Quilter TCFD Report 2024

Contents

Introduction

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

Steven Levin
Chief Executive Officer

A message from our Chief Executive Officer

According to recent findings by the World Meteorological Organisation ("WMO"), greenhouse gases reached record observed levels in 2023, and real-time data indicates that they continued to rise in 2024. The impacts of climate change are no longer distant projections – they are significant and beginning to affect communities, ecosystems, and economies across the world.

At Quilter, we recognise the important role that financial services can play in addressing climate change and supporting the transition to a low-carbon, climate-resilient economy. Guided by our core values, including our commitment to doing the right thing, we approach climate-related risks and opportunities with a strong sense of responsibility. We believe that building a sustainable future requires management of our own carbon footprint, whilst integrating climate considerations into the way that we manage and steward our customers' investments.

I am encouraged by the progress outlined in this report, especially as we make steady advancements towards our 2030 operational emissions target. We have also taken significant steps to improve the data and processes that underpin our emissions reporting capabilities and continued to evolve our Responsible Investment activities. At the same time, I recognise that we are at a pivotal moment, and we must maintain this momentum. In 2025, we will publish Quilter plc's Climate Transition Plan along with Climate Action Plans for our investments, further enhancing our transparency on this journey.

Clear and transparent climate-related disclosures are crucial in the transition to net zero, and we are committed to investing in the people, systems, and processes required to facilitate consistent reporting. By sharing our progress and approach, we aim to equip our stakeholders with the information they need to navigate the risks and opportunities presented by the changing climate.

As we present this year's Task Force on Climate-Related Financial Disclosures ("TCFD") report, we reaffirm our aim to positively contribute to the environment and society while delivering long-term value to our investors and customers.

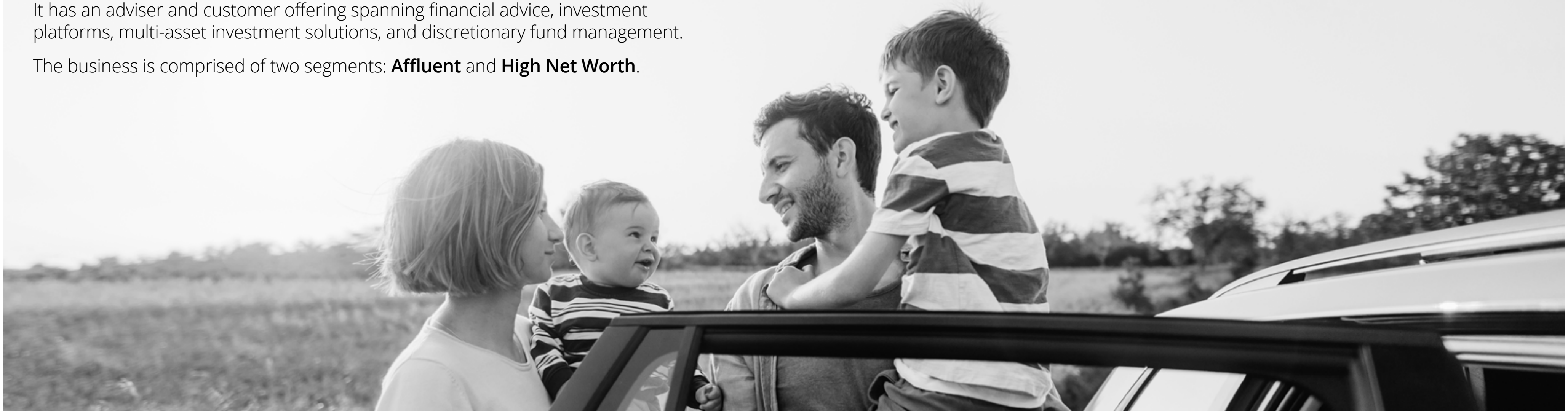
See the glossary for an explanation of key terms used in this report.

About Quilter

Quilter plc is a leading provider of financial advice, investments, and wealth management, committed to being the UK's best wealth manager for clients and their advisers.

It has an adviser and customer offering spanning financial advice, investment platforms, multi-asset investment solutions, and discretionary fund management.

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



Affluent segment

Quilter Financial Planning

Supports around 1,400 restricted financial planners in the UK. Advisers within our network partner with us to help them run and grow their business. Our national advice business, Quilter Financial Advisers, helps customers across the UK with all their financial planning needs.

Quilter Investors

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

Quilter Investment Platform

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

High Net Worth segment

Quilter Cheviot

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

Quilter Cheviot Financial Planning

Specialises in helping customers with complex financial needs.

Quilter's climate reporting

This report sets out Quilter plc's ("the Group's") approach and activities in relation to climate-related risks and opportunities for 2024 as required by the TCFD and the UK Listing Rules. In 2024, Quilter Cheviot Limited and Quilter Investors Limited published their first TCFD entity and products reports in line with the Financial Conduct Authority's Environmental, Social, and Governance (ESG) Sourcebook rules. The Quilter Life and Pensions Limited and the Quilter Investors Limited entity reports have been consolidated into the single Affluent Managed Solutions TCFD Report.

- ***Affluent TCFD Reports***
- ***Quilter Cheviot TCFD Reports***

In producing this report, we have considered the following guidance:

- The TCFD Final Report (2017) and the TCFD Annex (2021)
- The TCFD all sector guidance (2021) as well as the additional guidance for asset managers (2021)
- The TCFD Technical Supplement on the Use of Scenario Analysis (2017)
- The TCFD Guidance on Risk Management Integration and Disclosure (2020)
- The TCFD Guidance on Metrics, Targets, and Transition Plans (2021)
- The Financial Conduct Authority's review of TCFD-aligned disclosures by premium listed companies (2022)
- The Financial Reporting Council's thematic review of TCFD and climate disclosures in the financial statements (2022).

Our TCFD Reports are consistent with the Governance, Strategy, and Risk Management pillars of the TCFD Recommendations and Recommended Disclosures of the TCFD Report. Whilst we have made good progress towards becoming fully consistent with the Metrics and Targets pillar of the TCFD Recommended Disclosures; we are not yet able to disclose the full Scope 3 (Category 15) emissions for the entirety of the assets we manage on behalf of our customers.

This year we have significantly increased the coverage of our financed emissions disclosure and our Climate Value at Risk ("CVaR") scenario analysis to include assets managed by our Affluent business segment and a wider range of asset classes within our High Net Worth segment. However, not all asset classes, such as alternatives, are required to disclose climate metrics, leading to gaps in the data required to produce accurate Scope 3 financed emissions and CVaR analysis.

For the Metrics and Targets disclosure, we also calculate the Scope 1, Scope 2, and applicable Scope 3 emissions categories resulting from our operations in line with the GHG Protocol and disclose these metrics on page 47. This year we have also refined our methodology to improve the accuracy of our operational emissions disclosure.

Our disclosures under each of the TCFD recommendations, along with their respective locations in this report, are outlined on pages 6 and 7.

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

Disclosure summary

The TCFD's recommendations, first launched in 2017, are structured around the four themes of governance, strategy, risk management, and metrics and targets. Within these themes, there are 11 recommendations to support effective disclosure for all organisations.

Theme	Description	TCFD recommended disclosure	Our disclosure	Pages
Governance	Disclose the organisation's governance around climate-related risks and opportunities.	Describe the Board's oversight of climate-related risks and opportunities.	In this section we explain the role of the Board, Board Audit Committee, and Board Risk Committee in relation to oversight of climate-related risks and opportunities, and the related information flows. We have also outlined the relevant Management Committees and individuals, and their role in climate-related risks and opportunities.	8-13
		Describe management's role in assessing and managing climate-related risks and opportunities.		
Strategy	Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.	Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	We have outlined the climate-related risks and opportunities that we have identified over various time frames and their impact on both Quilter plc and, where relevant, our clients. This year we refreshed our climate-related risks in line with the TCFD guidance.	14-29
		Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	We have described the impact climate change has had on our: – investment in people and systems; – supplier engagement strategy; – responsible investment strategy; – executive remuneration; – workplace projects and change strategy; and – products and services. We have also outlined our climate-related strategic objectives that will form the basis of our Climate Transition Plan.	
		Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	We have disclosed the findings from our Group level operational scenario analysis and explained how this impacts the resilience of our strategy. We have also disclosed the CVaR metrics calculated for Quilter Cheviot's Centrally Monitored Holdings and Affluent's WealthSelect product range. For this, we have utilised three of the seven Network for Greening the Financial System ("NGFS") scenarios broken down by Policy, Technology, and Physical risks and opportunities.	

Theme	Description	TCFD recommended disclosure	Our disclosure	Pages
Risk Management	Disclose how the organisation identifies, assesses, and manages climate-related risks.	Describe the organisation's processes for identifying and assessing climate-related risks. Describe the organisation's processes for managing climate-related risks. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	We have explained our Group Risk Framework and how climate-related risks have been integrated within our risk management processes across the Group. We have also explained the climate-related risks identification and assessment processes both within our existing framework and via the standalone climate-risk workshops. Additionally, we have included a summary of the work undertaken by our Responsible Investment teams and the processes in place to identify and manage climate-related risks and opportunities within our investment products.	30-44
Metrics and Targets	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas ("GHG") emissions, and the related risks. Describe the targets used by the organisation to manage climate-related risks and opportunities, and performance against targets.	We have disclosed both our operational and financed emissions. For our investments, we have also disclosed our CVaR metrics – used to monitor climate risks in our portfolios – on an aggregated basis, portfolio level metrics are published in the relevant product reports. This year, we expanded the coverage of our financed emissions and CVaR calculations. Quilter Cheviot have included a wider range of assets classes resulting in 93.2% coverage of its Assets Under Management (AuM). Our Affluent segment has disclosed aggregated figures in the Group TCFD Report and the Affluent Managed Solutions Entity Report, for the first time, covering 94.6% of its AuM. We have disclosed our 2030 Scope 1 and Scope 2 operational emissions reduction target and our current progress. We are exploring possible metrics and targets beyond 2030, and these will be included in our Climate Transition Plan which we will publish in late 2025.	45-50

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

Governance

Our governance around climate-related risks and opportunities

Our climate-related governance structure

The Board

The Board is the decision-making body for all matters of such importance as to be of significance to Quilter as a whole because of their strategic, financial, or reputational implications or consequenses.

A summary of the matters that are reserved for the Board's decision that can be found at **plc.quilter.com** and includes:

- Board appointments;
- Quilter's strategy;
- Financial statements;
- Capital expenditure;
- Any major acquisitions, mergers, or disposals; and
- The appointment and removal of the Company Secretary.

Board Audit Committee

- Reviews the Group's accounting policies and the contents of financial statements.
- Monitors disclosure controls and procedures. Considers the adequacy, scope of work, and resourcing of the external and Internal Audit functions.
- Oversees the relationship with our external auditors.
- Monitors the effectiveness of internal financial controls.

Board Corporate Governance and Nominations Cmmittee

- Reviews the composition of the Board and recommends the appointment of new Directors.
- Considers succession plans for the Chair and other Board positions.
- Considers succession plans for key executive leadership positions and ensures a robust recruitment framework.
- Monitors corporate governance standards and practices in place.
- Oversees the annual Board performance review.

Board Remuneration Committee

- Sets the overarching principles and parameters of remuneration policy across Quilter.
- Considers and approves remuneration arrangements for Executive Directors, senior executives, and the Company Chair.
- Considers the impact of risk matters on remuneration.
- Approves individual remuneration awards.
- Agrees changes to senior executive incentive plans.

Board Risk Committee

- Oversees risk strategy.
- Recommends the total level of risk Quilter is prepared to take (risk appetite).
- Monitors the Group's risk profile.
- Assesses the top and emerging risks.
- Monitors and reviews the internal control framework.
- Oversees the effectiveness of the Risk and Compliance function.

Chief Executive Officer

The Quilter Board has delegated the day to running of the Group to the Chief Executive Officer. The Chief Executive Officer and Chief Financial Officer (Executive Directors) make and implement operational decisions to run the Quilter business. To support the Chief Executive Officer in discharging his responsibilities, he is supported by the Group Executive Committee.

Group Executive Committee

The Group Executive Committee members report to the Chief Executive Officer for their respective areas of responsibility and delivery of the Business Plan and Operating Plan. Where appropriate, members of the Group Executive Committee choose to discharge their responsibilities via management committees.

Key Management Committee

Responsible for overseeing specific areas of responsibility such as the Group's risk management, operations, customers, and colleagues.

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

Our governance framework

The Quilter plc Board (the "Board") is the ultimate decision-making body for matters of Group-wide strategic, financial, risk, regulatory, or reputational significance. It is responsible to shareholders for creating and delivering sustainable shareholder value through the management of the Group's businesses whilst having regard to the interests of our key stakeholders, being our advisers, colleagues, communities in which we operate, customers, investors, and regulators. It determines the strategic objectives and policies of the Group to deliver long-term value, providing overall strategic direction within a framework of effective risk management and control.

The Board has delegated authority to a number of Board Committees, which assist the Board in delivering its responsibilities and ensuring that there is appropriate, independent oversight of internal control and risk management. Decisions on certain matters are specifically reserved for the Board, including the approval of the Group's strategy and financial budgets, risk appetite, financial statements, dividends, material corporate transactions, and Board appointments. The schedule of Matters Reserved to the Board and the Terms of Reference for the Board Committees are published on the Quilter website at plc.quilter.com.

The Board has also delegated authority for the operational management of the Group's businesses to the Group Chief Executive Officer ("CEO") within certain limits for execution to support the effective day-to-day running and management of the Group. The Group CEO has delegated responsibility to certain senior executives (principally other members of the Quilter Group Executive Committee) within prescribed limits. The Group CEO and his Executive Committee are supported by management committees which operate under his delegated authority. The authority of these management committees is documented within their respective Terms of Reference.

Governance of responsible investment and corporate sustainability including climate-related risks and opportunities

The Board is responsible for setting and overseeing the delivery of the Group's strategic priorities, including those in relation to responsible investment and corporate sustainability. The Board is briefed regularly on responsible investment performance and annually on the progress made on the implementation of Quilter's corporate sustainability initiatives, including our targets, goals, and ambitions and any key issues impacting their delivery. These updates include the strategic approach to responsible investment and climate issues and related commitments.

The Board Audit Committee oversees the principles, policies, and practices adopted in the preparation of the Group's climate-related disclosures. It receives regular updates on the production of our TCFD reporting, including the processes and controls in place for ensuring compliance with the reporting regulations and the integrity of the metrics and underlying data. Following review and recommendation by the Board Audit Committee, the Group TCFD Report is reviewed and approved by the Board.

The Board Audit Committee is also responsible for overseeing the Internal Audit function and approves their plan for assuring the effectiveness of the controls for the key risks to Quilter, including for climate-related risks. The Board Audit Committee receives reporting from Internal Audit on the outcomes of this assurance work including actions taken by management to mitigate any issues.

The Board Risk Committee oversees the management of risks, including ESG and climate-related risks, by reviewing management's recommendations on risk, in particular in relation to the structure and implementation of Quilter's Risk Management Framework. It challenges the assessment of the financial risks of climate change scenarios as part of both the Group Internal Capital Adequacy and Risk Assessment, and the Own Risk and Solvency Assessment reports, which includes the risk of greenwashing.

The Board Remuneration Committee oversees and approves the remuneration arrangements for the Group, including consideration of ESG-related metrics and targets, which form part of the executive scorecard for reward purposes. Climate-related metrics, specifically the reduction in Scope 1 and 2 emissions, and the Principles for Responsible Investment ("PRI") Framework, both form part of the Company's long-term incentive plan ("LTIP") and are routinely reviewed by the Board Remuneration Committee. These updates provide an indicative view of forecast outcomes for LTIP awards and inform target setting and any changes to performance measures for future awards. This provides the Board Remuneration Committee with an objective and largely formulaic assessment of performance, with any relevant qualitative input from specialists in the business then overlaid to inform its decisions regarding outcomes and establishing future targets.

Quilter's entity-level governance

A number of Quilter subsidiary companies are also required to prepare and publish TCFD Reports, which are overseen by their respective Boards and Board Committees. For further details, see the latest Affluent Managed Solutions TCFD Entity Report and Quilter Cheviot TCFD Report on the respective websites:

- *Task Force on Climate-related Financial Disclosures (TCFD) reporting | Quilter*
- *TCFD at Quilter Cheviot | Quilter Cheviot*

Management committees

Management body	Climate-related responsibilities	Activity in 2024
Quilter plc Executive Committee	Supports the Chief Executive Officer in discharging his responsibilities for the management of the Group, including the management of climate-related risks and opportunities. Receives regular updates from the Corporate Sustainability and Responsible Investment teams with regards to progress and delivery of our strategy. This includes how the business is responding to climate-related risks and opportunities. Reviews and provides challenge on our Group level climate strategy and climate-related reporting, including the Group TCFD Report. These processes allow the Chief Executive Officer, Chief Financial Officer, and other accountable members of the Committee to provide the Board with sufficient information regarding climate risks and opportunities, and our approach as required.	In 2024, the Executive Committee received at a minimum, quarterly updates from the Corporate Sustainability and Responsible Investment teams. These updates included: – Progress against our operational emissions target and a review of climate opportunities identified to move closer to achieving our emissions reduction target. – An ESG regulatory horizon scanning update including developments relating to climate regulations. – General Responsible Investment and Corporate Sustainability strategy update including how we are responding to climate-related risks and opportunities. In November, the Executive Committee reviewed and approved our Group Climate Strategic Objectives which are outlined in the 'Strategy' section of this report and will form the basis of our Climate Transition Plan that we intend to publish in late 2025. In December, the Committee also reviewed and approved the Investment Climate Action Plans for the Affluent and High Net Worth business segments.
TCFD and SDR Steering Committee	Attended by accountable executives and key stakeholders, the Steering Committee is responsible for overseeing the development of the Group, Entity and Product TCFD reporting, and related decision making. The Committee meets monthly and is updated on progress, risk developments, and any changes to our TCFD reporting, including scenario analysis, risk management, and climate-related risks and opportunities.	The Committee met monthly in 2024 and oversaw the updates to our TCFD reporting and our climate metrics. The Committee provided challenge on key decisions and ensured the required Group, Entity, and Product TCFD reports were delivered on time and in line with expectations. Key decisions surrounding operational and financed emissions processes were also presented to the Committee.
Executive Risk Management Committee (ERMC)	Assists the Chief Executive Officer in the oversight, challenge, and monitoring of material risks, including those related to the climate. Reviews Quilter's risk profile for both current and potential future risks, including climate-related risks over the short, medium, and long term, and overseeing the mitigation of those risks.	Received an update on Quilter's emerging risks, which includes climate change risk, as a component of our Annual Report and Accounts disclosure. Updated key indicators relating to Scope 1, 2, and 3 emissions were reported to the Committee as part of our regular risk appetite reporting. In February 2025, the outcomes from our climate risk workshops were presented to the ERMC for consideration.

In 2024, the Responsible Wealth Management ("RWM") Steering Committee, which was responsible for the oversight and governance around Responsible Investment and Corporate Sustainability across the Group, was removed to simplify our governance structure and allow Andy McGlone, as Executive Sponsor, to have direct oversight of Corporate Sustainability to Quilter plc. Climate-related decision making, that was previously the responsibility of the RWM Steering Committee, is now undertaken by the Group Executive Committee. As outlined below, Andy McGlone and Marcus Brookes are accountable for Responsible Investment within their respective business segments.

Key people and climate resourcing

Executive leaders

Mark Satchel
Chief Financial Officer

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

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

At the Group level, Andy is the Executive Sponsor for Quilter's Corporate Sustainability Strategy, ensuring an appropriate strategy is in place and driving delivery across the Group. He also oversees delivery of the Responsible Investment Strategy for the High Net Worth segment and owns the Level 2 Risk category. Andy is a member of the Quilter plc Executive Committee and chairs the TCFD/SDR Steering Committee, and presents updates on Corporate Sustainability and Responsible Investment strategies, including our climate strategy and material developments in climate issues, to the Board and Board Committees on a regular basis.

Nick Sacre-Hardy
Interim Chief Risk Officer

Nick is Quilter's Interim Chief Risk Officer (CRO) and was formerly Quilter's Chief of Staff where he played a key role in supporting the CEO and Executive Committee in the delivery of the organisation's strategy. In his role as Interim CRO, Nick chairs the Enterprise Risk Management Committee and oversees the Group Risk Framework and reporting of risks, including those related to climate, to the Board.

Marcus Brookes
Managing Director and Chief Investment Officer of Quilter Investors

In 2024, Marcus took direct executive responsibility for the Responsible Investment Strategy for the Affluent segment and collaborates with Andy to ensure an aligned approach across both business segments. Marcus is a member of the Quilter plc Executive Committee, TCFD/Steering Committee and presents updates on Responsible Investment strategies pertaining to the Affluent segment, including our climate strategy and material developments in climate issues, to the Board and Board Committees on a regular basis.

Integration of climate risk across our key business areas

The Head of Prudential Risk represents the Risk function at the TCFD Working Group and is responsible for completing our Group level scenario analysis alongside members of the Prudential Risk team. The Group Risk Framework is owned by the Head of Risk Monitoring and Oversight, who plays a key role in the integration of climate risk across our wider risk framework.

Our two Heads of Responsible Investment oversee the development and delivery of the Responsible Investment strategy for their respective business segments which incorporates climate-related risks and opportunities.

Climate risks are also a key consideration for our Group Finance function. The Group Finance Director, supported by the Head of Group Financial Reporting, oversees the assessment of financial impacts of climate-related risks and opportunities, and related reporting. In 2025, we will have a dedicated resource within the Finance function that will work with the Corporate Sustainability team to further integrate climate and sustainability into the work of our Finance team and support our climate reporting.

Our reward director oversees the integration of climate-related metrics into Executive remuneration and ensures our Remuneration Committees receive timely updates on Key Performance Indicators (KPIs) used to assess the climate metrics within the incentive plans.

Responsible Investment teams

Climate change is one of three thematic priorities for stewardship across Quilter. The Responsible Investment teams across Affluent and High Net Worth engage directly with fund managers and equity holdings (where held directly), voting on shareholder resolutions, and collaborating with research and investment colleagues to integrate ESG factors (including climate change) into our investment processes. See our ‘Risk management’ section for more information on our responsible investment approach to climate risks and opportunities.

Corporate Sustainability team

Our Corporate Sustainability team is responsible for our operational climate strategy which includes colleague engagement, calculating our operational emissions, collaborating with our property team to deliver sustainable upgrades to our offices, and engaging with our suppliers to better understand climate-related risk exposure and encourage change. The team provide quarterly progress updates to the Quilter plc Executive Committee and update the Board annually.

TCFD Working Group

The TCFD Working Group is responsible for the production and delivery of the Group report. This group meets regularly and will continue to meet on a periodic basis in 2025.
The group comprises representatives from Responsible Investment, Risk, Finance, and Corporate Sustainability teams.

Climate risk identification workshop

In 2024 we established a separate cross-functional workshop with colleagues from functions across Quilter to consider the risks posed to the Group as a result of climate change and the transition to a low-carbon economy. We intend to hold this workshop on an annual basis going forward to monitor the development of climate-related risks and their impact on our business.

Strategy

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

Climate impact

The concept of double materiality considers the effects an organisation has on climate change, and the effects climate change and the net-zero transition have on our business and clients. In developing our climate strategy, we have considered how we can reduce our impact on climate change using our levers for action and how we can reduce the impacts of climate change on our business and customers.

Quilter's impact on climate change:

We have divided our climate impacts into two key areas:

Responsible Investment – the impacts of our behaviours as an investor and steward of our clients' investments. Whilst we have a Group-level objective to be a responsible investor, this is implemented by our business segments' individual Responsible Investment Strategies that seek to address the impact our investment management activities have on climate change.

Corporate Sustainability – the carbon footprint associated with our operations and the behaviours of our colleagues.

How does climate change impact Quilter?

In this section we set out the climate risks and opportunities that have the potential to have a material impact on Quilter in the future. As a business, we are exposed to both physical and transitional climate-related risks.

Physical – the increased frequency and severity of acute climate-related events such as cyclones, hurricanes, floods, and wildfires, and shifts in climate patterns that result in chronic weather issues. These risks may result in damage to property, supply chain disruption, and assets becoming stranded.

Whilst we have assessed the impact on our physical operations to be relatively low, physical risks have the potential to impact companies we invest in. Companies and funds in our customers' portfolios may also benefit from investment in climate change adaptation solutions that reduce the physical impacts that are a result of climate change.

Transition – changes that impact companies and markets as a result of the transition to a low-carbon, climate-resilient economy.

Quilter may be affected by regulatory change, shifts in customer views, and demand and effects on the macroeconomic environment. Our portfolio companies are subject to a variety of transitional risks and opportunities depending on the sector in which they operate.

How have climate-related risks and opportunities affected our business model and strategy?

Investment in people and systems

We have invested in two dedicated Responsible Investment teams in our Affluent and High Net Worth segments. The Quilter Cheviot Responsible Investment team comprises five responsible investment analysts, one of which is a climate specialist. The Affluent Responsible Investment team is currently made up of three responsible investment analysts with recruitment underway to expand its resource and expertise. Both teams are led by a Head of Responsible Investment.

Within our Corporate Sustainability team, we have made the following hires in 2024:

- A Reporting and Governance Manager, responsible for overseeing our internal climate reporting to the Board and associated Committees, and our external climate disclosures.
- A Data Analyst, dedicated to calculating and monitoring our operational greenhouse gas emissions in line with the GHG Protocol.

From a systems and data perspective we have enhanced these for our operational and investment activity. The Responsible Investment teams use a number of data providers to facilitate the identification of climate risks and opportunities within our investments and to calculate CVaR.

Whilst this has been an additional cost to the business, this has allowed us to deliver our Responsible Investment Strategy and respond to our customers' investment preferences appropriately, which in turn makes our offering more attractive to a wider market audience.

Our supply chain

Whilst we do not have an extensive supply chain involving the sourcing of raw materials and complex manufacturing processes that result in significant upstream emissions, we have a number of suppliers that provide the systems needed to deliver our service to clients. The emissions from our Purchased Goods and Services ("PGS") account for 83% of our operational carbon footprint.

In 2025, we will map the supply chains of key suppliers to better understand their exposure to climate-related risks and opportunities, their impacts and dependencies on the wider environment, and how this impacts Quilter.

Our Responsible Investment Strategy

Climate change is one of our Group-level responsible investment thematic priorities. Both Affluent and High Net Worth's Responsible Investment Strategies are centred around considering our customers' sustainability-related preferences, being active owners of their assets, and ESG factors (including those related to climate change) into our investment research, due diligence and decision making. We engage with the funds and underlying companies that comprise our investment holdings directly and collaboratively with other investors, we vote on all shareholder resolutions where we have a material holding, and use proprietary dashboards and due diligence processes to integrate ESG considerations into our investments.

Quilter recognises stewardship as a fundamental component of how we manage our customers' assets, and we fully support the UK Stewardship Code 2020. Stewardship plays an important role in our approach to responsibly managing ESG-related risks and opportunities. Quilter is committed to our role as a steward of our customers' assets to protect and enhance long-term returns. This encompasses our engagement with investee companies and funds by considering ESG factors which could impact investor returns. We believe that, for the majority of our investment strategies, stewardship and engagement is a more effective approach than divestment. Simply divesting from holdings with a higher carbon intensity may result in these assets being acquired by investors who place little or no emphasis on supporting the transition to a low carbon economy. In such cases, without positive shareholder influence and active voting on climate matters, the incentive for those companies to adapt and reduce the emissions diminishes, hindering the progress towards a low carbon future.

Additionally, there are companies with a higher carbon intensity that are focused on developing solutions for a lower carbon world. We believe that engaging with these companies to support positive behaviours and better understand their transition plans is more effective than divesting or excluding them from our portfolio due to their carbon intensity. Quilter has an overarching responsible investment philosophy which applies across the Group and is implemented via the Affluent and High Net Worth independent Responsible Investment Strategies.

Our approach to responsible investment also allows us to identify and address climate-related risks and opportunities in our portfolios through engagement and voting activity.

Quilter Cheviot has established a suite of policies that outline its approach to responsible investment including ESG integration, engagement, and voting.

For more information see the Quilter Cheviot Responsible Investment page ***here***.

For the Affluent side of the business, a series of Responsible Investment Principles were developed in 2023, and work is underway for these to be further implemented across the Affluent business activities throughout 2025.

Further details of how climate risks and opportunities have impacted both segments' approach to Responsible Investment are set out in the 'Risk management' section of this report.

For more information about how climate change has impacted the Affluent Responsible Investment Strategy, see the Affluent Responsible Investment page ***here***.

Executive remuneration

The Board Remuneration Committee has included ESG metrics in the LTIP for our Chief Executive Officer and Chief Financial Officer which are aligned to our operational emissions reduction target and our strategic objective to be a responsible investor. The climate-related quantitative metrics are based on our Scope 1 and 2 operational emissions, and the Responsible Investment metric is independently determined by our scoring against the UN PRI Framework.

The LTIP is routinely reviewed throughout the year with input from the Corporate Sustainability and Responsible Investment teams to assess progress and determine whether the existing assessment metrics remain appropriate. No significant changes were made to the climate-related performance metrics in 2024 as we continue to focus on achieving our operational emissions reduction target.

Workplace Projects and Change Strategy

Climate impact has been a key consideration of our Workplace Strategy and change projects in recent years and can be seen both in the rationalisation of space (reducing overall usage) along with improving efficiency within offices.

In 2024:

- The Glasgow office refurbishment, completed in Q3, involved a full modernisation of the mechanical (heating, ventilation, and air conditioning ("HVAC") and electrical (including LED lighting) systems in the office, providing an improved energy profile, as well as a much improved working environment.
- We have commenced the refurbishment of three floors in our Southampton office and the fit out of a new office in Birmingham (consolidating two offices into one). These projects are progressing, in line with the SKA Gold accreditation criteria. The SKA rating is an accreditation scheme established to help businesses prioritise sustainability in a quantifiable way.
- We have incorporated climate and emissions considerations in our Facilities and Programme Management Standard which governs all office upgrade and refurbishment works, furniture procurement, and planned maintenance. The following requirements have been written into the Standard:
  - All major works will be aligned to relevant and appropriate environmental assessments, eg SKA Gold.
  - For office closures, all furniture removed from the site should be re-used or recycled.
  - Where furniture is replaced, old furniture should be recycled or donated where possible.
  - All new furniture must comply with the appropriate sustainability certification standard.

Looking forward:

- Our current Workplace Strategy, focused on optimising our workspaces in line with colleagues' needs, will conclude in 2025. We have capitalised on climate opportunities by rightsizing our office space, which has led to a significant reduction in our carbon emissions, as well as generating cost savings.
- Our 2025 workspace and real estate strategy will build on the momentum achieved in 2024 and we will continue to embed sustainability into these key activities.
- We are working closely with our IT Infrastructure and Operations colleagues to explore the possibility of incorporating sustainability considerations into our IT Procurement Standard. As part of the refurbishment works at our Southampton office, we have introduced single large monitors on desks to remove the need for a separate docking station, thus reducing energy consumption, and we are currently exploring options to reduce on premise computer power in datacentres and shift to better utilise cloud computing.

Energy Savings and Opportunities Scheme

In 2024, we engaged with a third party to conduct energy audits at our Southampton and Newcastle-upon-Tyne offices as part of the Government's Energy Savings and Opportunities Scheme ("ESOS"). Through our ESOS Report we have identified a series of opportunities to increase energy efficiencies across these offices. Our Southampton office is the largest in our estate and the office in which we have the most control with regards to building refurbishments and upgrades. The opportunities within our main office (Southampton) identified in our report that are under consideration as part of our ESOS Action Plan and the projected energy savings calculated by our energy auditor are outlined below.

Quilter House energy saving opportunities	Our progress	Projected annual energy saving (kWh)*
Replace the existing gas boilers used to heat our Southampton office with more energy efficient gas boilers or air source heat pumps to reduce our gas consumption and related carbon emissions.	As we have recently refurbished the existing boilers, we are considering this as a long-term future opportunity that we will look to capitalise on when our current boilers reach the endof their useful life.	246,000 – 356,000
Upgrade the building management system which controls the heating, ventilation, and air-conditioning.	This is an ongoing project as part of the refurbishment works taking place at our Southampton office.	182,000
Replace the existing lighting with LED lighting on the remaining floor that has not yet been refurbished.	This is also currently underway as part of the refurbishment works at our Southampton office.	18,000
Install variable speed drives on our heating, ventilation, air-conditioning, and heat pumps that control the flow of energy to the source and improve energy efficiency.	We are currently exploring the feasibility with our facilities management partner, and we will decide whether to take this forward in 2025.	8,600
Install solar photovoltaic devices to act as a source of renewable energy produced directly by Quilter and reduce the energy we consume from the local grid.	We are currently exploring the feasibility with our facilities management partner, and we will decide whether to take this forward in 2025.	16,000
Initiate a colleague awareness campaign to encourage colleagues to reduce energy consumption and form sustainable habits.	This is an ongoing project that we intend to further develop as part of our climate transition planning in 2025.	63,000

** The projected annual energy savings are estimates calculated by our third-party ESOS Auditor and have not been verified by Quilter.*

Products and services

In response to the climate-related risks and opportunities within our product offering, in 2022 we began collecting and incorporating customers' responsible investment preferences within the advice and suitability processes across the Group. Quilter advisers and the investment managers within Quilter Cheviot, integrate customers' responsible investment preferences within the advice and suitability processes that they follow, enabling our customers to consider these preferences alongside risk and desired investment returns. This enables our customers to invest in line with their values and needs. Every customer has their own requirements around risk appetite, ability to bear loss, income requirements, as well as the investment time horizon. These are the key areas that will determine what is the right investment approach for the customer.

To meet customers' varying preferences, we have expanded our offering to include responsible and sustainable investment-related mandates such as Quilter Cheviot's Climate Assets funds, Affluent's WealthSelect Responsible and Sustainable range, and the Quilter Investors Timber Equity Fund.

We are able to monitor demand for these products using theAuM invested (outlined below), and our customer survey which we last reviewed in 2023.

Strategy/Product	Mandate	AUM £m as at 31/12/2024
DPS Applied	The strategies harness Quilter Cheviot's research and responsible investment process, as well as data from external providers, to implement ESG factor screening on a positive and negative basis to ensure more emphasis is placed on ESG risks beyond the firm-wide approach to active ownership and ESG integration. The strategies invest directly in UK, US, and European equities. The strategy avoids any direct exposure to fossil fuel producers. For more information on how climate change may affect the DPS Applied investment strategies, see the TCFD Product Reports ***here***.	£62 million
Positive Change	A pragmatic approach that combines funds that invest with a sustainability focus or for impact, with funds managed by leading responsible investment practitioners. Meaningful engagement by fund houses with company management is prioritised over formal exclusions on the basis that engagement can encourage change where it is needed most. For more information on how climate change may affect the Positive Change investment strategies, see the TCFD Product Reports ***here***.	£42 million
Climate Assets Funds	Investing in the growth markets of sustainability and environmental technologies, with a strong underpinning of ethical values. The strategy is fossil fuel-free and invests in global equities, fixed interest, and alternative investments. It seeks to support the development of sustainable societies by investing in companies benefitting people and the planet. The strategy invests in companies providing a broad range of sustainability solutions, products, and services across five investment themes: Clean Energy, Food, Health and Well-Being, Resource Efficiency, and Water. For more information on how climate change may affect the Climate Assets investment strategies, see the TCFD Product Reports ***here***.	£422 million
WealthSelect Responsible	The WealthSelect Responsible Portfolios (active, passive, and blend) aim to achieve capital growth while managing ESG risk of the portfolio and maintain a smaller carbon footprint than the Reference Index. The portfolio has exposure to a diversified range of investments in the UK and globally by investing in funds that we identify as leaders in the integration and management of ESG factors. In addition to meeting these criteria, at least 50% of the portfolio's assets will be in funds that pursue explicit environmental and/or social targets, or characteristics as part of their investment process. For more information on how climate change may affect the WealthSelect Responsible investment strategies, see the TCFD Product Reports ***here***.	£608 million

Strategy/Product	Mandate	AUM £m as at 31/12/2024
WealthSelect Sustainable	The Sustainable Portfolios (active) aim to achieve capital growth, whilst seeking to support sustainable solutions to environmental and social challenges, that help to achieve the objectives of the UN Sustainable Development Goals. The ESG risks of the portfolio will be managed, and exposure to unsustainable activities minimised while maintaining a smaller carbon footprint than the Reference Index. The portfolio will have exposure to a diversified range of investments in the UK and globally, and will invest a substantial portion of its assets in funds that target a broad range of sustainable outcomes, and which are leaders in the integration and management of ESG factors, with exceptions where necessary to achieve an appropriately diversified portfolio. In addition, the portfolio will exclude companies with exposure to the following: – Manufacture or sell controversial weapons. – Manufacture tobacco products. – Derive more than 5% of their revenue from thermal coal extraction. – Derive more than 5% of their revenue from unconventional oil and gas extraction (arctic oil and gas exploration, oil sands, shale energy). For more information on how climate change may affect WealthSelect Sustainable investment strategies see the TCFD Product Reports ***here***.	£253 million
Quilter Investors Timber Equity Fund	The QI Timber Equity fund adopts a thematic strategy accompanied with a layer of ESG exclusions applied to the fund. The fund invests in sustainable forestry companies that produce wood-based materials, or companies in the timber value chain that provide biodegradable alternatives to plastics, concrete, or steel. The focus will be on ensuring trees are replanted, forests are nurtured and re-grown, and carbon is captured as part of an overarching mandate to maintain biodiversity. The fund applies an exclusion policy relating to companies that have exposure above a certain threshold to activities that result in negative impacts on the environment or society. This includes not committing capital in countries lacking strong forest legislation, or where legislation is not enforced. For more information on how climate change may affect the Quilter Investors Timber Equity Fund strategy, see the TCFD Product Reports ***here***.	£168 million
Quilter Investors Ethical Equity Fund	The QI Ethical Equity Fund invests at least 80% of the value of its property in shares of companies located in developed and emerging markets anywhere in the world. Ethical considerations are integral to the fund's investment objective. This entails the explicit and systematic inclusion of ethical factors in investment analysis and decisions, to better manage risks and improve returns. The fund operates two screening processes: (i) a negative screen to ensure that the fund does not invest in companies that do not meet its ethical criteria; and (ii) a positive screen to focus investment into companies and sectors which the Investment Adviser believes make a positive contribution to society by exhibiting ethical practices. To be considered for inclusion in the fund, in addition to passing the negative screen, companies must offer solutions to the global and emerging challenges of delivering 'more with less' for a rapidly growing population with a finite supply of resources and within a carbon constrained environment, low carbon energy, food, health, resource management, and water. As such, the fund holds shares in companies that the Investment Adviser considers to enable a cleaner and more efficient economy, underpinned by the following investment themes: energy, food, water, and resource. For more information on how climate change may affect the Quilter Investors Ethical Equity Fund strategy, see the TCFD Product Reports ***here***.	£184 million

For further information on how climate-related risks and opportunities are factored into other investment strategies not listed above and how each strategy may be affected by climate-related risks see:

- ***Affluent Product Reports***
- ***High Net Worth QC Product Reports***

Climate strategic objectives

In 2024 we agreed our Group Level climate strategic objectives which set out what we want to achieve in relation to climate change and sustainability in the near future. These objectives will form the basis of Quilter's first Climate Transition Plan. We will be setting targets and KPIs for each objective as part of our transition plan which will be used to monitor our progress. This is the first iteration of our objectives, and we will review them annually to ensure they remain appropriate.

Our strategic objectives have been set across three key themes:

- Reducing emissions
- Improving climate resilience
- Accelerating the transition

Business area	Objective and levers for action
Operational	Significantly reduce our operational carbon footprint by capitalising on climate-related opportunities across our buildings and operations.
	Reduce the emissions resulting from our upstream supply chain and improve our climate resilience by engaging with our suppliers to encourage the development of climate transition plans, target setting, and disclosure of climate-related risks.
	Actively monitor our exposure to climate-related risks via our Risk Management Framework and controls to ensure, as a business, Quilter remains operationally resilient to the impacts of climate change and the transition to a low-carbon economy.
Investments	Facilitate our clients' objectives to contribute to a low-carbon, climate-resilient economy by capturing their preferences and offering sustainability-linked investment strategies that invest in climate solutions and avoid carbon intensive investments.
	Use our levers as an investor to contribute to the just transition to a low-carbon economy through direct and collaborative engagement, and voting activities with companies and fund managers.
	Ensure our investment portfolios are resilient to climate-change risks by integrating environmental considerations primarily through research, due diligence, and information for use in investment processes and stewardship.

Climate-related risks and opportunities

Time horizons

In 2024, as part of our risk assessment review, we updated the time horizons on which we consider climate-related risks to align with our strategic planning process and our operational risk assessment methodology.

The time horizons that we consider for climate-related risks are as follows:

Time horizon	Time period	Description
Short-term	0-3 years	Risks that have the potential to impact within the next three years and are considered as part of strategic planning and risk management. In most cases, short-term risks are ongoing in nature and will also be considered in longer-term planning.
Medium-term	3-10 years	Risks which are not likely to impact in the next three years but are likely to develop and have a potential impact in the next 10 years. We monitor developments annually and may move risks to the short-term category based on our assessment.
Long-term	10+ years	More uncertain risks, unlikely to impact in the next 10 years and do not need to be considered as part of our immediate business planning. We monitor developments annually via our risk assessment workshops.

Climate-related risks

The table below illustrates Quilter's assessment of climate-related risks that we believe, without mitigating action, have the potential to have a material impact on Quilter. Our operational risk matrix is used to determine which climate-related risks could have a material impact, and considers the severity of financial and non-financial impacts, and the likelihood of occurrence over the short-, medium- and long-term.

The risk assessment approach is consistent with TCFD guidance. Risks have been categorised as transitional risks and physical risks. Transitional risks are risks which arise due to the transition to a lower carbon economy, which may entail extensive policy, legal, technology, and market changes. Physical risks resulting from climate change can be event driven (acute) or longer-term shifts (chronic) in climate patterns.

The risk assessment focuses on potential financial impacts to Quilter, and the strategies that we have adopted to mitigate risks.

Risks have been assessed relative to our climate strategy. Our climate strategy covers both our investment solutions and our business operations. Our risk assessment therefore also considers risks relating to both of these.

Climate-related risks

Type of risk	Risk description	Potential impacts	Mitigating actions, controls, and monitoring	Time horizon
Policy and legal (Transitional)	**Emerging regulatory requirements** – Risk of changes in climate-related policies or regulation which have an adverse impact on Quilter's proposition or operations. This includes risk of non-compliance with regulatory requirements.	Unbudgeted costs to implement systems and comply with new regulatory requirements. Potential costs of inadvertent non-compliance due to volume of global regulation.	Regulatory horizon scanning and engagement through regulatory consultation. Engagement with industry bodies.	S M
Market (Transitional and Physical)	**Portfolio climate risk** – Risk of investment market underperformance caused by a disorderly transition or physical climate-related events.	Potential for reduced market return for customers, resulting in reductions in the value of assets under management and revenues.	Investment in diversified multi-asset portfolios. Consideration of climate risks and opportunities in investment research and due diligence. Climate metrics used to monitor climate-risk exposure.	S M L
Market (Transitional)	**Consumer sentiment/demand** – Risk that we fail to align our product offering with customers' responsible or sustainable investment preferences and general market demand for responsible and sustainable investment-related mandates.	Reduction in demand for Quilter's products and services, resulting in reduced revenues.	Monitoring of customer and adviser preferences as part of development of product strategy. Integration of ESG factors into our investment processes. Integration of responsible investment preferences into our financial advice suitability processes.	S
Reputational (Transitional)	**Misrepresentation risk** – Risk that clients, advisers, and other stakeholders act on the basis of misleading or incorrect information relating to the environmental or sustainability attributes of our investment products and our business operations.	Reduced demand for Quilter's products and services due to damage to Quilter's brand. Potential cost of redress where customers have taken action based on misleading or incorrect information.	Management review and approval of published information. Data validation for the calculation of climate metrics. Greenwashing training for all staff, as well as targeted training for specific functions.	S M
Reputational (Transitional)	**Climate strategy risk** – Risk that Quilter's Climate Transition Plan, covering both Quilter's operational emissions and the investment solutions provided to customers, is not perceived to be sufficient.	Negative publicity leading to loss of existing or potential clients. Reduction in market share, resulting in loss of revenues over the long term. Increased operational costs due to failure to transition to new technologies.	Climate Transition Plan and Climate Action Plans for investments. Annual reporting on progress against climate action plans. Progress against operational emissions target contributes to executive remuneration.	S
Physical (Acute and Chronic)	**Physical risk crystallisation** – Increased severity or frequency of extreme weather events, or chronic changes such as rising mean temperatures and sea levels, affecting our buildings, employees, or our third-party suppliers.	Unbudgeted costs to recover or maintain services to customers. Costs associated with damage to infrastructure and technology.	Physical climate risk assessment carried out across our property portfolio. Business continuity planning allowing for physical risks. Insurance provisions reflect climate-related matters. Supplier engagement to manage exposure to climate disruption.	L

Time period key: S Short term 0-3 years; M Medium term 3-10 years; L Long term 10+ years.

Climate opportunities

Type	Description	Potential financial implications	Actions to capitalise
Products and services	As we transition to a low-carbon, climate resilient economy and younger generations enter the investment market, we expect an increase in demand for responsible and sustainable investment solutions.	This requires investment in resources and systems to deliver our responsible investment strategy and offer products aligned with customers' responsible or sustainable investment preferences. In the medium to long-term we may see an increased market share and therefore revenue growth as we attract a wider range of customers and meet the increased demand for responsible and sustainable investment solutions.	Continue to develop and deliver our responsible investment strategy and climate action plans. Monitor consumer demand to ensure our responsible and sustainable product offering meets the needs of the market.
Resource efficiency	The transition has led to increased innovation and availability of energy efficient products and facilities for use in our buildings, such as energy efficient lighting and HVAC systems.	Over the long-term, operational costs may reduce due to energy cost savings as a result of the use of more energy efficient systems.	Explore the feasibility and impact of energy saving opportunities raised in our ESOS report and implement those with the most significant cost/benefit ratios. Consider resource efficient options when replacing or upgrading building assets.
Markets	The transition presents investment opportunities and growth opportunities as companies enter new markets for sustainable products/services and generate additional revenue streams.	Potential for higher investment performance for clients in the long term through investment in new technologies and growing markets. Higher investment performance for clients would drive increased revenues to Quilter.	Continue to invest in assets that financially benefit from the transition to a low carbon, climate resilient economy. Continue to engage with the companies and funds we invest in to monitor how they intend to capitalise on climate-related opportunities.

Scenario analysis

Overview

To understand the impact of climate change, scenario analysis is performed to assess the potential outcomes of a range of stresses to the Group. We test the resilience of our strategy and financial planning by conducting both operational and investment climate-related scenarios.

Operational scenario analysis considers the operational risks to our business strategy, including those from climate change and the potential impact on our capital and liquidity requirements.

Investment climate scenarios analysis is conducted on our investment portfolios using CVaR to model the potential impacts of climate risks on our AuM. The scenario analysis considers different climate-related scenarios to assess the resilience of our investment strategy as we transition to a net zero economy.

Operational climate scenario analysis

We undertake operational risk scenario analysis to measure the potential impact of the risks that we face, including climate risks, to our resilience and financial plans. Operational risk scenario analysis is a component of our overall risk management framework. The analysis is performed on an annual basis and is used to inform our risk exposures, determine capital and liquidity requirements, and assess the effectiveness of our risk mitigation strategies.

The analysis is a structured process by which a forward-looking assessment is made of our exposure to plausible but severe operational risk events. The scenario identification and testing process utilises the expert judgement of management and is designed to build on and complement the assessment of risks and opportunities.

The financial risks from climate change would lead to outcomes which could also be driven by other causes, which are not linked to climate change. We take a holistic approach to scenario analysis to consider the potential harms from a range of root causes and risks. In most cases, climate change is not the key driver of risks. Where climate change is not selected as the principal driver, the scenario may implicitly cover climate risks.

Examples of scenarios tested in 2024 which explicitly or implicitly cover the financial risks from climate change are as follows:

Climate-related disclosure: This scenario assesses the risk of our sustainable and responsible fund ranges inadvertently investing in assets which are excluded from fund mandates, leading to customer redress and related costs. This scenario explicitly covers the risk of breaching fund mandates for our investment solutions within sustainable investment mandates.

Operational resilience: This scenario assesses the potential impact of a disruption to service provided to customers due to an issue impacting our IT infrastructure. This scenario implicitly covers the risk of operational disruption due to lack of resilience to physical climate risks.

Third-party risk: This scenario assesses the potential impact of failure of an outsourced service provider. This scenario implicitly covers the risk of failure of a third-party due to lack of resilience to physical or transitional climate risks.

Advice risk: This scenario assesses the potential risk of advice provided by financial advisers being unsuitable. This scenario implicitly covers the risk of advice not adequately considering customers' preferences in relation to sustainable investments, leading to customer redress and related costs.

Resilience of our business strategy

The output of scenario analysis is used to determine the level of capital and liquidity required to address the material harms to our customers and to Quilter's operating entities from ongoing activities. The result of the analysis demonstrates that Quilter's operating entities have sufficient capital and liquidity to withstand all the scenarios tested. The scenario analysis therefore indicates that Quilter's business strategy and financial plans are resilient to climate-related financial risks.

The analysis conducted is limited by a number of factors, including data limitations, and is not intended to be used as future predictions as, due to our robust control framework, the scenarios have a low likelihood of occurrence. We consider scenario analysis to be a useful input to decision making, coupled with other management information, and it is used to help ensure business and operational resilience.

Climate Value at Risk ("CVaR")

In addition to the operational analysis, we also conduct quantitative climate scenario analysis for the majority of investment portfolios that we manage on behalf of our clients. To do this we use a Climate Value at Risk ("CVaR") metric to assess the potential impacts on portfolio values under different climate scenarios.

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

Holdings were evaluated for CVaR using the MSCI climate data under these three quantitative climate scenarios:

1. An orderly transition scenario that assumes climate policies are introduced early and become gradually more stringent, limiting the global temperature increase to 1.5°C by 2100.
2. An orderly transition scenario that limits the increase to 2°C by 2100.
3. A 'hot house world' scenario that assumes that climate policies are implemented in some jurisdictions, but global efforts are insufficient to halt significant global warming and the global temperature increases to 3°C by 2100.

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

The results presented in this report are derived from newly developed models, which may possess a high degree of uncertainty and require cautious interpretation. Climate risk quantification using CVaR is a relatively new practice, and the firm is aware of the discourse around the limitations of these models. Consequently, the results should be regarded as preliminary indicators rather than definitive conclusions. They are intended as a tool to provide a high-level overview of various risk sources within portfolios. The business will continue to assess and refine the use of these methodologies going forward.

Climate Value at Risk for Affluent

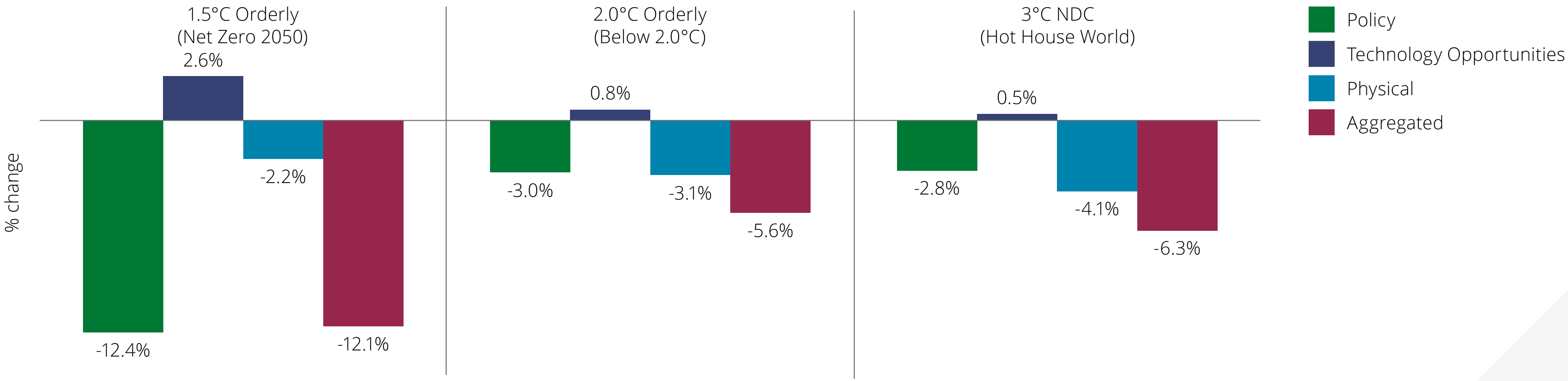
CVaR for Affluent Managed solutions.

Within Quilter Investors and Quilter Investment Platform, CVaR scenario analysis is carried out over our Multi-asset and WealthSelect Portfolios incorporating the majority of our sub-advised funds. For more information on our AUM coverage, please refer to the Quilter Affluent financed emission section on page 49 of this report.

The assets actively managed in 2024 invest predominantly in investment funds, rather than directly in companies, and we consider sustainability factors through our ESG-integrated investment research process, implemented through the responsible investment tier framework (found on page 35).

The related processes, together with our Stewardship Programme, allow us to record and monitor the climate-related commitments and actions of the firms and funds our portfolios invest in.

Using our full look-through capability, issuer-level climate-related characteristics, such as Climate VaR, science-based targets, and GHG emissions, can be analysed by geography, sector, or fund to identify overall climate-related engagement priorities. For more detail on our climate integration, please see page 37.



Source: Affluent holdings data as of 31 December 2024. MSCI data as of 31 January 2025.

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

Climate metric	CVaR – Policy	CVaR – Technology Opportunities	CVaR – Physical
Data coverage	70.8%	61.7%	69.9%

Climate Value at Risk for High Net Worth

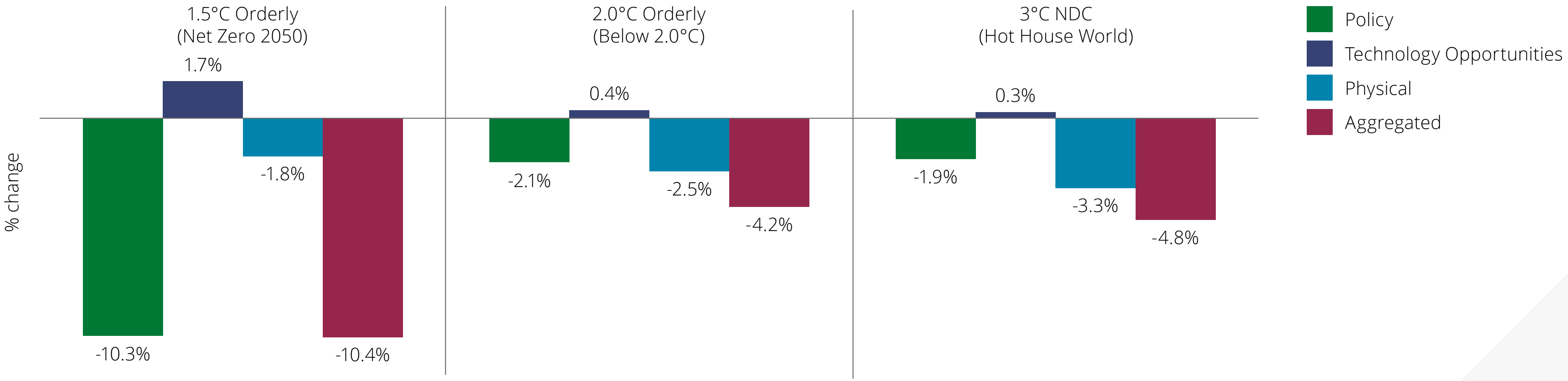
CVaR for Quilter Cheviot's centrally monitored holdings.

Within Quilter Cheviot, CVaR scenario analysis is carried out on our centrally monitored holdings. For more information on our centrally monitored holdings, please refer to the Quilter Cheviot financed emission section on page 50 of this report.

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

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

For further information on how climate-related risks are managed within the High Net Worth investment portfolios, please see the Quilter Cheviot Risk Management section on page 40 of this report.



Source: Quilter Cheviot holdings data as of 31 December 2024. MSCI data as of 31 January 2025. Due to rounding, the aggregated figures may not sum perfectly.

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

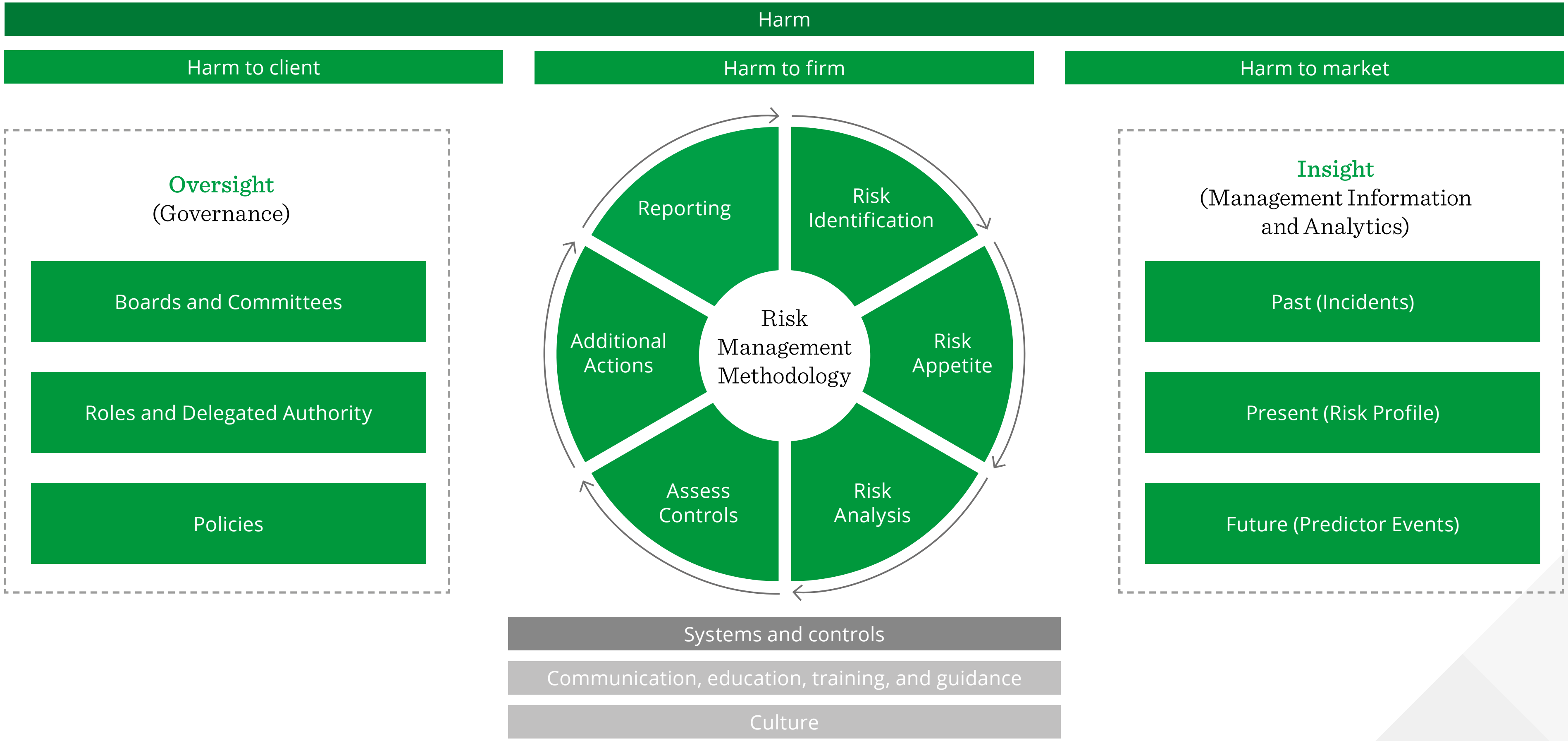
Climate metric	CVaR – Policy	CVaR – Technology Opportunities	CVaR – Physical
Data coverage	90.2%	81.7%	89.2%

Risk management

How we identify, assess, and manage climate-related risks, across Quilter plc and within our investment businesses

Risk management framework

This section outlines how we identify, assess, and manage risks posed to our business as a result of climate change and the transition to a low-carbon, climate-resilient economy, and how we have integrated these processes into our wider Risk Framework. The first section outlines our approach to climate risks at the Group level, followed by our approach to climate-related risks within our asset management, asset owner, and advisory businesses.



Climate-related risks within our Group Risk Framework

Our Level 1 risk categories define our principal risks. Reporting of risk exposures and management actions for Level 1 risks is provided to the Board Risk Committee on a quarterly basis. Our Level 2 risk categories define our more specific risk exposures within each Level 1 category. We use risk appetite statements for both levels, which outline how much risk we are willing to accept. Against Level 2 risk appetite statements there are a suite of key indicators that have been identified as metrics to be used to help determine whether Quilter is within or outside of appetite.

Each Level 2 risk appetite statement is owned by a relevant member of senior management who is responsible for the monitoring of the key indicator metrics and reviewing them on an annual basis. Any material changes to these statements are reported to the Executive Risk Management Committee and the Board Risk Committee.

Material climate-related risks are primarily tracked within the "Responsible Investment and Corporate Sustainability" Level 2 risk category, which forms part of our Level 1 Business Strategy and Performance risk. However, as climate-related risks are cross-cutting in nature, they may also feature within our other Level 2 categories, such as Regulatory Compliance, Investment Performance, Operational Resilience and Capital, Liquidity and Solvency Management.

Alongside our principal risks, we have a series of emerging risks that are currently reported to the Board on a quarterly basis via our CRO Report. Emerging risks are those that are less certain in terms of timescales and impacts. The identification of these risks contributes to our stress and scenario testing, feeding into our strategic and financial planning process.

Due to the uncertainty surrounding the short-term impacts of climate change, we consider this to be an emerging risk for Quilter, rather than a principal risk. The climate change emerging risk captures the transitional and physical impacts of climate change.

Looking forward to 2025, we plan to review our processes around emerging risks and how these are reported to management and Board Committees. However, if a new risk is identified or there is a material development in any of our existing climate-related risks, this would be escalated as appropriate as it occurs.

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

Climate-related risk identification and assessment processes

Within our existing framework

We conduct regular reviews to identify risks throughout the business. Reviews are also undertaken when there are:

- changes to the operating model;
- new products and services introduced; or
- significant events experienced.

All of which is challenged and overseen by the second line Risk function.

Within our Risk Management Framework, we have both top-down and bottom-up risk identification and assessment processes. As part of our bottom-up approach, we identify operational risks and assess the effectiveness of our controls through Risk and Control Self Assessments ("RCSAs"), which are carried out by each business area, within our risk management system, and overseen by the second line Risk function. Our Responsible Investment teams are required to complete RCSAs and where climate change impacts risks in other business areas, these are captured in the relevant RCSA.

Top risks are identified by members of the Executive Committee and are monitored through regular engagement with the second line Risk function. In 2024, a climate-related reporting and disclosure risk was identified as a top risk for the business.

Standalone climate-risk workshops

In 2024, we held cross-functional workshops to identify climate-related risks, carry out materiality assessments, and determine how we manage and monitor risks going forward. Representatives from Responsible Investment, Corporate Sustainability, Finance, and Risk teams attended the workshops.

We incorporated the guidance issued by the TCFD, and CDP's key risk drivers into our risk identification and assessment process to ensure a wide range of climate risk factors were considered. We have also used scenario analysis to assess how both transitional and physical impacts of climate change could affect Quilter's financial position, business model, and investments managed by Quilter Cheviot and Quilter Investors.

To determine materiality and assess the significance of climate-related risks in relation to wider business risks, we carried out a subjective risk assessment, using our operational risk matrix, to assess likelihood, timeframe, potential for harm, and magnitude of both financial and non-financial impacts of climate-related risks on an inherent and residual basis.

The risk assessment was presented to the Executive Risk Management Committee and Board Risk Committee in Q1 2025 for consideration and review.

Going forward, this process will take place on an annual basis to reassess climate-related risks and update the Board Risk Committee on any developments.

Climate risks within our investments

Our two business segments, Affluent and High Net Worth, have distinct investment processes and therefore different approaches to responsible investment and climate-related risks and opportunities. The Affluent segment invests almost entirely via a range of third-party funds, whereas High Net Worth invests around 60% of its AuM through funds, with the remainder being allocated to direct equity and fixed income investments.

Across the Group we manage our exposure to climate-related risks within our investments by considering climate-related issues, alongside wider ESG factors, within our investment and stewardship activities. Climate change is one of three thematic priorities guiding our engagement activity across Quilter. Through its stewardship process, Quilter Cheviot engages with companies and third-party managers to understand their decarbonisation plans with the aim of encouraging alignment with net zero pathways and set targets through globally recognised standards (such as the Science Based Targets Initiative ("SBTi")). Additionally, Quilter Cheviot integrates ESG factors into its investment process and, within this, climate metrics play an important role. Following a fund of funds approach, the Affluent segment utilises integration processes to understand a fund manager's approach to managing climate-related risks and opportunities, and their decarbonisation plans.

In 2024, both business segments published their TCFD Entity reports in line with the FCA's ESG Sourcebook and will publish the 2025 reports ahead of 30 June 2025. The section below provides a summary of each entity's approach to identifying, assessing, and managing climate-related risks within their portfolios. For more information see the respective entity reports:

- ***Affluent Entity Report***
- ***Quilter Cheviot Entity Report***

In 2024, Quilter plc was reconfirmed as a signatory of the UK Stewardship Code 2020, which sets out the expectations of how investors manage money on behalf of customers and 12 principles for asset managers. We have submitted our Stewardship Report for 2024 and are awaiting confirmation. Read more about our Stewardship activities in our Stewardship Code Report here:

Reports and statements | Quilter plc

Quilter (Affluent)

Quilter's Affluent business supports the Quilter responsible investment principles (***Responsible investment | Quilter***) that are implemented through existing teams, processes, and systems, creating the opportunity to fully embed ESG risks and opportunities, including those related to climate change, throughout the business. Work continues into 2025 for the Quilter responsible investment principles to be further implemented across Quilter's Affluent business activities to align better responsible investment practices with a particular focus on advice and distribution activities.

I. Customers are at the forefront of responsible investment

We focus on delivering the best outcomes for our customers by providing responsible investment solutions that meet their needs and preferences.

II. Strong governance is central to risk management and a well-functioning investment market

We have a clear governance structure that monitors our responsible investment approach and ensures accountability across Quilter. This is also a key factor when allocating capital.

III. Information needs to be clear, consistent, and relevant for everyone

We aim to use high quality, timely, and transparent information to support our responsible investment approach.

IV. ESG factors should be integrated into investment decision-making

We have a clear framework for integrating ESG factors into our investment process.

V. Good stewardship maximises long-term value for customers' investments

We have a stewardship approach that ensures we meet the standards required for our customers and promotes a well-functioning investment market over the long-term.

For Affluent customers, we make investment solutions available via the channels provided by our advice and distribution networks. The assets actively managed in 2024 invest predominantly in investment funds, rather than directly in companies, and we consider sustainability factors through our ESG-integrated investment research process, implemented through the responsible investment tier framework shown below.

Responsible investment tier	Firm	Fund	Issuer
Tier 1 – Basic responsible investment integration	Basic level industry commitments.	Awareness of material ESG risks.	No involvement in cluster munitions or anti-personnel mines.
Tier 2 – Advanced responsible investment integration	Basic level industry commitments and appropriate organisational resources and support.	Awareness of material ESG risks, opportunities, and related activities that are intentionally managed and actively discussed as part of investment decisions.	No involvement in cluster munitions or anti-personnel mines and active monitoring, and management of ESG risk, carbon emissions, controversies, and compliance to UNGC with related active ownership.
Tier 3 – Sustainability objectives	Basic level industry commitments and appropriate organisational resources and support with relevant sustainability knowledge and expertise.	Awareness of material ESG risks, opportunities, and related activities that are intentionally managed and actively discussed as part of investment decisions with particular attention to doing no significant harm and creating positive sustainability outcomes.	No involvement in any controversial weapons or tobacco, and active monitoring and management of ESG risk, carbon emissions, controversies, and compliance to UNGC with related active ownership.

The related processes allow us to record and monitor the climate-related commitments and actions of the firms and funds our portfolios invest in, as well as our exposure to climate-related risks and opportunities through the company/issuer level investments.

This responsible investment tier framework also aligns the minimum expectations of our investments to specific commitments of our investment solutions, ensuring we meet commitments to our customers. This includes climate-related commitments such as maintaining a carbon footprint smaller than the stated global equity index – a requirement for the WealthSelect Responsible and Sustainable portfolios.

This also facilitates portfolio managers in that, for example, WealthSelect Responsible portfolio managers may use funds categorised as tier 2 or tier 3 as their investment universe, and WealthSelect Sustainable portfolios use funds categorised as tier 3, assured that the portfolio's fund and issuer level responsible investment-related commitments are met by those investments.

Issuer-level information can be analysed by geography, sector, fund, or portfolio and combined with additional proprietary or external research, for the purposes of identifying overall climate-related risks and opportunities, including opportunities for meaningful research and impactful engagement planning, and to contribute to the implementation of the Climate Action Plan.

For the TCFD product reports, the recommended metrics are aggregated bottom-up from issuer to portfolio level using full look-through data of our fund investments.

Our integrated approach lends our fund investment solutions to several strategic climate-related opportunities:

- Whole market research opportunities help us to develop well-evidenced positions that are aligned with best practice.
- Strong partnerships foster shared learning for effective collaboration and advocacy for initiatives that are useful to the investment community.
- Firm, fund, and issuer analysis supports a multi-layered stewardship approach that considers ownership structures and influences for driving positive change.

We believe stewardship is most effective for maximising long-term value when activities serve and support investment decisions. Our Stewardship Programme aims to achieve this in two ways:

- Ensuring we meet the standards required for our customers, by fully integrating stewardship into investment processes and in alignment with our firm level and mandate commitments. This is implemented through the responsible investment tier framework that records responsible investment-related minimum standards that apply to the firm, fund, and issuer level of investment exposure monitored through manager due diligence and investment risk processes. Where we identify risks that any of these areas may not reach the standards promised to our customers, we work collaboratively to engage with managers on the issue.
  - Where mandates include climate-related commitments, for example in the WealthSelect Sustainable and Responsible portfolios, we commit to keeping carbon emissions below the benchmark.
- Promoting well-functioning markets long term, by focusing on risks and opportunities with regard to the broader context of our customers' investments. This is implemented by thematic integration and collaboration through our strong relationships with investment partners and guided by monitoring of the regulatory landscape and research of the most material themes emerging. In addition, we carefully consider our commitment to initiatives and collaborations that are aligned to these thematic areas.
  - Quilter's three thematic priorities include climate change as our highest thematic priority and the focus for thematic stewardship activities to date.

Climate integration

Our Climate Action Plan focuses on these strategic opportunities and incorporating outcomes into investment and stewardship processes. For example, during 2024, our ESG integrated firm and fund due diligence processes, described below, further incorporated climate-related considerations based on findings from extensive research with current tier 3 managers in 2023 and 2024. This has allowed us to create a clear set of parameters relating to manager climate strategy, measurement, assessment, and integration of credible climate transition and target setting into investment processes, and approaches to climate transition engagement and stewardship. By integrating systematically, we have been able to design a scalable baseline assessment framework for our Climate Action Plan in 2025.

Examples of firm level climate standards

To have a published decarbonisation/climate ambition that is:

- Aligned to net zero/Paris Agreement.
- Clear on inclusion of AuM and plans for AuM not included.
- Timebound with milestones and/or interim targets for reporting.

To have formal climate stewardship commitment including:

- An engagement programme with clear expectations, roles/responsibilities, escalation, and connection to manager.
- Market level participation and advocacy.

Examples of fund level climate standards

Climate integration in investment process:

- Fund included in firm level climate commitment with KPIs and TCFD aligned reporting.
- Fund Manager has systematic access to climate analysis of investments such as transition plans and commitment to science based targets ("SBTs").
- Climate risk is considered as material and part of investment process.

Climate engagement

- Fund Manager aware of, or involved in, climate-related engagements and related escalation.

This integrated framework will allow climate related risks and opportunities to be considered throughout the existing investment process:

Strategic asset allocation

Where investment solutions are committed to climate-related characteristics, such as WealthSelect Responsible and Sustainable ranges, climate-related data is incorporated into the strategic asset allocation setting process to ensure the asset allocation result aligns with climate objectives.

Manager selection and monitoring

Fund selection follows a rigorous investment due diligence process that integrates consideration of the fund's responsible investment practices to assign a proprietary tier categorisation:

- Philosophy: ESG integration is a core part of the investment philosophy.
- Process: ESG factors are integrated in the investment process.
- People: The team has the appropriate skills and is supported by the appropriate data, tools, and resources.
- Portfolio: Demonstrate a good management of ESG risks, including climate related.

The responsible investment tiers also set incremental minimum standards that align with the commitments of the investment solutions offered. For tiers 2 and 3, we expect managers to monitor carbon emissions metrics and, additionally for tier 3, there are restrictions relating to fossil fuel investment.

Further to minimum standards, the manager research process includes systematic collection of climate-related information, including any climate-related targets with KPIs, alignment with SBTi, and inclusion of the fund in any firm-level climate-related targets and climate-related approach and examples.

In considering a fund's responsible investment tier categorisation, the responsible investment approach of the firm is also included. Our Operational Due Diligence ("ODD") process facilitates systematic and efficient management of information, including firm-level climate commitments and related engagement approach.

Portfolio construction

The managed portfolios are constructed using an appropriate combination of funds to ensure compatibility with the customer's attitude to risk and sustainability preferences.

Responsible investment data dashboards, which include climate-related metrics as appropriate to the mandate, are used as part of the portfolio management and risk-monitoring process on an ongoing basis to ensure portfolios are managed in line with their objectives. For WealthSelect Responsible and Sustainable portfolios, this process considers the carbon footprint of the portfolio as compared to the reference index (MSCI World).

Investment oversight (risk reporting)

Dashboards presenting ESG and climate-related risks of investment exposure through look-through holdings are used to monitor and track risks and exposure to unsustainable activities of investments. These dashboards can be adapted for different uses, including climate-related mandate commitments, such as maintaining a smaller carbon footprint than the reference index. They are used as part of reporting run on a monthly basis by the investment risk and the responsible investment teams with any above tolerance data points flagged for further investigation by the investment and research teams. Where appropriate, this may result in engagement with managers.

Some of the ESG metrics included in the dashboards are GHG emissions, weighted average carbon intensity ('WACI'), and product involvement in oil and gas, shale, oil sands, thermal coal extraction, and fossil fuel generation.

Climate stewardship

Stewardship plays an important role in supporting our approach to managing climate-related risks and opportunities responsibly across our investment solutions. We believe that, for most of our strategies, an approach of engagement rather than divestment is the most appropriate initial action to take.

Our three thematic priorities at Quilter are climate change, natural capital, and human rights. We engage on climate-related issues with both companies and funds, where appropriate, and we also participate in collaborative engagement.

It is important to us that we take advantage of our strategic opportunities as a fund investor to build a robust and relevant body of evidence to design our thematic stewardship approach so that we properly assess risks and capture the best opportunities to reduce climate risks and advocate for climate action.

As noted above, we have undertaken thorough research with tier 3 managers to understand challenges and learning opportunities for integration of climate action, such as transition plans and engagement into investment processes. This has given us clear insights into best practice in the industry, as well as the overall profile of our tier 3 investments, and we have sought external feedback on findings amongst our collaborative partners, including:

- IIGCC (including sovereign/country pathways working group)
- Spring (PRI)
- CDP (SBTi campaign)

To ensure we continue to act in line with our customer objectives, we are conducting additional activities with our advice and distribution channels in 2025, including a training programme for the adviser network, research to assess customer and adviser requirements for net zero aligned investment solutions, and investigating the potential incorporation of climate-related data on to our platform.

Quilter Cheviot (High Net Worth)

Climate-related risks within our investments

The Responsible Investment team identifies climate-related risks and opportunities, making assessments using inputs from external data providers, company reports, and a collection of information from third-party fund providers. Climate-related factors are core inputs into internal assessment tools such as the equity industry group dashboards, where analysts can view industry-relevant climate data. The dashboards are comprised of multiple data feeds related to ESG information deemed to be material by the Sustainability Accounting Standards Board ("SASB"). Some clients will also have specific climate-related exclusions that Investment Managers will monitor and implement. The Investment Risk function monitors investments to ensure they are in alignment with the agreed responsible investment preference and any specific exclusions they might have.

This is supported by the management committees and forums we have in place, including the Investment Oversight Committee and the Product Governance Forum. The Responsible Investment team also has representation on the UK and International Stock committees, as well as on model groups and committees for specific strategies.

Identification, assessment, and management of climate-related risks

The integration of ESG factors into our investment approach is an essential part of our climate risk identification process. We have used external third-party frameworks to guide the structure of our equity ESG dashboards which highlight key climate data across our holdings. These tools are also used to assess climate risks on an ongoing basis.

In 2024, we have undertaken work to deliver dashboards for the third-party funds we invest in that include climate metrics within the dataset. Additional analysis, undertaken by the Responsible Investment team, on the approach managers take on managing climate risks and the pathway to net zero, will also be included.

Our Responsible Investment team regularly meets with companies and funds held in our portfolios, and collaborates with research analysts, to identify and assess where climate risks are not being adequately managed. Part of this process is regularly monitoring emissions exposure to underlying holdings using information from external data providers, non-governmental organisations ("NGOs") and company annual reports. Like many global investors, our emissions exposure is highly concentrated among a handful of companies in several high-emitting industry groups.

Our approach to managing climate risks is centred around our engagement strategy, where we encourage companies and funds to disclose climate information and refine their approach to climate strategy and transition plans over time. The Responsible Investment team undertakes thematic engagements with holdings which may result in the identification of new climate-related risks. This includes focused engagement with third-party fund managers on how they integrate climate data and use company engagement to manage climate risk exposure. These fund engagements have included direct dialogue with heavy emitting companies in third-party fund manager portfolios, facilitated by the fund manager.

Thematic and collaborative engagements

Our thematic and collaborative engagements are a key tool in the process of identifying and managing climate-related risks. We engage directly with companies and funds that we invest in, but we also use a number of collaborative forums to join with other investors to undertake engagement. Additionally, we have representation on relevant industry groups' responsible and sustainable investment committees where we look to share best practice and feed into industry thinking in enabling a supportive policy environment. For instance, we are represented on the Advisers' Sustainability Group which was established by the FCA to focus on enhancing sustainable finance capabilities within the financial advice sector.

Our direct thematic engagements allow us to gain a better understanding of a company or fund's exposure to climate-related risks and opportunities, and how they are responding to the risks posed by climate change.

Taking the temperature: What does a good climate transition plan look like?

Commitments made by governments and companies at COP28 in Dubai can be summarised as: some progress but probably not enough to put the global economy on a path to meeting net zero emissions by 2050. However, the summit did produce the first international commitment to transition global economies away from fossil fuels which is significant as it was the first time the global community has formally agreed to end the fossil fuel era. A large part of the responsibility for executing these national commitments will fall on the shoulders of companies and, by extension, active owners of these entities.

In December 2023, we continued our ongoing engagement programme on climate disclosure and transition planning with the largest emitters among our direct equity holdings. This systematic engagement process supports Quilter Cheviot's Climate Action Plan (due to be published in 2025) and is conducted on a 24-month cycle.

We initiated this programme in 2021, and the first phase was very much engagement for information. This second iteration aims to assess progress against previously stated plans, assessing the quality of transitions plan and whether investee companies are taking appropriate measures to align with a future lower carbon economy.

Like many investors, our financed emissions are concentrated in a handful of companies. Although relatively stable, there has been some movement in the list of largest emitters by investment exposure (financed emissions) since 2021. We identified and engaged with the 10 companies representing c.85% of Scope 1 and 2 financed emissions exposure within discretionary direct equity holdings. The companies making up most of Quilter Cheviot's financed emissions span various industry groups including industrial gases, cement manufacturers, and utilities, but unsurprisingly most conversations were held with oil and gas majors, and diversified miners. Company responsiveness was high, and we were encouraged by the commitment to speak to shareholders.

For more information, please see our 'Taking the Temperature' Report ***here***.

This engagement ultimately informs us how these high emitting companies are responding to the risks and opportunities in the transition to a low carbon economy.

Slipping through the net? Third party managers and net zero ambitions

Around 60% of the assets we manage on behalf of our clients are invested in third-party funds. Evaluating and understanding how these managers are implementing climate-related targets is critical to our own climate approach. In 2023-2024, we engaged with the third-party managers within our centrally monitored universe with Net Zero Asset Management Initiative ("NZAM") targets where we have our largest holdings. Our objectives were to:

- assess how different managers are approaching net zero targets; and
- evaluate chosen alignment methodologies and the process behind selecting the size of NZAM-committed aligned assets.

In 2025, we will engage with our largest third-party managers which do not have NZAM targets in place, as well as third-party managers investing in index trackers. These engagements enable us to more clearly understand the challenges of aligning different asset classes, and therefore set expectations for the managers' ability to reach net zero.

Climate-related collaborative engagements

Collaborative engagements allow us to work with other investors as part of a collective voice to engage specific companies to encourage better response to climate risks and opportunities. Working alongside other investors allows us to broaden our thinking and increase our understanding of the variety of climate risks our assets face.

- **Climate Action 100+:** In December 2023, Quilter Cheviot joined Climate Action 100+ as an investor participant. Climate Action 100+ is an investor-led initiative to ensure the world's largest corporate GHG emitters take necessary action on climate change. Being an active participant in collaborative engagement initiatives is an important element of our overall stewardship agenda and we are active participants in engagements with National Grid and Trane Technologies.
- **Net Zero Engagement Initiative:** The Net Zero Engagement Initiative aims to evaluate companies' existing climate transition plans and progress to date. This includes reviewing where the companies are experiencing the greatest success in decarbonising, and which areas remain challenging. We are part of the working groups for two target companies, Tesco and Siemens.
- **Nature Action 100:** In 2023, Quilter Cheviot joined Nature Action 100. This is a global investor engagement initiative focused on driving greater corporate ambition and action to reverse nature and biodiversity loss. The initiative engages companies in key sectors that are considered to be systemically important in reversing nature and biodiversity loss by 2030. Quilter Cheviot is part of the engagement working group for Rio Tinto.
- **Spring (PRI):** Quilter Cheviot joined the Spring initiative in June 2024. This initiative aims to use investors' influence to limit biodiversity loss and enhance corporate practice in addressing systemic risks to nature from specific commodities. We are involved in engagement groups targeting Reckitt Benckiser and BHP.
- **IIGCC External Fund Manager Working Group:** Quilter Cheviot joined this working group in August 2024. Its members aim to develop guidance for asset managers working with external fund managers to assess net zero alignment.
- **Wealth Managers on Climate:** Quilter Cheviot joined this group in late 2023. The group comprises UK-based wealth managers who meet quarterly to share best practice on sustainability-related topics. In Q4 2024, nine managers within the group undertook to write to the third-party managers they invest in, setting three clear steps they wished to see in regards to climate ambitions.

Voting on climate matters

We use our voting rights to express formal approval or disapproval of the way investee companies or investment trusts are managing risks and opportunities. As well as being a core aspect of being an active owner, it is an important escalation tool in our stewardship process to manage climate-related risks within our investment portfolios. Where we feel a company is not adequately responding to climate risks and opportunities, this is reflected in our voting. We have set the following climate-specific expectations in our voting policy.

Transition plan: Where companies are responsible for materially significant emissions of carbon dioxide (or equivalent GHG)[1] we expect to see appropriate management of climate-related financial risks and transition planning. Transition plans[2] of investee holdings are a key tool for understanding the decarbonisation trajectories of our investment portfolios. We set the following expectations for company transition plans:

Targets

- Short-term (pre-2035), long-term (2035-2050).
- Inclusive of material emissions[3].
- Externally validated (ie by the (SBTi)) where possible.

Disclosures

- Comprehensive emissions inventory (Scopes 1, 2 and 3), on a 'disclose or explain' basis.
- Report progress against targets at least annually.
- Climate risk scenario analysis (in line with TCFD).

Decarbonisation strategy

- Strategy outlining primary drivers of emissions and key levers to facilitate emissions reductions. This should include a clear trajectory of decarbonisation over time.
- Supply chain decarbonisation strategy – where Scope 3 emissions are material[4]. This should include details of supplier engagement programmes and other key levers to decarbonise the company's supply chain.

We may vote against members of the board where the company is not meeting these expectations or is not making sufficient progress towards these goals.

Climate capability: We expect boards to demonstrate capability in communications with investors and executive oversight. Where we feel this skillset is lacking, we may vote against the Chair of the Nominations Committee. We support TCFD and see climate risk as an essential element of a company's annual disclosures.

Climate change disclosures: We may not support non-executive directors with sustainability responsibilities which operate in high impact sectors that have not made sufficient progress in providing investors with relevant climate disclosures (these include comprehensive emissions inventories, decarbonisation commitments and targets, and annual progress against targets).

Climate lobbying: We may not support the election of non-executive directors with sustainability responsibilities with relationships to industry associations that oppose efforts to transition to a low carbon economy. We will typically support well-structured and relevant shareholder resolutions calling for further transparency on lobbying and industry group alignment reviews.

Natural capital: We will typically support any resolutions that improve efforts to disclose adverse impacts on natural capital, specifically in relation to:

- **Biodiversity:** better company-level disclosure on biodiversity impact management and mitigation.
- **Water risk:** enhanced transparency around water usage and encourage relevant companies with exposure to this risk to submit disclosures to the CDP Water framework.
- **Deforestation:** enhanced transparency on operations in high-risk areas and exposure to supply chains where deforestation is a material risk. Again, we encourage relevant companies to submit disclosures to the CDP Forests framework.

Details of how we have voted throughout 2024 are available in our quarterly and annual reports ***Stewardship | Quilter Cheviot***.

[1] *We define 'materially significant' in line with the 'high impact' sectors defined in IIGCC's Net Zero Investment Framework (NZIF) 2.0.*
[2] *These are variously referred to as Climate Action Plans, Transition Action Plans, Climate Transition Plans.*
[3] *In line with CDP sector guidelines. (**CDP Technical Note: Relevance of Scope 3 Categories by Sector**)*
[4] *As per SBTi standard, this is when Scope 3 emissions comprise at least 40% or more of a company's overall carbon emissions.*

Training and education

We seek to ensure that our colleagues across Quilter Cheviot have a good understanding of climate change, the related risks and opportunities, and the work the Responsible Investment team undertakes to identify and manage climate-related risks, and integrate these considerations into our day-to-day investment activities.

Quilter Cheviot has developed the Responsible Investment Champions Forum, a regular session designed to deliver enhanced and more detailed responsible investment-related training and updates for client facing colleagues. Over 2024, we delivered a number of sessions, including a climate change training session, as well as a deep dive into the TCFD product reports.

Regular firm-wide updates are available to all colleagues and these focus on: ESG integration frameworks, voting and engagement activity, climate change, and specific investment strategies such as Climate Assets and Positive Change. Sessions are recorded so those unable to attend the event can watch at a later date. These events usually see attendance of over 150 colleagues.

Mandatory anti-greenwashing training was provided within Quilter Cheviot and Quilter Cheviot Financial Planning, as well as specific training for the marketing team.

Investment professionals within the business also attend external educational and training events we hold for advisers and customers. To help guide advisers and customers through our TCFD reports, we provide a video explaining the key terms and metrics.

Metrics and targets

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

Overview of emissions

The GHG Protocol categorises emissions according to 'Scope', as follows:

For Quilter, this includes:

Leading to the following emissions (tCO_2e):

Scope 1 (Direct GHG) These are emissions from sources that are owned or controlled by an organisation. This includes fuel combustion on site, eg, gas boilers, fleet vehicles, and air conditioning leaks.

- Gas consumption
- Refrigerants
- Diesel Generators

Year	tCO_2e
2020	733 *Baseline*
2023	343
2024	354

Scope 2 (Energy - Indirect GHG) These are emissions from the consumption of purchased energy generated upstream from the organisation. For purchased electricity, organisations are required to report Scope 2 emissions according to the below categories:

Location-based: This reflects the average emissions intensity of grids.

Market-based: This reflects emissions from electricity that organisations have purposefully chosen, eg. renewable energy contracts.

- Electricity
- Geothermal Heating

Location-based

Year	tCO_2e
2020	2,642
2023	848
2024	708

Scope 3 (Value chain - Indirect): These are all indirect emissions (not included in Scope 2) that occur in a company's value chain.

Due to the nature of our business, only upstream emissions categories are applicable to Quilter.

- Purchased Goods and Services
- Business Travel
- Investments*
- Employee Commuting including Work from Home ("WFH")
- Waste
- Upstream Leased Assets
- Fuel & Energy-Related Activities

Financed emissions are not included in the above diagram, please see pages 49 and 50 for a summary of our financed emissions.

Year	tCO_2e
2021	79,679
2023	24,765
2024	28,376

Moving forward, we anticipate a continuation of incremental reductions year on year towards our target through the realisation of energy efficiency opportunities and workspace optimisation. In this report we disclose our 2023 and 2024 emissions against the relevant baseline year to illustrate our progress towards our operational emissions target. The increase in our purchased goods and services emissions is in line with our increased spending. We have also estimated a larger portion of our supplier's Scope 3 emissions due to the lack of granularity in supplier's disclosures, which has resulted in higher emissions being apportioned to our spend. We are exploring how we can improve the supplier-specific data used in our calculations for future disclosures.

For more information on how we calculate the emissions under each category, see our TCFD Emissions Methodology in the appendix.

Quilter's operational greenhouse gas emissions

Our emissions data is calculated in accordance with the GHG Protocol guidance. We aim to source as much actual data as possible, however, where data is not available, we have estimation methodologies in place to ensure complete and consistent reporting. For more information on how we calculate our operational emissions and what's included in our reporting boundary, see our emissions methodology document.

The baseline year for our Scope 1 & 2 emissions is 2020, and our Scope 3 baseline year is 2021 as this is when we began capturing Scope 3 emissions data.

Our operational greenhouse gas emissions (tCO_2e) and energy consumption data (kWh)

Greenhouse gas emissions		2024	2023	Baseline
Scope 1 emissions	UK	348	338	
	Offshore	7	5	
	Global total	**354**	**343**	**733**
Scope 2 emissions (location-based)	UK	662	788	
	Offshore	46	60	
	Global total	**708**	**848**	**2,642**
Scope 2 emissions (market-based)	UK	558	783	
	Offshore	72	84	
	Global total	**629**	**867**	**1,955**
Total Scope 1 & 2 emissions (location-based)	UK	1,010	1,126	2,684
	Offshore	52	65	691
	Global total	**1,062**	**1,191**	**3,375**
Scope 3 emissions (excluding investments)	UK	28,359	24,742	79,480
	Offshore	18	23	199
	Global total	**28,376**	**24,765**	**79,679**
Total operational emissions (location-based)	UK	29,368	25,868	82,064
	Offshore	70	88	890
	Global total	**29,438**	**25,956**	**83,054**
Operational Carbon Intensity		2024	2023	Baseline
tCO_2e per full-time equivalent (FTE)	UK	10.1	8.9	
	Offshore	1.0	1.4	
	Global total	**9.9**	**8.7**	
Energy consumption		2024	2023	
Energy consumed (kWh)	UK	6,950,491	7,542,659	
	Offshore	238,297	236,961	
	Global total	**7,188,788**	**7,779,621**	

Figures in the tables may not sum due to rounding.

Breakdown of Scope 3 (excluding investments) emissions

Greenhouse gas emissions	2024	2023	Baseline
1. Purchased goods and services	24,516	20,808	75,878
3. Fuel- and energy-related emissions	275	320	809
5. Waste	4	6	10
6. Business travel	1,570	1,516	330
7. Employee commuting (including working from home)	1,877	1,882	2,357
8. Upstream Leased Assets	134	234	297

As a service-based business, Scope 3 Categories 9-14 (downstream value chain emissions) do not apply to Quilter.

The majority of our Scope 3 emissions are as a result of the goods and services we procure as a business. In 2025, we will begin our supplier engagement programme, with a view to understanding the emissions and climate risks posed by our suppliers.

Please see pages 49 and 50 for a breakdown of our Category 15 (financed emissions) across our Affluent and High Net Worth business segments.

Restatements

In 2024, we carried out an in depth review of our policies and processes for calculating our operational emissions. We refined and enhanced the methodologies we use to ensure we are delivering complete, consistent, and comparable emissions reporting in accordance with the GHG Protocol. As a result, we have made material restatements to our previous years' emissions, including our baseline year, to ensure comparable reporting. The majority of the changes have arisen from one of the following:

- Improved reliability and accuracy of raw data sources
- Application of consistent estimation methodologies
- Implementation of data quality controls and hierarchies

Quilter's operational emissions target

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

Having considered the UK legal requirement to be a net zero business by 2050, we set an interim operational emissions target to reduce our Scope 1 and Scope 2 (location-based) emissions by 80% from a 2020 baseline.

In setting our location-based target, we considered the UK Government's ambition to decarbonise the UK power grid and have therefore factored this into our calculations. Should the Government not achieve this, our ability to meet our location-based target may be impacted. We will continue to review this target on an annual basis and, as part of our 2025 Climate Transition Plan, we will consider setting additional targets aligned to the Paris Agreement where appropriate.

Progress against our target

Since 2020, we have achieved a significant decrease in our operational emissions. Our 2024 Scope 1 and 2 emissions were 69% lower than the 2020 baseline, demonstrating good progress towards our 80% reduction target by 2030. The primary driver of this was the delivery of our Workplace Strategy which considers our office footprint in relation to changing workspace demands.

Going forwards, we anticipate a continuation of incremental reductions each year as we implement energy saving opportunities across our offices and source renewable energy contracts where we control the office energy procurement. Details of the energy saving opportunities we are currently pursuing and considering are outlined on page 19.

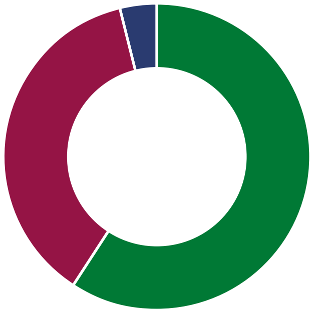
We consider our Scope 1 and Scope 2 emissions as a combined total to be a more representative KPI than Scope 1 or Scope 2 alone. This is because the vast majority of our Scope 1 emissions result from our natural gas consumption and Scope 2 comprises purchased heat and electricity, which means any significant reductions in Scope 1, by moving away from gas heating, would likely be offset by a slight increase in our Scope 2 emissions. Therefore, to properly assess our performance in reducing our direct energy consumption emissions, Scope 1 and Scope 2 emissions should be considered together.

We have seen an increase in our total Scope 3 emissions, largely due to our increased spend on purchased goods and services, and an increase in the amount of estimated proxy data we have had to use in our calculations. As part of our Climate Transition Plan, that we will be developing in 2025, we will be engaging with our suppliers and exploring the use of KPIs and targets with the aim of reducing our Scope 3 emissions.

Quilter Affluent: emissions in our investments

Quilter's Affluent segment includes Quilter Investors, the manager of several UK UCITS/NURS umbrella schemes, and an Irish ICAV, Quilter platform, which acts as both discretionary investment manager (in respect of the WealthSelect and Caerus Select managed portfolios) and administrator (in relation to third-party funds), and the Quilter financial planning businesses (out of scope for TCFD). The Quilter Investors UK funds and Quilter Platform managed portfolios are included in our emissions calculations as they are the products where we have full investment control. As of 31 December 2024, the total AuM for Quilter Investors and Quilter platform managed assets were £31.4bn, of which £29.8bn is covered for the metrics below.

AuM by Category



- Managed portfolios £18.6 billion
- Quilter Investors (multi asset funds) £11.6 billion
- Quilter Investors (other) £1.2 billion

Managed Portfolio Solutions (MPS)

Primarily WealthSelect, which invests across Quilter Investors sub advised funds as well as third-party funds, and Caerus Select, but the latter is not included in our TCFD metrics.

Quilter Investors (multi asset funds)

Includes the Cirilium, Creation, and Monthly Income ranges, as well as the Quilter Cheviot International Portfolios. Also includes the Quilter Cheviot Global Income & Growth Fund for Charities, but this fund is not included in our TCFD metrics.

Quilter Investors (other)

To avoid overlap, this reflects the AuM of Quilter Investors sub advised funds not already counted within the AuM of MPS or multi-asset funds above. These funds are not included in our TCFD metrics.

Investment greenhouse gas emissions	As at 31/12/2024	Unit	Data coverage
Scope 1 and 2 greenhouse gas emissions	1,441,530	tCO_2e	73.4%
Scope 3 Greenhouse Gas Emissions	13,299,437	tCO_2e	73.3%
Carbon footprint (Scope 1 and 2 only)	52.6	tCO_2e/\$m invested	73.4%
Equities and corporate bonds Weighted Average Carbon Intensity ("WACI") (Scope 1 and 2)	105.1	tCO_2e/\$m revenue	75.4%
Equities and corporate bonds Weighted Average Carbon Intensity (Scope 1, 2, and 3)	1,036.7	tCO_2e/\$m revenue	73.3%

Source: Quilter Investors and Quilter Investment Platform holdings data as of 31 December 2024. MSCI data retrieved at 25/02/2025. The data used to inform these values was sourced through Factset. We understand that due to MSCI's data refresh cycle, some of the emissions data (specifically Scope 1 and 2) may date from 2021. We have not shown a benchmark comparison as the holdings across Quilter Investors and Quilter Investment Platform have a significantly different composition to the MSCI All Country World Index.

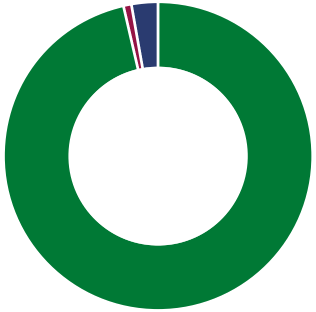
We use both reported and estimated data in our Scope 1, 2, and 3 calculations.

There are holdings within our universe for which we are unable to provide climate data. This is usually where there is no International Securities Identification Number ("ISIN") as the holding is not listed. This will include cash, futures, unlisted companies, and physical property and infrastructure.

Quilter Cheviot: emissions in our investments

As a discretionary investment manager, there are three categories of holdings* split between direct and indirect (third-party funds). As at 31 December 2024, the AuM was £29.5 billion. The centrally monitored holdings are included in our emissions calculations.

AuM by Category



Investment greenhouse gas emissions	As at 31/12/2024	Unit	Data coverage
Scope 1 and 2 greenhouse gas emissions	1,621,405	tCO_2e	93.4%
Scope 3 greenhouse gas emissions	12,097,948	tCO_2e	93.4%
Total carbon footprint (Scope 1 and 2 only)	53.6	tCO_2e/\$m invested	93.4%
Equities and corporate bonds Weighted Average Carbon Intensity ("WACI") (Scope 1 and 2)	86.6	tCO_2e/\$m revenue	93.7%
Government bonds Weighted Average Carbon Intensity (Scope 1 and 2)	156.1	tCO_2e/\$m GDP	99.7%
Equities and corporate bonds Weighted Average Carbon Intensity (Scope 1,2 and 3)	1136.4	tCO_2e/\$m revenue	93.7%
Government bonds Weighted Average Carbon Intensity (Scope 1,2 and 3)	249.2	tCO_2e/\$m GDP	99.7%

Centrally monitored holdings form the majority of Quilter Cheviot's holdings; these are investment ideas generated by the in-house research teams. Engagement, voting and ESG integration activities are focused primarily on these investments.

Investment manager led ideas are investments that are researched and monitored by investment managers. Quilter Cheviot will only engage or vote with these holdings where more than £2 million or 0.2% of a UK listed company is owned.

Other: a long tail of legacy holdings, which is a consequence of the nature of the client base. In some cases, the position will only be held by one client.

Source: Quilter Cheviot holdings data as of 31 December 2024. MSCI One data as of 31 January 2025. The data used to inform these values was sourced from MSCI One. We understand that due to MSCI's data refresh cycle, some of the emissions data (specifically Scope 1 and 2) may date from FY2021. We have not shown a benchmark comparison as the holdings within the centrally monitored universe have a significantly different composition to the MSCI All Country World Index. We have not shown last year's data as this was limited to centrally monitored equities which was 30.7% of Quilter Cheviot' total AuM and we have extended this coverage to 93.2% for 2024.

We use both reported and estimated data in our Scope 1 and 2 calculations. For Scope 3 emissions we follow Quilter Cheviot's climate data hierarchy regarding the use of reported and estimated emissions data. Our sovereign WACI calculations utilise sovereign emissions excluding land use, land use change and forestry ("LULUCF"). For further information please refer to the methodology document in the appendix.

There are holdings within our universe for which we are unable to provide climate data. This is usually where there is no International Securities Identification Number ("ISIN") as the holding is not listed. This will include cash, financial instruments, unlisted companies and physical property and infrastructure.

The data exclude client cash held across multiple currencies in client portfolios and does not include external platform managed assets which are not replicated on our in-house systems (£0.98 billion of the overall AuM), as well as £0.22 billion in externally held and administered positions in Quilter Cheviot managed funds.

Appendix 1: Emissions methodology and reporting criteria

Operational emissions criteria

Reporting period

The climate metrics reporting period is aligned to our fiscal year. Data points are collected throughout the course of the reporting year, and metrics are calculated in January of the following year using the most up-to-date data and emissions factors available at the time of calculation.

In some instances, data for the reporting year that is provided by third parties, may not be available in time for inclusion in our TCFD Report. For operational emissions, due to the time required for internal validation checks and governance reviews, any outstanding data not received by 20 January 2025 is estimated using the consistent methodology outlined below.

Reporting boundaries

Quilter plc reports emissions on a consolidated group basis, incorporating all subsidiaries, and has set reporting boundaries based on financial control.

This includes the activities and resulting emissions associated with:

- All offices occupied by Quilter or any of its subsidiaries for the period in which Quilter is financially responsible, as stated in the lease.
- All employees of Quilter or any of its subsidiaries for the period covered by their employment contract.
- Owned and leased assets where Quilter is contractually or financially responsible for maintaining the assets.
- Business travel for which Quilter is financially responsible.

The following is outside of our reporting boundary:

- Office space sub-leased to other parties.
- Assets included as part of a broader building lease, for which the landlord holds contractual or financial responsibility for the maintenance and running of the asset.
- Advisers that operate as capitals of Quilter but are not part of Quilter plc.
- Specific exclusions that are stated throughout this document.

Estimation methodology

Depending on the data available and the emissions source in question, one of the following estimation methodologies are utilised:

Historical data

This is the preferred method for producing estimations and is utilised when actual (not estimated) data is available for at least 11 months of the previous year. If this condition is met, data from the previous year, for the period in question, is used to fill the data gaps.

Quilter House as proxy

When data for an office was estimated in the previous year, Quilter House data is used as a proxy. This proxy is calculated based on the square footage of the office in question relative to Quilter House. Quilter House is used as it is our only office location where we occupy the entire building, allowing full visibility and control over utilities and services without the need for apportionment or reliance on third parties to provide data. As a result, Quilter House is the most accurate and reliable data available throughout the reporting year.

National average as proxy

Where Quilter House data is not available, or is not specific enough for our estimations, national average consumption data is utilised as an alternative proxy. Currently, this applies only to natural gas consumption, as the gas utilisation varies significantly across offices depending on the available facilities. Additionally, Quilter House is the only office using a combination of gas and geothermal sources for heating, which would make its gas consumption data an inaccurate basis for estimating gas usage in other offices that do not have access to geothermal heat sources.

Scope 1 – Direct operational emissions

The direct greenhouse gas emissions that occur from sources that are owned or controlled by Quilter, such as company vehicles and office facilities.

Stationary fuel combustion

This captures the emissions resulting from the combustion of fuels at our office locations.

Natural gas:

Most of our buildings consume natural gas for heating and for catering equipment. Where Quilter is invoiced directly, natural gas consumption data is provided by the supplier. However, for some of our smaller offices, the landlord is financially responsible for utilities and invoices Quilter via a service charge. For these offices, gas consumption data, in the form of meter readings, is sourced from the landlord. Where this data is provided for the entire building, an apportionment calculation is applied based on the square footage of Quilter's leased demise. Where consumption data is not available for an office, this is estimated based on the UK national average natural gas consumption per square metre for office buildings.

All buildings that Quilter and its subsidiaries occupy are in scope.

To calculate the associated emissions, total gas consumption is multiplied by the natural gas emissions factor produced by the Department of Energy and Net Zero ("DESNZ").

Diesel:

Some of our buildings have back-up diesel generators to produce electricity for our buildings in the event of a power outage. Our facilities management contractors maintain the generators and their fuel levels and provide Quilter with the consumption data from this source in the form of purchased diesel records.

The generators that Quilter is financially responsible for are in scope. Where the landlord is financially responsible for the maintenance and operation, these generators are outside of Quilter's operational boundary and related emissions are the responsibility of the landlord.

To calculate the associated emissions, total diesel consumption is multiplied by the natural gas emissions factor produced by DESNZ.

Mobile fuel combustion

This captures the emissions resulting from the combustion of fuels generated by company vehicles. Quilter does not own any active company vehicles; vehicle emissions from employee business travel are captured within our Scope 3 emissions.

Fugitive emissions

This captures the unintentional gas or vapour leakages from pressurised refrigerant and air conditioning systems in our offices. Our facilities management contractors are responsible for maintaining refrigerant systems within Quilter's operational boundary. Our Property and Facilities Projects team manage the installation and decommissioning of refrigerant systems. Reports are produced during installation, maintenance, and decommissioning works that track refrigerant leaks.

Refrigerant systems that Quilter is financially responsible for maintaining are within our operational boundary. Where the landlord is financially responsible for maintaining the system, the related fugitive emissions are the responsibility of the landlord. For most of our buildings, the landlord is responsible for the refrigerant systems that cool the office space. However, where Quilter maintains a server or comms room within the building, a separate, Quilter owned, refrigerant system is usually installed to maintain an appropriate temperature for this room that is separate from the remainder of the building.

To calculate the associated tonnes of carbon dioxide equivalent ("tCO_2e") emissions, the amount of each refrigerant leaked is multiplied by the corresponding emissions factor produced by IPCC reports or DESNZ, depending on availability of emissions factors.

Scope 2 – Indirect operational emissions

The indirect GHG emissions associated with the purchase of electricity, steam, heat, or cooling consumed at Quilter controlled facilities, which are generated by energy suppliers. Emissions captured under Scope 2 are those resulting from the generation of purchased energy only. In line with the Greenhouse Gas ('GHG') Protocol, the emissions from transmission and distribution losses, and upstream "well-to-tank" emissions resulting from the extraction, refining, and transportation of primary fuels before their use in the generation of electricity are accounted for in our Scope 3 emissions.

Purchased electricity

Electricity consumption data for each of our offices is collected from invoices or meter readings in kilowatt-hours ("kWh"). For the majority of our offices, our occupied demise within the building has a sub-meter, which allows us to determine the amount of electricity consumed directly by Quilter. Consumption data may be extrapolated to fill monthly data gaps based on the data for the same month in the previous year. Where the data for the missing month is not available from the previous year's data or data for an office is not provided by the landlord, electricity consumption is estimated by calculating an intensity figure per square foot, using actual data from Quilter House, and applying this to the square footage of our leased demise of the offices with missing data.

All offices for which Quilter has a lease agreement in place are within our operational boundary and are reported under Scope 2.

Location-based method

Our location-based Scope 2 emissions are calculated by multiplying our energy usage by an emissions factor based on the national grid. We use the following emissions factors for our offices:

Office location	Emissions factor source
UK	DESNZ
Dubai and Jersey	International Energy Agency ("IEA")
Ireland (Dublin)	Sustainable Energy Authority of Ireland ("SEAI")

Market-based method

Market-based emissions utilise a supplier specific emissions factor, where available, to reflect the actual emissions from the electricity procured by Quilter, rather than the average of the entire grid. Where renewable energy contracts have been sourced, an emissions factor of zero has been applied as there are no emissions associated from the generation of this electricity. As per the GHG Protocol, the remaining consumption that is not procured from a renewable source, is multiplied by the residual mix emissions factor for the location.

Where an updated supplier-specific emissions factor is not available at the time of producing emissions calculations, the emissions factor for the previous year will be used.

Purchased heat

Our Southampton office is partially heated using the District Geothermal Energy Scheme. The consumption data is sourced directly from the supplier and multiplied by the relevant emissions factor. For the location-based emissions, this is the DESNZ district heat and steam emissions factor; the market-based emissions factor is sourced directly from the supplier. There may be instances where the market-based emissions factor is not available in time for our reporting, in this case we will use the emissions factor provided from the previous year.

Scope 3 – Indirect operational emissions

The indirect emissions that occur in Quilter's upstream value chain which are outside of our operational control.

Purchased goods and services including capital goods (Category 1 and Category 2).

This captures the emissions resulting from the production of goods and delivery of services procured by Quilter. For the purposes of our reporting, the purchase of capital goods and serviced offices without a lease agreement are included in this category.

Spend data and product type is captured within our internal procurement system. The spend-based methodology, as set out in the GHG Protocol, is used to calculate the emissions for our spend with each supplier.

Suppliers are categorised into tiers based on criticality and risk. We aim to source supplier-specific data for the following:

- All spends with Tier 1 suppliers (material outsource agreements)
- All spends with Tier 2 suppliers (critical third party or essential services)
- Top 75% of expenditure with Tier 3 suppliers (non-essential services with associated risk)
- Expenditure over £1m with Tier 4 suppliers (non-essential services with low or no risk)

Where suppliers disclose actual Scope 1 emissions, location-based Scope 2 emissions, and upstream (categories 1-8) Scope 3 emissions, a portion of their total carbon emissions is allocated to Quilter based on our spend as a proportion of their revenue. Where only Scope 1 and location-based Scope 2 emissions are disclosed by a supplier (or not all applicable Scope 3 categories are disclosed), we use the CDP ratio industry averages to estimate Scope 3 upstream emissions.

We have implemented a data hierarchy for sourcing supplier data that prioritises audited TCFD reporting and uses CDP reporting to validate emissions disclosures. The most up-to-date supplier data available at the time of calculation is usually one reporting year behind the year of our spend. We use the revenue figure that aligns to the period of reported emissions.

Only location-based Scope 2 reported emissions are used in our calculations to ensure consistent and comparable data is sourced across all suppliers.

In 2024, we were able to source supplier-specific data for Scope 1, Scope 2, and upstream Scope 3 emissions for 39% of our spend. Upstream Scope 3 emissions were estimated for 10% of our spend.

For the remainder of our spend, where supplier-specific data is not available, suppliers are categorised based on the product or service procured. A spend-based, industry average emissions factor from the DEFRA (Department for Environmental, Food and Rural Affairs) 'Indirect emissions for the supply chain' publication[1], is adjusted for inflation and applied to our spend for each category.

As emissions reporting improves, we expect the amount of available supplier-specific data that meets our data quality standards to increase.

The following categories are excluded from our purchased goods and services calculations as per the GHG guidance:

- Regulatory fees and taxes
- Intercompany expenditure
- Charitable donations
- Pass-through costs for employee benefits
- Fees paid to our travel partner (accounted for in Category 6)
- Electricity, gas, and water (accounted for in Scope 1 and 2)
- Datacentres (accounted for in Category 8)

A small amount of spend on taxi travel is included in this category where Quilter has a corporate contract with a supplier to provide taxi services, rather than employees paying for this and then expensing for reimbursement. In 2024, this accounted less than 1% of our total business travel spend.

Due to data availability, goods and services purchased by employees and expensed via our expenses system are also excluded. This is not material in relation to our total spend, in 2024 this accounted for less than 1% of our total spend.

[1] *Table_13_Indirect_emissions_from_supply_chain_2007-2011.xls*

Fuel and energy-related activities (Category 3)

This accounts for the upstream emissions resulting from the extraction, production, and transportation of primary fuels, electricity, and heat consumed by Quilter that are not accounted for in Scope 1 or Scope 2.

Upstream emissions of purchased fuels

The combustion of fuels is accounted for in our Scope 1 stationary combustion emissions. This category captures the upstream emissions associated with the extraction, refinement, and transportation of fuels consumed by Quilter.

The natural gas and diesel consumption data collected for our Scope 1 emissions is also utilised for the calculation of upstream emissions.

In the absence of national emissions factors for activities related to our Dubai and Dublin offices in this category, we have applied the DESNZ published emissions factors to calculate our emissions.

Upstream emissions of purchased electricity and heat

The emissions associated with the generation of purchased heat and electricity consumed by Quilter are accounted for in our Scope 2 emissions. This category captures the upstream emissions associated with the extraction, refining, and transportation of primary fuels before their use in the generation of the electricity consumed by Quilter.

The electricity and heat consumption data collected for our Scope 2 emissions and electricity consumed at our datacentres, is utilised to calculate the upstream emissions of purchased electricity and heat.

For purchased heat and electricity in our offices and datacentres, the DESNZ 'well-to-tank' emissions factor is applied to consumption data to account for extraction and refinement of primary fuels and the DESNZ 'well-to-tank distribution' emissions factor is applied to account for distribution losses.

In the absence of national emissions factors for activities related to our Dubai and Dublin offices in this category, we have applied the DESNZ published emissions factors to calculate our emissions.

Transmission and distribution losses

The emissions associated with the energy loss that occurs in transmission of energy to Quilter that is purchased via the National Grid.

The data collected for our upstream emissions of purchased electricity and heat is also utilised to calculate the transmission and distribution losses by applying an additional emissions factor published by DESNZ, the IEA, or SEAI depending on the office location. The same exclusions apply.

Waste generated in operations (Category 5)

This captures the emissions resulting from the treatment of waste produced from Quilter's operational office facilities, in terms of both solid waste and wastewater.

All waste and wastewater generated from office facilities is in scope for this metric. Due to data limitations and lack of a standardised procedure, we are unable to account for the impact of waste and wastewater for colleagues working from home.

Solid waste

For offices where Quilter is directly financially responsible for the removal of waste, we source waste data from our waste solutions providers, who either weigh waste at the point of collection, or estimate based on bin capacity using industry standard methodology. The waste types and disposal methods are reported by our waste contractors and categorised in line with the DESNZ guidance for an emissions factor to be applied. Where the landlord is financially responsible for the removal of waste, this data is provided by the landlord annually for the entire building and apportioned to Quilter based on square footage of leased demise.

Where data for an office is not available or does not meet our data quality standards, we estimate the waste data for that building, based on square footage of leased demise, using Quilter House as proxy data. When estimating waste data, or where waste type or treatment is unknown, it is assumed that all waste is mixed commercial and industrial waste, and that all waste is combusted with energy recovery as this is the most common form of disposal for this waste type.

We may also utilise assumptions with regards to waste treatment methods based on the waste disposal facility and the waste type using information provided by our waste broker.

Emissions factors are sourced from DESNZ and applied to our waste data based on weight, type of waste, and treatment of waste.

In the absence of national emissions factors for activities related to our Dubai and Dublin offices in this category, we have applied the DESNZ published emissions factors to calculate our emissions.

Wastewater

As our buildings do not have wastewater meters, the industry standard calculation (multiply water usage by 95%), is applied to the water usage to estimate the wastewater for each of our offices.

The DESNZ emissions factor for water treatment is applied to account for the treatment of water returned into the sewage system.

In the absence of national emissions factors for activities related to Dubai and Dublin offices in this category, we have applied the DESNZ published emissions factors to calculate our emissions.

Business travel (Category 6)

This category captures emissions resulting from employees travelling for businesses purposes, paid for by Quilter, that had a booking/invoice date in 2024. For each area of travel the DESNZ 'well-to-tank' and 'transmission & distribution' emission factors are applied to the relevant fuel consumption and miles travelled by each transport method to calculate related upstream emissions. Due to data and emissions factor limitations, we are unable to account for the well-to-tank emissions from taxi travel, sea travel, car hire, and other business travel booked outside of our third party travel management company platform.

Air travel

All flight data is captured either via our third-party travel partner booking system or our expenses platform. The two platforms collect different datasets and therefore require a different methodology.

Where flights are booked via our third-party travel partner, the departing airport, destination airport, distance travelled, and travel class is recorded. The relevant DESNZ emissions factor is selected based on whether the flight was domestic, short-haul, or long-haul, the travel class, and whether the flight was to or from the UK. The emissions factor is multiplied by the distance travelled to produce a tCO_2e figure. When applying this methodology, in line with the DESNZ guidance, the additional emissions from radiative forcing are included. It should be noted however that there is significant scientific uncertainty surrounding the magnitude of the indirect effect of non-CO_2 aviation emissions and it is an active area of research. In 2024, flights booked via our travel partner, and calculated using this methodology, accounted for c.98% of our spend on air travel.

In instances where flights are booked directly by employees and paid for by Quilter via our employee expenses system, due to data limitations in the recording of departing and destination airports, the distance travelled data is unavailable. It is therefore not possible to apply the same DESNZ emissions factor to these flights. In the interests of accounting for all emissions, the air travel spend-based emissions factor, set out in the DEFRA Table 13, is adjusted for inflation and multiplied by our aggregated spend on employee expensed flights during the reporting year. This method is considered less accurate, and work is ongoing in this space to improve the data at the point of collection. However, as colleagues are encouraged to utilise our third-party travel partner to book all business travel, in 2024 this only accounted for c.2% of our spend on air travel.

Due to data availability, we are unable to account for flight upgrades that are arranged after the point of booking. Where this is funded by the employee, this is outside of our operational boundary as Quilter does not have financial or operational control over the additional emissions associated with the upgraded flight class.

Rail travel

All rail travel data is captured via our third-party travel partner booking system or our expenses platform. Depending on the data availability and specificity, one of two methodologies outlined below is applied.

Where rail travel is booked via our third-party travel partner, the distance between stations is calculated using the Rail Delivery Group's 'National Routeing Guide Data Feed Specification' (document reference RSPS5047) data, where available, or using the Haversine algorithm[2] and Ordnance Survey ("OS") grid references to determine the distance between stations. The distance travelled is multiplied by the DESNZ emissions factor for National Rail or International Rail depending on the booking. As the dataset does not include details as to whether London Underground, light rail, or trams were used as part of this journey, the National Rail emissions factor is applied to the entire journey as this results in the highest possible emissions. In 2024, this accounted for c.95% of our spend on rail travel.

Where colleagues are reimbursed for train tickets via our expense platform, or where travelcards are booked via our travel partner, the dataset does not include distance travelled or start/end stations for each journey. In this instance, the spend-based emissions factor is applied to our spend on travelcards and rail travel expenditure during the reporting year. The emissions factor is sourced from the DEFRA Table 13 publication and adjusted for inflation.

Car travel

Quilter does not own any active company vehicles. Where colleagues use their personal cars for business travel purposes, colleagues are reimbursed on a per mile rate via our expenses platform. The dataset includes mileage travelled and the fuel type of the car in question. The DESNZ emissions factor is selected based on the fuel type for an average car (as car type/size is unknown) and multiplied by the distance travelled.

[2] This calculates the shortest distance between two points on a sphere using their latitudes and longitudes measured along the surface.

Taxi travel

Colleagues may be reimbursed for taxi travel via our expense platform. Whilst the recorded data does capture the 'origination' and 'destination,' this is only by city and not exact location and as such, it is not possible to determine the distance travelled. Consistent with other travel types where distance travelled is unknown, the spend-based emissions factor for road travel in the DEFRA Table 13 publication is adjusted for inflation and multiplied by our spend on taxis to calculate the related emissions.

A small portion of taxi travel is included within our Purchased Goods & Services category as there are instances whereby Quilter has a corporate contract in place with a provider rather than employees paying the fee and being reimbursed. This accounted for c.7% of our spend on taxi travel in 2024.

Sea travel

Sea travel cannot currently be booked via our travel partner and colleagues must expense this travel via our expense platform. As the dataset does not include distance travelled by sea, consistent with other modes of transport where distance data is not available, the spend-based emissions factor for sea travel in the DEFRA Table 13 publication is adjusted for inflation and multiplied by our spend on sea travel to calculate the related emissions. This emissions factor is aligned to the Standard Industrial Classification ("SIC") Codes for all types of ferry travel.

Hotel stays

Hotel stays are mostly booked via our third-party travel partner, but on occasion, colleagues may be reimbursed via our expense platform for hotel stays.

The data provided from our travel partner includes the hotel country, number of rooms, and number of nights per booking. However, the dataset from our expense platform does not capture the number of rooms or nights stayed under each booking. The number of nights and rooms for an expensed hotel stay is estimated based on the monetary limit per room, per night in our Expenses Policy. To determine the number of nights/rooms, the total spend is divided by the per night upper limit and rounded up to the nearest whole number as colleagues may spend below this threshold (for one night) but should not spend above; any spend above will most likely be for an additional room or night.

The number of nights is multiplied by the relevant DESNZ emissions factor based on the country in which the hotel is located. Where an emissions factor is no longer available for a country, but was available for the previous year, the previous year's emissions factor will be used. Where the emissions factor is not available for the previous year, a global average emissions factor is calculated based on all countries in the latest DESNZ publication.

Exclusions

Car hire is excluded from our business travel calculations due to lack of standardised procedure or national averages for estimating distance travelled in hire cars for business purposes. The spend-based DEFRA Table 13 emissions factor for road transport does not include the SIC code for hire cars and therefore cannot be used for this calculation. In 2024, 33 cars were hired accounting for c.0.1% of our total spend on business travel.

Bus travel is also excluded as data on specific bus journeys is not currently collected.

Business travel claims that are submitted for reimbursement under the 'miscellaneous travel' categories in our expenses system are excluded from our calculations as this data cannot be categorised into a mode of transport. This category is usually used for additional baggage fees, tolls, and local taxes etc, but may, on occasion, be used for other modes of transport. In 2024, this accounted for 0.7% of our total spend on business travel.

Due to data availability, we are unable to account for group bookings, events, and other miscellaneous travel services arranged via our third-party travel partner. In 2024, this accounted for c.1.4% of our total spend on business travel.

We do not account for bicycle mileage expensed as there are no emissions associated with this travel type.

Employee commuting (including working from home)

This captures the emissions that result from employees commuting to our offices and the emissions generated from working at home.

To calculate Quilter's average number of total full-time employees across the reporting year, monthly full-time employee numbers are totalled and divided by 12.

Employee commuting

The number of times colleagues commute to our offices on an annual basis is tracked via our gate entry system and records when an employee enters the building. A small portion of our offices do not have gate entry systems that record this data; in this case, weekly office attendance is estimated based on the weekly occupancy rate of Quilter House. Where an employee enters a Quilter office, this is registered as a return commute for that day; duplicate entries on the same day are discarded. We do not account for building entries on non-working days as these are outside of our employees' contractual obligations and are therefore not considered a commute to work and would be outside of Quilter's operational reporting boundary. To calculate emissions from employees' journeys to work, the Department of Transport's National Travel Survey data[3] is used to calculate the average commuter distance travelled to work, broken down by mode of transport. DESNZ emissions factors are used to calculate the emissions resulting from the distance travelled via each mode of transport and totalled to provide a total tCO_2e figure for the average commuter's emissions. This total is divided by the total number of average commuter trips to provide a 'tCO_2e per commute' factor. This emissions factor is multiplied by the total number of commutes per year to calculate our total emissions from employee commuting.

Working from home

To determine the total number of employee days worked from home in the reporting year, the following calculation is applied:

- Calculate total number of employees: the total number of working days in the reporting year is multiplied by the average number of full-time employees for the year. This provides the total possible workdays for all employees combined.
- Discount office workdays: from this total, the number of recorded and estimated building entries is discounted to reflect the total number of days colleagues have worked from a Quilter office. We exclude bank holidays and weekend days from our calculations as we consider these days to be outside of our operational boundary with employees not being contracted to work on these days.
- Discount absence days: additionally, the total recorded absence days for all employees is discounted from the total. This accounts for days when colleagues were not working due to absence, such as sickness, parental leave, or holiday.

The resulting figure represents the total number of days that employees worked from home during the reporting period and is multiplied by the DESNZ emissions factor to provide a tCO_2e figure for Quilter's working from home emissions.

This methodology assumes that where a member of staff has entered the building, they have worked there for the full day and are therefore not using energy working from home. Similarly, it is also assumed that if an employee is working but does not attend an office, that employee is working from home.

Upstream leased assets (Category 8)

Quilter accounts for emissions generated from leased office space in Scope 1 and Scope 2. Emissions in this category are related to those resulting from our leased datacentres. Any other cloud services will be accounted for in our Purchased Goods and Services category.

Electricity consumption in the datacentres leased by Quilter is provided directly by the supplier in kWh. The data is specific to the energy used to run Quilter servers and is multiplied by the DESNZ emissions factor for UK electricity consumption. There are no additional emissions generated from these leased assets.

Energy consumption

Our total energy consumption figure is calculated in accordance with the Streamlined Energy and Carbon Reporting ("SECR") requirements and guidance. The disclosed figure comprises:

- natural gas consumed at our offices;
- purchased electricity consumed at our offices,
- purchased heat consumed at our offices; and
- fuels consumed in personal cars when used for business travel purposes (reimbursed by Quilter).

In line with the regulatory guidance, we exclude the following from our energy consumption calculations:

- Energy consumption from our upstream leased assets (datacentres), these are accounted for in the supplier's consumption disclosure.
- Fuels associated with procured forms of business travel such as trains, flights, or taxis.

[3] *NTS0412a: Average commuter trips by employment status and main mode (trips per person per year) and NTS0412b: Average commuter distance travelled by employment status and main mode (miles per person per year).*

Financed emissions criteria

Reporting frameworks

We report in accordance with:

- the Greenhouse Gas Protocol
- Taskforce on Climate-related Financial Disclosures
- Partnership for Carbon Accounting Financials (PCAF) methodology.

Data sources

MSCI is used to source issuer-level climate data used in our climate metrics (financed emissions, WACI, and carbon footprint). MSCI sources reported Scope 1, 2, and 3 emissions from public reporting and provides estimated emissions figures where companies do not report.

For Quilter Cheviot, emissions and issuer-level financial data, including Enterprise Value Including Cash ("EVIC") and revenue, are sourced from MSCI. In contrast, Affluent utilises Factset Fundamentals for EVIC data, reflecting the different systems employed in their calculations. We use the latest available financial and climate data within MSCI ESG. For the 2024 financed emissions reporting, we use (best available) holdings data as at 31 December 2024 and climate data from MSCI retrieved on 31 January 2025.

Note, emissions are typically reported with a one calendar year lag and the majority of reported emissions used in our calculations will be from the 2022 reporting period.

The data sourced from MSCI are subject to a number of assumptions and limitations, outlined below.

- The Scope 2 emissions sourced from MSCI contain a combination of location-based and market-based emissions. MSCI's data hierarchy prioritises the Scope 2 approach (location-or market-based) historically disclosed by each company, for consistency.
- Data is continuously updated throughout the year. For MSCI All Country World Index ("ACWI")-listed companies, updates occur within four months of publication; for non-MSCI ACWI-listed companies, updates occur within 12 months. Some data may date back to 2021.
- MSCI sources emissions and revenue data from company reports and third-party providers like CDP. Revenue data may include unaudited reports and vary by business activity. Emissions are allocated to parent companies based on the reporting company's GHG accounting approach.
- Where issuers' financial years do not align with calendar years, data from issuers with financial years ending before 31 May are assigned the previous calendar year (eg for a company disclosing end March 2023, these data would be labelled 2022).
- EVIC is defined by MSCI as the sum of market capitalisation at fiscal year-end date, preferred stock, minority interest, total debt, cash, and cash equivalents.
- Where estimated emissions values have been used, these have been calculated according to MSCI's methodology. Estimated data has been included in this analysis, in the Scope 1 and 2 data. This includes instances where companies altered their approach for reported Scope 2 emissions (eg from location-based to market-based).
- There are holdings within our universe for which we are unable to provide climate data from MSCI. This is usually where there is no International Securities Identification Number (ISIN) as the holding is not listed. This will include cash, financial instruments, unlisted companies, and physical property and infrastructure.

Further assumptions we have made which apply to some of our input data include:

- Where the value of the investment requires currency conversion, we use Bank of England foreign exchange rates.
- When allocating values, we use EVIC to represent investments. If EVIC is not available, we use market capitalisation.

Calculation methodology

Formulae and further specific assumptions for each climate metric are outlined below.

Financed emissions

$$\sum_{n}^{i}\left(\frac{\text{current value of investment}_i}{\text{issuer's EVIC}_i} \times \text{issuer's Scope 1 \& Scope 2 GHG emissions}_i\right)$$

$$\sum_{n}^{i}\left(\frac{\text{current value of investment}_i}{\text{issuer''s EVIC}_i} \times \text{issuer's Scope 3 GHG emissions}_i\right)$$

Notes

No re-weighting of portfolio holdings is undertaken in our calculations, to avoid diluting and misrepresenting the relative significance of each holding.

Carbon footprint

$$\frac{\sum_{n}^{i}\left(\frac{\text{current value of investment}_i}{\text{issuer's EVIC}_i} \times \text{issuer's Scope 1 \& Scope 2 GHG emissions}_i\right)}{\text{current portfolio value (\$M)}}$$

Notes

We have not included Scope 3 emissions in our carbon footprint calculation to facilitate comparison with other firms' climate metrics. The carbon footprint metric aims to be 'size neutral', ie an intensity figure, in contrast to financed emissions, which as an absolute figure will be influenced by the size of the reporting firm. Adding Scope 3 emissions to this metric would remove the comparability it is designed to provide.

There is a slight variance in the approach for Affluent and High Net Worth carbon footprint calculations. For Affluent holdings, assets are reweighted to account for those without data coverage, whereas the High Net Worth carbon footprint is an absolute figure based solely on the assets with data coverage.

Weighted Average Carbon Intensity (WACI)

Equities/funds/corporate bonds

$$\sum_{n}^{i}\left(\frac{\text{current value of investment}_i}{\text{current portfolio value}} \times \frac{\text{issuer's Scope 1 \& 2 GHG emissions}_i}{\text{issuer's \$M revenue}_i}\right)$$

$$\sum_{n}^{i}\left(\frac{\text{current value of investment}_i}{\text{current portfolio value}} \times \frac{\text{issuer's Scope 1, 2, \& 3 GHG emissions}_i}{\text{issuer's \$M revenue}_i}\right)$$

Sovereign assets

$$\sum_{n}^{i}\left(\frac{\text{current value of investment}_i}{\text{current portfolio value}} \times \frac{\text{sovereign issuer's Scope 1 \& 2 GHG emissions}_i}{\text{sovereign issuer's \$M GDP}_i}\right)$$

$$\sum_{n}^{i}\left(\frac{\text{current value of investment}_i}{\text{current portfolio value}} \times \frac{\text{sovereign issuer's Scope 1, 2, \& 3 GHG emissions}_i}{\text{sovereign issuer's \$M GDP}_i}\right)$$

Assumptions

Where no revenue data is available for a holding, this is excluded from the portfolio's WACI. No reweighting of portfolio holdings is undertaken in our calculations, to avoid diluting and misrepresenting the relative significance of each holding.

Estimated emissions data

MSCI uses three proprietary models to estimate Scope 1 and 2 emissions:

1. **Production model:** Used for emissions from power generation by electrical utilities, based on fuel mix data.
2. **Company-specific model:** Uses previously reported emissions data to calculate average carbon emissions intensity (tCO_2e per million USD revenue). This model is not used if the company has undergone significant changes, such as mergers or acquisitions.
3. **Industry segment model:** Estimates emissions based on industry peers' emissions intensities. These intensities are multiplied by the company's revenue from each activity to get the total emissions.

MSCI uses a range of data sources to estimate Scope 3 emissions, including purchase data, energy consumption, material flows, and waste volumes. These datasets are used to generate emissions factors, which are then applied to company-specific activities and sector averages to calculate the supply chain emissions for each of the categories within Scope 3.

Use of estimations in our calculations

We include both reported and estimated data within our Scope 1 & 2 data because of the importance of these inputs in climate-related metrics; without operational emissions (Scope 1 & 2) figures, we cannot produce financed emissions metrics. Although reported emissions is increasingly becoming the industry norm across most companies, there remain some sectors and geographies where these data are not consistently available. Where this is the case, we have taken the prudent approach in reporting an estimated value rather than zero (which implies no emissions impact).

Although emissions calculation methodologies and disclosure rates are improving for Scope 3 emissions, the intricacies of calculating supply chain emissions mean that estimations remain an important part of our outputs if we are to disclose complete and consistent financed emissions.

Quilter Cheviot has implemented a data hierarchy for the use of estimated Scope 3 emissions within its proprietary calculation engine which follows the precautionary principle. The hierarchy logic evaluates reported emissions against estimated emissions. It prioritises reported emissions when they are deemed realistic, but defaults to estimated emissions if they exceed the reported values by more than 10%. MSCI estimations are produced by models informed by vast inputs (ie emissions data of many companies) which enables sector-relative comparisons. We consider this to be a conservative approach that ensures underreported Scope 3 emissions are not used for our financed emissions calculations.

Affluent calculations follow a similar combined approach which utilises MSCI's proprietary data hierarchy to determine whether estimated or reported Scope 3 emissions values are used for their calculation. This results in a similar financed emissions reporting conservative outcome.

Glossary

Glossary

Term	Definition
AuM	Assets under management, which unless stated otherwise, reflects gross AuM before intra-group eliminations.
CO_2e	Stands for CO_2 equivalent. The emissions of different GHGs warm the earth at different intensities. For example, releasing 1 tonne of methane into the atmosphere has a greater warming potential than releasing 1 tonne of CO_2. This metric is used to express the impact of each different GHG in terms of the amount of CO_2 that would create the same amount of warming so that the impacts of the different GHGs can be compared.
Data coverage	Data coverage refers to the percentage of the strategy and benchmark that MSCI ESG has provided climate metrics for.
ESG	Environmental, social, and governance.
ESG integration	ESG integration at Quilter is the explicit and systematic inclusion of ESG factors, including climate-related issues, in our investment analysis and decisions to better manage risks and improve returns.
FCA	Financial Conduct Authority.
FRC	Financial Reporting Council.
GHG	Greenhouse gas.
Greenhouse Gas Reporting Protocol	The GHG Protocol supplies the world's most widely used GHG accounting standards.
Greenwashing	Making misleading or unsubstantiated claims about environmental performance.
The Group	Quilter plc and its subsidiaries.
ICARA (formerly ICAAP)	The Internal Capital Adequacy and Risk Assessment process. The set of underlying risk and capital management processes which are performed through an annual cycle, or whenever there is a material change in the risk profile or business strategy, in order to manage the risk and capital profile of the investment and advice businesses within the Group and to support strategic decisions. The ICARA is performed for the subset of investment and advice businesses within the Group under the Investment Firms Prudential Regime.
IIGCC	Institutional Investors Group on Climate Change.
Net zero	Net zero refers to a state in which the greenhouse gases going into the atmosphere are balanced by removal out of the atmosphere.
NGFS	The Network of Central Banks and Supervisors for Greening the Financial System. The NGFS is an industry group of central banks and supervisors which develops climate-related risk management resources for the finance sector. It worked in collaboration with a global academic consortium to develop a range of future scenarios that can be used to appropriately assess climate risks to economic and financial systems.
NZAM	The Net Zero Asset Manager's Initiative. The NZAM is an international group of asset managers committed to supporting the goal of net zero GHG emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5°C; and to supporting investing aligned with net zero emissions by 2050 or sooner.
ORSA	The Own Risk and Solvency Assessment. The set of underlying risk and capital management processes which are performed through an annual cycle, or whenever there is a material change in the risk profile or business strategy, in order to manage the risk and capital profile of the Group and to support strategic decisions. The ORSA is performed for the full Group under Solvency II requirements.

Glossary (continued)

Term	Definition
PRI	The Principles for Responsible Investment. The PRI is a UN-supported network of investors, working to promote sustainable investments.
SBT	Science Based Targets.
SBTi	The Science Based Targets initiative. The SBTi is a partnership between CDP, the United Nations Global Compact, World Resources Institute, and the World Wide Fund for Nature. The SBTi drives ambitious climate action in the private sector by enabling companies to set science-based emissions reductions targets.
Scope 1 emissions	The direct GHG emissions from sources that are owned or controlled by the company. Scope 1 emissions result from a company's internal operations, including on-site energy production, vehicle fleets, manufacturing operations, and waste. The values represent metric tonnes of CO_2 equivalent.
Scope 2 emissions	The indirect GHG emissions attributable to operations that are owned or controlled by the company. Scope 2 emissions result from the emissions generated in the production of energy (electricity, steam, heat, and cooling) that is purchased by a company generated upstream from the organisation. For purchased electricity, organisations are required to report Scope 2 emissions according to a 'location-based' and a 'market-based' method.
Scope 3 emissions	These are all indirect emissions (not included in Scope 2) that occur in a company's value chain, including both upstream and downstream emissions (eg business travel, waste).
Sustainability	Whilst there is no single definition of 'sustainability', we use this term to refer to ESG factors or concerns. Environmental concerns include climate and broader environmental issues, like biodiversity. Social factors range from modern slavery to international development. Governance refers to the way that companies are controlled and directed.
Stewardship	Stewardship is the responsible allocation, management, and oversight of capital to create long-term value for customers and beneficiaries leading to sustainable benefits for the economy, the environment, and society.
TCFD	The Task Force on Climate-related Financial Disclosures. The Financial Stability Board created the TCFD to improve and increase reporting of climate-related information.
tCO_2e	Tonnes of CO_2e.
The Three Lines of Defence	An organisational model aimed at providing a structured framework for managing risk and exercising control within an organisation. Within the model, the first line has primary responsibility for managing organisational risks. The second line comprises the Risk Management and Compliance functions to help build and monitor the first line of defence's controls. The third line provides independent risk assurance.
UK Stewardship Code	The UK Stewardship Code 2020 sets high stewardship standards for those investing money on behalf of UK savers and pensioners, and those that support them. Stewardship is the responsible allocation, management, and oversight of capital to create long-term value for customers and beneficiaries leading to sustainable benefits for the economy, the environment, and society.
Weighted Average Carbon Intensity ("WACI")	A portfolio's exposure to carbon-intensive companies, expressed in tonnes CO_2e/\$m revenue. This metric is recommended by the TCFD. Certain asset classes are excluded from the WACI calculation. Most significantly, these include government bonds, asset-backed securities, cash, foreign currencies, and derivatives.

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

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