



# Our approach to ESG topics and operating responsibly

Summer 2020

Quilter

# Quilter: a leading, UK-centric full-service wealth manager

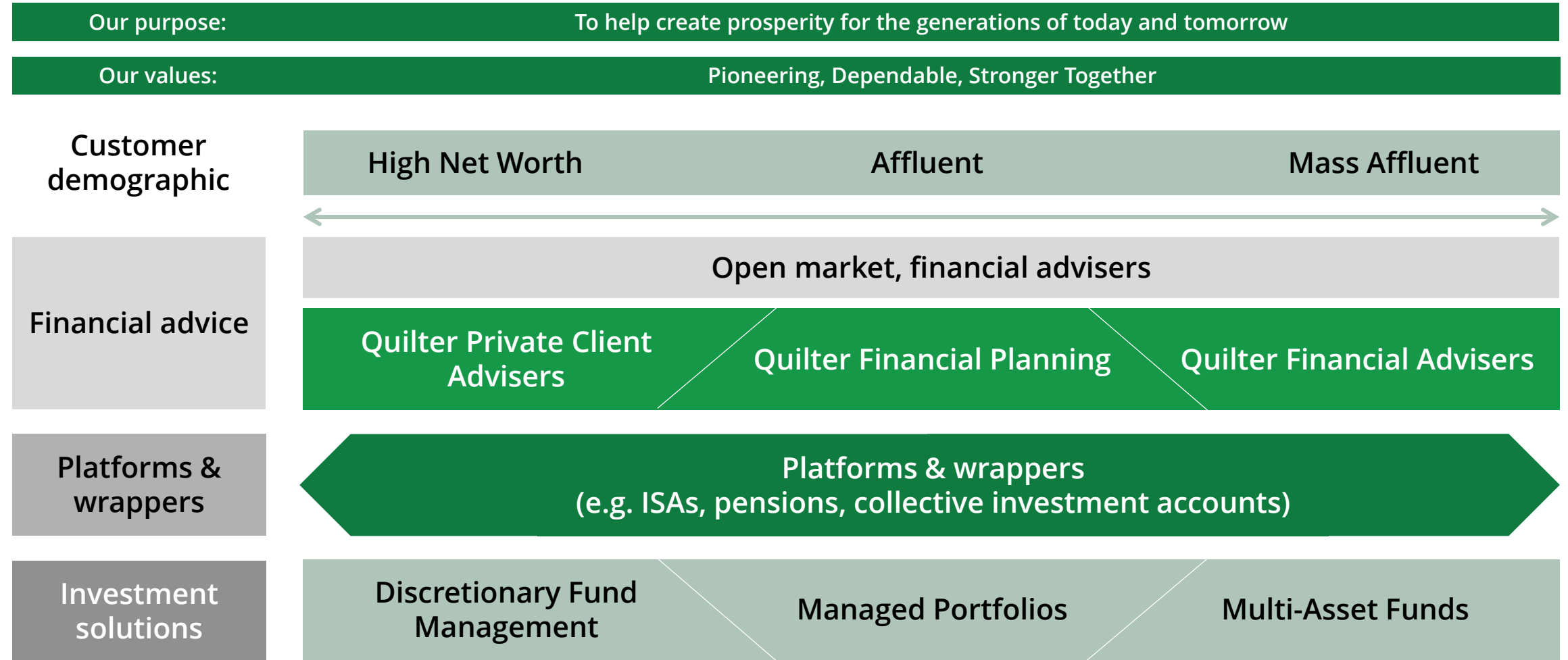
- ✓ Leading UK and cross-boarder wealth manager with £100bn+ of customer assets
- ✓ Advice-led investment solutions for customers in the UK and selected international markets
- ✓ LSE and JSE listed, ~£2.7bn market cap<sup>1</sup>
- ✓ A proven track-record, with scale in a growing market and momentum for future profit growth

Key Performance Indicators from continuing operations, excluding QLA		H1 2020	H1 2019	Δ
<b>Financial:</b>				
NCCF	%	1.1	0.3	+267%
NCCF/opening AuMA <sup>1</sup>	%	2	1	-
Integrated flows	£bn	1.4	1.4	-
AuMA	£bn	107.4	107.3	-
Asset retention	%	92%	88%	+4ppt
Adjusted profit before tax <sup>2</sup>	£m	71	89	(20%)
<i>A&amp;WM adjusted profit before tax</i>	£m	41	50	(18%)
<i>WP adjusted profit before tax</i>	£m	47	56	(16%)
IFRS profit/(loss) after tax	£m	44	(32)	-
Operating margin	%	21	26	(5ppt)
<b>Non-financial:</b>			FY 2019	
Restricted Financial Planners ('RFPs')	#	1,808	1,799	+9
Investment Managers ('IMs')	#	169	167	+2

1. As at August 2020.

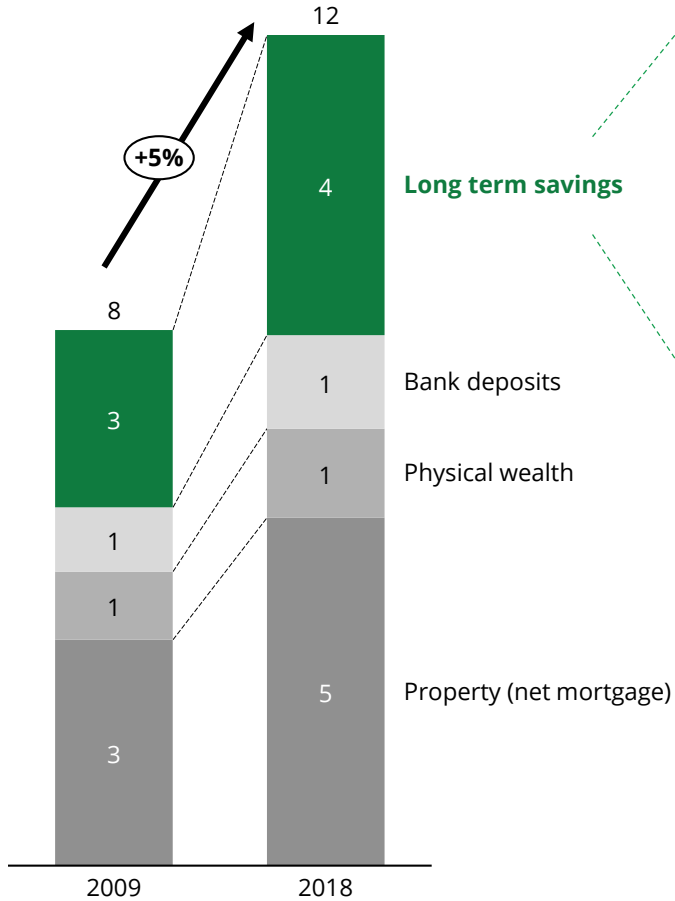
# Quilter's advice-led business model

An open, transparent, full-service model serving customers across the wealth spectrum



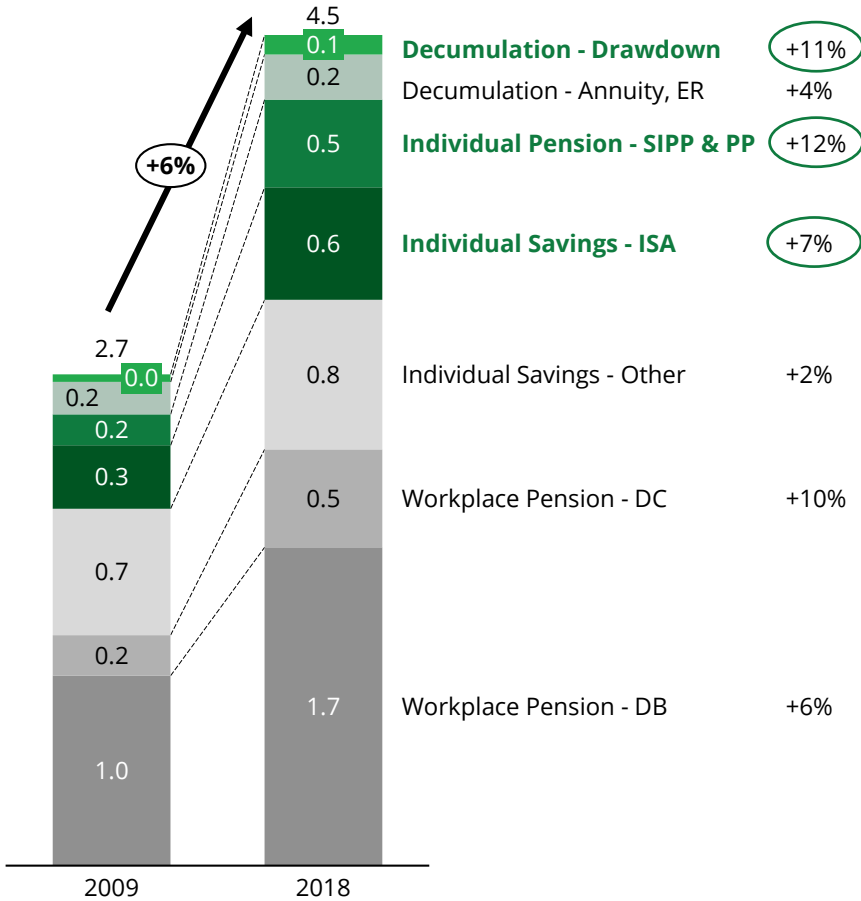
# Growing & changing market opportunity to support clients through savings lifecycle

## UK national wealth<sup>1</sup>



## Long-term savings market<sup>2</sup>

(Asset value, £trn)



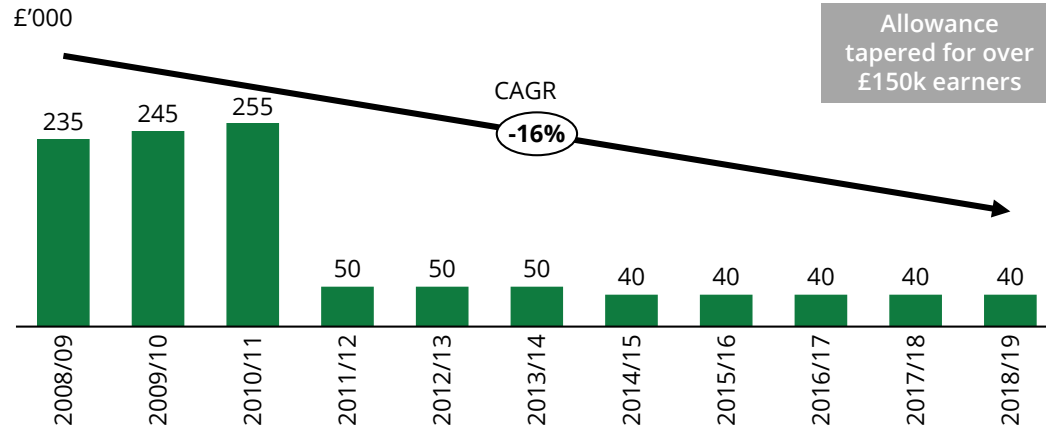
- Growth driven by structural trends
- UK savings responsibility shifting to the individual, with pension reforms driving increased need for retirement solutions
- An ageing population, inter-generational wealth transfer and the savings gap create an increasing demand for wealth solutions
- UK Pension freedom resulted in increased choice and, accordingly, complexity, for individuals to plan for their future

1. Source: ONS, NMG UK Stock & Flow Model. 2018 figures based on estimates  
 2. Note: Property Wealth is defined as any property owned, both main residence plus any other land or property owned in the UK or abroad, net of outstanding mortgage value. Physical Wealth is defined as household contents, possessions and valuables owned, such as antiques, artworks, collections and any vehicles owned by individuals. Pensions excludes retained rights in pension schemes and pensions expected from former spouse/partner. Individual Savings - Other includes Onshore and Offshore bonds, endowments, direct shares and unwrapped funds. ER = Equity Release; Workplace pension - DB includes Bulk annuities

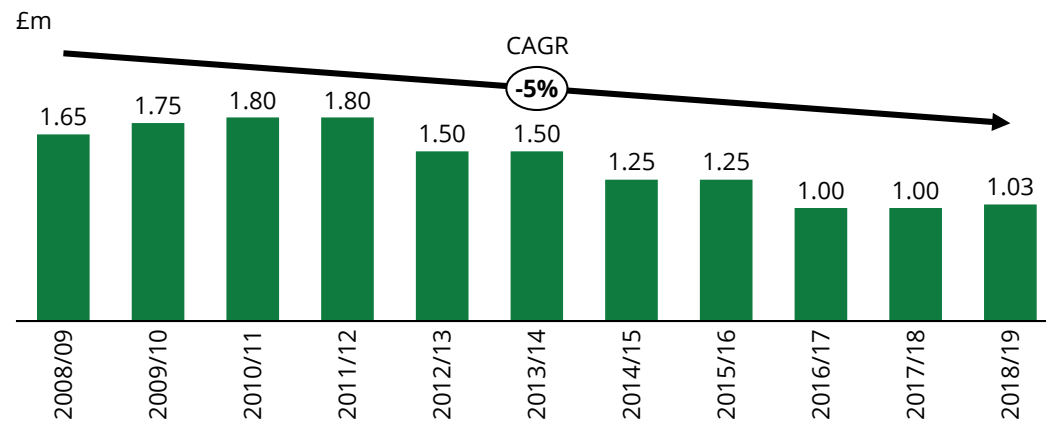
# Fiscal changes driving complexity, changing client behaviour and need for advice

With the second-largest adviser force in the UK, we strongly believe in the value of trusted face-to-face advice

## Annual pension allowance

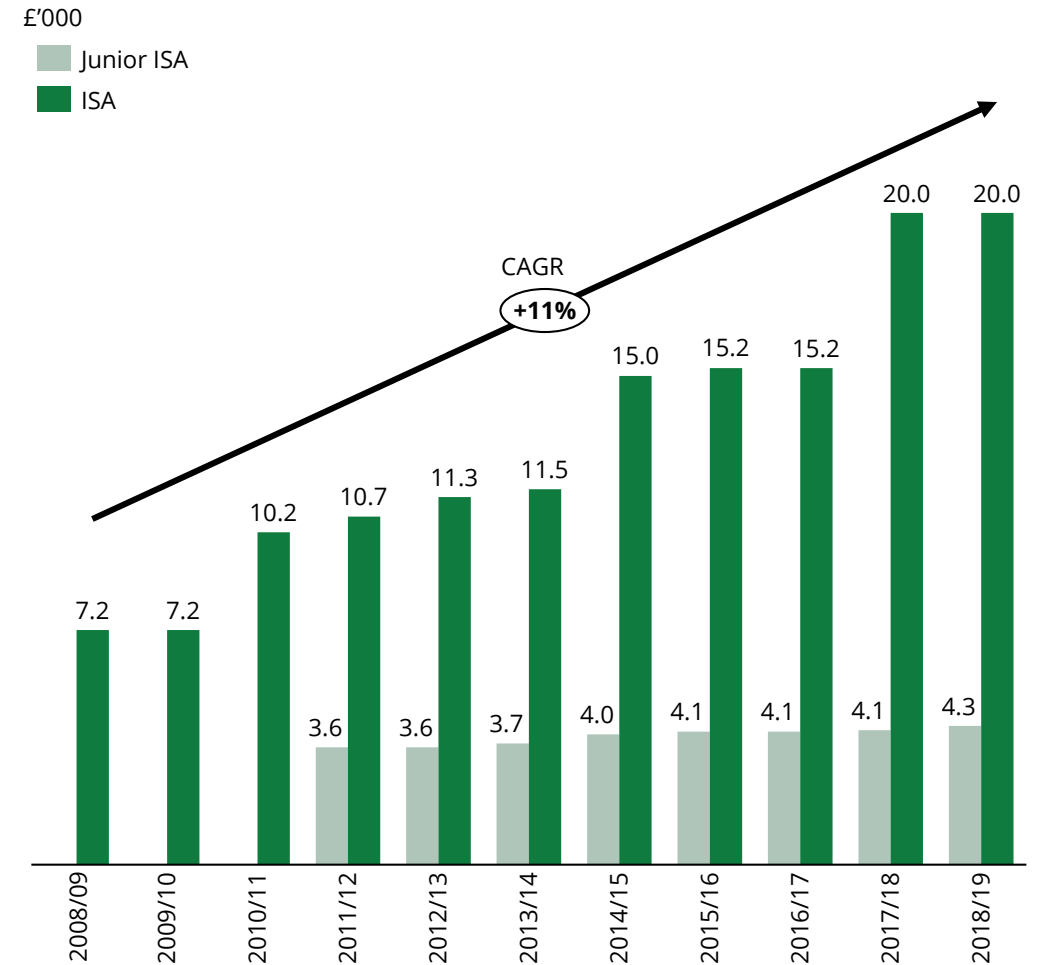


## Pension lifetime allowance

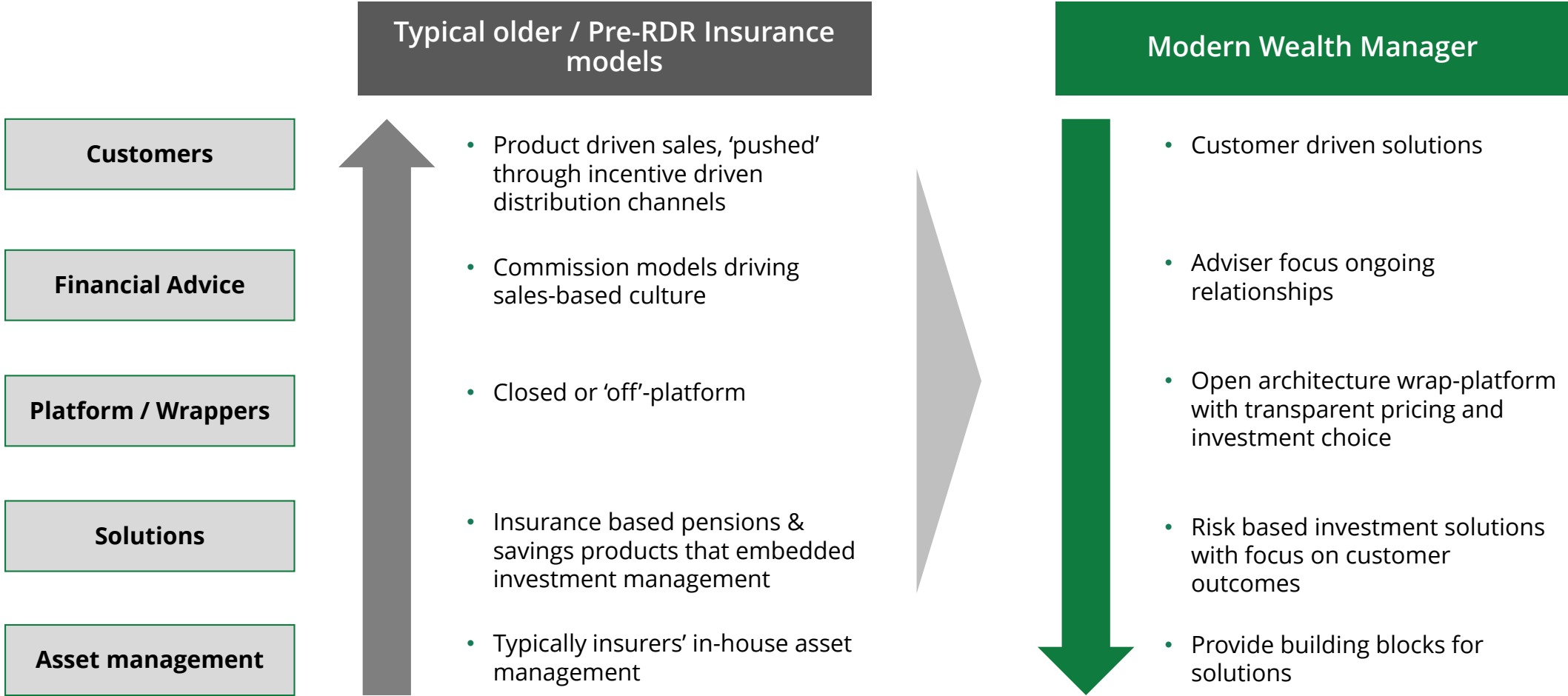


Source: HMRC

## ISA annual allowance



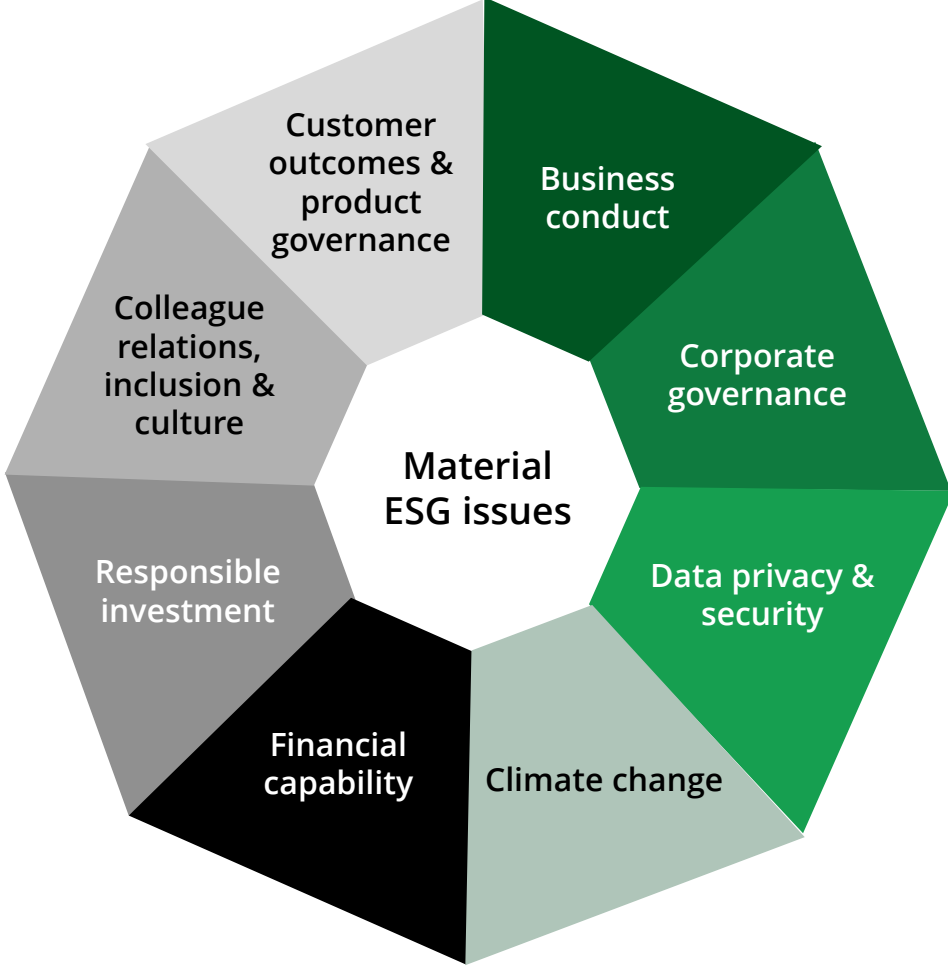
# Business models adapted to changing regulation and evolving value chain



Building a modern, advice-led wealth manager: For the generations of today and tomorrow

# Our responsible business strategy reflects material ESG issues

- Our approach to responsible business focuses on the ESG issues which are most important to our stakeholders and which affect our ability to create long-term financial and non-financial value
- Managing these issues contributes to business performance by helping us to:
  - Focus on good customer outcomes
  - Ensure customer satisfaction
  - Attract and retain the best talent
  - Build a strong culture and employee engagement
  - Strengthen adviser relationships
  - Attract new advisers to the Network and National advice models
  - Reduce regulatory and conduct risk
  - Mitigate and manage reputational damage
  - Compete against peers

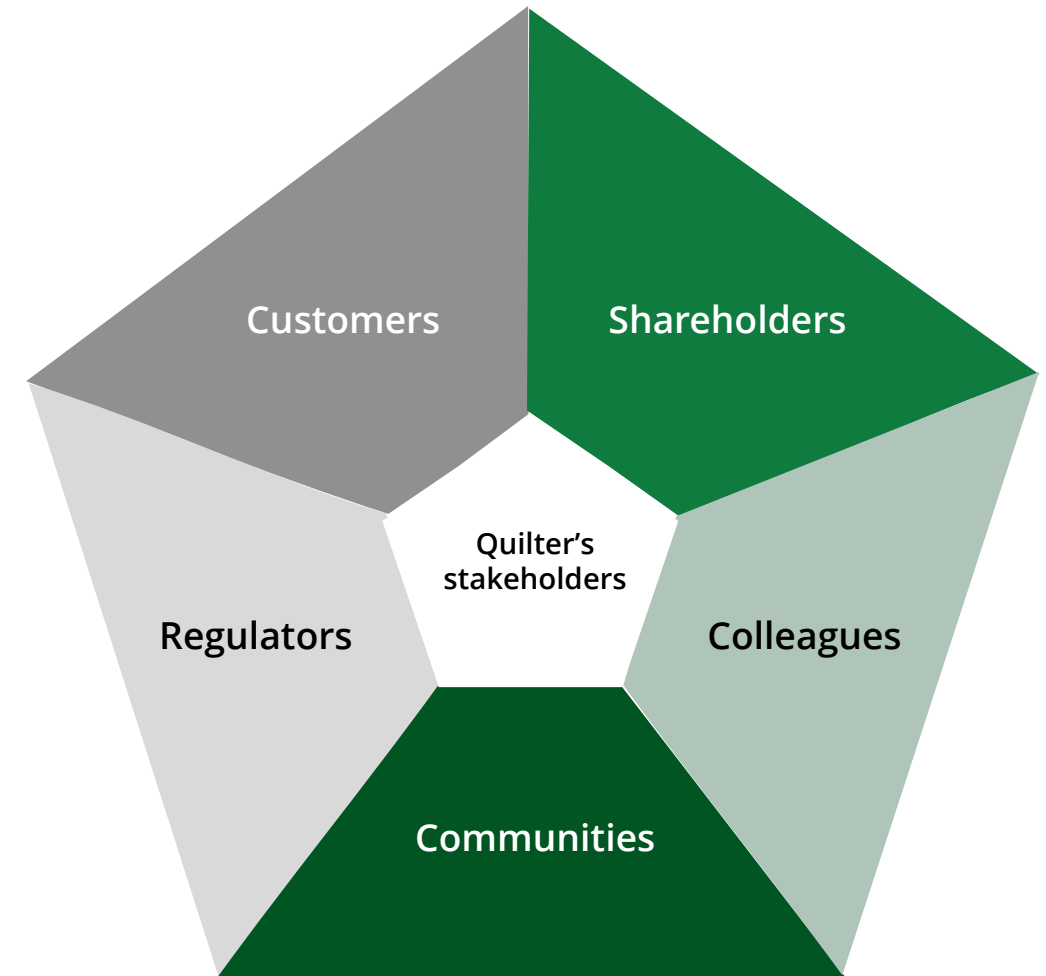


# Our Shared Prosperity Plan

## Responsible business for a sustainable future

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- We are committed to operating responsibly, for the long-term benefit of all our stakeholders
- Our approach has been shaped by the ESG issues which matter most to our stakeholders and is set out in our [Shared Prosperity Plan](#)
- Our Shared Prosperity Plan has three themes:
  - Financial wellbeing
  - Inclusive growth
  - Responsible investment
- The Plan includes ten commitments which focus our work until 2025 and is underpinned by a perennial commitment to operate responsibly
- We measure and report progress comprehensively in our annual [Responsible Business Report](#)





# Shared Prosperity Plan



By enabling people to enhance their financial knowledge and confidence we can help customers, colleagues and communities to be financial resilient and achieve long-term financial stability.

- 55% of working-age adults do not feel they understand enough about pensions to make decisions about saving for retirement<sup>1</sup>
- 47m people in the UK do not access financial advice<sup>2</sup>
- 72% of UK adults support financial education from age seven<sup>3</sup>



1. Money and Pensions Service.  
 2. The Investment and Saving Alliance ("TISA").  
 3. ComRes poll 2019.  
 4. Money and Mental Health Policy Institute.



By building and promoting an inclusive culture we can ensure our products and services reflect the customers we serve whilst helping colleagues and communities to thrive in work.

- 33% representation of women on FTSE350 Boards and Executive Committees by 2020 target set by Hampton-Alexander review
- 2/3rds of workers who are struggling financially report at least one sign of poor mental health that could affect their ability to function at work<sup>4</sup>
- 12% youth unemployment vs 4% for the whole population<sup>5</sup>



5. House of Commons Research Briefing, January 2020.  
 6. UN Principles for Responsible Investment ("UN PRI").  
 7. Morningstar.



By investing responsibly we can take account of environmental, social and governance issues that may impact long-term investment returns, whilst reducing our impact on the environment.

- 2,300 signatories managing over \$86 trillion have committed to the UN PRI<sup>6</sup>
- 58% increase in assets held in European sustainable funds vs. 2018<sup>7</sup>
- Net zero The UK is the first major economy to set a legal target of net zero greenhouse gas emissions by 2050



# Measuring performance

Commitments	Lead KPIs	2019	2018
<b>Financial wellbeing</b>			
<ul style="list-style-type: none"> <li>Improve access to financial guidance and advice for customers</li> <li>Promote financial wellbeing for all our colleagues</li> <li>Empower young people to manage their money well for life</li> </ul>	<ul style="list-style-type: none"> <li>Financial Adviser School graduates</li> <li>Colleagues in share save scheme</li> <li>Number of young people benefiting from financial education</li> </ul>	<ul style="list-style-type: none"> <li>74 graduates</li> <li>1,833 colleagues</li> <li>11,276 young people</li> </ul>	<ul style="list-style-type: none"> <li>62 graduates</li> <li>N/A</li> <li>6,529 young people</li> </ul>
<b>Inclusive growth</b>			
<ul style="list-style-type: none"> <li>Empower customers to be more engaged in their financial future</li> <li>Create an inclusive culture at work that embraces diversity</li> <li>Help colleagues and communities to thrive in work</li> </ul>	<ul style="list-style-type: none"> <li>Percentage of customers digital access to UK Platform</li> <li>Percentage of women in senior management</li> <li>Colleagues recommending Quilter as a place to work</li> <li>Number of people supported by the Quilter Foundation</li> </ul>	<ul style="list-style-type: none"> <li>24%</li> <li>32%</li> <li>7.4/10</li> <li>13,192 people</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> <li>33%</li> <li>7.6/10</li> <li>N/A</li> </ul>
<b>Responsible investment</b>			
<ul style="list-style-type: none"> <li>Embed responsible investment principles across our business</li> <li>Exercise active stewardship of our customers' assets</li> <li>Reduce the environmental intensity of our activities</li> </ul>	<ul style="list-style-type: none"> <li>PRI score</li> <li>Number of company meetings at which we voted</li> <li>Tonnes CO<sub>2</sub>e per colleague per average number of colleagues</li> </ul>	<ul style="list-style-type: none"> <li>First disclosure Apr' 20</li> <li>171</li> <li>0.60 TCO<sub>2</sub>e</li> </ul>	<ul style="list-style-type: none"> <li>First disclosure Apr' 20</li> <li>174</li> <li>0.83 TCO<sub>2</sub>e</li> </ul>
<b>Responsible business conduct</b>			
	<ul style="list-style-type: none"> <li>Percentage of colleagues completed code of conduct training</li> </ul>	<ul style="list-style-type: none"> <li>96%</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>

N/A = metric unavailable for 2018

# External benchmarks



Included in Index Series since 2018



Living Wage accredited employer



ESG rating: BBB



HM Treasury Women in Finance Charter



ESG risk rating: 22.1/100



- Armed Forces Covenant signatory since 2018
- Defence Employer Recognition Scheme: Silver Award



Environmental stewardship score: B-



Rated 'A' (Strategy & Governance)



LGBT Great founding member

# Responsible investment

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- Quilter has committed to embed responsible investment principles across all areas of the business from financial advice, to investment and wealth management and investment platforms
- In 2019 a pan-Quilter ESG working group was established to drive our responsible investment commitments
- ESG Expertise: we have dedicated responsible investment professionals in Quilter Investors and Quilter Cheviot, coordinated at Group level by Responsible Business team within Corporate Affairs function
- Current ESG practice:
  - ✓ PRI signatory
  - ✓ Stewardship: voting and engagement on direct equity holdings and investment trusts
  - ✓ ESG considerations embedded into third-party fund research process conducted in-house
  - ✓ ESG fund ratings available on UK Investment Platform
  - ✓ Responsible investment products managed by Quilter: Climate Assets Fund and Quilter Ethical Fund
  - ✓ ESG-related regulation project to ensure full compliance of incoming requirements
  - ✓ Active members of ESG working groups convened by TISA, PRI, PIMFA
- We anticipate interest in responsible investment to continue to grow and are exploring market opportunities to meet customer and adviser needs

# The Quilter Foundation

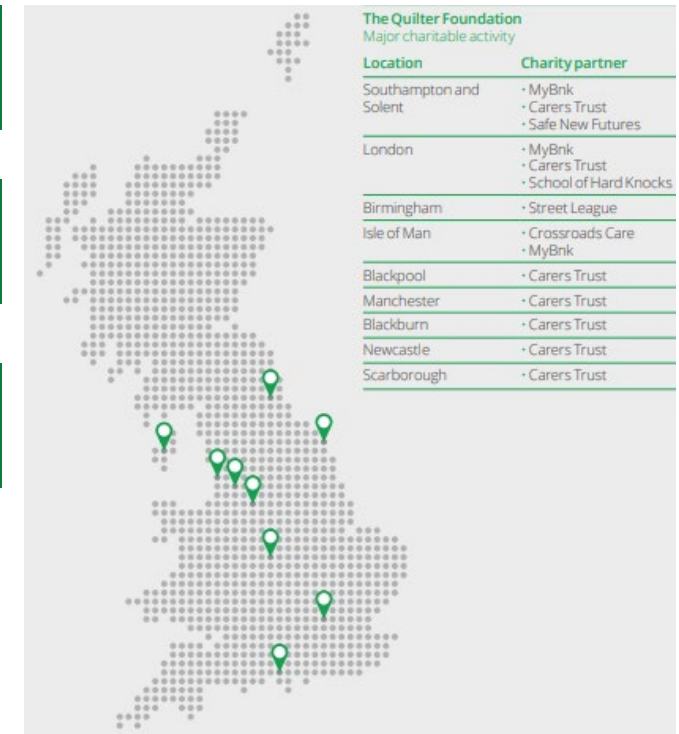
The focal point of Quilter's community investment activity

- Registered charity whose mission is to help young people thrive and prosper
- Aim to positively change lives by improving financial capability, employment, and mental health and wellbeing
- Work in partnership with a small number of strategic charity partners, delivering life changing impact in our communities

13,192 young people support in 2019

£622,159 donated to charity partners in 2019

£234,000 raised by Quilter colleagues in 2019



# Quilter Foundation partnerships

## Financial education

To reduce the mental health toll and societal costs of poor financial wellbeing, and build a more financially capable society, it is critical to start early.

We have partnered with MyBnk and KickStart Money to provide high energy and innovative money workshops for young people in our communities.

- 1,109 hours of financial education delivered
- 11,276 young people reached
- £176,700 spent on financial education

## Young carers campaign

One in five secondary school children may be caring, unpaid, for a loved one with serious illness, disability or mental health issues. Very often, this is at the expense of their own mental health and future prospects.

In 2018 Foundation launched a three-year campaign to give thousands of young carers the chance of a brighter future.

- 829 young carers supported in 2019
- 85% of young people learnt new skills in 2019
- 166 Quilter colleagues gave their time and skills through volunteering in 2019

## Routes into sustainable work

In 2019 the Foundation forged three new strategic partnerships, all focused on supporting young people into sustainable employment, education or training.

Over the coming years we aim to reach hundreds of young people in Southampton, London and Birmingham.

We have forged strategic partnerships with:

- School of Hard Knocks
- Safe New Futures
- Street League

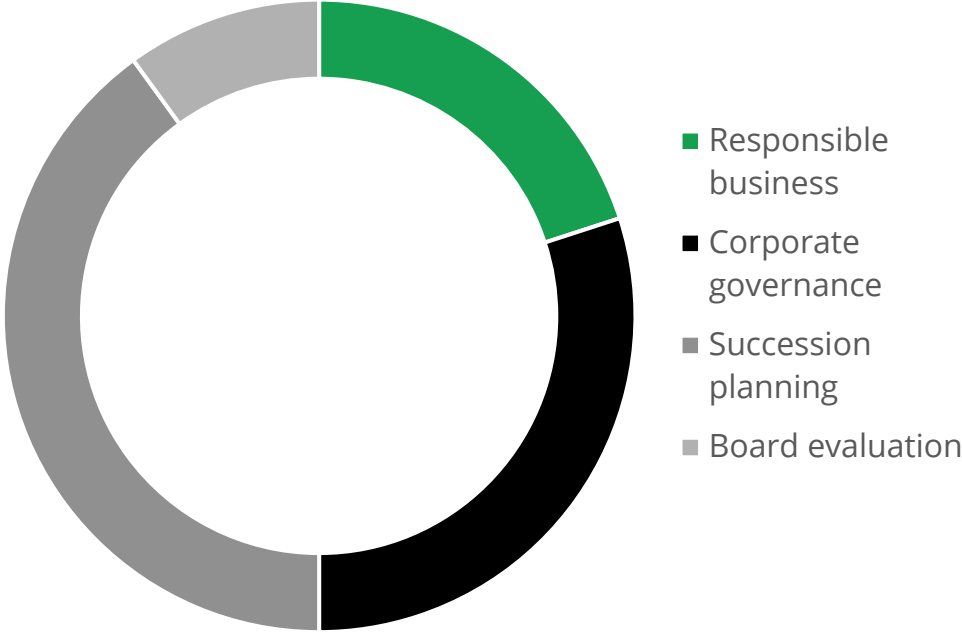
# Governance and Management of ESG

Quilter is committed to being a responsible business and has appropriate governance arrangements in place to manage this commitment.

- The Board oversees Quilter’s approach to ‘Responsible Business’ through the Board Corporate Governance and Nominations Committee, chaired by Quilter’s Chairman<sup>1</sup>.
- Quilter’s CEO has overall accountability for responsible business and all members of the Executive Committee have personal objectives reflecting Quilter’s commitment to responsible business, aligned with their remuneration.
- The Responsible Business Forum is a management group providing oversight, direction and challenge with respect to Quilter’s approach to responsible business. The Forum, chaired by the Group Corporate Affairs Director, meets quarterly and comprises members from each operating business and key corporate functions.
- The Board and Executive Committee receive regular reports on responsible business issues, activity and progress.

1. The Committee’s terms of reference can be found here on [quilter.com](http://quilter.com).

Corporate Governance and Nominations Committee activity 2019



# ESG in action

## H1 2020: Maintaining support to all stakeholders in wake of Covid-19 pandemic

### Colleagues

- c.98% of colleagues in UK and internationally working remotely at lock-down peak
- Active colleague engagement strategy – “Thrive” wellbeing programme supporting remote working and those struggling with isolation
- Deferred certain Optimisation initiatives

### Communities

- Quilter Financial Adviser School’s first Diploma module, available free online. Over 300 people signed up during lockdown
- £200k donated to the UK National Emergencies Trust
- Volunteers remotely supporting Young Carers Trust

### Clients and Advisers

- Accelerated delivery of IT and remote telephony solutions maintained high service levels
- “There for you” programme rolled out to over 23,000 advisers across the UK offering help on topical issues
- Encouraged digital access and provided online materials for advisers to share with clients

### Shareholders

- Balance sheet strength in challenging times
- Buybacks of c.£76m completed to date<sup>1</sup>
- Completion of the Odd-lot Offer
- 1.0p interim dividend

In uncharted waters, we must be guided by our values; Our priority is to protect our employees, while serving the customers and advisers who rely on us.

1. As at 7 August 2020.



# Quilter plc Governance and our Board of Directors

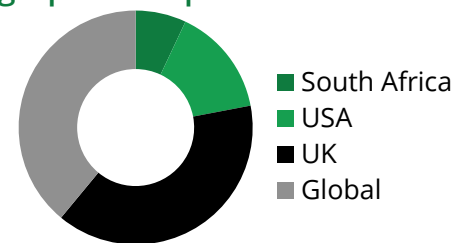
- In undertaking its duties in 2019, the Board continued to be mindful of the need to appropriately balance the interest and expectations Quilter's key stakeholders

Stakeholders	Factors considered by the Board in 2019
Shareholders	<ul style="list-style-type: none"> <li>• Delivery of the Group's purpose and strategy to achieve long-term sustainable success</li> <li>• Acting fairly between the members of the Company</li> </ul>
Colleagues	<ul style="list-style-type: none"> <li>• Culture and engagement of our people</li> <li>• Close monitoring of employee surveys during a period of significant change and additional demands on colleagues</li> <li>• Development of Quilter's talent agenda</li> </ul>
Communities	<ul style="list-style-type: none"> <li>• Impact of Quilter's operations on the community and environment</li> <li>• Building mutually beneficial, long-term relationships with a smaller supplier base</li> </ul>
Customers and regulators	<ul style="list-style-type: none"> <li>• Outcomes achieved for customers</li> <li>• External perception of Quilter's brand</li> <li>• Strength of the Group's relationships with its main regulators and work performed to ensure Quilter meets their expectations</li> </ul>

## Board skills



## Geographical experience



## Board gender diversity



Data as at 31 December 2019.

# Contacts

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## Investor enquiries

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# Disclaimer

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This presentation should be read in conjunction with the announcements published by Quilter plc on 11 March and 11 August 2020 and the Responsible Business report published on 30 March 2020.

This presentation may contain certain forward-looking statements with respect to certain Quilter plc's plans and its current goals and expectations relating to its future financial condition, performance and results.

By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events and circumstances which are beyond Quilter plc's control including amongst other things, international and global economic and business conditions, the implications and economic impact of the COVID-19 pandemic, the implications and economic impact of several scenarios of the UK's future relationship with the EU in relation to financial services, market related risks such as fluctuations in interest rates and exchange rates, the policies and actions of regulatory authorities, the impact of competition, inflation, deflation, the timing and impact of other uncertainties of future acquisitions or combinations within relevant industries, as well as the impact of tax and other legislation and other regulations in the jurisdictions in which Quilter plc and its affiliates operate. As a result, Quilter plc's actual future financial condition, performance and results may differ materially from the plans, goals and expectations set forth in Quilter plc's forward looking statements.

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Quilter