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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.

Our Climate Action plan

Climate Action is a key pillar of our ambition to become the responsible wealth manager. We are developing our Climate Action plan in 2022, which will outline how our business operations, value chain and investments will align with science based targets. In setting out our commitments and plans, we recognise our responsibility to do so with the highest level of transparency and credibility. That is why we are following external best practice frameworks to shape our strategy including the Science Based Targets initiative (SBTi)¹ financial sector science-based target setting guidance and the Investor Agenda².

¹ The SBTi is a partnership between CDP, the United Nations Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF). The SBTi call to action is one of the We Mean Business Coalition commitments

² 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.

Our business operations

We continue to dedicate resource to reducing the impact on the climate from our business operations and value chain. Aligned with the SBTi 'Financial Sector Science-based Target Setting Guidance', we have set a near-term target to reduce our Scope 1 and Scope 2 greenhouse gas emissions by 80% by 2030, from a 2020 baseline. This target considers our office consolidation work, the renewable energy transition and enhanced energy efficiency within our buildings.

We have also commenced the measuring and monitoring of Scope 3 emissions in our wider value chain (excluding investments), which includes the emissions associated with our supply chain, and our employees commuting and working from home.

Our investments

The SBTi guidance for financial institutions provides detailed requirements for setting aligned climate impact reduction targets for investments. We are developing our Climate Action Plan to put Quilter on a new trajectory to align our investments with these requirements. We incorporate Environmental, Social and Governance (ESG) factors, including those relating to climate change, into our investment decision making processes and stewardship activities.

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

Net zero

Achieving net zero emissions by 2050 will represent another powerful commitment to the goals of the Paris Agreement. Whilst we work towards and establish targets to reduce our impact on the climate we also recognise our responsibility to use the term 'net zero' with care.

Currently there is no standardised, robust and science based understanding of what it means to reach net zero for the financial sector and its 'financed emissions' (for Quilter, these are the emissions from companies in which we invest). Without this consensus it is difficult for financial institutions like Quilter to set long-term net zero targets with confidence that their pledges and actions are science-based and sufficient to achieve a global net zero economy by 2050. Similarly, the lack of standardisation makes it difficult for stakeholders to assess and validate financial sector net zero pledges.

At Quilter, we are closely following the SBTi's development of the world's first standard for science-based net zero targets in the financial sector, which will build on the SBTi's near term target setting guidance for financial institutions. Due to be published in early 2023, we expect this new standard to provide a much-needed common understanding of what it means to reach net zero, enabling financial services firms to make credible and science-based commitments across their entire value chain. Until then we remain focused on the pursuit and development of near-term SBTi aligned targets across our Scope 1, 2 and 3 emissions (including our investments) and will review our strategy and activities against the SBTi's net zero guidance when it is published in early 2023.

Continued overleaf



Task Force on Climate-related Financial Disclosures (TCFD)

We have produced detailed 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.

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.

Climate change 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.

Updated March 2022

