Whitechurch Securities Ltd
WEALTH MANAGERS

Sustainability Report 2023

BACKGROUND

In 2015, the world came together to sign the Paris Agreement. The landmark global treaty aims to limit global warming to 2°C, while pursuing efforts to limit the rise to 1.5°C. The science says that, to align with the goals of the Paris Agreement and avoid the worst effects of climate change, the global economy must reach net-zero greenhouse gas emissions by 2050. The race to net-zero will require deep cuts in emissions across all sectors of the economy, and the financial services industry is no exception. Through the mobilisation of finance, our sector can be a driving force in the transition to a low carbon economy.

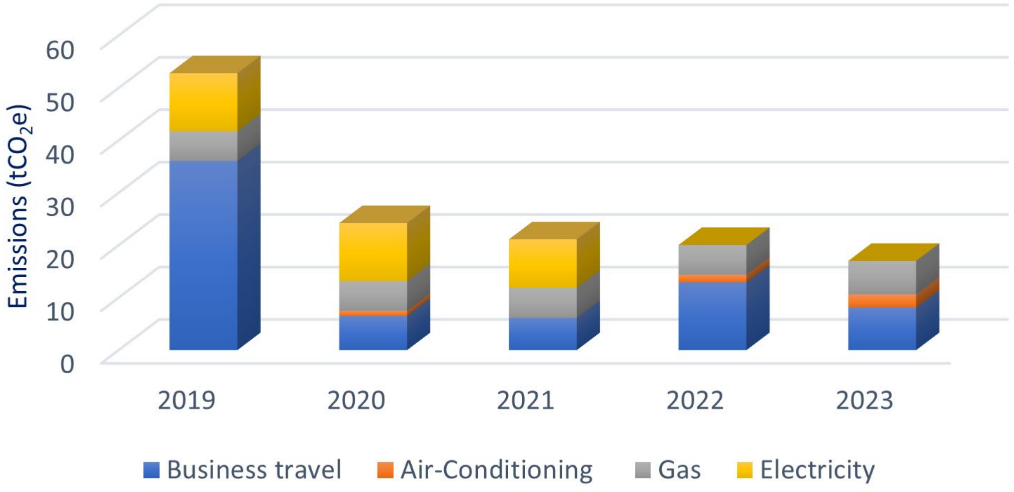
OUR JOURNEY

In 2021, Whitechurch published its Net Zero policy, recognising the role we must play both as a business and as stewards of our client's capital, in reducing and ultimately eliminating our carbon emissions in line with the goals of the Paris Agreement. As part of the policy, we committed to a series of interim emissions targets, including a 50% reduction in scope 1&2 emissions by 2025, as we make the transition to a net zero business. We also committed to report regularly; to this end, our 2023 sustainability report summarises progress made over the last year, including an update on company emissions and the recent results from our first UN Principles for Responsible Investment (UN PRI) submission.

EMISSIONS REPORTING

We report emissions annually, using 2019 as the base year. At present, we are only able to report scope 1 (direct) and 2 (indirect, linked to purchased electricity and heating) emissions. The data required to calculate scope 3 emissions, which for wealth managers is overwhelmingly made up of financed emissions (i.e. those linked to our clients' underlying investments), remains incomplete. That said, we note that the availability and consistency of scope 3 data is improving rapidly, particularly across developed market equities, and we have recently began exploring the possibility of using a third-party data provider to collate financed emissions at the portfolio level.

WHITECHURCH ANNUAL CARBON FOOTPRINT



**Note – due to the possibility of revisions to the methodology used, including the underlying emissions factors, data may be subject to change. Whitechurch uses the emissions factors provided by the UK Government (https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2023).*

Reflecting on 2023, it is pleasing to note a significant reduction in total emissions relative to the base year (2019), down 67% since reporting began. Clearly, a significant proportion of this reduction is due to the lasting impact of the COVID-19 pandemic, for instance more clients opting for virtual adviser meetings. However, we have also made changes to how we operate, including switching to a renewable energy tariff, and reducing overall energy consumption by installing timers on office appliances. In 2023, these small changes led to a 10% reduction in electricity use. We are currently ahead of schedule in our aim to achieve a 50% reduction in scope 1 and 2 emissions by 2025, but acknowledge further progress is required as we progress towards our target of net zero operational emissions by 2030.

2023 UN PRI REPORT

In 2023 we were pleased to submit our first United Nations Principles for Responsible Investment (UN PRI) assessment report. The UN PRI refer to six principles, backed by the United Nations, that investors voluntarily agree to meet. It is also the name of the body that assesses how signatories are performing in relation to those principles and encourages progress towards achieving them. We've been signatories to the UN PRI since 2021 – while the 2023 reporting cycle was voluntary for new signatories, we submitted our performance at the first opportunity as part of our commitment to transparency.

SIX UN PRI PRINCIPLES

1	2	3	4	5	6
We will incorporate ESG issues into investment analysis and decision-making processes.	We will be active owners and incorporate ESG issues into our ownership policies and practices.	We will seek appropriate disclosure on ESG issues by the entities in which we invest.	We will promote acceptance and implementation of the Principles within the investment industry.	We will work together to enhance our effectiveness in implementing the Principles.	We will each report on our activities and progress towards implementing the Principles.




UN PRI SCORECARD

On the following page we have shared our 2023 UN PRI scorecard. All categories are scored out of 100 and compared to the peer group (European investment managers with Assets Under Management < $1bn) median.

We are delighted to have achieved a score ahead of the peer group median in all categories, as well as a first quartile ranking for active equity, active fixed income and confidence building measures. The latter is based on the robustness of a signatory's process for collecting and reporting ESG data externally, and we were delighted to be awarded full marks.

UN PRI SCORECARD

MODULE SCORE OUT OF FIVE STARS	AUM COVERAGE	SCORE IN DETAIL
POLICY GOVERNANCE & STRATEGY ★★★☆☆		63% / 51%
INDIRECT LISTED EQUITY - PASSIVE ★★☆☆☆	<10%	26% / 14%
INDIRECT LISTED EQUITY – ACTIVE ★★★☆☆	>=10 & <=50%	60% / 34%
INDIRECT FIXED INCOME - ACTIVE ★★★★☆	>=10 & <=50%	68% / 31%
CONFIDENCE BUILDING MEASURES ★★★★★		100% / 78%

Whitechurch UN PRI Peer Median

ENGAGEMENT

As we invest the majority of our client's money through collective investment funds, we engage with our fund managers, as opposed to directly with the underlying companies. In 2023, we yet again requested data on carbon emissions from all of our ethical fund managers – as in previous years, we found that the quality and granularity of the data gathered varied significantly from asset manager to asset manager.

Another key focus of our engagement efforts over the last 12 months has been in relation to the Financial Conduct Authority's (FCA) Sustainable Disclosure Requirements, or SDR. The FCA released its SDR policy statement back in November, setting out new rules for labelling of funds with sustainability objectives. We had already been busy engaging with our fund managers with regards to whether they expected their funds to be given a label under SDR. We (and the wider industry) still lack clarity on several key issues, including the role of ethically focussed funds and the treatment of offshore products. These will remain key focal points for the year ahead.

TEAM

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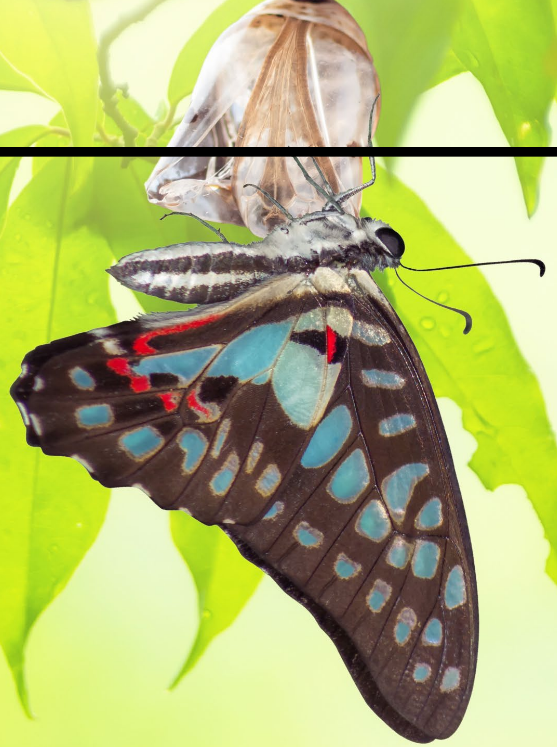

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