the transition of their investments. Some service challenges did arise following the migration, exacerbated by increased business volumes and a peak of COVID-19 infections amongst service centre staff, but action plans were swiftly mobilised to restore service levels.

The business as a whole has invested effort and resources to more comprehensively collect and act up on customer feedback. Quilter's Trust Pilot score as at January 2022 was 3.9/5.0 with an average score across all reviews received in 2021 of 4.58/5.00. Satisfaction and Net Promoter Scores across our platform business dipped slightly during the mid year, a general trend reflected by servicing firms more widely. This recovered in the second half of the year with feedback from customers' call centre interactions ending in a strong position at the end of the year. The option of providing video feedback is now available to platform customers, offering a fresh way to learn and improve the way we respond to our customers' reactions. In our high net worth advice business, insights from customers are fed into the end-to-end advice journey improvement plan and Financial Planners have direct access to insights in order to take prompt action where customer expectations have not been fully met. Quilter Cheviot completed a wide sample of customer insights in 2021, receiving above peer group recognition for Net Promoter Score.



In 2022 the business is working with 'Investor In Customers', a strategic customer experience organisation that supports firms to understand how well they meet their customers' needs, build moments of delight and develop trust and customer loyalty. Coupled with this, across the business, greater focus has been placed on the collection and interpretation of customer experience-related measures which are reported weekly, monthly and quarterly to customer governance forums.

A culture of long-term relationships and client engagement remained key throughout the year. Quilter Cheviot launched a hub and engagement programme to support 'women in investing', helping to identify and debate the issues and barriers that female investors may encounter, and assisting advisers to feel better equipped to engage prospective female clients. Meet the Portfolio Manager live virtual events attracted strong customer participation, and Quilter Cheviot's 250 anniversary in-person client events began prior to further social restrictions being enforced to recognise, engage and deepen relationships.

Insight and research helps to keep Quilter in touch with customer needs and helps us to continually build out our propositions. In 2021 a number of focused research programmes were conducted, including customers' perceptions of receiving remote financial advice, attitudes towards sustainable investing, how the extended lockdown has impacted ability to save and invest and the sentiments of the baby boomer generation towards intergenerational wealth planning.

### Proposition

With the platform migration complete, strategic initiatives focused on deepening the value of Quilter's integrated proposition and experience for customers. Specific initiatives included improvements in the identification and servicing of 'vulnerable customers', broadening the flagship 'WealthSelect' proposition with greater customer personalisation options and adding Quilter Cheviot capability to the Collective Retirement Account. In line with the FCA's Retirement Outcomes Review (PS19/21), we introduced investment pathways for non-advised customers that are not comfortable to make their own investment decisions via our pension drawdown product, the Collective Retirement Account ("CRA").

The Quilter Investors core range of multi-asset portfolios delivered positive returns within their respective risk bands throughout the year. The Quilter Investors 2021 Assessment of Value Report also outlines how our funds continue to provide value, with the majority delivering against their investment objectives over five years. Significant progress was made on the expansion of our flagship WealthSelect managed portfolio service, with the project due to complete in the first half of 2022. The enhancements will allow advisers to deliver a more personalised service to a wide range of customers, including the ability to accommodate various levels of responsible investment preferences through the introduction of 32 new responsible and sustainable portfolios.

The transition of Quilter Private Client Advisers to Quilter Cheviot completed successfully in the first half of 2021, marking a major strategic improvement to our proposition and experience for high net worth clients. Meanwhile, Quilter Cheviot portfolios are benchmarked against Asset Risk Consultants ("ARC") Private Client Indices ("PCI"), which is a peer group comparison tool designed to help clients understand the performance generated by our investment managers. Our portfolios continued to perform well against the ARC PCI. Quilter Cheviot also enhanced its Managed Portfolio Service ("MPS") with the introduction of eight new funds providing a lower cost option for clients whilst expanding investment opportunities for available for those invested in the MPS.

### Supporting vulnerable customers

During 2021 our strong focus on vulnerable customers continued, with the FCA's Financial Lives report stating that post COVID, the number of vulnerable adults in the UK has risen to 53% of UK adult population. There were a number of initiatives across the board to improve identification and servicing of vulnerable customers, both in light of the pandemic and the FCA publishing its Finalised Guidance for firms on the treatment of vulnerable customers. A programme of work took place to identify potential gaps emerging, including via customer research, which resulted in further improvement to recording, monitoring and evaluation of vulnerable customers – which will ultimately lead to enhanced management information and even greater consideration of customers in vulnerable circumstances in the future. Quilter continues to engage with industry bodies, such as The Investment and Savings Alliance, so as to ensure learnings from the industry are shared for the benefit of consumers.

### Consumer advocacy

During 2021, we led public calls for the UK government to protect clients and consumers more widely against the threat of online financial scams. This included campaigning for the Online Safety Bill to be expanded to include fraud and economic crime, which the government has since confirmed it will do.

We also led calls for the government to make changes to the draft Finance Bill to reduce the risk of heightened pension transfer scam activity surrounding the increase in the normal minimum pension age. Following this campaigning, the government confirmed in November 2021 that it had retrospectively closed the transfer window in order to reduce the risk of scams.

### Supporting financial advisers

Launched during in 2020 during the early stages of the COVID-19 pandemic, we continued to offer the financial adviser community access to the 'There for You Hub', providing advisers with free access to resources and tools to support client conversations. We also continued to provide free mental health and wellbeing support through the extension of our colleague wellbeing initiative – 'Thrive'.

## Customer policies

### Product governance

Our Product Governance Policy sets minimum standards for the Group and its subsidiaries in manufacturing and distributing financial products appropriately to meet customer needs. The policy is implemented to support compliance with various regulatory frameworks, including the UK implementation of the Markets in Financial Instruments Directive (MiFID II) and the underlying regulation on markets in financial instruments (MiFIR), and the Insurance Distribution Directive (IDD). The Product Governance Policy is subject to an annual attestation process managed by the Quilter Risk Function.

Ultimate ownership for Product Governance resides with the Quilter plc Board. The relevant Business Oversight Board has responsibility for setting product strategy and ensuring product governance is effective. The Boards delegate execution of product strategy and operational responsibility to the business CEOs.

### Marketing and communications

Our Product Governance Policy outlines minimum marketing and communications requirements for Quilter Group functions and subsidiaries. Marketing material issued by businesses must be clear, fair and not misleading. Materials should be sufficient to ensure customers can make informed financial decisions in relation to the product or service, including the clear communication and explanation of charging structures for related products. All communications must consider our customers' information needs and comply with applicable regulations, including the Financial Conduct Authority's ("FCA" Treating Customers Fairly ("TCF") requirements.

### Data privacy and IT security

The collection and use of customers' and advisers' personal data is governed by our Privacy Policy and overseen by a Group Data Protection Officer ("GDPO") with the support of a formal committee, the Quilter Privacy Forum. The Board Technology and Operations Committee, chaired by independent Non-executive Director, Moira Kilcoyne, oversees Quilter's IT strategy, including our approach to information and data security. At an executive management level, the Group Chief Operating Officer is responsible for IT strategy and is supported by the Chief Information Security Officer ("CISO") and team, with input also from the GDPO and Data Guardians embedded in our businesses. All colleagues and full-time contractors are required to complete mandatory annual training on data privacy and IT security.

*A culture focused on long-term relationships and client engagement remained key to delivering good outcomes throughout 2021.*

## Investing responsibly

### Advice

Quilter Financial Planning made good progress in integrating responsible investment considerations into its advice process, as demand for responsible investment growth amongst clients continued to gain pace. Two new responsible investment dedicated investment solutions (including Quilter Cheviot's Climate Assets Fund) have been added to the Quilter Financial Planning Matrix alongside visibility of Square Mile ESG ratings for all funds. Training for advisers on Responsible Investing in the advice process was conducted in early 2021.

### Platform

We continued to provide Morningstar ESG risk ratings for funds on our platform, providing advisers and customers an insight into how companies manage financially material ESG risks. Furthermore, advisers and customers can access a growing number of dedicated responsible investment funds.

When selecting the underlying investment solutions for our Investment Pathways for non-advised customers, we consider whether the underlying groups have signed up to initiatives such as the UN Principles for Responsible Investment and the UK Stewardship Code. Additionally, we monitor those solutions that do apply explicit ESG criteria and take this into consideration as part of the regular reviews of our pathway solutions.

### Investments

We continued to evolve our responsible investment processes within Quilter Cheviot and Quilter Investors to deliver positive customer outcomes and products and strategies that meet their requirements. Our focus has been on strengthening the integration of Environmental, Social and Governance (ESG) factors within our investment processes and building on our active ownership work through our stewardship activity including voting and engaging with our underlying investments, be they companies or funds.

Quilter was one of the first signatories to the Financial Reporting Council ("FRC") enhanced UK Stewardship Code and we continued to add to our existing range of dedicated responsible investment solutions with the launch of the Positive Change range, building on the Climate Assets Fund and Strategy.

We will launch further strategies including a new responsible and sustainable managed portfolio service in 2022. From 2022 we will be incorporating customers' responsible investment preferences within the advice process.

See page 50-52 for more detail on our approach to responsible investment.



## Key performance indicators

### Female representation in Senior Leadership Community

36%

(2020: 35%)

### Ethnic minority group representation in Senior Leadership Community

5%

(2020: 2%)

We aim to build a modern and inclusive culture that embraces diversity, attracts and retains the best talent and enables our colleagues to thrive.

## Highlights 2021

Launched the Quilter Career Framework

Rolled out two new talent development programmes for experienced leaders and aspiring managers

Created new five pillar inclusion and diversity strategy focused on near-term action and improvement

Enhanced diversity data transparency and disclosures

## Acting responsibly

### Talent management and development

The success of our business relies on recruiting and retaining the very best talent. As part of our Group-wide annual talent and succession process, future skill needs of the organisation are identified in order to highlight any skill gaps within the organisation and plan for how to address these (e.g. through training, recruitment etc.) Skill requirements are anticipated by considering skills required to deliver on our strategic priorities, and assess the extent to which these skills exist within the business.

The Quilter Career Framework ("CF") was launched in 2021, to organise all the roles that exist across Quilter, into a single and consistent structure. The CF sets out the skills and capabilities, across all Quilter-defined Job Families and Job Levels, which are needed to deliver our business strategy.

In 2021 we partnered with Future Talent, a leading education and learning platform, to create two new leadership development programmes: the Transformational Leadership Programme for experienced leaders and managers looking to step into senior leadership roles; and the Aspiring Manager Transformational Leadership programme, aimed at first-time line managers or those aspiring to take on a management position. We had 63 and 60 colleagues enrolled on these programmes, respectively.

All colleagues can access training and development, including degree programmes and relevant professional qualifications where relevant to their role and development needs. All colleagues also have access to our Degreed learning platform, which enables colleagues to upskill and learn on demand, when it suits them. In 2021, 3,155 colleagues engaged with Degreed, a 40% increase compared with 2020, whilst 308,000 learning items were completed, a 620% increase compared with the previous year.

### Colleague engagement

We continuously seek the views of our colleagues through the Workday Peakon Employee Voice tool. Through this tool we survey colleagues on a weekly basis, which provides senior leaders and managers real-time insights and feedback from colleagues. Our overall engagement score of 7.0 out of 10 was 0.4 lower than in the previous year and behind the 'True Benchmark' of 7.6 out of 10. Furthermore, our score for colleagues 'recommending Quilter as a good place to work' was 7.2 out of 10, a 0.4 decrease compared with 2020 and behind the industry benchmark.

The Employee Forum represents colleagues across Quilter and meets with senior leaders on a monthly basis to discuss key issues that impact the interests of our people. The views of the Employee Forum, together with views and feedback from our weekly surveys, are taken into account and support management decisions making.

The impact of business restructuring and investment in technology, such as the automation of some roles in our Quilter Investment Platform business, have negatively impacted employee sentiment as we progress through change. To address this feedback, our People Transformation Programme, We Rise, has been implemented to engage and support our people through organisational change and development. In addition, continued COVID-19 restrictions and remote working have impacted some segments of our employee population more than others, particularly our younger people.

We encourage colleague involvement in Quilter's success through our Save as You Earn ("SAYE") share scheme, providing all permanent colleagues the opportunity to benefit from Quilter's performance.

### Our culture

#### Health and wellbeing

Through our Thrive programme, we continue to provide all colleagues with access to tools and expert guidance on how to manage and improve mental, physical and financial health, including free online counselling services through Spill, a specialist provider of online mental health support.

We also seek to improve awareness and understanding of mental health issues across our industry, and continue to support the 'Time to Change' campaign to end mental health discrimination, led by Mind and Rethink Mental Illness. All colleagues can benefit from Quilter's private healthcare scheme, which provides cover for treatment of a wide range of healthcare issues, including hospital treatment, serious illnesses and mental health.

As a provider of financial advice, we also recognise the connection between money and mental health. We offer a range of financial education and advice support for all colleagues, covering issues such as managing money, addressing debts or planning for the future (including retirement).

***Our inclusion and diversity strategy focuses on five pillars: inclusive leadership, transparency and disclosure, culture contribution, practice and process transformation, and investing in future generations.***

### Inclusion and diversity

We promote equal opportunities and ensure that no job applicant or colleague is subject to discrimination or less favourable treatment on the grounds of gender, marital status, nationality, ethnicity, age, sexual orientation, responsibilities for dependents, or physical or mental disability. We are committed to continuing the employment of, and for arranging training for, employees who have become disabled while employed by Quilter. We select candidates for interview, career development and promotion based on their skills, qualifications, experience and potential.

Paul Matthews and Tazim Essani are the designated Non-executive Directors for employee engagement, which includes inclusion and diversity. At the management level, the Chief Executive Officer is the executive sponsor for inclusion and diversity, and chairs the Inclusion and Diversity Steering Committee.

Our inclusion and diversity strategy focuses on five key pillars: inclusive leadership; transparency and disclosure; culture contribution; practice and process transformation; and investing in future generations. We focused on improving colleague diversity data to help us better understand our colleague community and the key areas for improvement. Whilst we have 100% response rate for gender, we improved the response rate on ethnicity from 81% to 83%. A full break down of ethnic group representation can be found on page 47 (opposite).

We are committed to increasing female representation in our Senior Leadership Community, within a range of 38-43% by the end of 2023. As at 31 December 2021, we achieved 36% female representation. We continue to pursue our target to increase ethnic diversity in our Senior Leadership Community to 5% by the end of 2023. As at 31 December 2021, we reached 5% ethnic minority group representation in the Senior Leadership Community, up from 2% in 2020. Our focus on diversity and inclusion has supported a higher completion rate for diversity data which has contributed to the reported increase and we remain committed to increasing representation of ethnically diverse colleagues across all levels of our organisation, particularly within our Senior Leadership Community.

The median gender pay gap in 2021 was 29%, compared with 30% in the previous year. Overall, the slight shift in both the mean and median pay gaps is positive and in keeping with the general trend of recent years. The median ethnicity pay gap remained static year-on-year at 4%. However, our gender and ethnicity bonus gaps worsened in 2021. The median gender bonus gap increased to 53% from 39% in 2020, whilst the median ethnicity bonus gap also increased to 38%, from 15% in the previous year.

The worsening of our bonus gaps are mostly influenced by the vesting of long-term incentive awards and deferred incentive awards which vested in March 2021, both of which are linked to legacy bonus pools and the demographics of the organisation in previous years. Inevitably this has increased the gaps given that 2020 incentives paid in March 2021, which are captured in the same reporting period, were significantly lower than prior years due to the impact of the COVID-19 pandemic on the business. Going forward, we will continue to closely monitor our pay gaps and the effect of management action in reducing them over time.

We remained an active supporter of public initiatives promoting inclusion and diversity, such as LGBT Great, a collaboration aiming to be a catalyst for LGBT+ inclusion within the investment industry and championed by our Chief Operating Officer, Karin Cook. In 2021 we also became a signatory of the Halo Code, a commitment to protect colleagues who come to work with natural hair and protective hairstyles associated with their racial, ethnic and cultural identities.

### HR policies

Our people policies support our aim to create an inclusive culture that embraces diversity and enables our people to thrive. They also reflect relevant employment laws, including the Universal Declaration of Human Rights and ILO Declaration on Fundamental Principles and Rights at Work.

All employees and suppliers providing on site services in the UK are paid no less than the real Living Wage (2021: £11.05 per hour for London and £9.90 per hour outside of London) calculated annually by the Living Wage Foundation, and this is a voluntarily initiative.

A grievance procedure is in place to provide a clear and secure route for employees to raise a complaint or problem about any issue relating to their work, working environment, pay and benefits, working hours or is concerned about any other issue affecting their employment.

In line with our whistleblowing policy, colleagues are required to report knowledge or suspicion of malpractice or actions that endanger Quilter Group's employees or assets. The whistleblowing policy provides employees who raise concerns in good faith with protection from detriment to their future employment opportunities. Concerns can be reported to line managers, Risk and Compliance or via the independent confidential ethics hotline which is available year round. All reports are fully investigated and escalated to senior management and George Reid, independent Non-executive Director and designated Group Whistleblowing Champion.

### Gender diversity

#### Executive management

2021	5 (83%)	1 (17%)
2020	5 (83%)	1 (17%)

#### Senior Leadership Community

2021	62 (64%)	35 (36%)
2020	89 (65%)	47 (35%)

#### All colleagues

2021	1,719 (55%)	1,380 (45%)
2020	2,317 (54%)	1,964 (46%)

#### Latest UK Census (2011) benchmark

2011	49%	51%
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■ Male ■ Female

### Gender pay gap and representation

Gender pay data	2021	2020
Mean hourly pay gap	33%	34%
Median hourly pay gap	29%	30%
Mean bonus gap	72%	65%
Median bonus gap	53%	39%
Female colleagues receiving a bonus	92%	86%
Male colleagues receiving a bonus	91%	84%

### Ethnicity pay gap and representation

Ethnicity pay data	2021	2020
Mean hourly pay gap	15%	13%
Median hourly pay gap	4%	4%
Mean bonus gap	44%	33%
Median bonus gap	38%	15%
Colleagues from an ethnic minority group receiving a bonus	87%	79%
White colleagues receiving a bonus	92%	86%

### Ethnic group representation

Ethnic group representation	Asian <sup>1</sup> %	Black <sup>2</sup> %	Mixed <sup>3</sup> %	White <sup>4</sup> %	Other <sup>5</sup> %	N/A <sup>6</sup> %
Executive management	0%	0%	0%	100%	0%	0%
Senior Leadership Community	1%	1%	2%	93%	0%	2%
All colleagues	5%	2%	1%	88%	1%	2%
Latest UK Census (2011) benchmark	7.5%	3.3%	2.2%	86%	1%	–

<sup>1</sup>Colleagues who identified as belonging to one of the following ethnic groups: Bangladeshi, Chinese, Indian, Pakistani or Asian other.

<sup>2</sup>Colleagues who identified as belonging to one of the following ethnic groups: Black African, Black Caribbean, Black other.

<sup>3</sup>Colleagues who identified as belonging to one of the following ethnic groups: Mixed White/Asian, Mixed White/Black African, Mixed White/Black Caribbean, Mixed other.

<sup>4</sup>Colleagues who identified as belonging to one of the following ethnic groups: White British, White Irish, White Gypsy/Traveller, White other.

<sup>5</sup>Colleagues who identified as belonging to one of the following ethnic groups: Arab, Any other.

<sup>6</sup> Colleagues who responded but opted not to disclose their ethnic group.



## Communities

## Environment

Responsible wealth  
manager pillar  
Climate action  
Social impact



### Key performance indicators

#### Scope 1 & 2 greenhouse gas emissions (tCO<sub>2</sub>e)

2,520

(2020: 2,717)

#### Number of young people supported by the Quilter Foundation

12,606

(2020: 11,496)

We aim to reduce the environmental impact of our business and investments, support climate action and play a positive role in society.

### Highlights 2021

Set target to reduce Scope 1 & 2 greenhouse gas emissions by 80% by 2030, from a 2020 baseline

Enhanced governance and management of climate-related risks

Developed first stand-alone climate disclosure aligned with the Task Force on Climate-related Financial Disclosures (“TCFD”) recommendations

Committed £500,000 to improve financial literacy through financial education for young people

### Climate change

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 degrees Celsius, above pre-industrial levels, with a focus on 1.5 degrees Celsius.

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 transition to a low carbon economy.

#### Our Climate Action Plan

Climate action is a key pillar of activity within our ambition to become a leader in Responsible Wealth Management. We are developing a Climate Action plan, which will outline how we align our operations, value chain and investments across the Quilter Group with science-based targets. We are following guidance for financial institutions from the Science Based Targets initiative (“SBTi”) and the Investor Agenda to shape our strategy, as well as identifying other opportunities where we can influence positive change.

In addition to developing our Climate Action plan, we are 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. In 2021, we undertook a programme of work to enhance how we integrate ESG factors, including climate-related considerations, within our investment processes. We also embedded the consideration of identified climate-related risks into our Enterprise Risk Management Framework and conducted our first climate-related scenario analysis exercise in 2021, designed to explore the potential outcomes of climate change on our business and our customers.

### Climate action in our operations

To understand the impact we have on the environment, we measure our Scope 1 and Scope 2 greenhouse gas emissions. 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. We measure and disclose our emissions in line with the GHG Reporting Protocol, as shown opposite.

We have set near-term reduction targets aligned with the Science Based Targets initiative emissions reduction criteria. We have a target to reduce our Scope 1 and Scope 2 greenhouse gas emissions by 80% by 2030, from a 2020 baseline. Our existing workplace strategy has and will continue to help to drive down the majority of our Scope 1 and 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 emissions reductions aligned with a science-based trajectory. We will also consider how our climate-related target should be integrated into the procurement process going forward.

Scope 3 emissions from employee commuting and working from home are also key considerations. 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.

### Our operational impact in 2021

Our total Scope 1 and Scope 2 emissions continued to follow the downward trend of recent years, falling 7% in 2021 compared with 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 our Scope 1 emissions, driven by a refrigerant leak associated with air conditioning units at our largest office, accounting for 509 tCO<sub>2</sub>e. 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 further 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.

### Greenhouse gas emissions and energy use data

Greenhouse gas emissions as at 31 December	2021 tCO <sub>2</sub> e	2020 tCO <sub>2</sub> e
Scope 1 emissions	898	307
Scope 2 (location-based) emissions	1,622	2,410
Scope 2 (market-based) emissions	1,120	1,819
<b>Total Scope 1 &amp; 2 emissions</b>	<b>2,520</b>	<b>2,717</b>
Scope 3 emissions (excluding investments)	25,513	23,904
<b>Total operational emissions</b>	<b>28,034</b>	<b>26,621</b>
<b>Operational carbon intensity (tCO<sub>2</sub>e per FTE)</b>	<b>7.38</b>	<b>6.08</b>

Streamlined Energy and Carbon Reporting (SECR)	2021 kWh	2020 kWh
Global energy use	9,716,029	12,159,853
UK energy use	9,395,654	11,794,568

All emissions data 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).

### Greenhouse gas emissions

Scope 1	3%
Scope 2	6%
Scope 3 (excluding investments)	91%

*Scope 1 and Scope 2 emissions followed downward trend of recent years, decreasing 7% in 2021 compared with the previous year.*

### Climate action in our investments

The Science Based Targets initiative ("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.

### 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 our investment management businesses. 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 tons of carbon dioxide ("tCO<sub>2</sub>e") per \$ million of revenue.

WACI, 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.

More detail is provided in our TCFD Statement on page 54 and standalone 2021 TCFD report, which can be found online: [plc.quilter.com/investor-relations/annual-report](https://plc.quilter.com/investor-relations/annual-report)

**Stewardship plays an important role in our approach to managing ESG-related risks and opportunities responsibly.**

## Investing responsibly

### Being an active owner

Stewardship plays an important role in our approach to managing ESG-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 action to take. Engagement is an important tool within our responsible investment approach. By engagement, we mean speaking directly to companies, funds and investment trusts about the issues that concern us and understanding their general approach to material ESG issues. This can be at Board or executive level. Engagements can be reactive or proactive in nature.

As an example, taking 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.

The UK Stewardship Code 2020 sets out the expectations of how investors manage money on behalf of customers, as well as 12 principles for asset managers. The Code is overseen by the Financial Reporting Council ("FRC") which is the independent regulator which supervises financial reporting, accounting and audit, and corporate governance in the UK. We were delighted to be in the first wave of signatories for the new Code in 2021.

In 2021 we increased our involvement in collaborative engagements. These are undertaken with other investors and can be a powerful tool to drive change. Examples of these include leading a collaborative engagement with executive recruitment firms on board diversity in the UK and an engagement on conflict minerals within the semi-conductor supply chain.

■ More detail can be found online in our Stewardship report:  
■ [plc.quilter.com/responsible-business/reports-policies-and-statements/](https://plc.quilter.com/responsible-business/reports-policies-and-statements/)

Within our direct equity holdings, we extended our voting universe in mid-2021 to incorporate discretionary holdings within the US and European markets in addition to the existing UK universe. This means that we now vote on nearly all of our assets where we hold voting rights. The exception is generally where share-blocking is in place.

### ESG integration

The consideration of Environmental, Social and Governance factors has been integrated within our investment processes. This is the explicit and systematic inclusion of ESG issues in investment analysis and decisions – to better manage risks and improve returns. This approach combines qualitative and quantitative analysis as well as engagement with companies and the third-party funds that we invest in. Proprietary quantitative ESG dashboards have been developed to meet the specific requirements of the end user using multiple data sources. These have helped inform the qualitative assessments of investments and engagement remains an important component of our approach.

### Exclusions

In 2021 Quilter continued to apply ethical exclusions to investment portfolios when instructed by the client within its discretionary portfolio service managed by Quilter Cheviot. We also maintained our firm-wide exclusion on controversial weapons. We do not knowingly invest in securities (equity or debt) of listed companies involved in the manufacture, development or trade in anti-personnel mines or cluster munitions.

For indirect holdings via active third-party funds, we also expect that managers avoid cluster munitions and anti-personnel mines. As such we have undertaken an engagement process with our managers asking for an attestation letter.

### Responsible and sustainable investment solutions

We provide, and are in the process of expanding, sustainable investment solutions intended to help our customers invest in line with their values. The Quilter Cheviot Climate Assets Fund, launched over ten years ago, excludes fossil fuels and invests mainly in listed equity on a sustainable thematic basis. Building on this, Quilter Cheviot launched the Positive Change Strategy, which is a funds based approach, which considers ESG considerations as a key driver of investment selection and excludes pure coal companies.

In H1 2022, we intend to launch two new sets of managed portfolios run by Quilter Investors and made available on our platform. The 'Responsible' range will invest with third-party managers we identify as leaders in ESG integration, whilst the 'Sustainable' range will invest a substantial portion of its assets in funds that target explicit sustainable outcomes.

### Our thematic priorities

We have identified a number of sustainable thematic priorities that we believe are particularly material. These incorporate climate change, people & human rights, and water.

#### Climate change

This can include clean energy and technology (and conversely thermal coal and fossil fuels) as well as reforestation/deforestation (palm oil and palm plantations) and emerging natural climate solutions. This includes understanding companies' net zero ambitions as well as decarbonisation plans.

UN Sustainable Development Goal (SDG) alignment:



#### People & human rights

Covers issues such as human rights in employment in areas such as decent work and pay, human rights in the supply chain, and health and safety. This also encompasses diversity and inclusion, incorporating issues such as gender equality but also broader diversity themes.

SDG Alignment:



#### Water

This incorporates such areas as access to clean water for communities, clean oceans and water pollution (including recycling). In addition, this also encompasses water stress and intensity (particularly caused or impacted by corporates), water usage and responsible consumption/production.

SDG Alignment:



These themes influence work undertaken within Quilter Cheviot and Quilter Investors as well as our priorities as Quilter more broadly.

For example, as part of the climate change theme we joined the IIGCC (Institutional Investors' Group on Climate Change), commenced a thematic engagement with our highest emitting direct equity holdings, voted on climate-related resolutions at AGMs and have incorporated carbon metrics into our quantitative assessments of investments.

#### Education and training

A large number of our research and investment professionals undertook the CFA ESG qualification as well as various courses and session on ESG integration training and Responsible Investment more generally.

#### Industry engagement and advocacy

We have contributed to a number of FCA consultations on responsible and sustainable investment issues. While we have broadly been in support of the content, we have offered suggestions of refinements in each case and have sought opinion across Quilter to ensure that different customer types are represented within the feedback process.

## Acting responsibly

### Community investment and the Quilter Foundation

Creating a positive impact in our communities is a core part of our purpose and ambition to be the responsible wealth manager. We give back to our communities in a variety of ways, including through our charity – the Quilter Foundation – and by enabling colleagues to support causes close to their heart through our matched funding programme and paid volunteering allowance.

The Quilter Foundation is the focal point of Quilter's community investment agenda, and its mission is to empower the next generation through three thematic priorities: financial education, employment and wellbeing. During the year the Quilter Foundation enabled our charity partners to provide vital support to 12,606 young people in our communities. Since launching in 2018 the foundation has made grants totalling £2.6 million to carefully selected charity partners, with our support reaching over 31,000 young people.

### Improving financial literacy

According to the Money and Pensions Service ('MAPS'), Before the COVID-19 pandemic 11.5 million UK adults had less than £100 in savings to fall back on in the case of an emergency, whilst 22 million did not know enough to plan for their retirement. Nearly 9 million of us are in serious debt (MAPS). Whilst there are a number of factors outside an individual's control that could contribute to poor financial wellbeing, we believe financial literacy is critical to help people feel confident about money, manage changes to their financial circumstances and ultimately build a secure financial future. As our money habits are formed around the age of seven, every child in the UK should be supported to develop the skills and behaviours necessary to navigate critical financial decisions in later life, starting at primary school.

Since 2015 we have funded initiatives that seek to provide young people between the ages of 7 and 25 with a meaningful financial education. In 2021 our funding of the leading financial education charity, MyBnk, helped them to deliver financial education to 6,336 young people near our main office locations in Hampshire and London. Over the last three years, our funding enabled MyBnk to reach 23,532 young people. We committed a further £500,000 to support key MyBnk programmes over the next three years, with a renewed focus on prioritising young people in disadvantaged circumstances, including care leavers at the most risk of homelessness.

We continued to play a leading role in the financial education space as a co-founding supporter of the Centre for Financial Capability, which is an evolution of the Kickstart Money initiative supported by a ground-breaking coalition of 20 financial services firms. In July 2021, the Centre for Financial Capability sponsored a report by the All-Party Parliamentary Group on Financial Education for Young People, backed by its 150 parliamentary members. The report called for high-quality and effective financial education for every primary child by 2030.

### Empowering young people into employment

Secure and fulfilling employment underpins long-term financial security and overall life satisfaction. In 2019 we committed £450,000 to three leading employment charities – Safe New Futures, School of Hard Knocks and Street League – working in Southampton, London and Birmingham, communities in which we have a major physical presence. The funding enables our charity partners to deliver employment and skills development programmes to young people aged 16-25 at risk of long-term unemployment, enabling them to build confidence and key employment skills and provide connections to the insights and experiences of Quilter mentors and volunteers. Ultimately, the aim is to empower young people to move into employment, education or training. In 2021, our funding helped 160 young people, with 93 moving into employment, education or training, whilst 116 reported an increase in confidence due to their participation in the programme. A total of 303 young people have been supported since the funding started in 2019, with 174 moving into employment, education or training and 223 reporting increased confidence.

### Helping young carers improve their wellbeing

One in four people in the UK will experience a mental health condition and certain groups of young people are at higher risk of poor mental health and wellbeing than others, including young carers who provide vital support to family and loved ones with long-term physical and mental health issues. In 2018 we initiated a £1 million grant and fundraising campaign with Carers Trust, The Mix and Crossroads Care to help improve the mental health and wellbeing of young carers across the UK and Isle of Man. In 2021, our funding directly supported 839 young carers, with positive outcomes including young carers reporting increased confidence in the future, reduced isolation and resilience.

Additionally, The Mix – an online self-help portal specifically for young people – worked collaboratively with Carers Trust to build a 'Young Carers Hub' with tailored content and access to support. The Mix estimates over 168,000 visits by young carers in 2021, with over 5,000 directly supported through content, discussions boards and The Mix helpline. The three-year campaign ended in September 2021 having directly supported over 2,000 young carers. As our headline campaign partner, we provided Carers Trust with an additional £135,000 to sustain the progress made over the three years, which includes funding for increased political campaigning and policy engagement on behalf of young carers.



### Responding to disasters and emergencies

Through our relationship with the National Emergencies Trust ("NET") and the Disasters Emergency Committee ("DEC") we are positioned to respond rapidly to domestic and international emergencies. In response to the humanitarian crisis in Afghanistan towards the end of 2021, the Quilter Foundation donated £50,000 to the DEC's Afghanistan Crisis Appeal, supporting the DEC to provide vital support to millions facing starvation.

### Responsible business practices

#### Our Code of Conduct

Our Code of Conduct sets out the duties and expectations of all colleagues and includes acting with integrity and respect, treating customers fairly, managing conflicts of interest, good market conduct, information, data and communications, use of Company assets, prevention of financial crime and working with regulators and governments. Colleagues are required to undertake annual mandatory training to ensure they fully understand the requirements of the Code of Conduct.

#### Financial crime, anti-bribery and corruption

As a financial services company we recognise the potential risk of being a target for financial crime, including money laundering, terrorist financing, tax evasion and fraud. We also acknowledge the potential risk of bribery and corruption which could result in financial loss, regulatory fines and/or censure and damage to reputation. We have zero tolerance for financial crime, bribery or corruption and have robust control environment in place including the following policies: 1) Anti-Money Laundering and Counter Terrorist Financing Policy, 2) Anti-bribery and Corruption Policy, 3) Fraud Prevention Policy. All colleagues are required to complete mandatory training on these topics annually to ensure that understand their role in preventing financial crime, bribery and corruption.

#### Human rights and modern slavery

We recognise our responsibility to not only respect the rights and freedoms of those that work for Quilter but also of those in our supply chain. Our human rights policy has been shaped by internationally recognised principles, laws and conventions such as the International Bill of Human Rights, The International Labour Organization conventions, the UN Guiding Principles on Business and Human Rights, the UN Global Compact, The Modern Slavery Act 2015, The Human Rights Act 1998 and the Equality Act 2010. Our human resource and supplier policies and processes prohibit Quilter from doing business with parties involved in modern slavery, forced labour, compulsory labour and child labour. These policies also promote equal opportunity and eschew any form of discrimination or unfair treatment on the grounds of protected characteristics, or because of any other personal factor. We respect the right of employees to associate for the purposes of collective bargaining and colleagues are free to join a union of their choice.

### Working with suppliers

Our Third-Party Risk Management policy sets out requirements with respect to our procurement, outsourcing and supplier management activities. Our Supplier Code of Conduct applies to all suppliers and their sub-contractors that provide goods and services to Quilter. It sets out the minimum standards we expect our suppliers to adhere to when doing business with Quilter in addition to the contractual terms agreed. The Code covers legal compliance, ethical standards, conflicts of interest, anti-bribery and corruption, brands, trademarks and intellectual property, information and data protection, labour standards, living wage, discrimination, health and safety, and environmental management. We also expect our suppliers to promote these standards in their own supply chain where practical.

#### Tax

We are committed to full compliance with our tax obligations, paying the right amount of tax at the right time. We have zero tolerance for tax evasion and we do not promote tax avoidance or aggressive tax planning arrangements to our customers or to other parties. Our Tax Risk Policy sets out high-level requirements to ensure that tax calculations and filings comply with all applicable tax law and are prepared on a timely basis.

#### Political lobbying

Quilter is a politically neutral organisation and does not engage in party political campaigning or make party political donations. We will not employ any current politician to conduct public affairs activities in any capacity. Furthermore, we will not make any award or payment in money or in kind to any current politician for the provision of public affairs activities.

Quilter did not employ any former politician to conduct public affairs activities on our behalf in 2021. If Quilter wishes to employ any former UK Government Minister or senior official within two years of leaving office, the appointment must be approved by the Advisory Committee on Business Appointments (ACOPA), and the employee must not lobby the government for two years after leaving office, as stated in the Ministerial Code.

Quilter does, however, seek to influence government policy which could impact our customers, with particular focus on consumer rights and protection. An example of this is our ongoing campaign for better protection for customers at risk of online investment scams (see page 43 for more information on this). Quilter is also a member of several industry trade bodies in the UK, including the Investment Association (IA), Personal Investment and Financial Advice Association (PIMFA), the Association of British Insurers (ABI) and The Savings and Investment Association (TISA).

## Task Force on Climate-related Financial Disclosures statement

For reporting periods starting 1 January 2021, the FCA requires listed companies, such as Quilter plc, to include a statement of compliance with the TCFD's recommendations and recommended disclosures within their Annual Report. Where the relevant disclosures are provided in a separate report, listed companies must provide a description of where that document can be found. Whilst material and significant climate-related information can be found in this report, we have chosen to produce disclosures consistent with the TCFD's recommendations and recommended disclosures in a separate standalone report, intended to supplement our annual report. This allows us to produce more detailed supplemental climate-related information, in a form tailored and accessible to a wide range of stakeholders.

Our '2021 TCFD report' can be found online at: [plc.quilter.com/investor-relations/annual-report](https://plc.quilter.com/investor-relations/annual-report). 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. We expect to build on and develop these disclosures in future years.

See below for a summary of the TCFD recommended requirements, our disclosures and where in the standalone 2021 TCFD report they can be found:

Theme	TCFD Recommended disclosure	Our disclosure	Read more in TCFD report
<b>Governance</b>	<ul style="list-style-type: none"> <li>Describe the board's oversight of climate-related risks and opportunities.</li> <li>Describe management's role in assessing and managing climate-related risks and opportunities.</li> </ul>	<ul style="list-style-type: none"> <li>We have presented the governance structure for Board oversight and management of climate-related risks and opportunities.</li> <li>We have described recent relevant recent activities performed by the Board and senior management.</li> </ul>	Page 8
<b>Strategy</b>	<ul style="list-style-type: none"> <li>Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.</li> <li>Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.</li> <li>Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</li> </ul>	<ul style="list-style-type: none"> <li>The climate-related risks we have identified are market, reputational and legal, policy and regulatory, and physical risks such as extreme weather events.</li> <li>Our climate-related opportunities include increased demand for sustainable products and services.</li> <li>We have described how the identified risks have informed our strategy, business activities and services.</li> <li>Our first Quilter-wide climate-related scenario analysis exercise, which explored our long-term resilience to three potential climate scenarios, is described.</li> </ul>	Page 12
<b>Risk management</b>	<ul style="list-style-type: none"> <li>Describe the organization's processes for identifying and assessing climate-related risks.</li> <li>Describe the organization's processes for managing climate-related risks.</li> <li>Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> </ul>	Page 22
<b>Metrics and targets</b>	<ul style="list-style-type: none"> <li>Disclose the metrics used by the organization to assess climate-related risks and opportunities In line with its strategy and risk management process.</li> <li>Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas ("GHG") emissions, and the related risks.</li> <li>Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.</li> </ul>	<ul style="list-style-type: none"> <li>We use greenhouse gas emission metrics to assess, monitor, and manage our exposure to reputational climate-related risks.</li> <li>We have disclosed our Scope 1 and Scope 2 greenhouse gas emissions and estimated our Scope 3 (excluding investments) greenhouse gas emissions.</li> <li>We have a target to reduce our Scope 1 and Scope 2 greenhouse gas emissions by 80% by 2030, from a 2020 baseline.</li> <li>We are working with an external partner to develop Science Based Targets for emissions reductions in our wider value chain and investments.</li> </ul>	Page 31



## Non-financial information statement

The Responsible Business report from page 39 to 54 constitutes Quilter's Non-Financial Information Statement, which complies with sections 414CA and 414CB of The Companies Act. The table below sets out where to find details on specific matters relevant to these requirements within this section and elsewhere in our Annual Report:

Anti-bribery and corruption	Page 53
Business model	Page 30-33
Employees	Page 45-47
Environmental matters	Page 48-52; and 54
Human rights	Page 53
Non-financial KPIs	Page 41
Principal risks	Page 69-72
Social matters	Page 42-44; 45-47; and 50-53