Mattioli Woods

TCFD report 2025

Contents

A note from our CEO

I am delighted to present Mattioli Woods' second annual climate-related financial disclosure report, which continues our commitment to transparency following the Task Force on Climate-related Financial Disclosures (TCFD) framework.

As we seek to further strengthen our position as a regulated entity where governance remains fundamental to our operations, we take pride in our ongoing initiatives focused on social responsibility, charitable endeavours, and educational programmes that benefit both our clients and team members.

The urgency to accelerate climate action is undeniable, as evidenced by the increasing frequency and severity of extreme events in recent years. Acting responsibly continues to be a key part of our culture, and we remain committed to balancing the transition to a more stable economy with delivering exceptional outcomes for all our clients.

Building on the foundation established in our inaugural report, we have progressed with integrating climate-related considerations into our strategic planning and risk management frameworks. This second report highlights our ongoing journey, the advancements we have made over the past year, and our plans for the future as we strive to build a more sustainable and resilient business.

Thank you for your continued support.

Ian Mattioli MBE DL Hon LLB

Who are Mattioli Woods?

Mattioli Woods is a full-service wealth, asset manager and employee benefits group. Our purpose is to deliver exceptional client outcomes for our clients' financial planning, wealth, asset management and employee benefits needs in a responsible manner. We are growing organically by expanding our network of 133 core consultants and complementary investment management offering, and through the acquisition and integration of complementary businesses, with the aim of enhancing the Group's client proposition. Our overriding passion is to deliver the best possible outcomes for the people who trust us to look after their wealth, assets and employee benefits. It is a responsibility we feel privileged to shoulder, whether that be through pensions, investments, or new innovations. We are delighted to have partnered with Pollen Street Capital since our first report. Pollen Street Capital are a private equity and credit investment management firm that specialises in financial services and related sectors. Their acquisition of Mattioli Woods Limited combines Pollen Street's expertise in financial services investments with Mattioli Woods' established position in wealth management and advisory services.

Pollen Street's approach to ESG also aligns with that of Mattioli Woods. Its ESG framework is embedded in its investment strategy, with sustainability considerations factored into decision-making across the investment lifecycle. Pollen Street shares a combined belief that ESG is not only a risk management mechanism but one which can create a value opportunity.

Employee benefits

Over a £16 billion in advice and administration assets

Private Equity and Asset Management

Personal Wealth and Financial Planning

Investments

Pensions advice and administration

Property management

1000+ members of staff

26 Offices across the UK

Our values

At the heart of Mattioli Woods' thriving workplace environment lies a foundation of principles that enables our team members to excel. We foster transparency and straightforward dialogue, establishing a sense of confidence and teamwork throughout the organisation. Our adaptable approach and inclusive atmosphere cultivate a setting where staff members can advance their careers and enhance their capabilities. Our organisation stands on the strength of our people's professionalism and specialised knowledge. We function as a unified group, collaborating to achieve exceptional results for those we serve, with enthusiasm forming the essential element of the guidance and consultation we provide.

Our people

Developing our people

Mattioli Woods encourages development regardless of an employee's role within the Group. There are structured training programmes for those who want a career in financial services; these are open to internal and external applicants. Mattioli Woods continues to invest time in apprenticeships and degrees as well as professional accreditations, while training on the job, feeding into growing the succession pool. Our talent management process allows robust development programmes to be put in place.

Equal opportunities

Mattioli Woods is committed to promoting equality of opportunity for all employees and job applicants and aims to create a working environment in which all individuals can best use their skills, free from discrimination or harassment, and in which all decisions are based on merit. Mattioli Woods does not discriminate against employees on the basis of any protected characteristic under the Equality Act 2010. The protected characteristics are gender, sexual orientation, marital or civil partner status, gender reassignment, race (including colour, nationality, ethnic or national origin), religion or belief, pregnancy or maternity, disability, and age. The principles of non-discrimination and equality of opportunity also apply to the way in which employees treat visitors, clients, customers, suppliers and former team members.

Diversity and inclusion

At Mattioli Woods, we believe that freedom from discrimination and equality of opportunity are an employee's basic rights – to have a respectful and supportive workplace that enables us to attract and retain a diverse workforce that represents our clients and the community.

We believe that workplace diversity is not just limited to the demographic categories like race and gender; there are other factors such as ethnicity, religion, sexual orientation, disability status, neurodiversity and many more. It is important to Mattioli Woods that all employees feel included and have a voice to highlight concerns.

Modern slavery

As part of the financial services sector, Mattioli Woods recognises it has a responsibility to take a robust approach to modern slavery and human trafficking. We are therefore absolutely committed to preventing both activities (in all forms) in all areas of our business, and in our supply chains. Mattioli Woods operates a strong approach to the identification of modern slavery risks and human trafficking and the steps to be taken to prevent both in our operation through due diligence checks and audits. There is also a whistleblowing policy available for employees to follow should they need or want to.

Gender pay reporting

As of 5 April 2024, Mattioli Woods employed 960 valued individuals. We are pleased to report that our 2024 data shows a positive trend, with a reduction in the gender pay gap. The mean gender pay gap has decreased by 5.6%, and the median gap has decreased by 5.2%. We are extremely proud of this progress; this is the second year running that we have seen this downward trend. We are optimistic about continuing this journey toward closing the gap in the near future.

In terms of bonuses, last year, the mean bonus pay gap stood at 77%. This year, we are pleased to see this decrease to 68%. The median bonus pay gap has decreased for the first time from 35% to 18%.

While we have made significant strides, we acknowledge that the bonus gap may still be influenced by bonus arrangements for our Executive and Consultant (adviser) teams, which are predominantly male. We recognise that these areas are male-heavy; however, we are working closely with the leadership team, as well as the non-executive and executive directors, to address and close this gap. One example of this is recruiting more female trainee and experienced consultants, as well as recognising top and emerging female talent within the Group.

We understand that achieving a more balanced distribution of men and women across all levels of the organisation is crucial in narrowing and ultimately eliminating the gap. Additionally, it is important to note that the data does not account for pro-rata bonuses for part-time employees, the majority of whom are female.

Making a difference

Making a difference within our local communities matters to us. Each year, we sponsor businesses, sports and community awards. Over our history, our business has benefited from winning numerous awards and we feel it is right to help other businesses reap the rewards of such accolades. In addition, we sponsor a variety of local clubs, business and sports-related events across the country. We have worked closely with the Outward Bound Trust this year, with our Chief Operations Officer committing to running a marathon for the charity. Unfortunately, due to injury this could not be completed, but we continue to build strong connections with them and other local charities across the UK.

Responsible practices

Our commitment to environmental stewardship continues to be driven across our operations. Building on the success of our hybrid fleet programme, which now comprises 96% of our vehicle fleet, we are advancing our decarbonisation efforts through a multi-faceted approach.

Operational excellence: We are embedding circular economy principles throughout our business, focusing on waste elimination and resource optimisation. Our waste management framework targets zero-to-landfill operations, while we want to ensure that our procurement strategy prioritises suppliers with verified sustainability credentials. This includes transitioning to recycled content in marketing materials and implementing sustainable packaging solutions.

Energy transition: Our energy strategy encompasses both efficiency improvements and renewable integration. We are evaluating renewable energy procurement options, including Power Purchase Agreements (PPAs) and Renewable Energy Certificates, to support grid-scale clean energy development while reducing our operational emissions. We conducted a comprehensive building audit as part of the Energy Savings Opportunity Programme (ESOS), which identified key opportunities for energy efficiency improvements across our offices. Based on these findings, we have implemented targeted upgrades and operational changes that are delivering measurable energy savings throughout the year.

Carbon management: Recognising that some emissions remain challenging to eliminate, we are continuing to be open to using carbon credits and open to the idea to support afforestation projects.

Data-driven accountability: Enhanced carbon accounting capabilities enable more granular emissions tracking and scenario planning. Our reporting systems provide stakeholders with transparent, actionable insights into our environmental performance, supporting informed decision-making at all levels.

What this report will describe

This document presents the latest developments in our implementation of the Task Force on Climate-related Financial Disclosures (TCFD) framework at Mattioli Woods. Following our inaugural disclosure, we are pleased to share our progress in detecting, evaluating, and incorporating climate-related considerations into our corporate strategy. This follow-up report elaborates on our deepened insights regarding climate impacts on our operations and describes our evolved methodology for addressing both low-carbon transition opportunities and physical climate adaptation requirements.

In this second iteration of TCFD reporting, we deliver substantial updates across the four core TCFD components: governance, strategy, risk management, and metrics and targets. The practice of climate scenario modelling is experiencing significant advancement. With increasingly sophisticated methodologies, resources, and information quality, we hope to achieve greater accuracy in our climate risk and opportunity evaluations in subsequent reporting cycles. As we try to intensify our operational data analysis and broaden our understanding of our supply chain, these climate insights will become more fundamental within our strategic planning and risk governance frameworks, strengthening our organisational capacity to respond to climate change challenges.

Our learning process

We remain steadfast in our dedication to openness and responsibility as we pursue the reduction and management of our environmental footprint while advancing towards carbon neutrality. We acknowledge that this transition represents an ongoing development, and we understand that continuous learning and flexibility are essential components of our approach.

Our organisation is devoted to persistent enhancement of our operations and takes pride in our achievements to date. Naturally, we recognise that this endeavour is continuous, and that further advancement is always possible. We value your encouragement and patience as we look to improve our environmental stewardship practices and construct a more sustainable future.

Governing responsibly

Responsible and transparent governance remains a key priority for Mattioli Woods. Following our acquisition by Pollen Street Capital, we have revisited our governance structure and streamlined our committees. We recognise that good governance drives efficient decision-making and thoughtful delegation in relation to all business decisions, and by changing committee membership, transitioning some committees to working groups and combining certain committees, we can increase accountability and effectiveness within our governance.

What is governance?

Governance is essential for maintaining stability, managing risks, ensuring compliance, and upholding the trust of stakeholders. By being transparent and establishing robust governance structures and processes, it allows us to navigate the complexities of the financial landscape while simultaneously safeguarding our reputation and upholding our accountability.

Governance structure

Board of Directors

Our Board of Directors oversees the strategic direction and management of climate-related risks and opportunities. They are committed to integrating climate considerations into our business strategy and operations.

Executive Committee

The Executive Committee is responsible for implementing the Board's strategies and ensuring that climate-related objectives are met across all business units.

Operations and Transformation Committee

The Operations and Transformation Committee provides oversight of key operational and transformational projects across the Group. The committee maintains a collaborative relationship with integration working groups and oversight of operational and support teams including marketing, HR, ESG, banking operations, investment operations, estates and IT. Following the establishment of our ESG Committee in 2022, we have transitioned and streamlined our governance process with ESG reporting now forming part of this committees remit. Within the Operations and Transformation Committee, we monitor progress towards our sustainability targets and ensure alignment with our long-term strategy.

Workstreams

- Printing: reducing paper usage and implementing sustainable printing practices
- Travel: continuing our commitment to sustainable travel where possible, working on maintaining and improving our 96% hybrid fleet
- Net Zero 2050: setting and meeting targets for net-zero emissions by 2050
- ED&I: promoting equality, diversity, and inclusion within our workforce
- Operations: integrating sustainable practices into our daily operations

Climate change governance

Our approach to climate change governance encompasses the framework of systems, structures, policies, and processes we have established to address the challenges of climate change. This governance structure is fundamental to our business because it enables coordinated action on one of the most critical issues of our time, while fostering accountability and transparency in our environmental efforts.

Through robust climate governance, we can implement mitigation measures, manage emerging risks and promote sustainable practices that contribute to building both organisational resilience and a sustainable future. Our governance framework also serves as the foundation for maintaining accountability in our climate-related commitments and ensuring transparency through regular disclosure and reporting.

Board training on climate risks

We provide ongoing training for our Board members on all risks to ensure they are well-equipped to make informed decisions.

Reporting structures for risks

We have established robust reporting structures to monitor and manage climate risks, ensuring these are communicated effectively across the organisation and disclosed publicly as part of our annual TCFD report.

Management of climate risks

Our team manages climate risks by implementing mitigation strategies and integrating climate considerations into our business planning.

Opportunities

We identify and seize opportunities to enhance our sustainability efforts, such as developing new sustainable products and services in line with client demand.

Board level governance

- The Board is responsible for Mattioli Woods' strategy, organisation and oversight of climate-related matters and monitors progress toward our climate change goals and targets.
- This year, we have set up our Operations and Transformation committee. The committee reviews Mattioli Woods' ESG agenda and progress against our internal targets in sustainability and how its long-term strategy relates to its ability to create shared value.

As an asset manager, we have an important role to play when managing our investment portfolios. Managing climate-related risks and opportunities is just part of our role and we have to be mindful of the impact our decisions as an asset manager can have, both negatively and positively. We have chosen to integrate ESG factors, including climate-related risks and opportunities, into our investment research process and we regularly review and provide ESGi ratings (our proprietary ESG rating process) to our holdings to manage ESG risks.

Before we invest, all our investments pass through analysis, debate and various discussions before being voted on, with rationale provided for the investment case. We also comply with the FCA's guiding principles on ESG and the sustainability disclosure requirements for our Responsible Equity Fund. Our compliance monitoring is reported to various committees, ensuring the assets continually meet our ESGi criteria of a 'C' rating or better. As the ESG regulatory landscape continues to evolve, our reporting framework, ESG processes, and oversight will naturally evolve with KPIs and targets monitored through our committee framework.

Strategy

This section aims to:

a. describe the climate-related risks and opportunities identified over the short, medium and long term

b. describe the impact of climate-related risks and opportunities on our strategy

c. describe the resilience of our strategy, taking into consideration different climate-related scenarios

Our strategy

We have continued to develop our climate change strategy, which hopes to cover all areas of our business including our operations, supply chain and investments.

Where is the world today?

The Intergovernmental Panel on Climate Change (IPCC) reports detail the significant economic, environmental and social impacts of exceeding 1.5°C of average global warming. The scientific consensus indicates that achieving net zero emissions by 2050 is critical to limiting global temperature rise and avoiding the most severe climate impacts.

This urgency is reflected in strengthened regulatory frameworks, including the UK's legally binding commitment to net zero by 2050 under the Climate Change Act 2008 (as amended by the Net Zero Emissions Target Regulations 2019). Additionally, the Corporate Sustainability Reporting Directive (CSRD), which came into effect for large UK companies in 2024, requires enhanced climate-related disclosures and transition planning.

The UK Government's updated Nationally Determined Contributions (NDCs) and the Transition Plan Taskforce (TPT) framework further emphasise the need for businesses to develop credible decarbonisation strategies. These regulatory developments underscore the importance of robust climate risk management and transition planning for organisations across all sectors.

The Financial Conduct Authority (FCA) has played a central role in advancing climate-related regulation in the UK, notably through its requirements for listed companies and regulated firms with over £5 billion in assets under management to disclose climate risks in line with the TCFD recommendations. In its 2025 Adaptation Report, the FCA emphasised the need for financial services firms to enhance risk management practices and ensure that net zero transition plans incorporate both mitigation and adaptation measures, highlighting the critical importance of operational resilience and robust climate risk management across the sector.

Where do we want to be?

Our aim is to limit our business to the 1.5°c Paris Agreement temperature increase. This means aiming to reduce our carbon footprint in the future and reducing our carbon emissions to net zero by 2050. Alongside this, we want to use our scale and influence during the transition and encourage others to do the same.

Where are we now?

In order to achieve our net zero target, we need to understand where we are today. As mentioned in the 2024 report, we adopt a continuous learning approach and recognise that we are a growing business and our footprint reflects that.

How we have evolved

Our approach to climate risks and opportunities is an ever-growing journey. We continue to evolve and learn, looking to collaborate with external initiatives for guidance, advice and direction. This will help to influence our strategy, engagement activities, approach to education and assessment of our goals.

Pre 2020

2015 - started our ethical portfolios which seek to avoid investment in certain areas

2015 - Custodian REIT begins SECR data reporting

2020

Began reporting our SECR data in our annual report

2021

- Launched our Responsible Equity Fund (REF)
- Launched our ESGi investment approach

2022

- Board-level ESG committee formed
- Hired a full time ESG Partner, dedicated to advancing our ESG plans

2023

- Launched our internal ESG Engagement team who discuss printing, ED&I, travel and Net Zero
- Added sustainability section on our website

2024

- Publish our first TCFD report
- Committed to ESOS disclosure
- Acknowledged our Net Zero plan and the development of our climate transition plan

2025

- Acquired by Pollen Street Capital
- Published our second TCFD report
- Submitted our ESOS disclosure

Where are we today?

Responsible business practices have been integral to Mattioli Woods since our founding. Our unwavering focus on delivering sustainable, long-term value for clients has shaped every decision we make and every relationship we build.

This commitment extends beyond client service to encompass our broader impact on stakeholders, communities, and the environment. We recognise that true business success means creating positive outcomes that endure – for our clients, our people, and society as a whole.

Today, this philosophy continues to drive our strategic direction. We actively integrate environmental, social, and governance considerations into our operations, investment decisions, and growth plans. Our responsibility framework guides how we approach talent development, community engagement, and our environmental footprint.

Looking ahead, we remain dedicated to evolving our practices and raising our standards. We understand that being a responsible business is not a destination but an ongoing journey of improvement, innovation, and accountability. This commitment will continue to define who we are and how we create lasting value for all those we serve.

What are climate-related risks?

Physical risks

Direct impacts of climate change on our operations and investments, such as extreme weather events.

Transition risks

Financial and operational challenges associated with transitioning to a low-carbon economy.

Liability risks

Legal risks related to non-compliance with climate regulations or failure to meet climate commitments.

Physical risks

Climate-related physical risks refer to the potential impacts of climate change on physical assets, infrastructure, and natural systems. These risks can be categorised into acute risks, which are event-driven, and chronic risks, which result from long-term shifts in climate patterns. Both types of risks can have significant implications for businesses, economies, and communities. Acute physical risks include heatwaves, flooding, wildfires, and storms. Chronic risks include rising sea levels, changing precipitation levels and temperature increases.

Implications for our business

Physical risks related to climate change can have widespread and severe impacts on businesses and economies, including:

- **Disruption of supply chains:** Extreme weather events can disrupt supply chains, leading to delays, increased costs, and loss of revenue.
- **Damage to assets:** Infrastructure, property, and equipment may be damaged or destroyed, requiring significant investment in repairs and replacements.
- **Operational interruptions:** Adverse climate conditions can interrupt business operations, leading to reduced productivity and financial losses.
- **Insurance costs:** Increased frequency and severity of climate-related events can lead to higher insurance premiums and reduced availability of coverage.

Transition risks

Climate-related transition risks refer to the potential impacts on businesses and economies as society transitions to a lower-carbon economy. These risks can arise from policy changes, technological advancements, market shifts and reputational considerations. Transition risks can significantly affect business operations, financial performance, and strategic planning

Implications for our business

Transition risks related to climate change can have widespread and profound impacts on businesses and economies, including:

- **Increased compliance costs:** New environmental regulations and policies may lead to higher compliance costs, necessitating investments in cleaner technologies and processes.
- **Capital expenditures:** To remain competitive and compliant, businesses may need to make significant capital investments in new technologies and infrastructure, impacting financial resources and profitability.
- **Market and revenue shifts:** Changes in consumer preferences towards sustainable products and services can affect market dynamics, leading to shifts in revenue streams and market share.
- **Strategic repositioning:** Companies may need to adjust their business strategies to align with a low-carbon economy, which could involve diversifying product lines, entering new markets or exiting carbon-intensive sectors.
- **Reputation management:** Addressing stakeholder expectations regarding climate action is crucial for maintaining a positive reputation. Failure to do so can result in a loss of brand value and stakeholder trust.
- **Investor relations:** Investors are increasingly considering the ESG factors in their decision-making processes. Companies that proactively manage transition risks may attract more investment and favourable financing conditions.
- **Insurance costs and availability:** The transition to a low-carbon economy may lead to changes in insurance underwriting practices, with potential impacts on premiums and coverage availability for businesses.

Liability risks

Climate-related liability risks refer to the potential legal and financial consequences that businesses may face because of climate change impacts. These risks can arise from litigation, regulatory actions, and non-compliance with climate-related laws and standards. Liability risks can have a significant implication for a company's financial stability, reputation, and operational continuity.

Liability risks related to climate change can have widespread and significant impacts on businesses and economies, including:

- **Legal costs and settlements:** Engaging in litigation can lead to substantial legal expenses, settlement costs, and damage awards. Prolonged legal battles can drain financial resources and divert management attention.
- **Regulatory penalties:** Non-compliance with climate-related regulations can result in significant fines, sanctions, and operational restrictions. This can also damage a company's reputation and stakeholder relations.
- **Reputation damage:** Legal actions and regulatory penalties related to climate issues can harm a company's reputation, affecting customer trust, investor confidence and employee morale. Managing public perception is crucial for maintaining a positive brand image.
- **Increased disclosure requirements:** Companies may need to invest in robust reporting systems and processes to ensure compliance with evolving disclosure standards. This includes accurately reporting on climate-related risks and mitigation efforts.
- **Contractual disputes:** Failing to meet climate-related contractual obligations can lead to disputes and potential financial liabilities. Ensuring adherence to sustainability commitments in contracts is essential to avoid legal challenges.
- **Insurance costs and coverage:** Liability risks can lead to higher insurance premiums and impact the availability of coverage. Insurers may adjust the underwriting practices based on a company's exposure to climate-related liabilities.
- **Impact on financing:** Investors increasingly consider climate-related liabilities in their decision-making processes. Companies with high liability risks may face challenges in securing financing or may incur higher borrowing costs.

Impact on our strategy

We are continuously adapting our strategy to address climate-related risks and opportunities. This includes integrating sustainability into our product offerings and operations and setting ambitious targets for reducing our carbon footprint.

Resilience of our strategy

We regularly assess the operational resilience of our business strategy and maintain comprehensive oversight of climate-related risks across our operations. Our risk management framework includes ongoing scenario analysis for key business services as required by FCA guidelines.

While we have strengthened our climate risk identification and reporting processes since our previous TCFD disclosure, we acknowledge that dedicated climate scenario testing remains an area for development. We continue to enhance our understanding of climate-related financial risks through our existing risk assessment frameworks and regulatory stress testing requirements.

We recognise the value that formal climate scenario analysis would bring to our risk management capabilities and strategic planning processes. As we further develop our climate risk expertise and infrastructure, we will evaluate the implementation of specific climate scenario testing as part of our ongoing commitment to robust climate-related financial disclosure and risk management.

Our role in managing climate-related risks and opportunities for our client investment portfolios as an investment manager.

As an investment manager, we have a role to play when managing our investment portfolios on behalf of clients. The majority of our portfolios are multi-asset in structure and as such, via our investments in collective investment schemes, we are required to entrust the underlying manager with focusing on managing climate-related risks and opportunities within the strategies of the underlying holdings. Therefore, our analysis and engagement on managing climate-related risks and opportunities relates to how the investment managers are integrating the consideration of these factors within their investment management process. It is the process and the input into decision-making on which we are focusing during our completion of due diligence. In terms of the Mattioli Woods UK Dynamic Fund, which does invest directly in company shares, climate-related risks are considered as part of the investment case for individual equities. However, the fund is willing to accept these risks if the managers believe the investment case and expected returns are sufficiently attractive.

The climate-related risks and opportunities we have identified for our portfolios over the short, medium, and long term as an investment manager.

Over the medium to long term, the transition to a low-carbon economy may lead to lower sales volumes and/or margins for companies that derive the majority of their earnings from fossil fuels due to a general reduction or elimination of demand for oil and gas products, possibly resulting in underutilised or stranded oil and gas assets. We seek to mitigate this risk by investing in a diverse range of company shares across a wide variety of sectors. The associated opportunity with this risk is the expanding investible universe of renewable energy companies that Mattioli Woods believes we gain exposure to, provided the underlying companies present an attractive investment case, via a range of actively managed and index tracking funds. Within the Responsible Equity Fund, we invest in Greencoat UK Wind, which is a listed renewable infrastructure fund, invested in operating UK wind farms.

The impact of climate-related risks and opportunities on our businesses, strategy, and financial planning as an investment manager.

Mattioli Woods acknowledges that anthropogenic (influenced by people) climate change is occurring now, evidenced by physical effects such as excessive regional heat, wildfires, and floods. However, these events do not easily translate directly into investment risk (or returns). Historical trends are indisputable, showing rising concentrations of carbon dioxide in the atmosphere and increasing ocean and atmospheric temperatures.

The long-term physical and transitional risks depend entirely on the actions taken to reduce greenhouse gas emissions in the short and medium term, as well as on investments made in adaptation. The short and medium-term opportunities lie in the incentives that encourage investment in mitigation and adaptation technologies and services. The short and medium-term risk is that emissions of greenhouse gases may cross the planetary boundary, leading to non-linear changes in climate and weather patterns. These non-linear changes could impact the economic system as it is today, affecting everything from agricultural supply chains to property and infrastructure.

Risk management

This sections aims to:

a. describe the process for assessing and identifying climate-related risks

b. describe Mattioli Woods' processes for managing climate-related risks

c. describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management

Risk management extends far beyond a compliance function; it is central to our business strategy. Day to day, our risk assessment process considers both the impact and likelihood of risk events that could materialise and affect the delivery of the Group's strategic goals. Risk owners regularly review and update (where needed) the controls in place to mitigate the impact of the risks, with independent review and challenge given by the Risk Management team.

The Chief Operations Officer is the risk owner of climate-related risks and also chairs the Operations and Transformation committee, ensuring discussions filter through to identifying, assessing and managing climate-related risks. Climate-related risks are reviewed on an ongoing basis for changes in their impact and likelihood. Changes are updated by the risk owner and any delegated risk owners. Where any changes occur, these are reported on a quarterly basis to the Risk and Compliance Committee and Executive Board.

Throughout the Group, all employees have a responsibility for managing risk and adhering to our control framework. We aim to comprehensively understand the risk exposures across all aspects of our operations and how these risks are likely to evolve over time. This approach ensures we are well-prepared to manage risks and maintain stability through the organisation.

We recognise that climate change scenario testing can be completed for financial services. We are not currently doing this at Mattioli Woods – we aimed to have this done by 2025 but in line with our transparency and current business changes that have been prioritised, we did not complete it for this year. We hope to complete this in the near future.

Our processes for managing climate-related risks in relation to our portfolios as an investment manager.

Where we invest in funds, we are required to entrust the underlying manager to focus on managing climate-related risks within the strategies of the underlying holdings. Assessing the manager's process on managing climate risk forms part of our overall due diligence process. Where we invest in passive instruments or direct equities (UK Dynamic), we assess the risk using Portfolio360 by BlackRock, which provides data on exposure to carbon-intensive companies.

How we have determined whether our portfolios have concentrated exposures or high exposures to carbon intensive sectors as an investment manager.

We use data from Portfolio360 by BlackRock and, as at end March 2025, the Mattioli Woods Cautious, Balanced, Growth, Adventurous, and Responsible Equity Funds have below benchmark carbon emissions intensity, which measures a fund's exposure to carbon-intensive companies. The figure is the sum of security weight multiplied by the security carbon intensity. In particular, the Responsible Equity Fund has significantly lower carbon emissions intensity compared to the benchmark – approximately 50% lower (51.28 versus 101.29). The passive suite of funds have a marginally lower carbon intensity than their respective benchmarks. We would not expect these funds to deviate from their benchmarks given that these funds invest in instruments that seek to track a benchmark and are not actively managed. We do not, however, consider the exposure to carbon-intensive sectors high, as the funds most highly contributing to the carbon intensity are a small part of the overall portfolios. The Mattioli Woods UK Dynamic Fund has a higher carbon intensity than its benchmark; however, the positions that account for this are, again, a small part of an overall portfolio. As at end March 2025, the fund has greatest exposure to the consumer defensive and financial sector, which are less carbon-intensive areas overall.

For portfolios outside of our funds, we are in the process of applying the same risk management process and we will aim to provide commentary in future reports.

Our processes for identifying, assessing, and managing climate-related risks as an investment manager.

Mattioli Woods integrates the management of climate-related risks into our overall risk management framework through a series of comprehensive steps.

First, we focus on the identification of these risks. This is achieved through regular risk assessments and collaborative efforts across various departments, ensuring a thorough understanding of potential climate risks. Additionally, we gather feedback from stakeholders, including regulatory bodies, to identify emerging climate risks.

Next, we assess these identified risks by prioritising them based on their potential impact and likelihood. We conduct scenario analysis to understand the effects of different climate scenarios on our operations and financial performance. This assessment combines both quantitive metrics, such as carbon footprint and energy consumption, and qualitative factors like regulatory changes and reputational risks.

To manage these risks, we seek to develop and implement effective mitigation strategies. These include enhancing energy efficiency, adopting sustainable business practices and looking to invest in renewable energy. We also explore risk transfer mechanisms, such as insurance, to manage any residual risks. Continuous monitoring and regular reviews are conducted to ensure that any emerging risks are promptly identified and addressed.

Finally, the integration of climate-related risk management into our overall risk management framework is overseen by a dedicated risk and compliance committee, which includes senior management and Board members. This governance structure ensures that climate risks receive appropriate attention at the highest level of the organisation. Our risk management policies are aligned with our sustainability goals, ensuring a harmonious approach to managing climate-related risks.

Through these comprehensive and integrated efforts, we effectively manage climate-related risks within the broader context of our overall risk management strategy.

Metrics and targets

This section aims to:

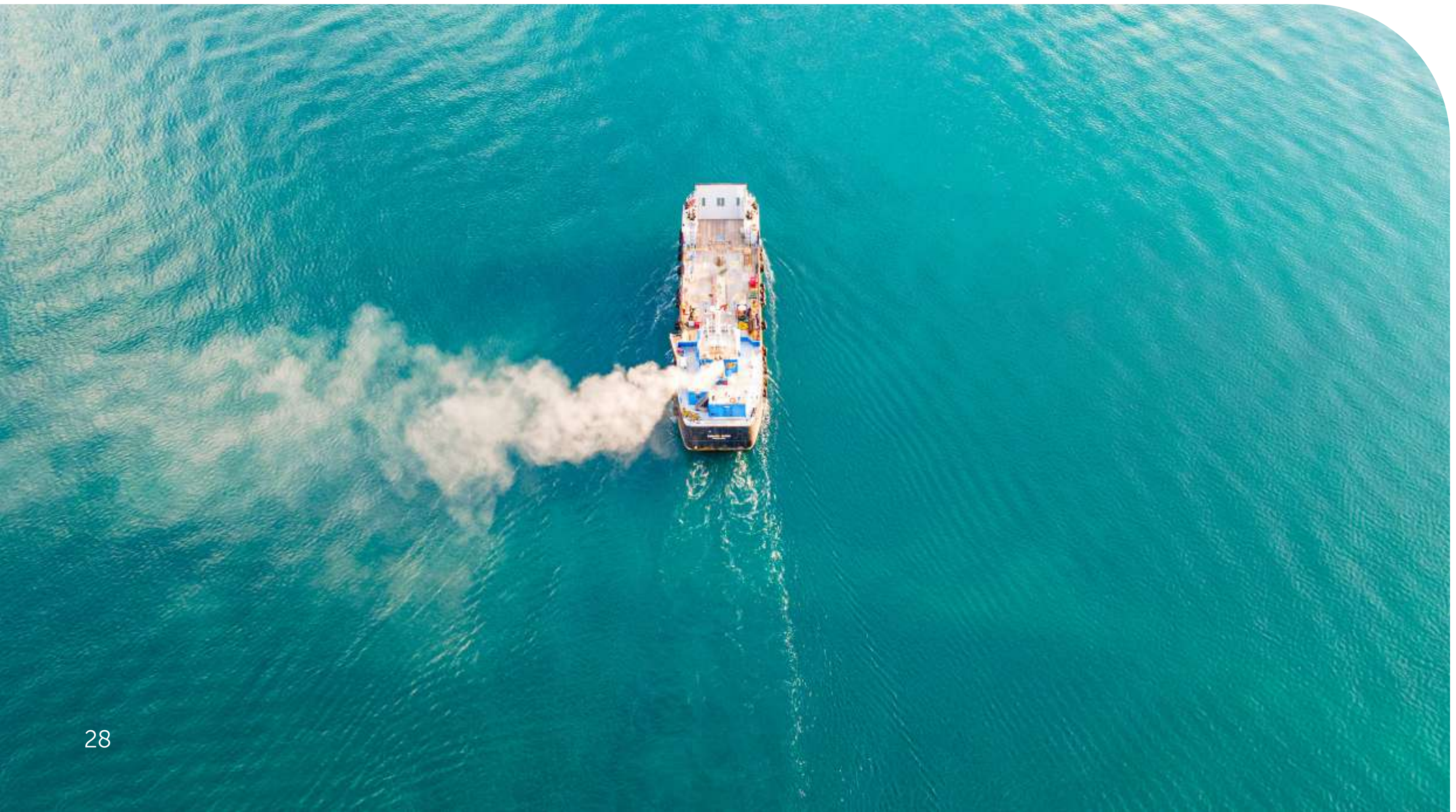
a. describe the metrics used by Mattioli Woods to assess climate-related risks and opportunities in line with strategy and risk management processes

b. describe Scope 1, Scope 2, and Scope 3 emissions and the related risks

c. describe the targets used by Mattioli Woods to manage climate-related risks and opportunities, and performance targets

Climate-related metrics are generally well understood, though some remain difficult to calculate due to data unavailability or limitations.

Metrics can be expressed in absolute terms, such as Scope 1, Scope 2, and Scope 3 greenhouse gas (GHG) emissions measured in tonnes. They can also be presented in efficiency terms, where GHG emissions are reported relative to revenue or market value. Forward-looking metrics, such as implied temperature rise and portfolio warming potential, come with inherent limitations and assumptions.



What are Scope 1, 2 and 3 emissions?

Scope 1 emissions

Direct emissions: Scope 1 emissions are the direct greenhouse gas (GHG) emissions from sources that are owned or controlled by the organisation. These include emissions from combustion in owned or controlled boilers, vehicles and other equipment.

Scope 2 emissions

Indirect emissions from energy: Scope 2 emissions are the indirect GHG emissions from the consumption of purchased electricity, steam, heating and cooling. These emissions occur at the facility where the energy is generated but are attributed to the organisation that uses the energy.

Scope 3 emissions

Other indirect emissions: Scope 3 emissions are all other indirect GHG emissions that occur in the value chain of an organisation, both upstream and downstream. This includes emissions from purchased goods and services, business travel, employee commuting and waste disposal.

Product-level reports

As an investment manager, our funds have their own product-level reports, including the carbon intensity and data metrics of each fund. The latest reports are published by the Authorised Corporate Director – FundRock Partners Limited – and can be accessed here.

We always manage our clients' portfolios in their best interests, including a consideration of climate-related risks and opportunities. As data and software solutions evolve, we can look to develop set targets; however, our current focus is on whether the assets and companies we invest in are meeting the key ESG factors when undertaking our due diligence.

Streamlined Energy and Carbon Reporting (SECR)

This Streamlined Energy and Carbon Reporting (SECR) statement gives Mattioli Woods' annual energy consumption and greenhouse gas (GHG) emissions for the financial year 1 June 2024 to 31 May 2025 and the comparative previous year.

Emissions disclosed relate to activities for which the company is responsible within the UK, Mattioli Woods does not operate outside the UK. Emissions disclosed include, where applicable, combustion of gas from building operations and fuels for business travel, and emissions from the purchase of electricity by the company for its own use, including electric company cars.

GHG emissions relating to operational water and waste, and fugitive emissions resulting from refrigerant gases, were considered immaterial to the company's operations. Sufficient data was also unavailable to support complete and accurate reporting against these sources.

Methodology and data tables

Mattioli Woods has used the main requirements of the GHG Protocol Corporate Standard (revised edition) as a basis to report energy consumption and GHG emissions. Data was gathered at site level to compile the carbon footprint.

DEFRA UK Government Conversion Factors for GHG Company Reporting 2023 have been used to convert activity data into tCO2e emissions. Actual data from supplier invoices was prioritised for reporting; however, in instances where this was not available, consumption data was estimated. The estimation method was chosen based on the number of days in the reporting period for which actual data was available for each asset. If no consumption was provided, then the Better Buildings Partnership (BBP) 2020 Real Estate Environmental Benchmark (REEB) intensities were used to estimate the annual consumption from the floor area. Mileage data was used to convert business travel into both GHG emissions and energy consumption equivalent (kWh).

In 2024, Mattioli Woods was responsible for a total of 1,503,721 kWh energy consumption in its buildings and from fuel purchased for business travel. Of this, 100% was consumed within the UK.

Table 1: Mattioli Wood's underlying energy consumption for 2024-2025

Energy consumption source (kWh)	01/06/2024 – 31/05/2025	01/06/2023 – 31/05/2024	01/06/2022 – 31/05/2023
Natural gas	163,273	394,627	644,571
Electricity	664,993	1,061,795	1,113,917
Business travel	675,455	482,584	505,987
Total energy	**1,503,721**	**1,939,006**	**2,264,475**

Table 2: Mattioli Woods' GHG emissions for 2023-2024

Greenhouse Gas (GHG) emissions Scopes (tCO2e)	01/06/2024 – 31/05/2025	01/06/2023 – 31/05/2024	01/06/2022 – 31/05/2023	01/06/2021 – 31/05/2022
Scope 1: Direct combustion of fuel from operation of properties and business travel in company-owned vehicles	158	147	204	135
Scope 2: Electricity purchased for landlord shared services and own use, including electric company-owned vehicles	128	220	215	169
Scopes 1 + 2: Mandatory carbon footprint disclosure	**286**	**367**	**419**	**304**
Scope 3, Category 6: Business travel (employee owned and rented vehicles only)	53	43	40	22
Scopes 1 + 2 + 3: Voluntary carbon footprint disclosure	**339**	**410**	**460**	**326**

** figures above have been rounded

Combined scope 1 and 2 emissions decreased by 22% compared to last year, primarily due to energy efficiency improvements and reductions in electricity and gas consumption following our total office floor area decreasing by 27%. However, scope 3 emissions related to business travel increased by 23% compared to the previous reporting period.

Emissions intensity ratio

Mattioli Woods has chosen its intensity ratios as GHG emissions per square foot floor area, as this measure is recommended for all companies per the SECR guidance.

Table 3: Mattioli Woods' chosen intensity ratio

GHG emissions intensity ratio	01/06/2024 – 31/05/2025	01/06/2023 – 31/05/2024	01/06/2022 – 31/05/2023	01/06/2021 – 31/05/2022
Scopes 1 + 2 GHG emissions per floor area (tCO2e/SQFT)	0.0033	0.0036	0.0035	0.0029
Scopes 1 + 2 + 3 GHG emissions per floor area (tCO2e/SQFT)	0.0039	0.0041	0.0038	0.0031

Mattioli Woods reduced its absolute combined emissions from electricity, gas, and business travel compared to the previous year. Importantly, the decrease in total greenhouse gas emissions outpaced the reduction in office floor area, resulting in a lower GHG emissions intensity per square foot. This decline in carbon intensity indicates that the company's operations became more efficient, with fewer emissions generated for each unit of occupied space. The improvement reflects our ongoing efforts in energy efficiency and operational management.

2025 energy efficiency actions

In the period, we have seen an increase from 86.36% to 96% of our company car fleet being hybrid or electric vehicles. We continue to promote the use of hybrid and electric vehicles at Mattioli Woods, including using Tusker as part of our employee benefits options, which has a large range of electric/hybrid cars available for lease. We continue in helping to promote electric vehicles, which have a lower carbon impact compared to traditional fossil fuel vehicles. We are exploring different ways for our advisers to access their cars, including a leasing system, which would encourage and promote the availability of electric and hybrid vehicles. Additionally, we are continually exploring new ways to enhance energy efficiency across our entire organisation.

While we have seen an overall Scope 1 and Scope 2 reduction, which can be partially linked to a transition to a hybrid fleet versus a non-hybrid fleet, and energy saving implementations at our offices, we have also seen an increase in Scope 3 emissions, related to business travel compared to our previous reporting period.

We believe the increase in business travel has come from a multitude of reasons. Firstly, we are constantly aiming to increase the number of advisers we employ. Our advisers are a fundamental part of our strategic growth plan, with a clear link between more advisers and more new business. With the increase in advisers, comes more travel across the country. We believe that face-to-face contact with our clients is an important way of keeping strong and lasting relationships. Our business has gone through significant business change over the past year, and we also acknowledge that this has most likely meant that our advisers were travelling more to see their clients and keep them updated, and our senior leadership team were travelling more frequently.

Despite this, we are continuing our goal to try to reduce business travel by the ongoing targets set out below:

- Shared transport to the same location.
- Incentivising public transport use.
- Consideration and promotion of the most energy efficient mode of transport being taken for any journey.
- Education and awareness around the impact on and life changes such as the cars used and how this can impact carbon emissions.

Continued review of office space efficiency and the use of energy-efficiency providers.

As we continue to be agile with our office locations for business purposes, we also factor in the potential energy efficiency (electricity and gas) of any new office space. For example, we have closed our Leatherhead office, consolidated our Manchester offices and reduced the size of our Newmarket office considerably. We have also had an energy audit, which was completed by Jones Lang LaSalle in line with the Energy Savings Opportunity Scheme. This has given us the opportunity to assess what we do right and wrong within our office locations and has identified problems that we could easily fix, which has helped reduce our energy usage throughout the year.

Targets

Reduction in travel

- Travel policy enhancement: develop clear guidelines encouraging low-carbon transport options with approval processes for high-emission travel.
- Meeting optimisation: implement 'travel necessity' assessments to reduce non-essential journeys through improved scheduling and virtual alternatives.
- Continue to promote our benefit offering: launch targeted Tusker Benefit Enhancement to try to increase hybrid/electric vehicle uptake through the employee benefits scheme, including educational sessions with our employee benefits consultants.
- Continue to include hybrid and electric-only vehicles in our fleet and accelerate our transition to a 100% hybrid/electric company fleet by 2026, which will help utilise our already robust charging infrastructure in our Leicester office.

Reduction in energy usage

- Multi-site energy management: standardise energy procurement across all offices to leverage better rates and greener options.
- Smart building technology: following our energy audit, make sure we are installing intelligent lighting, heating and cooling systems with automated controls and occupancy sensors.
- Space utilisation analysis: optimise office layouts and implement hot-desking at more offices to reduce overall energy consumption per employee.
- We continue to explore the idea of a carbon offsetting programme for unavoidable emissions, prioritising verified UK-based projects.

Our aim to reduce our Scope 1 emissions in FY 24/25 by 10% was not met; instead increasing by 7%. As previously mentioned, we had an increase in business travel in our pursuit to deliver our business plan strategy which is based on organic growth of new clients, a, we realised that an absolute reduction may be unattainable. In this case, we will focus heavily on trying to reduce our business travel as previously mentioned. We hope to attain a 5% reduction in business travel by next year, in relation to our business growth. We will also look to the Environment Agency's Energy Savings Opportunities Scheme (ESOS), which has helped us to identify opportunities to reduce emissions within our office buildings (owned and rented) by giving us an overview of our energy usage (heating, air conditioning and lighting) when our offices are in use and when they are empty.

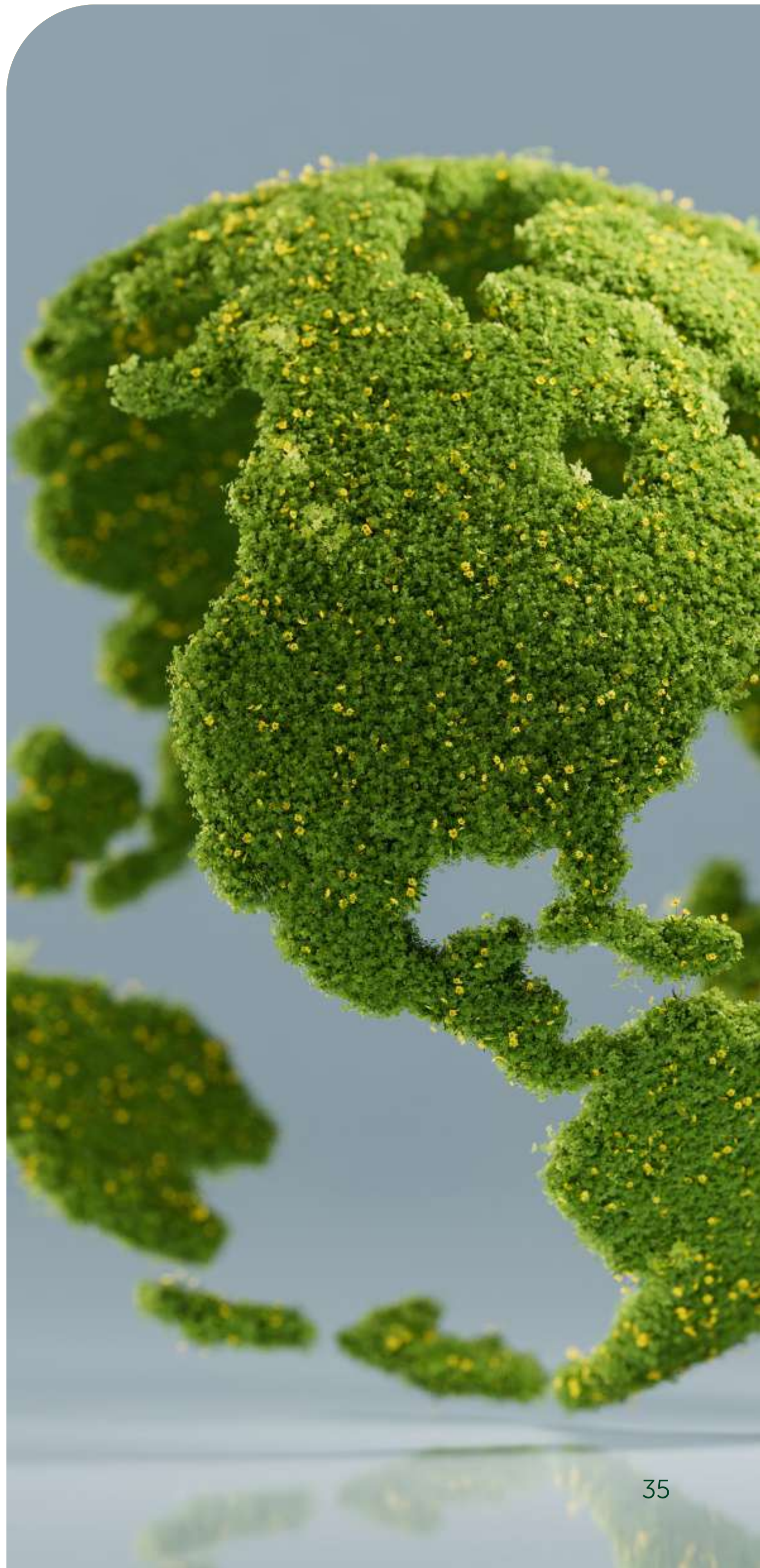
We are happy to announce that our Scope 2 emissions have decreased over the financial year. We are aiming to continue to reduce our emissions over the next year. We consolidated two of our offices, alongside closing an office down during the past year, which we believe had a large effect on our energy usage. We will also consider the viability of carbon offsetting for our rented estate, where we recognise there is unavoidable emissions usage. We seek to ensure all new business cars are continuing to be hybrid or electric vehicles. With these implementations, we can expect our emissions to decrease in the coming financial year. As above, our business growth plans and intention to reduce Scope 1 emissions may have the effect of increasing Scope 2 emissions, at which point we will revisit our targets accordingly.

We will continue to monitor our Scope 3 emissions and will factor in the impact of our business decisions. However, the nature and broader definition of Scope 3 emissions means we are still assessing practical targets. We saw an increase in business travel this year as expected, in line with an increase in investment in adviser relations and a lot of business change. We also introduced a return to office policy for three days a week. We will look to reduce our Scope 3 emissions by in-house education and awareness.

Monitoring our employees' modes of transportation via a survey and collecting that data will be important, as it will show how we travel company-wide, not just business-critical. We can then implement initiatives and increase education on the most effective means of transportation for our staff, encourage car sharing, travelling by bus and cycling to work. We will also encourage employees to use our Tusker benefit, which gives employees the opportunity to lease hybrid vehicles, a choice that may not have been available without it.

What does this mean long term?

We recognise the importance of reaching net zero. Our target is to reach net zero by 2050 in line with the Paris Agreement goal. It is important to recognise that Mattioli Woods has an ambitious growth strategy and that our targets (including practical data sources) are likely to evolve as we identify and consider the businesses impact on climate change. We are fully committed to our journey to net zero.



Conclusion

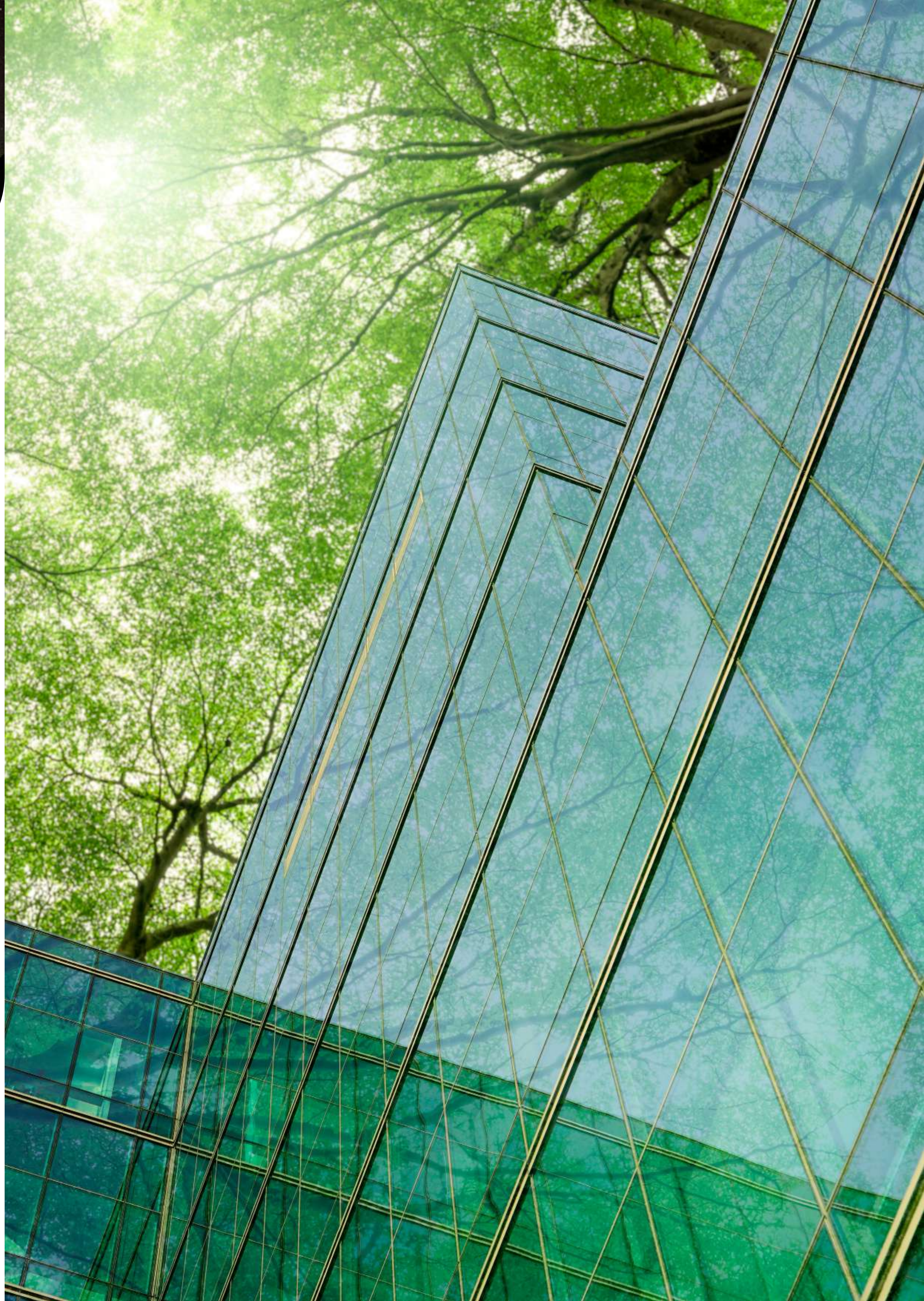
This TCFD report demonstrates Mattioli Woods' strategic approach to climate resilience, positioning environmental considerations as fundamental to our long-term business success and stakeholder value creation.

Our risk assessment reveals the multifaceted nature of climate challenges facing our organisation. Physical risks from extreme weather and changing climate patterns present immediate operational vulnerabilities, while transition risks emerging from policy shift, market evolution, and technological disruption require adaptive strategic responses. Concurrently, liability risks highlight our responsibility to maintain robust governance frameworks and transparent stakeholder communication.

Mattioli Woods is proactively integrating climate considerations into our governance, strategy, risk management, and metrics and targets. Our Board's oversight and the dedicated ESG team's efforts ensure that climate-related issues are prioritised in decision-making processes. We are committed to enhancing our energy efficiency and reducing greenhouse gas emissions in line with our business growth.

Our climate journey extends beyond compliance to proactive leadership. We will continue strengthening our analytical capabilities, expanding stakeholder engagement, and monitoring regulatory developments to anticipate emerging requirements. This commitment to continuous enhancement ensures our climate disclosures remain relevant, accurate, and valuable to stakeholders navigating an increasingly complex environmental landscape.

The strategic insights derived from this TCFD analysis will inform Mattioli Woods' climate adaptation and mitigation efforts, reinforcing our position as a responsible business partner committed to sustainable value creation in a changing world.



Mattioli Woods

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