

Quilter

Quilter Affluent climate action plan



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Introduction

Climate change is increasingly impacting our customers and their assets. We are committed to taking action to address these impacts for all our stakeholders and our business.

At a group level, our strategic objectives are to contribute to a low-carbon, climate-resilient economy through the investment solutions we offer. We want to ensure all our investment portfolios are resilient to climate change risks by integrating environmental considerations. We will use our influence as an investor to contribute to a just transition to a low-carbon economy through direct and collaborative engagement and our voting activities. Ultimately, our aim is to build resilience to climate change throughout our business.

Additionally, we aim to deepen our understanding of how net zero ambitions may impact our business model and how such a commitment could be delivered within the context of the regulatory environment, our business activities, and our clients' needs and preferences. Our climate action plan, structured using guidance from the International Financial Reporting Standards Transition Plan Taskforce Disclosure Framework, describes our approach to achieving these objectives for all our investment solutions and the related investment, advice, and distribution activities to support these solutions and our customers.

Our climate action plan is a 'living document' that we aim to update annually. This inaugural plan for 2025 is considered a foundational year focusing on information gathering and analysis that will enable us to deliver an informed response in following years.

Background

Quilter plc is a leading provider of financial advice, investments, and wealth management services. Our purpose is to help create brighter financial futures for every generation.

Quilter plc comprises two segments: Affluent and High Net Worth. The scope of this document is the Affluent segment.

| Affluent | | | High Net Worth | |
|--|---|--|--|--|
| Quilter Financial Planning | Quilter Investors | Quilter Investment Platform | Quilter Cheviot Financial Planning | Quilter Cheviot |
| Supports advisers within our network to help them run and grow their business, advising customers across the UK with all their financial planning needs. | Our fund management business provides advisers and their customers with multi-asset investment solutions to meet their needs. | Enables financial advisers to deliver the very best service to customers and their families offering a comprehensive range of products and investments through our online investment platform. | Specialises in helping customers with complex financial needs. | Our discretionary investment manager which offers bespoke portfolio management services. |

At a group level, we have divided our climate impacts into two key areas:

Corporate sustainability

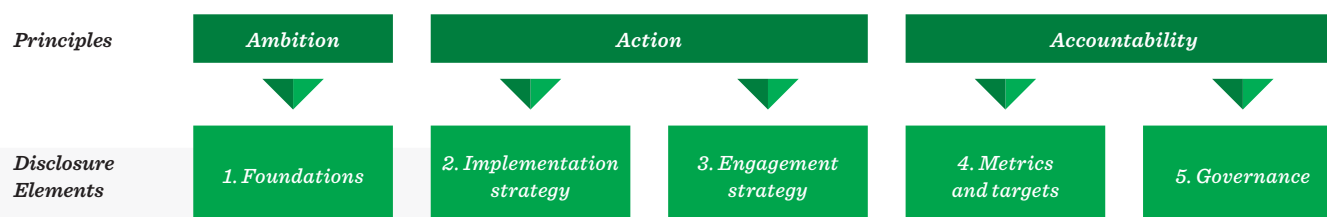
The carbon footprint associated with our operations and the behaviours of our colleagues. For more information, please see the [Group TCFD Report](#).

Responsible investment

The impacts of our behaviours as an investor and steward of our customer's investments. Whilst we have a group level objective to be a responsible investor, this is implemented by our business segments' own unique responsible investment strategies. For more information on Quilter Affluent's disclosures for climate-related risks and opportunities, please see the [Quilter Affluent TCFD report](#).

In 2024, we agreed our group-level climate strategic objectives that set out what we want to achieve in relation to climate change. This set the foundations for our Affluent climate action plan. The climate action plans of our business segments will inform our first Quilter plc climate transition plan. Therefore, the following plan focuses on preparing to build appropriate and achievable ambition, action and accountability into our contribution to that overall plan.

We have used guidance from the International Financial Reporting Standards Transition Plan Taskforce, which provides a disclosure framework for transition plans across sectors and financial market participants. This framework applies three guiding principles organised into five elements.



For more information, please visit the: [IFRS - Transition Plan Taskforce resources website](#).

1. Foundations

'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. 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, Quilter

Our commitment translates to the following high-level strategic climate objectives for our investment businesses:



Facilitate our customers' objectives to contribute to a low-carbon, climate-resilient economy through the investment solutions we offer.

Within our Affluent business we provide a range of solutions that have emissions targets. In addition, we will engage with our customers and their advisers to better understand their requirements and objectives in this area to facilitate our product development.



Ensure our investment portfolios are resilient to climate-change risks by integrating environmental considerations into our investment process.

We will be examining our investment processes to enhance how we assess our external managers' climate integration, how we measure climate risk in our investment solutions, and how we track exposures and deliver material data to our investment and risk teams.



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.

Being an indirect investor, our stewardship and engagement activity is mainly done with our third-party managers. We will be assessing how we engage with our external managers on climate issues, as well as with collaborative initiatives and discussions with data providers on climate metrics.

Alongside Quilter's commitment to address climate change in our operations and investment activities, we are aware of the regulatory environment in which we operate, especially the UK's commitment to net zero and the likely intention of the Financial Conduct Authority (FCA) to mandate net zero plans for listed entities. We are committed to undertaking a detailed assessment of how a decarbonisation strategy could be implemented for all the assets we manage while keeping our fiduciary duty to existing customers. It will be important to consider the evolving nature of the financial services sector approach to implementing net zero.

For example, the exit of managers from the Net Zero Asset Managers Initiative (NZAMI) and Climate Action 100+, and the subsequent suspension of the NZAMI.

Additionally, we must recognize that our investment solutions primarily invest through third-party managers. These managers vary in their commitment to net zero and their ability to influence the decarbonisation of their investments. This variability could affect our ability to achieve our own targets.

Finally, to verify that our products and investment approach are aligned with our customers' climate objectives we aim to reach out to our customer and adviser networks to understand their views and requirements as well as training our colleagues on these subjects. Our aim is that our customers engage with advisers that understand climate risk, offering products that meet their climate and sustainability preferences, on a platform that can clearly relay relevant information to inform their choices on climate exposure in their investments.

We are targeting several key milestones in 2025 to deliver on the strategic objectives for climate resilience and assessing opportunities for decarbonisation in our investments:

- I. Define appropriate climate integration considerations into the manager research processes.
- II. Conduct assessments of our climate integration approach and risk exposures for priority fund investments.
- III. Complete analysis of the availability and usefulness of key climate metrics across our investment book.
- IV. Ensure material climate-related data and research is available to all our portfolio managers.
- V. Agree prioritisation list and baseline KPIs for engagements based on materiality.
- VI. Deliver a policy development and net zero commitment assessment.

Achieving these milestones will lay the foundation for 2026 and beyond, where we will look to enhance our manager research process in line with our findings, potentially aligning with any group-level emissions reduction commitments on financed emissions, facilitating identification of our most effective stewardship levers for a low-carbon economy, and supporting climate-related opportunities for accelerating the transition in line with our customer objectives.

To deliver on Quilter plc's first climate objective, additional research will involve our advice and distribution channels, where our 2025 milestones will be:

- VII. Plan and roll out a training programme for advisers and colleagues that incorporates climate considerations with respect to investment solutions.
- VIII. Conduct research with customers and advisors relating to their requirements for net zero aligned products and desired exposures to climate solutions.
- IX. Investigate the integration of material climate considerations into the product onboarding process and the delivery of relevant climate data to users of our platform.

We anticipate these activities, and the related outcomes will have some implications for the business. For example, the extended scope of research processes for our research hub, where our manager research, operational due diligence, and responsible investment teams collaborate, and for our investment risk team where additional monitoring of climate risks may be considered. This will also require improvements to data and systems functionality, and additional skills and training programmes.

2. Implementation strategy

To provide oversight and governance for delivery of our climate action plan, we have convened a steering committee and a working group for responsible investment. These will coordinate our climate action plan across our investment, advice and distribution business areas, tracking progress towards our 2025 milestones. Please see section 5 for more details on our approach to governance.

Our core implementation strategy is to develop and leverage existing structures and processes with some adaptations. We anticipate some enhancements will be required. For example, for milestones I. to III., relating to data and research, we will build on the current responsible investment integration processes and on the data analysis of exposures to climate-related risks and opportunities currently conducted for products or regulation. However, increased scope and detail will require more extensive topical research, iterative analysis, specialist data, and consultation with internal stakeholders.

Milestones that relate to accessibility of appropriate data for our key stakeholders, such as portfolio managers (milestone IV) and customer-facing parts of the Affluent business (e.g. milestone IX), require further centralisation and data management capabilities. We are also committed to expanding our engagements with internal stakeholders as well as customers and advisors (milestones VII and VIII) to inform decisions about priorities and indicators for the longer term.

2.1 Business operations

To address related resource needs, we have added two roles in the Affluent responsible investment team from June 2025. One of these roles will be a regulatory reporting lead focused on delivery of Task Force on Climate-related Financial Disclosures (TCFD) reporting and other mandatory reporting, ensuring consistency in our messaging internally and externally, and driving continuous improvement in our data collection, validation, and reporting methodologies. We are also bolstering our integration and stewardship capacity with a new analyst position that will support delivery of our climate action plan agenda as well as broader integration and stewardship priorities.

The Affluent business is also evolving data capabilities to create a centralised data management repository hosting responsible investment data alongside other investment and market data sets. The delivery of this will enable the implementation of our climate action plan objectives as we improve our ability to access, analyse, and share climate-related data on our investments within the responsible investment team and to our investment and research colleagues.

Alongside this, to inform our strategic decision making beyond 2025, we will assess the data availability for our investment universe of additional forward-looking climate-related metrics that can help inform our potential net zero strategy and quantify the extent of integration of climate risk undertaken by our managers on our investments.

A core goal of the plan is to ensure that fund managers we invest with are engaging with climate change in their own investment processes and that they are adequately assessing and mitigating climate risk in their portfolios. To achieve this, we will define and incorporate climate integration practices across different strategies and asset classes into our due diligence process. This will allow us to make consistent assessments of a fund manager's approach whilst considering their various specific challenges and opportunities.

Currently, our investment solutions utilise the responsible investment tier framework. This guides an internal categorisation for any fund strategy, according to the extent of ESG risk and sustainability considerations throughout its philosophy, process, and people-evidenced in the portfolio of assets held. We are also able to independently assess the portfolio by applying third-party data and research and make assessments relating to the central processes and resources provided by firms to fund management teams.

This integrated research approach provides extensive data and research, and facilitates the following for 2025:

- ▶ Enhancing our firm-level assessment process of third-party fund managers to include more explicit references to climate risk integration, including their policies and processes.
- ▶ Formalising our definitions for best climate integration practices and incorporating them into our third-party fund manager assessments alongside the manager research team.
- ▶ Improving delivery of carbon emissions data to our research hub and support further understanding of climate risks when assessing funds and engaging with third-party fund managers. For example, capturing outliers and large contributors to a fund's emissions.
- ▶ Evolving our definition of climate risk with our portfolio managers and support better oversight of these exposures by ensuring delivery of relevant material climate risk data.
- ▶ Automating the production of carbon dashboards to provide enhanced look through capabilities for the investment teams and develop this over time with advanced climate metrics such as implied temperature risk (ITR) and climate value at risk (Climate VaR).

From research undertaken with our tier 3 managers (those that exhibit the highest level of sustainability), we have built a foundational understanding of the various approaches to integrate climate-related risks and opportunities and related engagement approaches across different strategies and asset classes. We have also incorporated key questions relating to these findings in our research questionnaires. For example, we ask fund managers:

- ▶ Is there a target or KPI for the fund's assets to have science-based targets (SBTs)?
- ▶ What other methods are used to assess transition plans of the fund's investments? What guidance has been used to design this?
- ▶ For fixed income, are assessments made on the issuer and issuance of the bonds?
- ▶ Is there a climate-related engagement programme applied to the holdings in the fund?

We are active participants in the climate-related initiatives we have joined. For example, the UK Wealth Managers for Climate Working Group, and the IIGCC Sovereign Bond Transition and Country Pathways Working Group. In these groups, we can validate our own findings and challenge or ensure alignment with other industry participants. We are committed to fostering collaborative efforts relating to our climate action plan amongst peers and will align where appropriate to industry or peer consensus to encourage the most effective and efficient progress towards strategic action on climate change.

2.2 Products and services

For our advice and distribution channels, we will be focused on assessment, design, and delivery of training for those delivering services directly to customers, such as advisers and customer representatives. We are seeking further understanding of the preferences of our current and potential customers to ensure we provide solutions aligned to their needs by utilising existing customer and adviser survey capabilities.

Discussing climate-related views and preferences with customers also provides the opportunity to develop useful and relevant materials for customers. For example, to explain how investments can aim to be climate resilient or how contributing to the transition to low-carbon economy can be achieved. This will aim to help customers to understand how their preferences are being delivered. We want to ensure these preferences are adequately and effectively integrated into the onboarding process for products we make available to customers, as well as through our reporting and to inform development of new investment solutions.

We will also be reviewing our adviser training materials this year with respect to products with climate-related objectives and information about climate change, such as climate risks in investments.

2.3 Policies and conditions

We will be considering how to incorporate policy level decisions agreed in 2025 into an Affluent responsible investment policy which is currently being developed and drafted. This will ensure that all climate-related statements or commitments are implemented and overseen through the appropriate governance forums. For more information, please see section 5.

3. Engagement strategy

Our engagement in 2025 will focus on working with our managers, data providers, and internal stakeholders as described above. Engagement activities will relate primarily to our investments and will help us to identify our top priorities for addressing climate-related risks and opportunities and our contribution to net zero transition in the future.

3.1 Engagement with value chain

The role of our stewardship activities is to deliver two key objectives described below:

- ▶ Ensure we meet the standards required for our customers.
- ▶ Promote a well-functioning investment market over the long term.

To meet these objectives, engagements can be systematically identified and prioritised. Our engagements are research based so that specific outcomes can be targeted through a structured pathway that can be measured and tracked. Therefore, we consider the following three characteristics as essential components of our internal definition of an engagement.

| Specific  | Structured  | Systematic  |
|--|---|--|
| Appropriate detail of goals based on thorough research. | Clear desired outcome and expected steps and timelines. | Identified, prioritised, monitored, and recorded using central systems. |

Our priority for ensuring climate resilience across our investment solutions will be to engage with managers on their approach to assessing and integrating climate and transition plans of investments with the aim to encourage alignment with net zero pathways and disclosure against globally recognised standards (such as the Science Based Targets Initiative).

From the completed assessments of climate integration into our investment processes (as described above) and the cross-referencing of this with data-driven systematic metrics relating to materiality, we will be able to address specific areas with managers and agree structured pathways towards improved climate resilience and other objectives aligned with Quilter plc's ambition and broader market and regulatory standards. In all cases, we aim for engagement to comprise positive contribution to achieving more resilient, sustainable investments over the long term.

Please see our [FRC Stewardship Report](#) for more detail on our approach to manager engagements.

3.2 Engagement with industry

As an investor, engaging with our peers and sharing research is part of our usual business practice. Our intention is to enable collaboration and shared learning amongst peers and industry bodies to encourage progress towards our strategic objectives. For example, we aim to:

- ▶ share highlights from climate research undertaken with tier 3 managers to showcase best practice and find consensus on challenges for future advocacy and input into initiatives such as with IIGCC and CDP
- ▶ participate in collaborative groups such as the UK Wealth Managers for Climate working group to contribute to and align with agreed standards for due diligence on managers
- ▶ engage with peers on use of data and advancements in specific topical research such as JO Hambro's tool for company target trajectories and Wellington's physical climate-risk tracker.
- ▶ advocate for best practice with data providers such as Morningstar Sustainalytics, MSCI, CDP, and ISS and challenge where weaknesses are identified.

As a business Quilter plc participates in campaigns and consultations which may relate to the priorities of our customers or investment initiatives and regulations. These are coordinated and reported at Quilter group level and more information on climate-related activities can be found in the [Group TCFD Report](#).

4. Metrics and targets

As described in section 1, Quilter Affluent is not setting a decarbonisation target for financed emissions at this stage. However, we have agreed a set of milestones aimed to inform development of further planning after 2025.

For operational emissions targets please refer to the **Group TCFD report**.

As we progress through the year, we will continue to gather the carbon data which supports our TCFD reporting, investment, and risk monitoring activities including:

| |
|--|
| Scope 1 and 2 greenhouse gas emissions |
| Scope 3 greenhouse gas emissions |
| Carbon emissions per \$1m invested |
| Weighted average carbon intensity (WACI) |

In addition, we will aim to develop our capabilities regarding forward-looking climate value at risk (Climate VaR) calculations and investigate how they may inform investment decisions and portfolio monitoring going forward, while staying aware of the known limitations of the methodology.

We will continue to actively engage with our data providers to provide feedback on metrics and calculation methodologies, for example Climate VaR and implied temperature rise (ITR). We will also relay the need for better near-term physical risk metrics and highlight the current issues with understatement of physical risk in most climate models. We are keen to see continued developments and enhancements to climate-modelling methodologies and increase our understanding of climate target credibility in investments. This analysis will inform our choice of additional KPIs going forward.

5. Governance

We recognise that to deliver on our climate ambitions, it is imperative to have a clear definition of the roles and responsibilities related to our plan and to have a clear governance structure to provide oversight on its delivery, KPI, and milestones.

Quilter has defined a governance structure in relation to the handling of climate risk, as disclosed in the **Group TCFD Report** and we will be utilising these same structures and roles for the governance of our climate action plan.

5.1 Board oversight and reporting

Governance over our climate action plan will follow the same governance and oversight as the existing Quilter Affluent governance structures for climate risk as set out in the Group TCFD report. This also means:

- ▶ Activities and outcomes relating to our climate action plan will be incorporated into Quilter's TCFD reporting disclosures.
- ▶ Progress and changes to our climate action plan will be presented at the respective governance forums.

5.2 Roles and responsibilities

Our executive sponsor for responsible investment, the managing director of the Quilter Affluent segment, Marcus Brookes, holds formal responsibility for delivery of our climate action plan. This responsibility is delegated to our Head of Responsible Investment for Quilter Affluent, Ido Eisenberg.

The newly formed Affluent responsible investment working group will be responsible for monitoring the delivery of our climate action plan, reporting into the Affluent responsible investment steering committee, and other relevant committees and forums such as the Affluent investment committee, product and customer forums, etc., on progress to milestones, relevant outcomes, and key performance indicators, where relevant.

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