



Quilter climate change statement

The world is in a transitional state as a result of climate change and Quilter is adapting and responding to meet the challenges and opportunities presented. We are driven by our fundamental purpose to help create prosperity for the generations of today and tomorrow and in doing so, helping to create a more sustainable future.

The scientific consensus is clear: human activity is driving unprecedented global warming on a trajectory that will likely cause catastrophic changes in the Earth's climate system. To avoid the worst impacts of climate change, the Intergovernmental Panel on Climate Change (IPCC) 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.

The IPCC's assessment is supported and framed in the Paris Agreement, which is an international treaty endorsed by 197 governments. The objective of the Paris Agreement is to keep global temperatures within the limits set out by the IPCC, whilst calling for global action to reduce emissions to net zero by 2050. The Paris Agreement is the driving force behind global pledges by governments and organisations, including the UK Government, to decarbonise and achieve net zero by 2050.

Our position

As Quilter seeks to deliver long-term returns for clients, often over decades, it is important that we improve our understanding and management of climate-related risks which can affect investment returns, and therefore our ability to help people prosper. We also recognise the specific role Quilter can play to help finance and support an early and orderly transition to a low-carbon economy.

Quilter supports the goals of the Paris Agreement and the associated ambitions of COP26, which include securing global net-zero by mid-century and mobilising finance to achieve it. As a UK focused wealth manager, we also recognise the implications of the UK Government's legislated commitment to net zero by 2050 and Green Finance Strategy, published in 2019.

In early 2022, we aim to make a formal commitment to net zero across our business operations and investments, supporting global efforts to achieve net zero emissions by 2050 and limit the global temperature rise to 1.5 degrees Celsius.

The world needs our industry to get on the path to net zero. However, we also have a responsibility to make these commitments with honesty and transparency about how we will make it happen. From our perspective the greatest challenge lies within aligning our investments with net zero over the long term and establishing meaningful interim targets along the way. That's why we are taking this considered approach to understand more fully what this means for our business and our clients using the Investor Agenda's¹ Investor Climate Action Plans (ICAPs) Expectations Ladder and Guidance.

¹ The Investor Agenda is a proactive collaboration made up of: Asia Investor Group on Climate Change (AIGCC), CDP, Ceres, Investor Group on Climate Change (IGCC), Institutional Investors Group on Climate Change (IIGCC), Principles for Responsible Investment (PRI) and United Nations Environment Programme Finance Initiative (UNEP FI). The group pulls together and elevates the best investor guidance on tackling the climate crisis and advocates collectively for public policy to accelerate the net-zero transition.



What we are doing already

We have already taken action to reduce our direct impact on the climate, whilst integrating Environmental, Social and Governance (ESG) considerations across our products and services:

Business operations

Our direct operational emissions are driven primarily by energy use in our offices and business travel. We are focused on reducing our direct impact by transitioning offices to renewable energy, improving energy efficiency and reducing business travel. Since listing in 2018, our operational scope 1 and 2 emissions have fallen by 26%², whilst 100% of the offices we control – representing 60% of our employee base - run on renewable energy tariffs.

Investments

We include ESG considerations across the investment funds and portfolios managed by Quilter Cheviot and Quilter Investors, including considerations of climate risks that could impact investment returns for clients.

As signatories of the Financial Reporting Council (FRC) UK Stewardship Code 2020, we believe stewardship – through active engagement and exercising our voting rights – is vital to protect our clients from climate-related risks and to enable the transition to a low carbon economy. For both Quilter Cheviot and Quilter Investors, climate change is one of three thematic priorities for engagement with companies and fund managers.

Financial advice

Our financial advice businesses, Quilter Financial Planning and Quilter Private Client Advisers, integrate ESG considerations within the advice process, enabling clients to consider their sustainability preferences alongside risk and desired investment returns. Within the universe of funds available to Quilter Financial Planning advisers, each has an ESG rating provided by Square Mile, enabling the client and adviser to make an informed choice.

Our investment platform

We disclose Morningstar sustainability fund ratings for third-party funds, helping financial advisers and customers to consider the impact of their investments as part of an informed decision-making process.

Climate disclosures and TCFD

Since 2018 we have taken part in the CDP (formerly Carbon Disclosure Project), the world's leading voluntary disclosure system for companies to measure, disclose, manage, and ultimately reduce greenhouse gas emissions. In 2022, we will also fully align our corporate climate disclosures with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD).

Engagement and collaboration

As signatories of the Principles for Responsible Investment (PRI) and members of the Institutional Investors Group on Climate Change (IIGCC), we seek to work collaboratively with the wider investor community to drive action on climate change. For example, in September 2021 we signed the 2021 Global Investor Statement to Governments on the Climate Crisis, coordinated by the Founding Partners of the Investor Agenda. The letter was signed by 587 investors representing USD \$46 trillion in assets and calls on Governments to take more ambitious action on climate change ahead of COP 26 in Glasgow.

Governance and oversight

The Board Corporate Governance and Nominations Committee oversees Quilter's responsible business and responsible investment strategy, both of which address Quilter's response to climate change. The Board Risk Committee oversees the management of climate-related risks, and reviews progress as part of its regular reporting from the business.

The Quilter Executive Committee, chaired by the Chief Executive Officer, is responsible for Quilter's responsible business strategy and performance, including climate change. The Executive Risk Forum, also chaired by the Chief Executive Officer, is responsible for the specific oversight of climate-related risks.

As at October 2021

² As at 31 December 2020