wealthtime

Task Force on Climate-related Financial Disclosures Novia Financial Plc (trading as Wealthtime)

Entity-level report 1 January 2023 to 31 December 2023

Contents

1. Introduction and context

Purpose

Novia Financial Plc is regulated by the Financial Conduct Authority ('FCA') and trades under the name Wealthtime ('Wealthtime' or the 'Firm'). This document has been established to fulfil the regulatory requirements under the FCA's Environmental, Social and Governance ('ESG') sourcebook, specifically ESG 2.1 and 2.2. These chapters detail the requirement for firms to prepare and publish a 'TCFD Entity Report', a public report containing climate-related disclosures consistent with recommended disclosures in the Task Force on Climate Related Disclosures ('TCFD') Recommendations and Recommended Disclosures (the 'TCFD Final Report').[1]

This TCFD Entity Report sets out how Wealthtime considers climate-related matters as an asset owner and when managing assets on behalf of customers, encompassing Governance, Strategy, Risk Management and Metrics and Targets.

Structure and business activities

In line with the requirements outlined in the ESG sourcebook, the disclosures in this TCFD Entity Report relate to assets managed in connection with Wealthtime's 'In-Scope Business.' Wealthtime's business incorporates the provision of investment administration services through the advisor platform business line, including operating a SIPP, and the management of investment portfolios through our Discretionary Fund Manager ('DFM') business line, trading under the name of Copia Capital Management ('Copia').

As such Wealthtime is an Asset Owner and Asset Manager under the rules set out in ESG 1A.1 with Assets Under Administration of £9.4bn.

Basis of preparation

This TCFD entity report has been prepared on a solo basis for Wealthtime, in accordance with the relevant provisions of the FCA ESG sourcebook, the TCFD Recommendations and Recommended Disclosures and the relevant sections of the TCFD implementation guidance set out in the TSCFD annex section C and part 3 and part 4 of section D as applicable.[2]

ESG 2.1 requires firms to prepare and publish a TCFD entity report no later than 30 June each calendar year. This TCFD Entity Report covers a 12-month reporting period that ends 31 December 2023.

[1] the report entitled 'Recommendations of the Task Force on Climate-related Financial Disclosures' published in June 2017 by the Task Force on Climate-related Financial Disclosures, available at: https://www.fsb-tcfd.org. and specially the four recommendations and the eleven recommended disclosures set out in Figure 4 of Section C of the TCFD Final Report.

[2] 2021-TCFD-Implementing_Guidance.pdf (bbhub.io)

It is expected that Wealthtime's approach to TCFD entity reporting will develop over the further reporting periods. The Firm has established that it is not yet fully aligned to the TCFD recommendations and will seek to implement frameworks and arrangements to align with the recommendations. This is the first report produced and reflects an evolving incorporation of climate-related risks into the governance, strategy, risk management, metrics and targets for the Firm.

Compliance statement

ESG 2.2.7 requires a firm's TCFD entity report to include a statement confirming that the disclosures contained in the report comply with the requirements of the ESG sourcebook.

This compliance statement should be read in conjunction with the information provided earlier in this section relating to the basis of the preparation of the report and includes an expectation that the matters disclosed in this TCFD Entity Report will continue to evolve as Wealthtime implements new frameworks and arrangements, alongside the expected development of market practice and industry methodologies for assessing climate-related risks.

Signed,

PJ Mill

Patrick Mill
Chief Executive Officer

2. Governance

The Firm is a wholly owned subsidiary of Novia Financial Holdings Ltd and is part of the Wealthtime Group (the 'Wealthtime Group'), which also incorporates Wealthtime Ltd (trading as Wealthtime Select), Wealthtime Trustees Ltd and three Novia Nominee firms.

The boards for each entity have overall responsibility for governance of their respective entity within the Wealthtime Group and report to the Wealthtime Group Board which is supported by a number of sub-committees, such as the Board Risk and Compliance Committee, Board Audit Committee and the Remuneration and Nomination Committee. The boards and sub-committees sit on a regular basis. The various boards also oversee investment strategies, as well as fund selection, for the Self-Invested Personal Pension (SIPP) wrapper and our Copia business.

The boards are also supported by an Executive Committee, an SMT and various senior management fora, including the ESG Committee. Currently climate related reporting is not in place, however all key ongoing business risks are subject to monitoring through the risk management framework discussed below.

As part of the Firm's evolution and enhancement of its approach to climate-related risk, the Firm has appointed a Board Sponsor at the Wealthtime Group Board. This sponsor will take the responsibility for the development of the climate-related risk processes across the Wealthtime Group. These processes will aim to allow for integration of climate-related risks and opportunities into board and board sub-committee considerations and decision making, including in relation to areas such as strategy, major plans of action, risk management policies, annual budgets, and business plans.

The Executive Committee ('ExCo') is responsible for the oversight of the day-to-day affairs and activities of the Firm. The ExCo consists of representatives from all business functions and includes in its membership the Chief Executive Officer, Chief Finance Officer, Chief Risk Officer, Chief People Officer, Chief Customer Officer, Chief Technology and Operations Officer and the Managing Director of Copia. The ExCo receives regular management information regarding the risks and control within the business. At present climate-related responsibilities have not been assigned to management level-positions or committees. It is expected that the development of the climate-related risk and opportunity framework will incorporate the allocation of responsibilities to senior management including into the senior management fora.

3. Strategy

Wealthtime provides customers with a comprehensive investment wrap service, while the Copia business line is an award-winning Discretionary Fund Manager (DFM) working exclusively with IFAs with the aim to construct superior portfolios to meet customer needs across the full risk-return spectrum.

The Purpose of the Firm is to Pursue Potential Together. This is supported by core objectives within the business which allow the Firm to deliver on that purpose.

The Wealthtime Group strategy is customer driven, striving to add value and create great outcomes for investors by aligning to the business needs of financial advisors. The money the Firm has on its platform does not belong to the Firm, it belongs to customers, many of whom make their own asset allocation and portfolio construction decisions. The Firm's role is to provide them with options and services to help administer investments and meet the needs of customers. As such Wealthtime's role in the transition to a low-carbon economy is as a provider of tools to its customers to help them meet their investment outcomes. As industry research into the impact of the transition to a low-carbon economy continues to be produced, the Firm will continue to examine its role in that transition, and the impact this may have.

The Firm has not to date formally incorporated climate-related risks and opportunities into the Firm's established strategy of providing leading technological support designed around its customers. However, it will consider the following:

- Products and services
- Supply chain and/or value chain
- Adaptation and mitigation activities
- Investment in research and development
- Operations (including types of operations and location of facilities)
- Acquisitions or divestments
- Access to capital

As the Firm progresses with the assessment of the short-, medium- and long-term horizons in relation to climate related risks and opportunities, it is expected that the results of this assessment will be considered in terms of the impact to the Wealthtime business, strategy, and financial planning. This will also include the formalisation of the Firm's approach to adapting to a low-carbon economy and the UK's commitment to net zero.

In the coming reporting period, the Firm will also look to undertake climate scenario analysis against scenarios in line with the Network for Greening the Financial System (NGFS) scenario recommendations (i.e., orderly scenario, disorderly scenario and the hot house world scenario). The outcomes of this assessment will then be incorporated into the business strategy and financial planning.

Consideration will also be given to transition risks such as policy and legal risks, technology risks, market risks and reputation risks.

The climate scenario analysis will consider both transition and physical risks impacting our investments specifically, where the Firm is to some extent reliant on information from Fund owners to understand whether they have considered climate-related risks and opportunities within their funds and also understand their approach to climate scenario analysis. Climate-related risks will also be incorporated into the existing risk framework for measuring and monitoring investment performance. Once information has been gathered and the appropriate methodologies established it is expected that climate related-risks and opportunities will be integrated into the investment process, albeit noting that our strategies remain guided by customer needs.

4. Risk Management

Directly aligned to the Purpose of the Firm, and the objectives that allow the Firm to focus on the delivery of that Purpose, is an established Enterprise Risk Management Framework which is approved by the Wealthtime Group Board. The framework draws from international standards such as the COSO Enterprise Risk Management Framework and ISO31000 Risk Management Guidelines.

Wealthtime employs a three-lines of defence ('3LoD') approach to managing risks to its business as set out below:

- Teams in the First Line of Defence ('1LoD') undertake the day-to-day activity of the Firm and are the primary risk owners.
- The Firm's Risk Management Function, and Compliance Function form the Second Line of Defence ('2LOD') and have responsibility for the risk management framework and oversight of the risk and control framework operated by the 1LoD.
- The Third Line of Defence ('3LoD'), Wealthtime's Internal Audit Function, Mazar's operates as an assurance function. The Internal Audit function act to objectively assess the adequacy and effectiveness of the internal control environment to improve risk management, control, and governance processes.

Figure 1: Wealthtime's Three Lines of Defence model

1st Line	2nd Line	3rd Line
Risk ownership, management and control	Establishment and oversight of risk, compliance and conduct frameworks	Independent assurance, challenge and advice
• Most risks arise in the business and this is where they should be managed. • Ownership and management means taking responsibility for identifying and controlling risk.	• Establish and oversee the Enterprise Risk Management Framework and supporting methodologies. • Provide independedent advice and challenge of business operations in relation to (i) regulatory compliance (ii) design of operational controls. • Support Executive and Board in their oversight of risks.	• Internal Audit provides independent assurance, challenge and advice across all business functions and risk domains including the adequacy and effectiveness of the internal risk and control management framework.

Within this framework the Firm has established processes for identifying, assessing, monitoring, and reporting risks. Risks may be identified through such processes as risk and control self-assessments ('RCSA's'), Key Performance Indicators ('KPIs') or Key Risk Indicators ('KRIs') monitoring, issue management processes or other assessments and monitoring processes.

When identified, risks are assessed on a standardised matrix incorporating the potential impact in the event of the risk crystallising, and the probability of occurrence. Following the assessment of this inherent risk, controls are applied to mitigate the risk. A subsequent assessment is then done to establish the residual risk level.

Once completed risks are monitored through an ongoing programme of review and assessment utilising all three lines of defence. Material risks are escalated to senior management and management information flows through the governance structure, being overseen by the Wealthtime Group Board and the Board Risk and Compliance Committee.

ESG risks are currently included as part of the Enterprise Risk Management Framework, however this does not currently include formally identifying and assessing risks directly related to climate change.

As the Risk Management process is enhanced, regulatory requirements emerge and industry practices evolve in relation to the identification and assessment of climate-related risks, the Firm expects to incorporate climate specific risk into the risk taxonomy, establishing processes for the identification of climate-related risks within the existing risk management framework and within the risk oversight of specific products and investment strategies. We will implement specific Key performance indicators (KPIs) and Key Risk Indicators (KRIs).

As part of this enhancement, the Firm will engage with investee companies to encourage improved climate-related disclosures within their product-level report to improve Wealthtime's ability to assess climate-related risks.

5. Metrics and Targets

Wealthtime does not set climate-related targets for the AUM associated with its TCFD in-scope business of portfolio management or asset ownership as money is managed on behalf of customers from instructions and guidelines the customer ultimately chooses to meet their needs.

For additional detail relating to product specific objectives, please refer to the relevant fact sheets available on applicable public websites, including copia-capital.co.uk.

Metrics reporting

Wealthtime, measures and monitors its annual Scope 1, 2 and 3 GHG emissions. See **Table 1** for a breakdown of the 2023 SECR reported emissions. The Wealthtime Group currently only reports GHG emissions in line with the SECR regulation, however, the Firm plans to begin disclosing all Scope 1, 2 and 3 emissions in the next reporting cycle. **Table 2** shows Wealthtime's most recent Scope 3 emissions, which have been calculated for 2022 and are not publicly reported.

Wealthtime, generates operational GHG emissions through the use of office spaces and branches for which it has financial responsibility for heating, cooling, lighting and operating office equipment. Additionally, within the value chain the Firm reports emissions from purchased and transported goods, waste, business travel, employee commuting and product related emissions.

Table 1: Novia Financial Plc 2023 SECR disclosure

Metric (1 Jan – 31 Dec 2023)	GHG Emissions (tCO2e)
Scope 1 and 2 (location–based)	43.45
Scope 1 and 2 (market–based)	13.97
Grey fleet business travel	42.36
Total Emissions (location-based)	85.82
Total Emissions (market based)	56.34

Table 2: Novia Financial Plc 2022 (trading as Wealthtime) Scope 3 carbon footprint

Metric (1 Jan – 31 Dec 2022)	GHG Emissions (tCO2e)
Scope 3 total	2,813
Category 1 - Purchased Goods and Services	1828
Category 2 - Capital Goods	343
Category 3 - Fuel- and energy-related activities (Not Included in Scope 1 or Scope 2)	26
Category 4 - Upstream transport and distribution	13.13
Category 5 - Waste generated in operations	2
Category 6 - Business travel	172
Category 7 - Employee commuting	276
Category 11 - Use of sold products	2
Category 12 - End of life treatment of sold products	2

Methodology

Wealthtime has collected data related to its Scope 1, 2 and 3 emissions and energy use for activities over which it has financial control. All emissions and energy use relate to UK activities.

Carbon emission factors have been sourced from the UK Government GHG Conversion Factors for Company Reporting 2023 as well as the CEDA global database and calculations have been undertaken in line with HM Government Environmental Reporting Guidelines: including Streamlined Energy and Carbon Reporting Guidance March 2019. These guidelines are aligned to the GHG Protocol Methodology. Moreover, for Category 15 investment emissions we will align our methodology to the Partnership of Carbon Accounting Financials (PCAF).

Emission reduction initiatives

Reductions in electricity consumption and subsequent emissions have been achieved since Wealthtime quantified its Scope 2 emissions in 2023. During 2022, Wealthtime have replaced windows in the Bath offices with more energy efficient alternatives and have installed automatic lighting across the office floor and large meeting rooms. Moreover, solar panels have been installed on the roof of the Bath offices, to reduce the amount of electricity consumed. Where possible, Wealthtime's aim is to procure all remaining energy from renewable or low carbon providers.

In addition to energy reduction initiatives, Wealthtime is continuously encouraging employees to reduce business travel undertaken and where travel is unavoidable, to choose lower carbon transportation.

GHG emissions from AUM

At this time Wealthtime has not calculated emissions associated with investments.

In future reporting Wealthtime expects to provide reporting of GHG emissions for the assets under management and the weighted average carbon intensity ('WACI') for each product where data and methodologies allow. Wealthtime will establish relevant data sources and seek to integrate absolute emissions for Wealthtime's AUM assets where such information is readily available and where there is consensus around the methodologies for attributing emissions and sufficient reported data or estimated data available.

Appendix 1: Glossary of Terms

Term	Description
Climate transition plan	A climate transition plan sets out how an organisation will aim to transition its business to the low carbon economy, aiming to align its operations, assets, portfolio, and business model to meet Net Zero.
Environmental, Social, and Governance (ESG)	Environmental (e.g. emissions), Social (e.g. labour standards) and Governance (e.g. board diversity and accountability) are the three factors used to understand how an organisation is impacting the world around them.
Financed emissions	Financed emissions is a metric that covers the GHG emissions which The Wealthtime Group finance through its investments under Scope 3 Category 15. These are yet to be calculated for the group.
Net Zero	The point at which GHG emissions released into the atmosphere have been reduced to a level that can only be balanced by projects that can remove GHG emissions from the atmosphere.
Scope 1	The point at which GHG emissions released into the atmosphere have been reduced to a level that can only be balanced by projects that can remove GHG emissions from the atmosphere.
Scope 2	Indirect GHG emissions from the grid supplied electricity used in lighting, heating, cooling, and operating office and IT equipment.
Scope 3	Indirect emissions that arise as a consequence of the activities of the company but occurring from sources not owned or controlled by the company.
tCO_2e	Stands for tonnes of carbon dioxide (CO_2) equivalent. There are several greenhouse gases which contribute to warming the earth at different extents, such as carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), h ydrofluorocarbons (HFCs), perfluorocarbons (PFcs), sulphur hexafluoride (SF6) and nitrogen trifluoride (NF_3). Rather than providing metrics for each gas they are converted into tonnes of CO_2e for reporting purposes.

If you require this document in an alternative format please contact us.