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nucleus

# Climate-Related Financial Disclosure 2024

June 2025

**As a responsible corporate citizen, Nucleus has a duty to help address climate change and minimise our environmental impact in a sustainable manner. Sustainability is core to our purpose of 'helping to make retirement more rewarding in a commercial, ethical, and sustainable way'. For more information on this, please refer to our sustainability policy available on our website.**

We value the importance of climate related disclosure as part of the journey to a more sustainable future. As part of our sustainability framework, our environment workstream is responsible for measuring, targeting, and minimising negative impact upon the environment throughout our value chain.

We measured our comprehensive carbon footprint for the first time in 2023 (for the 2022 calendar year). Since then, Nucleus has completed the acquisition of Curtis Banks and Third Financial, and over the past two years we have ensured effective integration of sustainability-related activities across the Group. Conducting a complete carbon measurement is a crucial step in enabling us to better understand how and where we are exposed to climate-related risks within our value chain. Although maturing, we are at the development stage of our journey and are in the process of embedding the consideration of climate-related risks throughout business functions and decision-making.

Through our platforms and products we provide access to investments such as funds. For information on the approach asset managers take in relation to their environment and climate-related matters, please refer to their websites.

This Climate Related Disclosure Report has been prepared in accordance with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD). It includes the disclosures required in the Financial Conduct Authority's (FCA) Policy Statement PS21/24 for the Nucleus Financial Platforms Group. This Report covers all the entities within this Group.

> **"The disclosures regarding these entities, including any third party or group disclosures cross-referenced, comply with the requirements under the FCA's Policy Statement PS21/24."**
>
> Mike Regan, Chief Commercial Officer, the Nucleus Financial Platforms Group, June 2025

# Governance

## Describe the Board's oversight of climate-related risks and opportunities.

Our Board is responsible for setting our strategy, underpinned by our purpose and values. This includes our sustainability strategy, aligned to the fact that our Board recognises Nucleus' role as a responsible corporate citizen and believes that by operating Nucleus in a sustainable way, it can have a positive and lasting impact on our communities, people, and planet, as well as delivering better customer outcomes and long-term shareholder value. Our Board retains ultimate responsibility for ensuring that sustainability is an integral part of our decision-making processes but delegates sustainability strategy execution (including climate-related matters) to management through our Sustainability Steering Committee.

The Board's responsibility is documented in our sustainability policy, which is Board owned and incorporates zero appetite for policy breaches. Our Board is informed about climate-related, and wider sustainability-related issues through regular reporting. The Sustainability Steering Committee presents to the Board as required regarding any significant sustainability-linked decisions, with the Board providing any challenge and final approval as appropriate.

## Describe management's role in assessing and managing climate-related risks and opportunities.

Whilst our Board retains ultimate responsibility for our sustainability strategy, management is responsible for its execution. This includes monitoring and progressing sustainability impact and the identification and management of any climate-related risks and opportunities. Our Sustainability Steering Committee is supported by our Sustainability Working Group for the monitoring and reporting of progress against our ambitions. The Sustainability Working Group is also responsible for progressing our approach, defining our sustainability ambitions, and embedding best practice throughout our Operations. To ensure the promotion of Nucleus' sustainability framework and senior leadership support, the Sustainability Steering Committee includes three members of the Nucleus Executive Committee. The Chief Commercial Officer retains responsibility for the Sustainability Steering Committee.

# Strategy

We have qualitatively assessed our climate-related risks across three different scenarios, as detailed below, considering their impact across the short-, mid- , and long-term. Our climate-related risks are embedded within our risk management framework. Although we do not anticipate exposure to change in the short-term, given the nature of our industry and location, we assess on a quarterly basis to ensure we consider the latest scientific and regulatory developments.

## Physical climate-related risks

### Increase in extreme weather events

| Risk | Description |
| --- | --- |
| Category | Physical |
| Definition | An increase in local and extreme weather events could impact the organisation's ability to continue delivering business operations. Extreme weather events could also impact the organisation's adviser and client base by hampering their ability to remain online. |
| Impact at 4°C°C warming | Medium impact |
| Impact at 2-3°C°C warming | Low impact |
| Impact at 1.5°C°C warming | Low impact |
| Possible impact | As the vast majority of Nucleus' people and customers are based in the UK, the short- and mid-term impact of extreme weather events is low, especially at warming between 1.5C and 3C. We believe our material outsourcers are either large enough to not be significantly impacted or are also UK based, but we are working with them to build on this assessment. The UK is at comparatively low risk to extreme weather events, of the severity to impact infrastructure, and our employees can work from home, if critical infrastructure is adversely impacted.<br>There is, however, a risk to our Indian based employees, and this is considered within our BCP.<br>Although we feel the risk is low across the lower C warming scenarios, there is a possible impact to our business operations at a 4C warming scenario. The primary impact identified is an interruption of our business operations caused by critical infrastructure going offline due to extreme weather events. We continue to monitor weather events to ensure we effectively consider their impact on our business, advisers, and customers.<br>For long-term impact, we are continuing to develop our analysis and will capture any change in impact based on relevant scientific research as part of our risk management process.<br>The key impacts identified are on our employees' capability to get to the office, and of critical infrastructure – required to maintain the platform – to function. There is also potential impact on Commercial Property management, with potential for increased insurance costs and weather-related repairs. |

## Rise in sea levels

| Risk | Description |
|---|---|
| Category | Physical |
| Definition | Rising sea levels, because of climate change, could impact coastal areas, resulting in temporary flooding or permanent submersion. This could impact the organisation's ability to continue delivering business operations. Rising sea levels could also impact the organisation's adviser and client base by hampering their ability to remain online. |
| Impact at 4°C°C warming | Medium impact |
| Impact at 2-3°C°C warming | Low impact |
| Impact at 1.5°C°C warming | Low impact |
| Possible impact | As the majority of Nucleus' employees are based in non-coastal UK areas, the short- and mid-term impact of rising sea levels is low, especially at warming between 1.5C and 3C. Perceived impact at 4C warming is now considered medium impact (vs low impact in 2023). Through the acquisition of Curtis Banks, we now have more employees based in coastal areas, and more Commercial Property, where the impact at 4C is likely higher. We believe our material outsourcers are either large enough to not be significantly impacted or are also UK based, but we are working with them to build on this assessment.<br>Although we feel the short- and medium- term impact to be low, the UK is an island, and we continue to monitor refreshed scientific research to ensure we consider the long-term potential for rising sea levels to impact the UK.<br>The key impacts identified are on our employees' capability to get to the office, and of critical infrastructure – required to maintain the platform – to function. There is also potential impact on Commercial Property management, with potential for increased insurance costs and weather-related repairs. |

## Transition climate-related risks

### Climate-related investment options

| Risk | Description |
|---|---|
| Category | Market |
| Definition | As the impacts of climate change become more widely apparent, investors may seek out investments with specific climate related objectives and/or themes. A lack of availability may see advisers moving their clients' assets elsewhere to access the investments required to meet their clients' objectives. |
| Impact at 4°C°C warming | Medium impact |
| Impact at 2-3°C°C warming | Low impact |
| Impact at 1.5°C°C warming | Low impact |
| Possible impact | Across the short-term, the potential impact to Nucleus is low due to the relatively wide portion of sustainable investment options available on the platform. The potential impact at medium- to long- term is more significant, as we are yet to develop sufficient sustainability-reporting functionality on to the platform. This is an area that we are actively exploring.<br>We feel that the impact is low across either a 1.5C and 2-3C scenario, as for the world to meet either warming scenario, large investment funds, which are already available on the platform, will have decarbonised sufficiently.<br>The impact at 4C warming could be more impactful as in this scenario larger, more widely available, funds are not meeting the required decarbonisation targets, and investors will need to seek out more niche investment opportunities.<br>The key impacts identified are a loss of customer base because of not having sufficient 'green' options on the platform. |

### Reduction in market value

| Risk | Description |
|---|---|
| Category | Market |
| Definition | Climate change is predicted to have the potential to adversely impact the value of financial markets on an unprecedented scale. |
| Impact at 4°C°C warming | High impact |
| Impact at 2-3°C°C warming | Medium impact |
| Impact at 1.5°C°C warming | Low impact |
| Possible impact | Research suggests that the impact of climate change could be significant on aggregate market value. As Nucleus' revenue is derived from the number of customers (for fixed fee book) and value of assets (for asset based book) held on our platform, we feel the warmest scenario could have a significant impact on Nucleus' revenue. Although not apparent in the short-term, the impact will be across the long-term.<br>The key impact identified is a loss of revenue base due to significant market devaluation and subsequent economic crises. The scale of impact will be dependent on asset mix at the time, with asset based AuA more susceptible than fixed fee. |

## Enhanced emissions reporting obligations

| Risk | Description |
|---|---|
| Category | Policy and legal |
| Definition | Enhanced emissions reporting obligations in the UK will lead to Nucleus having to measure and report against our emissions. |
| Impact at 4°C°C warming | Low impact |
| Impact at 2-3°C°C warming | Medium impact |
| Impact at 1.5°C°C warming | High impact |
| Possible impact | With regulation evolving at a rapid rate, the reporting obligations to which Nucleus is subject are becoming more in-depth. We feel the impact to Nucleus is high in the short-term, driving our investment in carbon reporting tools and people to meet the obligations. Making this initial investment should lower the impact across the medium- and long-terms. The impact of not doing so, across all terms, is negative legal and regulatory action.<br>Regulation will be more stringent to meet lower warming scenarios, and so the impact will be higher at lower warming.<br>The impacts identified are adverse regulatory and legal actions due to a failure to comply with enhanced emissions reporting obligations. |

## Adverse climate-related publicity

| Risk | Description |
| --- | --- |
| Category | Reputation |
| Definition | As the mainstream becomes more aware of climate-related issues, there is an increasing level of scrutiny being placed on organisations to consider their impact on the environment. With this scrutiny, there is a risk of adverse publicity where organisations that are construed to be misleading or not doing enough with regards to their environmental impact. |
| Impact at 4°C°C warming | Low impact |
| Impact at 2-3°C°C warming | Low impact |
| Impact at 1.5°C°C warming | Low impact |
| Possible impact | Should Nucleus make misleading or inaccurate statements regarding our sustainability and associated efforts, there is the possibility for adverse publicity. We feel the potential impact of this is low across all scenarios due to the low emissions intensity of the business. Should our business model or profile change significantly, this will be reconsidered.<br>The key impacts identified are loss of reputation and subsequent loss of revenue. |

## Climate-related opportunities

| Opportunity | Description |
|---|---|
| Operational resilience | As part of Nucleus' ongoing sustainability strategy, we seek to minimise the impact our operations have on the environment. Our sustainability framework seeks to balance commercial and environmental impacts across our business decision-making processes.<br>The implementation of this framework is expected to integrate the consideration of environmental impact across the organisation, which is anticipated to make the business more resilient to future climate-related impacts in the mid- to long- term. |
| Sustainable investment | As part of our sustainability framework, sustainable investing is a key pillar. As investor appetite for a wider range of sustainable investment options, and as regulatory requirements for ESG-themed suitability both increase, there is an opportunity for Nucleus to place itself ahead of the curve in respect of the UK retail advised platform market.<br>Realising this opportunity relies on leveraging our scale and relationships with key technology partners to invest in sustainable investment functionality on the platform. Key functionality identified as part of initial scoping include comparability of investments on climate-themed metrics (alongside traditional performance metrics) and a climate- related reporting functionality. |
| Resource efficiency | As Nucleus rent all office facilities, energy providers are selected at the discretion of our landlords. However, we have identified an early opportunity to increase resource efficiency across the business. Currently only one of our facilities are provided through renewable electricity, and we have begun engagement with landlords across our other facilities, resulting in tentative confirmation that our remaining facilities will be provided with renewable energy at the end of the current provider's term.<br>We expect to identify more granular decarbonisation opportunities as part of our environmental sustainability strategy. |

# Risk management

### Describe the process for identifying and assessing climate related risks within the organisation.

Nucleus has a robust risk management framework in place, ensuring clear oversight of current and emerging risks throughout the business. Our sustainability framework is aligned to the overarching risk management framework, and is formalised by a sustainability policy.

A key function within our framework is our environment workstream. This workstream completes a comprehensive carbon footprint measurement on an annual basis, analysing and reporting our impact to the sustainability steering committee.

The workstream is also responsible for the identification of climate-related risks. These risks feed into our wider sustainability risk and are reviewed with relevant stakeholders on a quarterly basis in line with the risk management framework.

Metrics associated with climate risk are reported at board level on an annual basis, along with commentary on how climate risk impacts the business, and how this has changed over the reporting period.

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

Our climate-related risks are considered as part of our wider sustainability risk and sustainability policy, and are monitored and reported on through our overall risk management process. As part of this process, we monitor our sustainability risk quarterly, to ensure the business stays within the defined risk appetite. Any perceived divergence from risk appetite would be raised with the relevant responsible parties – in this case, the Sustainability Steering Committee.

It is important to note that we are at the development stage of our climate journey, having defined our climate-related risks last year, following our first carbon measurement. They are now fully integrated within our risk management framework. Work now is on embedding consideration of climate-related risks across our business operations and activities.

## Describe the organisation's processes for managing climate-related risks, including how the organisation makes decisions to mitigate, transfer, accept or control these risks.

| Risk type | Risk management approach |
|---|---|
| **Physical**<br>Increase in extreme weather events | We accept the physical risk of extreme weather events and look to mitigate the effects of this through business continuity planning and ongoing considerations in affected areas. This can have a high impact on our operations, especially if frequency increases, so forms part of operational resilience planning. |
| **Physical**<br>Rise in sea levels | We accept the physical risk of sea level events and look to mitigate the effects of this through business continuity planning and ongoing considerations in affected areas. This is low impact to the business, as no operations are on coastal flood plains. |
| **Market**<br>Climate-related investment options | We seek market risk through our revenue model which exposes our profitability to fluctuations in financial market performance and interest rate movements. We look to offer 'sustainable' investment options and provide appropriate regulatory labelling, but do not have control over our customers' investment choice. |
| **Market**<br>Reduction in market value | We seek market risk through our revenue model which exposes our profitability to fluctuations in financial market performance and interest rate movements. We look to offer 'sustainable' investment options and provide appropriate regulatory labelling, but do not have control over our customers' investment choice. |
| **Policy and legal**<br>Enhanced emissions reporting obligations | We look to avoid legal, policy, and regulatory risk as an intrinsic risk to our business due to the interplay of our operational activity and the regulated environment. We have dedicated functions in the business that ensure compliance, as well as calculation, preparation and reporting. Enhanced emission reporting is carried out as part of our sustainability working group and brought to our board for approval. |
| **Reputation**<br>Adverse climate-related publicity | We look to avoid reputational damage and look to maintain a positive image. We have no appetite for providing incorrect information and look to be transparent with our sustainability policy and goals. This is considered as part of our overall business planning. |

## Metrics

We have continued our partnership with Watershed to comprehensively measure our carbon footprint. The measurement uses an operational boundary approach in accordance with Greenhouse Gas Protocol on corporate accounting and reporting. We have included emissions from Curtis Banks Group in our comprehensive carbon footprint, for the entire year, and emissions from Third Financial, from the point of acquisition.

The measurement itself is audit-grade and hosted on Watershed's platform. The measurement includes a comprehensive Scope 1, Scope 2, and Scope 3 evaluation using both primary activity data as well as spend based emission factors.

- Scope 1 – direct emissions such as natural gas in our offices
- Scope 2 – indirect emissions from electricity generated in our offices
- Scope 3 – indirect emissions from all other activities. We have broken down our Scope 3 emissions into the following categories:
  - Goods and services – emissions from production and maintenance of our purchased goods and services e.g., developing our platforms, purchasing laptops, sending client mailings etc
  - Employee-related emissions – emissions generated by our employees while commuting and working from home
  - Business travel – emissions from our business-related travel and accommodation
  - Office – emissions from office servicing, furniture fittings, and infrastructural work
  - Cloud – emissions from hosting our platforms and data
  - Waste management – emissions from disposing of our waste and from recycling

Our greenhouse gas ('GHG') emissions for the year ended 31 December 2024 totalled 6,518 tonnes of $CO_2e$. We report our GHG emissions and intensity metrics in line with TCFD recommendations for disclosing carbon metrics. A breakdown of these metrics and our emissions can be seen in the table opposite.

Despite an increase in our total emissions, our carbon intensity (as measured by $tCO_2e$/£1m of revenue) has reduced considerably. Given the inclusion of Curtis Banks for the whole year, and inclusion of Third Financial from acquisition, we feel this is the best measure of our progress over the year period.

The increase in emissions was primarily driven by the inclusion of Curtis Banks emissions for the calendar year, and Third Financial from acquisition. Further increases were predominantly driven by a continued return to the office, and through continued investment in the software that underpins our platforms.

### Targets and commitments

As a UK based and regulated SIPP provider, we operate in a country that has made a commitment to a net zero economy.

We therefore also have the responsibility to help address climate change, minimising our environmental impact in a sustainable manner and contribute to the transition to a low carbon economy.

As part of our sustainability framework, our environment workstream is responsible for measuring, targeting, and minimising how we impact the environment throughout our value chain.

We've set ourselves an ambition to reach net zero emissions as soon as possible.

Measuring our comprehensive carbon footprint has allowed us to identify our highest impacts and define a number of initiatives to reduce our impact, the result of which is evidenced through our reduction in weighted average carbon intensity. This includes working with our key suppliers (particularly our platform provider) to understand their reduction strategies, an offsetting effort for our customer's Commercial property investments (for James Hay and Curtis Banks SIPP products), two electric vehicle salary sacrifice schemes, and an environmentally-themed employee engagement application. We are also introducing sustainability training and awareness across the organisation to improve environmental literacy in professional and personal lives.

As we understand out footprint and formalise our net zero and decarbonisation strategies, we are working with Watershed to reach Operational Net Zero. This means purchasing carbon removals for all scope 1 emissions, and Energy Attribute Certificates (EACs) for all scope 2 emissions. We anticipate a formal introduction over the coming years, whilst we focus on decarbonising as a priority.

| Description | 2023 | 2024 |
|---|---|---|
| Scope 1 | 24 | 87 |
| Scope 2 | 106 | 209 |
| Scope 3 | 6,238 | 6,222 |
| Business travel | 447 | 249 |
| Goods and services | 4,740 | 4,332 |
| Employee | 905 | 1,136 |
| Office | 67 | 322 |
| Cloud | 35 | 88 |
| Waste management | 44 | 92 |
| **Total emissions (tonnes $CO_2e$)** | **6,368** | **6,518** |

# Appendix

## Emissions metrics

| Scope | Emissions ($tCO_2e$) |
|---|---|
| Scope 1 | 87 |
| Scope 2 (Market-based) | 346 |
| Scope 2 (Location-based) | 209 |
| Scope 3 | 6,222 |
| Scope 3 category 1: Purchased goods and services | 4,420 |
| Scope 3 category 2: Capital goods | 137 |
| Scope 3 category 3: Fuel-and-energy-related activities (not included in Scope 1 or 2) | 149 |
| Scope 3 category 4: Upstream transportation & distribution | 0 |
| Scope 3 category 5: Waste generated in operations | 92 |
| Scope 3 category 6: Business travel | 249 |
| Scope 3 category 7: Employee commuting | 1,137 |
| Scope 3 category 8: Upstream leased assets | 37 |
| Scope 3 category 9: Downstream transportation and distribution | 0 |
| Scope 3 category 10: Processing of sold products | 0 |
| Scope 3 category 11: Use of sold products | 0 |
| Scope 3 category 12: End-of-life treatment of sold products | 0 |
| Scope 3 category 13: Downstream leased assets | 0 |
| Scope 3 category 14: Franchises | 0 |
| Scope 3 category 15: Investments | 0 |

| Scope | Emissions ($tCO_2e$) |
|---|---|
| Scope 3: Other (upstream) | 0 |
| Scope 3: Other (downstream) | 0 |
| Gross emissions (Market-based) | 6,518 |
| Gross emissions (Location-based) | 6,575 |
| Net emissions (Market-based) | 6,518 |
| Net emissions (Location-based) | 6,575 |

## Intensity metrics

| Intensity | 2023 | 2024 |
|---|---|---|
| Revenue intensity | 41.70 $tCO_2e$/£1M | 30.07 $tCO_2e$/£1M |
| Headcount intensity | 9.32 | 5.17 |

## Energy metrics

**Percentage of renewable energy (scope 2)**
67.9%

**Renewable energy utilised (MWh)**
1,132.985 MWh

**Carbon credit metrics**
Total tonnes of carbon off sets purchased

0 $tCO_2e$

**Total tonnes of carbon removals purchased**
0 $tCO_2e$